

**Estimates of
National Expenditure
2012**

Abridged version

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The *Estimates of National Expenditure 2012* is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

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

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Abridged version

**National Treasury
Republic of South Africa**

22 February 2012



Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspensing on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

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Introduction

Budget reform and the Estimates of National Expenditure publications

The successful implementation of a range of budget reforms in South Africa over the past decade has contributed to greater transparency in public finances, better reprioritisation within the allocation of resources, and ultimately, greater access to services for citizens. South African budget practitioners are often invited by governments of other countries to share their expertise and experiences in the field of public finance management. Indeed, South Africa is well known for maintaining top-down budget discipline and tabling Budgets that are sustainable over the long term, while simultaneously focusing on the bottom-up details of budgets of individual government institutions.

For this 2012 medium term expenditure framework (MTEF), budget reforms have been aimed at the improvement of budgeting by programme, in particular *the strengthening of the linkages between expenditure and performance information at the budget programme level*. In support of this change, budget programme structure guidelines were issued in 2009 which provide clarity to departmental managers on the design and use of budget programmes in a department's budgetary and other business management systems. The framework for strategic plans and annual performance plans issued in 2010 highlight the links between the various accountability documents that institutions are required to produce at various stages of their planning, budgeting, implementation, reporting, monitoring and evaluation cycle, with the aim of assisting accounting officers and managers in institutions to produce quality accountability documents, that use performance measurements appropriately and to maximum effect.

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest reforms in non-financial performance information. The publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven-year period as well as changes in these, as they relate to trends in planned expenditure. Compared to this abridged version of the Estimates of National Expenditure, the e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

As the scope and quality of financial and non-financial information improves, oversight bodies such as Parliament and policy makers, as well as civil society and the public, can use this information to hold the Executive accountable for results to be achieved and the prudent management of public resources.

Funding priorities and spending trends

The domestic economic outlook over the period ahead is uncertain, due to the current global economic environment. To achieve top-down budget restraint in a manner that promotes faster, more inclusive growth means that government has to moderate spending growth over the medium term. In addition to this, the composition of expenditure needs to change in order to support inclusive development, encouraging economic growth but simultaneously ensuring improvements in the delivery of social services. The aim is to achieve a more efficient balance between personnel, goods and services, and capital spending over the period ahead – and also between different classifications of spending within each of these categories of expenditure.

With a focus on inclusive growth, the key budget priorities over the 2012 MTEF period are infrastructure development, enterprise support, job creation and local government capacity enhancement. A major focus of the 2012 Budget preparations was the systematic analysis of departmental and public entities' existing budget baselines. This was necessary to identify areas of inefficient and lower priority spending, and to reprioritise this expenditure towards these government priorities, while being mindful of the need to change the composition of expenditure in doing so. There was wide consultation with departments and entities at intergovernmental and other multi-institutional forums regarding this bottom-up analysis. Proposals emanating from the consultative process were presented to the Ministers' Committee on the Budget, then to Cabinet for approval before being tabled in Parliament.

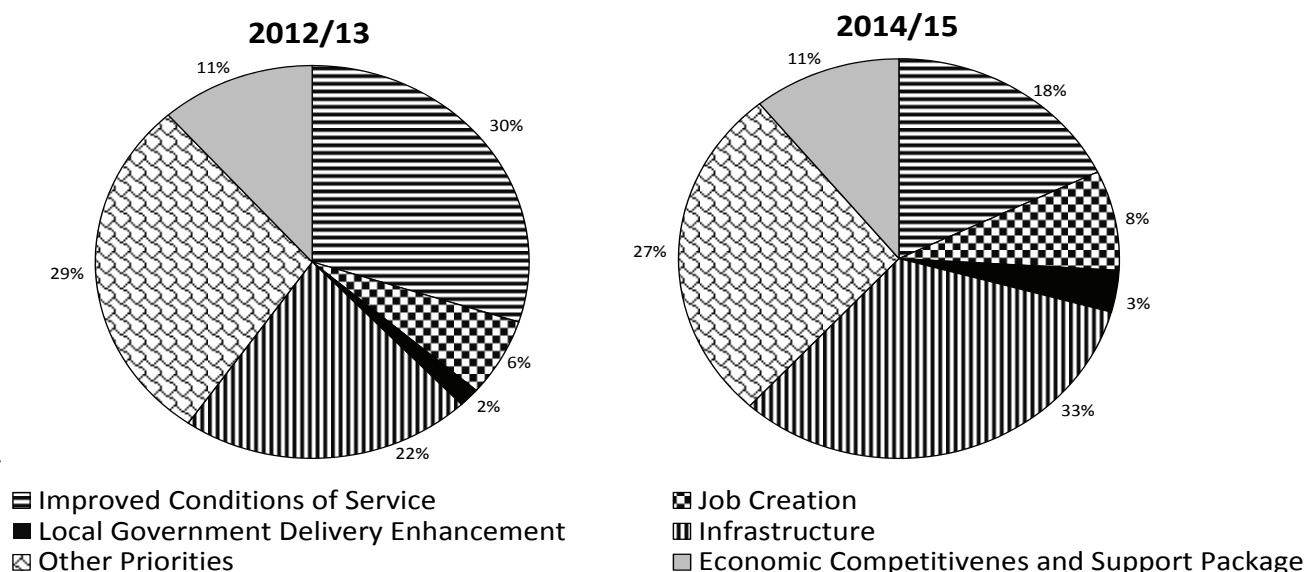
Taking into account the macroeconomic situation, the fiscal framework makes available R55.9 billion above the budget baseline over the 2012 MTEF period. The moderated growth in total government spending is evident in that for the 2011 MTEF, R94.1 billion in additional funding was made available by the fiscal framework, a reduction of 40.6 per cent for this MTEF. Budget reductions realised over the 2012 MTEF period amount to R27 billion in total. Of this amount, R9.2 billion resulted from a general budget baseline reduction of 0.4 per cent on provincial and national departments and entities. R17.8 billion in funding was identified through a national budget baseline reprioritisation exercise. The total Cabinet approved baseline reductions of R27 billion when added to the R55.9 billion in additions available within the fiscal framework, amount to total available resources for allocation of R83 billion.

Composition of expenditure

Of the R83 billion, the largest new allocation for a single government initiative amounts to R9.5 billion over the medium term, providing for an Economic Competitiveness and Support Package. Over the next three years, the Department of Trade and Industry receives the largest share of this allocation (R8 billion), while the remainder is shared between the departments of Agriculture, Forestry and Fisheries (R550 million), Mineral Resources (R350 million), Science and Technology (R350 million), and Rural Development and Land Reform (R200 million). This is the first budget three-year allocation in respect of the Economic Competitiveness and Support Package, for which R25 billion over a six-year period was announced at the time of the tabling of the Medium Term Budget Policy Statement. Various infrastructure-related items, including allocations to municipalities for human settlements upgrading, receive R23 billion as a gross addition over the 2012 MTEF period. Job creation-related initiatives are allocated gross additions of approximately R6.2 billion. However, job creation as a key budget priority cuts across different priorities, in particular many job creation programmes will be recorded under the allocations for which the primary purpose is infrastructure related.

Considering the pie charts below, which show a comparison of the gross additional funding in the first year of the 2012 MTEF with the third year, the change in composition of expenditure over time is evident. Increasingly over the 2012 MTEF period, the proportion of expenditure on: infrastructure increases (from 22 per cent to 33 per cent), job creation increases (from 6 per cent to 8 per cent), local government capacity enhancement increases (from 2 per cent to 3 per cent) and improved conditions of service for government employees decreases to a manageable level (from 30 per cent to 18 per cent). While the Economic Competitiveness and Support Package remains constant as a proportion of expenditure (at 11 per cent), it should be noted that the monetary amount of the package increases from R2.2 billion to R4.1 billion and that further allocations for this purpose are to be made in future MTEF periods.

Additional allocations for expenditure by key government priority for 2012/13 compared to 2014/15



Additional allocations

Including budget baseline reductions, total additional expenditure of R83 billion funds government's key priorities over the next three years. Of the R83 billion, national departments receive R51.4 billion (62 per cent): R12.4 billion in 2012/13, R15.7 billion in 2013/14 and R23.4 billion in 2014/15. Provinces and municipalities receive the remainder: R24.8 billion (29.9 per cent) to provinces and R6.7 billion (8.1 per cent) to municipalities over the medium term. Conditional grants to provinces and municipalities are reflected on both national budgets and the budgets of provinces or municipalities.

A summary of additional allocations by national vote is provided below. Details are only noted for national votes receiving relatively large additional allocations for extending existing programmes or implementing new programmes. The amounts per vote correspond with those in table 2. However, this discussion on budget increases also includes all direct charges against the National Revenue Fund. The amounts indicated per vote represent the gross additional allocations, including the baseline reprioritisation allocations. Funding made available includes Cabinet approved budget reductions on departmental and entity budget baselines and on specific departmental and entity programmes. The total amounts may therefore be bigger than the overall net change in the budget of a specific vote. In the discussion below, these gross amounts will be referred to as the allocations received for the 2012 MTEF period. In certain instances, the savings on a particular vote exceed the gross total allocation to that vote and the overall net change in the budget of that vote is actually negative.

Economic infrastructure

Economic infrastructure is focused on infrastructure delivery both as a means of improving public services and as a stimulus for economic growth. Infrastructure provides the backbone for economic activity and is a catalyst for job creation. Major sectors within this function include transport, communication and energy.

The **Department of Transport** receives the largest additional allocations for economic infrastructure over the medium term. The department receives R1.2 billion for the repair of flood damaged road infrastructure. As public transport remains a key focus, this department receives the largest additional allocation to economic infrastructure over the medium term. The Passenger Rail Agency of South Africa is allocated R4 billion in 2014/15 for new rail rolling stock, and R1 billion is provided over the next three years in anticipation of this, for the upgrading of signalling and the procurement of depots.

The **Department of Communications** receives R141 million in 2013/14 for Sentech for digital terrestrial television infrastructure and R138 million in the last two years of the MTEF period for the South African Broadcasting Corporation to establish a playout centre for providing the technology for a digital library. The department also receives R132 million over the MTEF period for the Independent Communications Authority of South Africa for operational costs.

The **Department of Energy** receives R1 billion in 2012/13, R1.7 billion in 2013/14 and R2 billion in 2014/15 for Eskom for installing solar water geysers for households and R200 million for each year of the MTEF period to support energy efficiency in local government services. The department also receives R100 million and R200 million in 2013/14 and 2014/15 for the integrated national electrification programme. The department receives a further R68 million over the MTEF period for the retention of expert staff of the National Nuclear Regulator, R14.2 million in 2013/14 for the radioactive waste processing facility of the Nuclear Energy Corporation of South Africa, and R18.2 million for nuclear safety and regulation.

Economic services and environmental protection

Economic services and environment protection is central to ensuring industrial expansion, agricultural production and distribution, environmental protection and broad-based and inclusive socioeconomic development.

The **Department of Trade and Industry** receives the largest additional allocation to Economic Services and Environmental Protection over the medium term. The department receives funding over the medium term for the Economic Competitiveness and Support Package, R5.8 billion for the manufacturing competitiveness enhancement programme and R2.3 billion for industrial development zones, for developing structured financing products and for investment incentives. The department is also allocated a total of R150 million for the National Metrology Institute of South Africa to conduct a feasibility study for the construction of new laboratories and the replacement of critical equipment.

An amount of R150 million in 2013/14 and R200 million in 2014/15 is allocated to the **Department of Environmental Affairs** for infrastructure development by the South African National Parks agency. Funding amounting to R366 million is provided as a contribution for the department's head office accommodation as an upfront payment in the first two years of the MTEF period. The amount of R800 million that is the balance of the amount announced in the 2011 Budget for the Green Fund is allocated in the 2012 Budget (R300 million for 2012/13 and R500 million for 2013/14).

As part of the Economic Competitiveness and Support Package an amount of R350 million over the MTEF period is to be allocated to the **Department of Mineral Resources** science councils, in particular, R200 million to the Council for Geoscience for laboratory equipment and laboratory facilities upgrading and R150 million to the Council for Mineral Technology.

The **Department of Tourism** receives R218 million over the next three years for the South African Tourism agency, for attracting tourists from other African countries to South Africa.

The **Department of Rural Development and Land Reform** receives R200 million in 2012/13 for the national rural youth services corps as part of the Economic Competitiveness and Support Package. This department reprioritised funding from the land reform programme over the MTEF period, in order to deal with land restitution claims.

The **Department of Agriculture, Forestry and Fisheries** receives R550 million for the Agricultural Research Council and for provincial and rural agricultural colleges from the Economic Competitiveness and Support Package. An additional R995.4 million is allocated for the repair of flood damaged agricultural infrastructure.

For the **Department of Public Enterprises** R350 million is allocated for Alexkor in 2012/13, and R700 million in the same year for Denel to meet working capital requirements.

Local government, housing and community amenities

Local government, housing and community amenities includes spending that has a direct impact on communities and households. Major funding flows mainly through provincial and local government conditional grants. Building adequate and safe human settlements creates new job opportunities and raises living standards.

The **Department of Human Settlements** has been allocated an additional R2.9 billion for 2013/14 and 2014/15 for informal settlements upgrading through a local government conditional grant and R1.1 billion for 2013/14 and 2014/15 for informal settlements upgrading through a provincial government conditional grant. In addition, R111.2 million is provided over the MTEF period for project level technical assistance to upgrade informal settlements for provinces and municipalities. An amount of R620 million over the medium term is allocated for social housing.

The **Department of Cooperative Governance** receives the largest additional allocations for local government, housing and community amenities over the medium term. The department has been allocated an additional R2.2 billion for an increase to the local government equitable share. R3.5 billion in funding has also been allocated for the community work programme.

The **Department of Water Affairs** is allocated R400 million over the next three years, for the construction of waste water treatment plants in the Sedibeng district municipality and R888.9 million for the construction of the regional bulk water distribution systems in the Greater Sekhukhune district municipality. R595 million is provided for the King Sobata Dalindyebo municipality for the bulk infrastructure for both water and waste water.

Health and social protection

Health and social protection focuses on improving health and life expectancy and on eradicating poverty through income support to the poor. Major funding occurs through provincial conditional grants. Reforms to public health are an essential preparatory step towards the envisaged national health insurance system.

The **Department of Health** receives the biggest additional allocations for health and social protection. The department receives R1 billion over the next three years for the national health insurance pilot projects and increases in primary health care visits. A further R968.3 million is provided to accommodate the increase in CD4 count threshold, to 350, for accessing antiretroviral treatment as well as the general increase in the number of patients requiring treatment; and R426.5 million over the medium term is for major hospital revitalisation infrastructure projects. An additional allocation of R450 million is made available for the upgrading of nursing colleges.

The **Department of Social Development** has been made an allocation of R650 million and R700 million in 2013/14 and 2014/15, as part of the provincial equitable share, to increase access to early childhood development for children between the ages of 0 and 4 years via the child and youth care programme. A further additional allocation of R600 million is made to fund the projected shortfall on social grants.

Education, labour and related functions

Education, labour and related functions is central to improving the quality of education at all levels and, ultimately, to addressing the skills shortage in key areas in the labour market.

The expanded public works programme is an important programme in this regard and the *Expanded Public Works Programme*, in the **Department of Cooperative Governance**, receives R3.5 billion over the medium term for the community work programme. A further R380 million is allocated to the **Department of Environmental Affairs** for the Working on Fire programme and R750 million for the Working for Water programme.

The **Department of Arts and Culture** receives R300 million over the next three years for the Mzansi Golden Economy, which uses arts and culture to create jobs, promoting the arts in economic development.

The **Department of Basic Education** receives the largest additional allocation within education, labour and related functions over the medium term. It receives: R75 million and R160 million in 2013/14 and 2014/15, for the annual national assessments, to strengthen the assessments system and to expand assessments to include grade 9; and R450.4 million and R839.3 million in 2013/14 and 2014/15 is directed towards equalising the subsidy per learner to all no-fee schools. The department is allocated a further R666.3 million in 2013/14 and R1.1 billion in 2014/15 to increase the provincial equitable share, to progressively equalise funding for grade R learners to be in line with learners in grades 1 to 12.

The **Department of Higher Education and Training** receives total additional funding of R850 million over the medium term for infrastructure for tertiary institutions.

Science and technology

Science and technology supports the development of a skilled and capable workforce.

The **Department of Science and Technology** receives an additional allocation of R350 million over the medium term for research and development innovation for the Economic Competitiveness and Support Package.

General public services

General public services aims to develop an efficient and development-oriented public service through improving general government administration services. Major funding flows mainly through national departments.

The **Department of Performance Monitoring and Evaluation** receives an additional allocation of R62 million over the medium term to increase the capacity of the presidential hotline.

The largest additional allocation for general public services over the medium term is on the **National Treasury's** vote. Allocations of R200 million in 2012/13, R300 million in 2013/14 and R500 million in 2014/15 are provided on National Treasury's vote for the Land and Agricultural Development Bank of Southern Africa, for its capitalisation. A further R124.6 million is provided for injury on duty transfer payments over the MTEF period and R327.2 million for the Political Office Bearers Pension Fund.

The **Department of Home Affairs** has been allocated R349 million and R425 million in 2013/14 and 2014/15, for the Who Am I Online project.

The **Department of Public Works** has been allocated an additional R400 million for the Department of Home Affairs' border post infrastructure. The amount is to be earmarked together with the existing budget baseline amounts available for the maintenance of border infrastructure.

Defence, public order and safety

Defence, public order and safety supports greater public protection domestically and internationally. This is funded through national departments.

The **Department of Defence** receives R600 million over the next three years for the completion of the strategic defence procurement processes and R749 million for borderline control.

The **Department of Justice and Constitutional Development** receives R300 million over the medium term for court infrastructure and R285 million for additional capacity for the Special Investigating Unit and the Office of the Public Protector.

Overview of expenditure

The main budget, including state debt costs, provides for total expenditure of R969.4 billion in 2012/13, increasing to R1.1 trillion in 2013/14, remaining at the R1.1 trillion level in 2014/15. The budget grows at an average annual nominal rate of 8.5 per cent over the medium term. Non-interest expenditure comprises on average 90.5 per cent of total main Budget expenditure, growing at an average annual rate of 8.2 per cent over the 2012 MTEF period, compared to the rate of 8.5 per cent for the 2011 MTEF period. These budgeted estimates also provide for a contingency reserve set aside to deal with unanticipated events, amounting to R5.8 billion in 2012/13, R11.9 billion in 2013/14 and R24 billion in 2014/15.

The details 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 2008/09 to 2014/15

Table 2: Additional allocation to national votes 2012/13 to 2014/15

Table 3: Expenditure by national vote 2008/09 to 2014/15

Table 4: Expenditure by economic classification 2008/09 to 2014/15

Table 5: Amounts to be appropriated from the National Revenue Fund for 2012/13

Table 6a: Conditional grants to provinces 2008/09 to 2014/15

Table 6b: Conditional grants to municipalities 2008/09 to 2014/15

Table 7: Training expenditure per vote 2008/09 to 2014/15

Table 8: Infrastructure expenditure per vote 2008/09 to 2014/15

Table 9: Personnel expenditure per vote 2008/09 to 2014/15

Table 10: Departmental receipts per vote 2008/09 to 2014/15

Table 1 Main budget framework: 2008/09 to 2014/15

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue (National Revenue Fund)							
Tax revenue (gross)	625 100.2	598 705.4	674 183.1	738 734.8	826 401.1	913 610.0	1 019 620.0
Departmental and other receipts, and repayments	12 616.2	8 888.5	13 460.1	17 579.5	15 091.0	17 928.6	19 016.0
Less: Southern Africa Customs Union payments	-28 920.6	-27 915.4	-14 991.3	-21 763.2	-42 151.3	-37 245.3	-41 415.7
Other adjustment ¹	-	-	-2 914.4	-	-	-	-
Total revenue	608 795.7	579 678.6	669 737.5	734 551.0	799 340.8	894 293.3	997 220.3
<i>Percentage of GDP</i>	26.4%	23.8%	24.3%	24.5%	24.2%	24.7%	24.9%
Expenditure							
State debt cost	54 393.7	57 129.2	66 226.8	76 644.9	89 388.1	100 806.0	109 039.3
<i>Percentage of GDP</i>	2.4%	2.3%	2.4%	2.6%	2.7%	2.8%	2.7%
Current payments ²	103 232.4	116 879.1	131 256.8	149 305.2	158 637.2	168 864.5	179 665.2
Transfers and subsidies	458 702.4	530 633.3	575 820.6	653 284.1	698 713.2	753 409.4	806 995.4
Payments for capital assets ²	8 652.1	9 452.9	10 631.5	11 214.0	15 176.3	18 565.6	19 378.6
Payments for financial assets	10 972.6	33 102.3	21 205.2	750.5	1 640.7	300.0	500.0
Unallocated	-	-	-	-	30.0	30.0	-
Contingency reserve	-	-	-	-	5 780.0	11 854.0	24 000.0
Total expenditure	635 953.3	747 196.8	805 141.0	891 198.7	969 365.5	1 053 829.6	1 139 578.6
<i>Percentage of GDP</i>	27.6%	30.6%	29.2%	29.8%	29.4%	29.1%	28.5%
Budget deficit³	-27 157.6	-167 518.2	-135 403.4	-156 647.6	-170 024.7	-159 536.2	-142 358.3
<i>Percentage of GDP</i>	-1.2%	-6.9%	-4.9%	-5.2%	-5.2%	-4.4%	-3.6%
GDP	2 303 553.0	2 440 163.0	2 754 275.0	2 995 530.2	3 301 373.8	3 622 155.1	3 997 026.5

1. Payment to the Southern African Customs Union partners in respect of a previous error in calculation of the 1969 agreement.

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

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

Table 2 Additional allocation to national votes: 2012/13 to 2014/15¹

R million	Medium-term expenditure estimates			Total
	2012/13	2013/14	2014/15	
Central Government Administration	1 506.8	2 790.3	4 600.0	8 897.1
1 The Presidency	30.0	32.3	34.5	96.9
2 Parliament	19.8	22.0	24.5	66.3
3 Cooperative Governance and Traditional Affairs	906.4	1 723.9	3 350.2	5 980.4
4 Home Affairs	134.1	488.4	570.5	1 193.0
5 International Relations and Cooperation	147.8	159.4	172.4	479.6
6 Performance Monitoring and Evaluation	31.0	35.2	23.4	89.6
7 Public Works	206.3	287.7	372.7	866.7
8 Women, Children and People with Disabilities	31.4	41.6	51.7	124.7
Financial and Administrative Services	1 574.5	663.1	1 033.0	3 270.7
9 Government Communication and Information System	53.5	3.8	4.3	61.6
10 National Treasury	436.1	621.7	848.1	1 905.9
11 Public Enterprises	1 054.7	5.1	5.5	1 065.4
12 Public Service and Administration	6.9	7.6	8.4	22.9
13 Statistics South Africa	23.3	24.9	166.7	214.9
Social Services	1 259.0	2 042.7	4 071.7	7 373.4
14 Arts and Culture	171.0	176.9	241.5	589.4
15 Basic Education	165.5	339.9	276.4	781.8
16 Health	482.0	907.3	2 223.7	3 612.9
17 Higher Education and Training	235.7	400.6	507.2	1 143.5
18 Labour	25.9	41.0	45.5	112.4
19 Social Development	174.1	169.7	768.8	1 112.6
20 Sport and Recreation South Africa	4.8	7.3	8.8	20.8
Justice, Crime Prevention and Security	2 214.8	2 484.2	2 758.3	7 457.3
21 Correctional Services	184.4	204.8	228.3	617.5
22 Defence and Military Veterans	638.2	773.6	911.0	2 322.9
23 Independent Police Investigative Directorate	36.0	45.0	52.1	133.0
24 Justice and Constitutional Development	483.4	469.9	462.5	1 415.8
25 Police	872.9	990.8	1 104.4	2 968.1
Economic Services and Infrastructure	8 109.7	11 858.8	18 024.7	37 993.3
26 Agriculture, Forestry and Fisheries	644.4	612.4	723.1	1 979.9
27 Communications	68.6	272.9	81.4	422.9
28 Economic Development	7.8	8.4	9.0	25.2
29 Energy	1 285.5	2 170.4	2 539.5	5 995.3
30 Environmental Affairs	780.7	1 129.9	838.2	2 748.8
31 Human Settlements	424.4	1 714.8	2 534.4	4 673.6
32 Mineral Resources	94.8	153.7	169.3	417.8
33 Rural Development and Land Reform	1 330.5	1 133.8	1 237.7	3 701.9
34 Science and Technology	76.8	109.1	221.4	407.2
35 Tourism	70.5	108.3	104.3	283.0
36 Trade and Industry	1 936.9	3 047.8	3 898.6	8 883.3
37 Transport	806.4	750.2	4 723.7	6 280.4
38 Water Affairs	582.4	647.2	944.2	2 173.9
Total	14 664.9	19 839.1	30 487.8	64 991.8

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

Table 3 Expenditure by national vote: 2008/09 to 2014/15

R million	Audited Outcome			Adjusted appropriation	
	2008/09	2009/10	2010/11	2011/12	
Central Government Administration					
1	The Presidency	448.5	817.5	958.7	1 005.8
2	Parliament	1 071.5	1 009.0	1 198.9	1 272.9
3	Cooperative Governance and Traditional Affairs	33 386.0	33 661.6	41 821.4	48 204.7
4	Home Affairs	4 666.6	5 195.4	6 521.7	5 850.8
5	International Relations and Cooperation	5 472.3	5 417.4	4 417.2	5 153.4
6	Performance Monitoring and Evaluation	3.6	13.4	47.3	98.9
7	Public Works	4 197.0	5 533.6	6 615.5	7 829.7
8	Women, Children and People with Disabilities	61.9	77.5	109.9	143.1
Financial and Administrative Services					
9	Government Communication and Information System	287.8	334.0	352.2	364.3
10	National Treasury	23 762.8	53 240.6	38 226.2	23 839.5
11	Public Enterprises	3 265.1	3 983.3	540.0	353.3
12	Public Service and Administration	630.6	670.8	628.2	690.2
13	Statistics South Africa	1 323.1	1 555.8	1 694.9	3 730.1
Social Services					
14	Arts and Culture	2 114.5	2 224.9	2 248.8	2 536.9
15	Basic Education	6 384.0	7 854.3	8 677.9	14 080.5
16	Health	16 424.5	19 168.6	22 520.3	25 968.0
17	Higher Education and Training	18 767.8	20 684.4	23 752.4	28 299.5
18	Labour	1 507.2	1 698.7	1 826.3	2 017.4
19	Social Development	76 096.7	85 318.2	94 031.0	104 283.9
20	Sport and Recreation South Africa	4 871.4	2 866.4	1 252.0	820.9
Justice, Crime Prevention and Security					
21	Correctional Services	12 822.6	13 687.3	14 698.8	16 686.9
22	Defence and Military Veterans	27 801.3	31 324.2	30 442.4	34 349.1
23	Independent Police Investigative Directorate	99.3	106.2	128.4	153.5
24	Justice and Constitutional Development	8 244.4	9 653.5	10 684.9	11 581.7
25	Police	41 635.2	47 662.5	53 529.7	58 550.5
Economic Services and Infrastructure					
26	Agriculture, Forestry and Fisheries	3 564.9	3 961.8	3 850.7	4 964.4
27	Communications	2 328.6	2 301.9	1 426.5	2 002.9
28	Economic Development	220.4	314.6	400.7	598.4
29	Energy	2 961.7	3 690.9	5 505.4	6 200.9
30	Environmental Affairs	2 440.0	2 749.3	3 279.5	4 201.6
31	Human Settlements	13 269.5	16 407.4	18 916.5	22 825.5
32	Mineral Resources	768.3	853.8	994.7	1 039.0
33	Rural Development and Land Reform	6 669.8	5 863.8	7 122.9	8 136.7
34	Science and Technology	3 703.5	4 183.9	4 051.9	4 407.0
35	Tourism	1 202.2	1 145.6	1 143.5	1 265.0
36	Trade and Industry	4 836.7	5 923.3	5 796.7	6 876.5
37	Transport	28 161.7	28 664.0	29 155.1	41 517.4
38	Water Affairs	5 147.6	6 563.7	7 023.7	9 028.3
Total appropriation by vote		370 620.6	436 383.5	455 592.8	510 929.3
Plus:					
Direct charges against the National Revenue Fund					
	President and Deputy President salary (The Presidency)	4.0	3.8	4.0	3.8
	Members' remuneration (Parliament)	304.2	398.8	346.0	409.6
	State debt costs (National Treasury)	54 393.7	57 129.2	66 226.8	76 864.0
	Provincial equitable share (National Treasury)	201 795.6	236 890.8	265 139.4	291 735.5
	General fuel levy sharing with metros (National Treasury)	–	6 800.1	7 542.4	8 573.1
	Skills levy and sector education and training authorities (Higher Education and Training)	7 234.1	7 815.6	8 379.3	9 148.7
	Judges and magistrates salaries (Justice and Constitutional Development)	1 601.1	1 774.9	1 910.2	2 104.2
Total direct charges against the National Revenue Fund		265 332.8	310 813.2	349 548.1	388 839.0
	Unallocated	–	–	–	–
	Contingency reserve	–	–	–	–
	Projected underspending	–	–	–	-6 000.0
Total¹		635 953.3	747 196.8	805 141.0	893 768.3

1. The Adjusted appropriation and Revised estimate for 2011/12 include an additional R5.750 billion in respect of the Department of Transport to be appropriated in an additional adjustments appropriation bill.

Table 3 Expenditure by national vote: 2008/09 to 2014/15

Revised estimate	Medium-term expenditure estimates			R million
	2011/12	2012/13	2013/14	
				Central Government Administration
1 005.8	1 018.0	1 068.5	1 131.9	1 The Presidency
1 249.7	1 333.3	1 409.4	1 495.1	2 Parliament
46 177.3	54 715.6	58 804.1	63 821.9	3 Cooperative Governance and Traditional Affairs
5 850.8	5 296.3	6 257.8	6 536.6	4 Home Affairs
5 153.4	5 116.6	5 521.0	5 839.4	5 International Relations and Cooperation
98.9	174.2	193.4	204.5	6 Performance Monitoring and Evaluation
7 281.7	7 993.8	8 869.8	9 433.6	7 Public Works
143.1	172.2	195.5	214.9	8 Women, Children and People with Disabilities
				Financial and Administrative Services
360.5	429.1	393.3	417.1	9 Government Communication and Information System
21 817.3	21 551.1	24 315.9	25 212.7	10 National Treasury
353.3	1 249.1	210.7	223.2	11 Public Enterprises
690.2	731.5	780.8	828.0	12 Public Service and Administration
3 674.3	1 721.6	1 733.0	1 975.6	13 Statistics South Africa
				Social Services
2 411.2	2 685.7	2 912.1	3 130.7	14 Arts and Culture
13 639.6	16 343.6	20 373.5	21 366.8	15 Basic Education
25 622.1	27 557.0	30 713.6	33 858.6	16 Health
28 289.6	31 500.4	34 030.0	36 134.2	17 Higher Education and Training
1 998.1	2 119.7	2 261.2	2 399.0	18 Labour
103 858.9	112 216.8	120 907.8	130 076.2	19 Social Development
816.0	848.4	913.9	967.6	20 Sport and Recreation South Africa
				Justice, Crime Prevention and Security
16 203.1	17 732.2	18 763.7	19 900.8	21 Correctional Services
34 349.1	37 493.0	39 944.7	42 332.1	22 Defence and Military Veterans
153.5	197.0	215.3	232.6	23 Independent Police Investigative Directorate
11 564.5	13 079.6	13 814.0	14 621.0	24 Justice and Constitutional Development
58 550.5	62 485.4	66 921.3	70 848.0	25 Police
				Economic Services and Infrastructure
4 964.4	5 798.8	5 975.7	6 329.1	26 Agriculture, Forestry and Fisheries
2 002.9	1 712.3	1 942.3	1 924.0	27 Communications
567.6	672.7	711.3	639.4	28 Economic Development
6 098.8	6 805.9	6 389.9	7 008.5	29 Energy
4 201.6	4 512.2	5 175.2	5 123.1	30 Environmental Affairs
22 645.5	25 263.2	28 227.9	30 116.5	31 Human Settlements
1 039.0	1 169.1	1 299.1	1 361.2	32 Mineral Resources
8 136.7	8 877.6	9 317.9	9 859.7	33 Rural Development and Land Reform
4 407.0	4 955.9	5 577.6	6 020.8	34 Science and Technology
1 265.0	1 367.3	1 495.4	1 580.1	35 Tourism
6 876.5	9 092.1	10 352.3	11 118.1	36 Trade and Industry
41 450.0	38 829.0	41 704.0	48 066.3	37 Transport
7 665.5	8 812.7	9 745.7	10 692.5	38 Water Affairs
502 633.3	543 629.5	589 438.7	633 041.3	Total appropriation by vote
				Plus:
3.8	2.7	2.8	3.0	Direct charges against the National Revenue Fund
355.1	430.1	453.8	481.0	President and Deputy President salary (The Presidency)
76 644.9	89 388.1	100 806.0	109 039.3	Members' remuneration (Parliament)
291 735.5	309 057.4	328 920.7	349 351.0	State debt costs (National Treasury)
8 573.1	9 039.7	9 613.4	10 190.2	Provincial equitable share (National Treasury)
9 148.7	9 606.1	10 134.5	10 742.6	General fuel levy sharing with metros (National Treasury)
				Skills levy and sector education and training authorities (Higher Education and Training)
2 104.2	2 401.9	2 575.7	2 730.3	Judges and magistrates salaries (Justice and Constitutional Development)
388 565.4	419 925.9	452 506.9	482 537.3	Total direct charges against the National Revenue Fund
-	30.0	30.0	-	Unallocated
-	5 780.0	11 854.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
891 198.7	969 365.5	1 053 829.6	1 139 578.6	Total¹

Table 4 Expenditure by economic classification: 2008/09 to 2014/15

R million	Audited outcome			Adjusted appropriation
	2008/09	2009/10	2010/11	2011/12
Current payments				
Compensation of employees	64 819.2	75 276.3	86 927.5	96 832.0
Salaries and wages	53 716.8	62 631.9	72 499.4	81 164.0
Social contributions	11 102.4	12 644.4	14 428.2	15 668.0
Goods and services	38 378.2	41 444.2	43 965.7	54 083.5
Interest and rent on land	54 428.7	57 287.8	66 590.5	77 064.9
Interest (including interest on finance leases)	54 428.5	57 280.2	66 586.2	77 063.8
Rent on land	0.2	7.6	4.2	1.1
Total current payments	157 626.1	174 008.4	197 483.7	227 980.4
Transfers and subsidies to:				
Provinces and municipalities	289 395.9	344 774.6	383 779.7	433 374.7
Provinces	243 851.9	293 163.9	322 821.9	363 199.1
Provincial revenue funds	243 851.9	293 163.9	322 821.9	363 199.1
Municipalities	45 543.9	51 610.7	60 957.8	70 175.6
Municipal bank accounts	45 543.9	51 610.7	60 957.8	70 175.6
Departmental agencies and accounts	53 724.9	57 473.7	55 612.6	71 788.5
Social security funds	2 508.7	9.7	11.5	38.9
Departmental agencies (non-business entities)	51 216.2	57 464.0	55 601.1	71 749.6
Higher education institutions	13 897.7	15 443.5	17 721.2	19 387.2
Foreign governments and international organisations	1 010.6	1 366.4	1 247.5	1 490.1
Public corporations and private enterprises	19 982.3	20 147.6	20 061.6	23 849.5
Public corporations	14 517.2	17 765.7	18 171.8	20 697.5
Subsidies on products or production	5 895.7	6 382.9	8 146.5	8 452.3
Other transfers to public corporations	8 621.5	11 382.8	10 025.3	12 245.2
Private enterprises	5 465.1	2 381.9	1 889.8	3 152.0
Subsidies on products or production	5 193.5	2 009.5	1 383.9	2 603.6
Other transfers to private enterprises	271.7	372.4	505.9	548.4
Non-profit institutions	1 212.2	1 210.4	1 045.4	1 502.5
Households	79 478.9	90 217.1	96 352.5	107 350.4
Social benefits	73 571.4	84 824.8	90 741.8	101 754.7
Other transfers to households	5 907.5	5 392.2	5 610.8	5 595.7
Total transfers and subsidies	458 702.4	530 633.2	575 820.6	658 743.0
Payments for capital assets				
Buildings and other fixed structures	5 331.6	5 843.6	5 882.9	8 954.7
Buildings	4 860.2	4 730.3	4 426.8	6 117.8
Other fixed structures	471.4	1 113.4	1 456.1	2 836.8
Machinery and equipment	3 010.8	3 069.3	4 267.0	3 098.1
Transport equipment	1 527.5	1 412.6	1 995.4	1 417.9
Other machinery and equipment	1 483.3	1 656.7	2 271.6	1 680.2
Heritage assets	0.1	0.2	0.0	-
Specialised military assets	-	83.1	7.4	20.7
Biological assets	2.7	2.1	61.4	0.2
Land and subsoil assets	49.0	83.9	-	-
Software and other intangible assets	258.0	370.7	412.8	220.7
Total payments for capital assets	8 652.1	9 452.9	10 631.5	12 294.4
Payments for financial assets	10 972.6	33 102.3	21 205.2	750.5
Total	635 953.3	747 196.8	805 141.0	899 768.3
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-6 000.0
Total	635 953.3	747 196.8	805 141.0	893 768.3

Table 4 Expenditure by economic classification: 2008/09 to 2014/15

Revised estimate	Medium-term expenditure estimates			
2011/12	2012/13	2013/14	2014/15	R million
95 832.0	103 773.0	110 728.6	116 961.4	Current payments
80 124.8	85 232.2	91 118.7	96 336.6	Compensation of employees
15 707.1	18 540.7	19 609.9	20 624.7	Salaries and wages
53 272.4	54 650.7	57 915.2	62 473.5	Social contributions
76 845.7	89 601.6	101 026.7	109 269.7	Goods and services
76 844.6	89 600.5	101 025.5	109 268.4	Interest and rent on land
1.1	1.1	1.2	1.2	Interest (including interest on finance leases)
				Rent on land
225 950.0	248 025.3	269 670.5	288 704.6	Total current payments
430 839.5	461 864.1	494 986.0	527 749.6	Transfers and subsidies to:
362 626.2	384 487.4	411 091.8	437 004.4	Provinces and municipalities
362 626.2	384 487.4	411 091.8	437 004.4	Provinces
68 213.3	77 376.7	83 894.2	90 745.2	Provincial revenue funds
68 213.3	77 376.7	83 894.2	90 745.2	Municipalities
71 185.7	71 634.8	78 864.7	83 777.0	Municipal bank accounts
38.9	17.0	18.7	20.5	Departmental agencies and accounts
71 146.8	71 617.8	78 846.0	83 756.5	Social security funds
19 386.9	20 940.3	22 281.8	23 703.9	Departmental agencies (non-business entities)
1 494.3	1 704.3	1 842.6	1 956.8	Higher education institutions
21 931.9	26 201.3	29 335.4	33 886.3	Foreign governments and international organisations
18 857.5	21 313.9	23 288.7	26 912.0	Public corporations and private enterprises
8 452.3	9 768.7	9 304.5	9 878.6	Public corporations
10 405.2	11 545.2	13 984.2	17 033.4	Subsidies on products or production
3 074.4	4 887.4	6 046.7	6 974.2	Other transfers to public corporations
2 583.6	4 273.8	5 440.5	6 331.1	Private enterprises
490.8	613.6	606.2	643.1	Subsidies on products or production
1 509.5	1 904.0	2 181.4	2 378.3	Other transfers to private enterprises
106 936.4	114 464.4	123 917.5	133 543.4	Non-profit institutions
101 354.6	108 813.1	117 510.9	126 523.1	Households
5 581.7	5 651.4	6 406.6	7 020.3	Social benefits
				Other transfers to households
653 284.1	698 713.2	753 409.4	806 995.4	Total transfers and subsidies
7 967.6	11 349.3	14 646.0	15 272.2	Payments for capital assets
5 716.8	7 564.0	10 761.4	11 239.5	Buildings and other fixed structures
2 250.8	3 785.3	3 884.7	4 032.8	Buildings
3 035.8	3 561.8	3 648.9	3 821.4	Other fixed structures
1 418.7	1 781.0	1 784.4	1 841.9	Machinery and equipment
1 617.1	1 780.8	1 864.5	1 979.5	Transport equipment
-	-	-	-	Other machinery and equipment
20.7	49.5	53.4	57.0	Heritage assets
0.2	0.6	0.6	0.6	Specialised military assets
-	-	-	-	Biological assets
189.7	215.0	216.7	227.4	Land and subsoil assets
				Software and other intangible assets
11 214.0	15 176.3	18 565.6	19 378.7	Total payments for capital assets
750.5	1 640.7	300.0	500.0	Payments for financial assets
891 198.7	963 555.5	1 041 945.6	1 115 578.6	Total
-	30.0	30.0	-	Unallocated
-	5 780.0	11 854.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
891 198.7	969 365.5	1 053 829.6	1 139 578.6	Total

Table 5 Amounts to be appropriated from the National Revenue Fund for 2012/13

		Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease ¹
R million		2011/12	2012/13					
Central Government Administration								
1	The Presidency	953.1	480.7	524.8	15.2	–	1 020.7	67.6
2	Parliament	1 674.9	1 446.5	311.3	5.6	–	1 763.4	88.5
3	Cooperative Governance and Traditional Affairs	47 933.6	2 088.9	52 607.2	19.6	–	54 715.6	6 782.0
4	Home Affairs	5 464.1	4 279.3	963.6	0.4	53.0	5 296.3	-167.9
5	International Relations and Cooperation	4 796.8	4 044.1	825.6	247.0	–	5 116.6	319.8
6	Performance Monitoring and Evaluation	82.6	160.7	–	13.5	–	174.2	91.6
7	Public Works	7 819.3	2 325.8	4 085.8	1 582.2	–	7 993.8	174.5
8	Women, Children and People with Disabilities	117.9	110.5	58.5	3.1	–	172.2	54.2
Financial and Administrative Services								
9	Government Communication and Information System	356.3	405.6	20.0	3.4	–	429.1	72.8
10	National Treasury	396 242.8	90 586.6	337 889.4	360.2	200.0	429 036.3	32 793.4
11	Public Enterprises	230.2	197.5	0.1	1.5	1 050.0	1 249.1	1 018.8
12	Public Service and Administration	690.1	420.1	304.6	6.7	–	731.5	41.4
13	Statistics South Africa	3 240.9	1 677.5	7.3	36.8	–	1 721.6	-1 519.3
Social Services								
14	Arts and Culture	2 468.6	578.8	2 100.2	6.6	–	2 685.7	217.1
15	Basic Education	13 868.1	2 041.3	11 972.0	2 330.3	–	16 343.6	2 475.4
16	Health	25 731.6	1 266.4	26 261.9	28.7	–	27 557.0	1 825.5
17	Higher Education and Training	37 377.3	529.7	40 569.2	7.6	–	41 106.5	3 729.2
18	Labour	1 981.5	1 446.9	639.3	33.5	–	2 119.7	138.3
19	Social Development	104 732.7	626.8	111 583.2	6.7	–	112 216.8	7 484.1
20	Sport and Recreation South Africa	802.7	240.5	605.5	2.5	–	848.4	45.7
Justice, Crime Prevention and Security								
21	Correctional Services	16 559.2	16 619.3	74.2	1 038.7	–	17 732.2	1 173.0
22	Defence and Military Veterans	34 605.0	30 157.0	6 376.1	622.2	337.7	37 493.0	2 888.0
23	Independent Police Investigative Directorate	151.6	191.1	0.1	5.8	–	197.0	45.4
24	Justice and Constitutional Development	13 517.7	12 217.4	2 065.7	1 198.3	–	15 481.5	1 963.8
25	Police	58 061.5	58 724.2	492.1	3 269.0	–	62 485.4	4 423.8
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	4 719.7	2 250.6	3 419.1	129.1	–	5 798.8	1 079.0
27	Communications	1 889.1	475.5	1 131.9	104.9	–	1 712.3	-176.8
28	Economic Development	594.5	141.8	523.5	7.5	–	672.7	78.2
29	Energy	6 089.9	307.3	6 493.6	5.1	–	6 805.9	716.0
30	Environmental Affairs	2 846.1	1 920.8	2 308.3	283.0	–	4 512.2	1 666.1
31	Human Settlements	22 578.5	738.3	24 036.4	488.5	–	25 263.2	2 684.7
32	Mineral Resources	1 036.2	602.6	560.3	6.1	–	1 169.1	132.9
33	Rural Development and Land Reform	8 124.2	3 213.0	5 649.8	14.7	–	8 877.6	753.3
34	Science and Technology	4 404.6	393.5	4 559.0	3.4	–	4 955.9	551.3
35	Tourism	1 242.9	331.1	1 029.0	7.2	–	1 367.3	124.4
36	Trade and Industry	6 786.9	1 303.4	7 774.6	14.1	–	9 092.1	2 305.2
37	Transport	35 084.0	848.1	37 976.5	4.4	–	38 829.0	3 744.9
38	Water Affairs	9 936.2	2 636.0	2 913.4	3 263.2	–	8 812.7	-1 123.6
Total		884 792.9	248 025.3	698 713.2	15 176.3	1 640.7	963 555.5	78 762.6

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

Table 6a Conditional grants to provinces: 2008/09 to 2014/15¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15	
Central Government									
Administration									
3	Cooperative Governance and Traditional Affairs	29.7	–	214.4	305.0	–	180.0	190.0	201.4
7	Public Works	889.3	1 466.0	2 104.3	2 270.9	2 160.9	2 428.8	2 671.2	2 824.0
Financial and Administrative Services									
10	National Treasury	–	4 200.0	–	1 089.7	1 089.7	–	–	–
Social Services									
14	Arts and Culture	344.6	440.6	462.4	569.9	569.9	564.6	597.8	631.6
15	Basic Education	5 215.6	6 460.1	7 078.6	10 736.9	10 736.9	11 246.6	11 922.9	12 321.1
16	Health	14 988.7	17 523.8	21 042.0	24 034.8	23 876.9	25 691.6	28 749.7	31 794.0
17	Higher Education and Training	3 005.8	3 155.3	3 804.0	4 375.3	4 375.3	4 757.3	5 317.7	5 618.2
20	Sport and Recreation South Africa	293.7	402.3	426.4	452.0	452.0	469.6	497.6	525.6
Economic Services and Infrastructure									
26	Agriculture, Forestry and Fisheries	898.0	973.7	1 125.7	1 651.7	1 651.7	2 066.5	2 147.5	2 193.6
31	Human Settlements	8 727.6	10 819.3	13 032.1	15 121.5	15 121.5	15 726.0	16 983.9	17 808.3
37	Transport	7 663.3	10 832.1	8 392.5	10 855.9	10 855.9	12 299.1	13 093.0	13 735.5
Total		42 056.3	56 273.0	57 682.4	71 463.6	70 890.6	75 430.0	82 171.1	87 653.4

1. Detail provided in the Division of Revenue Act (2012).

Table 6b Conditional grants to municipalities: 2008/09 to 2014/15¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15	
Central Government									
Administration									
3	Cooperative Governance and Traditional Affairs	7 186.4	8 988.3	9 916.3	12 133.7	11 663.7	14 441.7	15 236.2	16 392.5
7	Public Works	–	100.5	279.6	679.6	419.6	599.2	701.9	743.9
Financial and Administrative Services									
10	National Treasury	361.5	808.1	1 196.4	1 173.6	1 173.6	1 056.3	1 122.8	1 146.3
Social Services									
20	Sport and Recreation South Africa	4 295.0	2 168.7	512.6	–	–	–	–	–
Economic Services and Infrastructure									
29	Energy	589.1	1 074.6	1 253.4	1 376.6	1 376.6	1 351.4	1 514.8	1 687.7
31	Human Settlements	3 572.4	4 418.2	4 968.0	6 267.0	6 267.0	7 392.2	9 076.9	10 545.6
37	Transport	2 928.7	2 431.0	3 709.9	4 838.8	4 838.8	5 025.4	5 589.1	5 912.3
38	Water Affairs	994.6	902.4	984.6	992.3	992.3	562.4	420.9	449.6
Total		19 927.6	20 891.8	22 820.8	27 461.7	26 731.7	30 428.8	33 662.7	36 877.8

1. Detail provided in the Division of Revenue Act (2012).

Table 7 Training expenditure per vote: 2008/09 to 2014/15

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
Central Government Administration								
1	The Presidency	1.4	1.9	2.1	2.6	2.4	2.7	2.9
2	Parliament	11.9	10.1	6.7	14.2	15.0	16.8	15.6
3	Cooperative Governance and Traditional Affairs	1.7	1.8	1.4	2.6	2.6	2.6	2.8
4	Home Affairs	34.0	26.4	40.1	31.0	31.6	34.2	36.2
5	International Relations and Cooperation	8.1	12.4	12.5	28.2	17.8	20.0	21.0
6	Performance Monitoring and Evaluation	–	–	–	0.8	2.5	2.7	2.9
7	Public Works	15.2	22.0	10.2	25.1	24.8	26.1	28.6
8	Women, Children and People with Disabilities	–	–	–	–	0.4	0.5	0.5
Financial and Administrative Services								
9	Government Communication and Information System	4.2	4.4	5.3	4.8	5.0	5.3	5.6
10	National Treasury	16.9	10.0	8.4	11.0	8.7	9.0	9.5
11	Public Enterprises	2.3	2.2	2.6	2.1	2.3	2.5	2.6
12	Public Service and Administration	3.7	2.6	3.4	3.3	4.1	4.3	4.4
13	Statistics South Africa	14.0	21.2	9.9	21.4	15.2	15.4	15.4
Social Services								
14	Arts and Culture	4.5	3.3	2.8	1.7	1.8	1.9	2.0
15	Basic Education	6.5	1.7	1.2	1.8	1.9	2.0	2.1
16	Health	1.8	4.5	5.2	4.3	4.8	5.1	5.3
17	Higher Education and Training	2.9	1.9	0.9	1.0	1.6	2.0	2.1
18	Labour	8.9	10.3	6.5	10.4	12.1	12.5	13.2
19	Social Development	1.8	2.3	3.7	2.7	3.1	3.3	3.5
20	Sport and Recreation South Africa	0.9	1.2	0.6	1.6	1.6	1.1	1.3
Justice, Crime Prevention and Security								
21	Correctional Services	76.0	89.5	78.9	110.9	115.2	121.3	127.8
22	Defence and Military Veterans	94.7	94.8	109.6	164.7	171.1	168.8	176.8
23	Independent Police Investigative Directorate	0.4	0.7	0.8	1.3	2.0	2.1	2.2
24	Justice and Constitutional Development	37.5	86.4	78.9	47.9	89.4	94.0	99.1
25	Police	1 124.0	1 253.4	1 421.4	1 507.7	1 514.2	1 590.0	1 612.9
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	24.2	16.4	37.7	31.8	35.9	37.3	40.0
27	Communications	6.0	9.0	5.1	9.0	9.5	10.0	10.5
28	Economic Development	–	–	–	0.8	0.9	1.0	1.0
29	Energy	1.6	2.1	2.1	3.1	3.0	3.3	3.5
30	Environmental Affairs	2.2	2.3	6.4	3.4	4.2	4.3	4.6
31	Human Settlements	2.9	2.3	3.0	5.1	4.3	4.6	4.8
32	Mineral Resources	3.8	9.1	7.8	1.0	4.0	4.3	4.5
33	Rural Development and Land Reform	9.4	11.9	12.6	28.7	13.9	14.7	16.0
34	Science and Technology	2.0	3.2	2.8	4.6	4.7	5.2	5.5
35	Tourism	1.5	1.0	1.1	2.0	1.8	1.9	2.0
36	Trade and Industry	2.5	9.3	9.4	15.9	14.0	13.6	14.1
37	Transport	1.8	3.9	5.4	3.8	4.1	4.1	4.4
38	Water Affairs	40.8	50.6	56.7	31.5	34.7	38.1	41.9
Total		1 572.4	1 786.0	1 963.2	2 143.7	2 186.5	2 288.4	2 349.1

Table 8 Infrastructure expenditure per vote: 2008/09 to 2014/15¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
Central Government Administration								
3	Cooperative Governance and Traditional Affairs	6 969.0	8 727.5	12 528.9	11 443.5	13 881.6	14 643.5	15 764.2
4	Home Affairs	68.0	56.1	67.2	59.9	58.1	61.3	65.5
5	International Relations and Cooperation	926.6	165.3	267.9	191.1	207.0	202.9	214.0
7	Public Works	988.4	1 253.6	1 255.9	1 443.9	1 484.7	1 754.7	1 868.1
Financial and Administrative Services								
10	National Treasury	321.2	755.6	1 051.5	1 018.2	829.2	824.0	830.3
Social Services								
14	Arts and Culture	448.6	449.7	447.8	455.6	483.0	509.5	540.1
15	Basic Education	3 101.5	3 884.7	3 242.8	6 588.8	8 346.8	11 607.5	12 003.7
16	Health	1 897.7	5 682.2	6 490.7	2 635.1	5 657.9	5 854.7	6 396.8
17	Higher Education and Training	1 682.2	1 462.0	1 585.0	1 615.0	1 800.0	1 900.0	2 000.0
18	Labour	37.6	26.9	16.9	22.1	10.4	11.0	7.4
20	Sport and Recreation South Africa	4 295.0	2 168.7	512.6	–	–	–	–
Justice, Crime Prevention and Security								
21	Correctional Services	948.5	833.6	950.9	968.3	759.6	803.1	841.3
22	Defence and Military Veterans	813.5	862.0	699.9	846.6	1 360.4	1 315.2	1 298.9
24	Justice and Constitutional Development	479.5	590.1	624.1	759.3	1 205.0	1 261.7	1 331.4
25	Police	991.2	1 070.1	1 182.1	1 235.3	1 344.6	1 429.5	1 527.3
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	107.3	120.0	121.3	269.7	775.7	612.1	622.8
27	Communications	750.0	920.0	540.9	404.0	265.8	506.3	443.8
29	Energy	1 739.9	2 400.3	4 239.9	4 334.4	4 530.8	3 297.4	3 586.6
30	Environmental Affairs	405.4	477.5	637.7	778.6	149.7	337.5	398.8
31	Human Settlements	12 300.2	15 237.4	18 108.7	21 497.2	23 597.7	26 449.8	28 353.9
33	Rural Development and Land Reform	6.3	2.8	6.9	23.0	69.0	2.2	–
34	Science and Technology	408.0	699.3	236.9	199.0	417.7	537.0	475.1
36	Trade and Industry	967.5	1 407.3	1 224.3	852.4	839.9	678.2	303.0
37	Transport	13 915.3	16 955.1	19 747.4	28 878.1	26 273.6	28 519.1	34 147.0
38	Water Affairs	1 291.8	1 510.0	2 453.6	3 536.2	4 755.7	5 157.3	6 215.6
Total		55 860.0	67 718.0	78 241.8	90 055.3	99 103.8	108 275.3	119 235.6

1. Amounts include: mega infrastructure projects and programmes, costing over R400 million per year for a minimum of three years, or at least R1 billion total project cost over the MTEF period; large projects and programmes, costing between R90 and R400 million per year, totalling at least R250 million but less than R1 billion over the MTEF period; small projects and programmes, costing less than R90 million per year and not more than R250 million over the MTEF period. Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

Table 9 Personnel expenditure per vote: 2008/09 to 2014/15

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15	
Central Government Administration									
1	The Presidency	141.7	179.2	210.2	264.7	264.7	271.4	276.0	293.1
2	Parliament	651.0	784.6	795.5	946.5	887.6	1 028.2	1 083.2	1 143.1
3	Cooperative Governance and Traditional Affairs	153.8	165.7	174.3	248.8	248.8	255.4	263.4	275.8
4	Home Affairs	1 296.0	1 637.1	2 051.9	2 225.6	2 225.6	2 363.9	2 495.2	2 646.6
5	International Relations and Cooperation	1 683.4	1 833.3	1 791.4	1 843.6	1 769.1	1 851.5	2 063.7	2 172.3
6	Performance Monitoring and Evaluation	2.6	6.2	26.1	55.1	55.1	93.1	99.6	106.4
7	Public Works	801.0	976.1	1 089.7	1 252.6	1 252.6	1 260.2	1 332.4	1 424.7
8	Women, Children and People with Disabilities	5.9	9.8	22.7	34.8	34.8	57.1	70.8	80.2
Financial and Administrative Services									
9	Government Communication and Information System	114.0	138.7	147.2	166.9	163.9	176.4	185.0	195.8
10	National Treasury	321.0	402.1	476.2	602.3	570.0	665.9	702.6	744.8
11	Public Enterprises	70.4	75.2	83.1	100.0	100.0	105.8	111.3	118.1
12	Public Service and Administration	129.1	156.8	175.4	200.3	200.3	234.1	255.7	271.4
13	Statistics South Africa	700.7	879.2	976.3	1 361.6	1 250.4	1 201.2	1 257.1	1 281.4
Social Services									
14	Arts and Culture	126.8	146.3	152.8	167.4	167.4	180.0	191.8	203.5
15	Basic Education	186.3	225.2	252.9	321.5	300.1	349.6	374.9	398.0
16	Health	292.5	333.0	353.7	427.3	406.0	478.8	506.8	527.7
17	Higher Education and Training	174.8	201.8	258.2	324.3	329.8	359.1	396.4	420.3
18	Labour	491.3	576.5	681.5	786.3	768.7	883.3	943.7	1 001.3
19	Social Development	184.1	220.1	247.0	279.9	279.9	307.7	326.2	345.5
20	Sport and Recreation South Africa	54.5	61.3	70.6	77.8	76.9	91.9	96.9	101.8
Justice, Crime Prevention and Security									
21	Correctional Services	8 077.8	9 065.5	9 506.7	10 906.1	10 422.3	11 550.3	12 241.3	13 056.2
22	Defence and Military Veterans	10 620.0	12 705.6	16 597.1	17 555.3	17 555.3	18 967.8	20 251.9	21 364.2
23	Independent Police Investigative Directorate	58.0	65.1	71.8	81.4	81.4	95.2	105.8	114.1
24	Justice and Constitutional Development	5 326.2	6 028.1	6 944.9	7 703.3	7 669.9	8 491.9	9 005.0	9 522.5
25	Police	29 147.4	33 771.5	38 415.3	42 298.6	42 298.6	45 042.2	48 180.7	50 770.2
Economic Services and Infrastructure									
26	Agriculture, Forestry and Fisheries	931.3	1 082.2	1 189.9	1 296.8	1 296.8	1 502.6	1 577.0	1 658.5
27	Communications	108.0	129.6	145.1	173.2	173.2	182.9	192.0	203.7
28	Economic Development	–	7.9	25.2	79.7	64.0	91.6	96.6	102.6
29	Energy	103.0	133.3	142.8	183.3	177.8	196.3	222.9	236.5
30	Environmental Affairs	257.4	333.7	400.1	490.9	490.9	605.7	640.3	680.1
31	Human Settlements	134.2	166.9	216.5	302.3	302.3	337.0	357.5	377.6
32	Mineral Resources	231.0	275.1	326.5	380.4	380.4	401.9	425.2	450.8
33	Rural Development and Land Reform	614.2	760.9	946.7	1 307.2	1 307.2	1 556.0	1 652.7	1 728.6
34	Science and Technology	141.6	167.5	190.6	227.6	227.6	242.3	253.4	275.0
35	Tourism	106.4	89.6	100.3	144.6	144.6	180.6	188.4	199.4
36	Trade and Industry	383.1	437.7	514.9	621.3	621.3	714.0	798.6	825.3
37	Transport	182.6	228.1	250.8	297.2	297.2	316.1	333.4	353.9
38	Water Affairs	816.0	820.0	906.0	1 095.6	969.5	1 084.2	1 173.3	1 290.8
Total		64 819.2	75 276.3	86 927.5	96 832.0	95 832.0	103 773.0	110 728.6	116 961.4

Table 10 Departmental receipts per vote: 2008/09 to 2014/15¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15	
Central Government Administration									
1	The Presidency	0.2	0.6	0.6	0.3	0.3	0.3	0.3	
2	Parliament	45.9	38.5	32.7	24.2	33.7	21.5	14.5	11.5
3	Cooperative Governance and Traditional Affairs	0.8	0.5	0.2	0.6	0.6	0.6	0.6	0.7
4	Home Affairs	355.7	442.2	644.8	482.6	482.6	506.7	557.4	585.2
5	International Relations and Cooperation	43.6	23.2	38.8	22.9	22.9	24.1	25.3	26.6
6	Performance Monitoring and Evaluation	–	–	–	0.1	0.1	0.0	0.0	0.0
7	Public Works	28.5	39.6	40.0	38.7	34.5	36.2	38.0	39.9
8	Women, Children and People with Disabilities	–	–	0.0	0.0	0.0	0.0	0.0	0.0
Financial and Administrative Services									
9	Government Communication and Information System	3.3	2.9	1.6	0.8	0.8	3.9	5.9	6.8
10	National Treasury	5 270.4	2 543.6	3 340.6	2 445.3	2 960.0	2 732.4	4 009.2	3 482.9
11	Public Enterprises	0.8	1.2	0.3	0.1	0.1	0.1	0.1	0.1
12	Public Service and Administration	1.0	2.2	2.1	0.7	0.7	0.8	0.8	0.8
13	Statistics South Africa	2.8	8.5	2.6	2.7	2.8	2.5	2.7	3.5
Social Services									
14	Arts and Culture	3.6	1.1	2.1	1.0	1.9	2.0	2.0	2.2
15	Basic Education	1.5	0.7	1.7	9.3	9.3	9.7	10.7	6.2
16	Health	31.2	45.2	27.2	47.9	47.9	33.1	39.4	33.1
17	Higher Education and Training	6.7	6.7	8.9	8.6	8.9	9.2	9.3	9.4
18	Labour	28.9	12.9	9.0	10.8	10.8	8.1	8.3	8.6
19	Social Development	16.5	30.6	10.5	10.1	22.0	15.6	16.8	18.1
20	Sport and Recreation South Africa	0.3	0.2	0.3	0.4	0.4	0.4	0.4	0.4
Justice, Crime Prevention and Security									
21	Correctional Services	80.5	108.5	115.4	132.1	126.1	126.4	131.1	135.7
22	Defence and Military Veterans	629.4	699.9	689.7	563.3	4 059.8	784.2	798.9	814.9
23	Independent Police Investigative Directorate	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1
24	Justice and Constitutional Development	356.8	382.9	414.2	374.3	374.3	444.4	508.4	572.3
25	Police	376.5	347.6	287.7	272.1	272.1	278.5	273.5	274.4
Economic Services and Infrastructure									
26	Agriculture, Forestry and Fisheries	254.0	250.5	157.0	122.0	139.3	144.9	150.6	157.0
27	Communications	3 520.1	1 344.8	1 528.3	1 424.5	2 320.8	2 376.5	2 495.3	2 621.7
28	Economic Development	244.4	456.0	547.2	243.8	500.5	631.5	669.4	709.5
29	Energy	3.3	4.4	3.9	3.9	3.9	4.1	4.2	4.2
30	Environmental Affairs	8.5	2.1	8.5	5.7	16.7	5.7	6.1	6.4
31	Human Settlements	2.4	0.7	2.8	1.3	0.9	0.6	0.6	0.6
32	Mineral Resources	261.3	212.7	30.3	46.4	46.4	47.8	51.1	54.7
33	Rural Development and Land Reform	64.2	44.0	48.8	49.9	35.9	38.7	40.9	42.1
34	Science and Technology	0.3	1.6	0.5	0.4	0.9	0.1	0.1	0.1
35	Tourism	–	0.7	1.5	1.7	1.9	2.0	2.1	2.3
36	Trade and Industry	64.9	52.6	35.6	116.9	43.0	47.3	48.8	51.4
37	Transport	215.8	106.1	408.8	362.6	424.6	237.7	504.2	697.8
38	Water Affairs	26.6	76.3	33.1	23.0	55.7	24.3	25.9	26.1
Total departmental receipts as per Estimates of National Expenditure		11 950.7	7 291.9	8 477.8	6 851.1	12 063.1	8 602.5	10 453.2	10 407.6
Less: Parliament (retained departmental receipts)		45.9	38.5	32.7	24.2	33.7	21.5	14.5	11.5
Plus: Direct receipts into the National Revenue Fund (National Treasury) ²		–	1 000.0	600.0	–	50.0	–	–	–
Plus: South African Revenue Service departmental receipts collection		711.4	635.1	4 415.0	4 890.0	5 500.0	6 510.0	7 490.0	8 620.0
Total departmental receipts as per Budget Review		12 616.2	8 888.5	13 460.1	11 716.9	17 579.5	15 091.0	17 928.6	19 016.0

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

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

Information contained in Estimates of National Expenditure chapters

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

The abridged Estimates of National Expenditure publication is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the Appropriation Bill, which is tabled on the same day. The Estimates of National Expenditure e-publications for individual votes provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year and expenditure information at the level of service delivery, where appropriate. These publications are available on www.treasury.gov.za.

Information in the Appropriation Bill is divided according to votes. A vote generally specifies the total amount appropriated per department, but more than one department may be contained within a single vote. Each chapter in the abridged Estimates of National Expenditure publication relates to a vote. A separate e-publication is also available for each vote. By appropriating funds from the National Revenue Fund through the approval of the Appropriation Bill, Parliament authorises expenditure.

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

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

These groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions. In the national budget decision-making process these groupings are disaggregated further.

For each vote, the Estimates of National Expenditure publications contain the following information:

Budget summary

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

R million	2012/13					2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							

Executive authority Minister
Accounting officer Director General / Chief Operating Officer
Website address

Due to rounding off, the figures for separate items do not necessarily add up to the total. Figures are denoted in rand million in the Abridged ENE publication and rand thousand in the ENE e-publications, unless otherwise indicated.

The **2012/13 total to be appropriated** shows the expenditure allocation per programme and the aggregated amount for 2012/13, and corresponds with the information in the 2012 Appropriation Bill.

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

Current payments are payments made by a department for its operational requirements.

Transfers and subsidies are payments made by a department for which the department does not directly receive anything in return.

Payments for capital assets are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

Payments for financial assets mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other such financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in votes where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, 2013/14 and 2014/15, are also shown. These estimates are not included in the 2012 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2013 Budget.

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

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

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

Aim

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

Programme purposes

Each vote is comprised of several programmes. The functions and activities performed by an institution are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the Appropriation Bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

Strategic overview: 2008/09 – 2014/15

This section describes the department's strategic direction over the period under review by outlining the mandate and goals of the department. Any important new developments in this regard are noted.

Selected performance indicators

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

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15

Managing, monitoring and measuring performance are integral to improving service delivery. The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance. It should, however, contain key performance indicators that form part of service delivery agreements.

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

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

The **past** column shows what level of performance the department actually achieved in the 2008/09, 2009/10 and 2010/11 financial years.

The **current** column shows what the department projects it will achieve for the 2011/12 financial year.

The **projections** column shows what the department expects to achieve in the 2012/13, 2013/14 and 2014/15 financial years.

In all expenditure and revenue tables a dash (–) indicates that information is unavailable or zero.

Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Total								
Change to 2011 Budget estimate								
Economic classification								
Current payments								
Economic classification item								
Transfers and subsidies								
Economic classification item								
Payments for capital assets								
Economic classification item								
Payments for financial assets								
Total								

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

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

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

Adjusted appropriation includes any changes made to the appropriation voted in the 2011 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments were included in the Adjustments Appropriation Bill, which Parliament approved before expenditure could take place, and the details were published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2011/12 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2011/12 adjusted appropriation; it is merely a more recent estimate of what the department is likely to spend in this financial year.

The **medium-term expenditure estimates** are shown for 2012/13, 2013/14 and 2014/15. The spending figures for 2012/13 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main Appropriation Bill, which has to be considered by Parliament after it has been tabled. The medium term expenditure estimates for 2013/14 and 2014/15 are indicative allocations, and will form the basis for planning the 2013 Budget.

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

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

Expenditure trends

The main expenditure trends and vote programme structure changes from 2008/09 to 2014/15 are described. Trends are generally represented over the MTEF period between 2011/12 and 2014/15, or over the entire period between 2008/09 and 2014/15.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and any significant increases or decreases in expenditure are explained in terms of the underlying performance achievements, policies and other factors that inform the trends. A summary of the new (additional) allocations to the vote baseline budget is given. The baseline is derived from the previous year's forward estimates after considerations resulting in spending being redirected to priority areas. Any Cabinet approved baseline cut amounts are stated. Spending on consultants that support critical skills and provide technical expertise is also shown, where relevant.

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.

Infrastructure spending

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

Personnel information

This table provides details of the personnel numbers according to salary level.

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment					
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year	Medium-term estimate	
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department									
Salary level 1–6									
Salary level 7–10									
Salary level 11–12									
Salary level 13–16									
Programme name									
Salary level 1–6									
Salary level 7–10									
Salary level 11–12									
Salary level 13–16									

Number of posts on approved establishment refers to the number of departmental employment positions approved by the Department of Public Service and Administration as measured on 30 September 2011.

Number of funded posts refers to the number of departmental employment positions for which provision is made on the budget as measured on 30 September 2011.

Number of posts additional to the establishment refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the department's approved establishment as measured on 30 September 2011.

Information is provided on the **number of personnel posts filled/planned for on funded establishment** in the department at different salary levels, as well as by **programme** as at 30 September 2011.

Personnel information, including personnel trends per programme and by salary level over the seven-year period is provided, and discussed in relation to compensation of employees. An explanation of any changes to the size of the establishment is given in relation to the department's strategic plan and service delivery goals. The ratio of support staff to line function staff is also provided.

Departmental receipts

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

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts								
Economic classification item								
Total								

Departmental anticipated (non-tax) receipts for the MTEF period are described in relation to receipts for 2011/12. The major sources of departmental receipts are shown.

Information on each programme

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 the provision of services and products to eligible citizens and residents (strategic intent/objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2011/12 to 5 days in 2014/15 (progress measure).

Subprogrammes

The key functions of each subprogramme are noted. Programme 1 is always *Administration*, which includes spending on the ministry, the director general's office and central corporate services. The *Ministry* subprogramme includes spending on the ministerial and deputy ministerial offices.

The activities carried out by each subprogramme together with the outputs it produces are explained in relation to the number of personnel employed, as well as the funding allocated in this regard. Any measures implemented to effect budget reductions and reprioritisations are discussed. Explanatory notes on transfers to public entities or partner organisations, and on subsidies, incentives or financial assistance programmes are also provided.

Expenditure estimates (per programme).

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

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Subprogramme name							
Total							
Change to 2011 Budget estimate							
Economic classification							
Current payments							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Payments for capital assets							
Economic classification item							
Payments for financial assets							
Total							

Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to that which is provided for the entire vote. The impact of budget allocations in respect of the achievement of outputs by departments and entities is also presented for the seven-year period.

Public entities and other agencies

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

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

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

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

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

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

- key legislative mandates in terms of which the entity was established and within which it operates
- the entity's mandate, purpose and details of its performance
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key achievements during the previous reporting periods
- reprioritisation and baseline reduction measures implemented
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and, if applicable, an analysis of some of the more important items on the entity's balance sheet that relate to the key activities being carried out
- personnel expenditure by salary level.

Additional tables

Summary of expenditure on infrastructure

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

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

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

Fixed installations transferred to households shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

Maintenance refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the life and value of the infrastructure asset. This item does not include day-to-day maintenance.

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

Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure and the revised estimate for 2011/12 as well as the audited outcome for 2010/11.

Summary of expenditure on skills training

Information is provided on the funds spent on training as a proportion of compensation of employees, and on the number of people trained by the department.

Summary of conditional grants to provinces and municipalities

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

Summary of departmental public private partnerships projects

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

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

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

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

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

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

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

Summary of donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

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

Official development assistance is an official resource flow from the international donor community to the South African government in the form of financial 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 funds (Donor funding).

Vote 1

The Presidency

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	398	382	–	15	425	451
National Planning	96	96	–	–	90	95
National Youth Development Agency	376	–	376	–	397	420
International Marketing and Communication	149	–	149	–	157	166
Subtotal	1 018	478	525	15	1 069	1 132
Direct charge against the National Revenue Fund						
Salary of the President	3	3	–	–	3	3
Total expenditure estimates	1 021	481	525	15	1 071	1 135

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

Accounting officer Chief Operations Officer in the Presidency

Website address www.thepresidency.gov.za

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

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: National Planning

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

Programme 3: National Youth Development Agency

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

Programme 4: International Marketing and Communication

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

Strategic overview: 2008/09 – 2014/15

The Presidency exists to service the president and the deputy president in the execution of their constitutional responsibilities and duties, as articulated in Chapter 5 of the Constitution. The Presidency's strategic approach is premised on the functions of the president and the national executive. The strategic approach is also informed by the electoral mandate and programmes of the governing party. The role of the Presidency is to support the president and the deputy president in leading and galvanising the whole of government and society to implement the electoral programme; to serve as a centre for strategic coordination in government in implementing the programme to ensure that all energies and efforts are properly aligned; and to ensure that the programme is implemented and evaluate whether it is achieving its intended objectives.

Priorities over the medium term

Monitoring the performance of government in priority areas

The Presidency has prioritised intensifying the monitoring the performance of government to ensure that service delivery to citizens is improved. There will be increased engagement with ministers who coordinate the key outcomes and regular visits to provinces, municipalities and communities to monitor whether government is serving citizens the way it should.

Increased engagement in the international arena

Also among the key priorities over the medium term is increasing South Africa's leadership and engagement in the Southern African Development Community (SADC) region, the African continent, and in international bodies such as the G20, the United Nations (UN) Framework Convention on Climate Change and the Brazil-Russia-India-China-South Africa forum.

Work of the Presidential Infrastructure Coordination Commission

At its lekgotla in July 2011, Cabinet decided to establish the Presidential Infrastructure Coordination Commission to spearhead and coordinate government's infrastructure development programme. The commission is led by the president and its membership includes ministers, premiers and mayors of metropolitan municipalities. In the short to medium term, the Presidency will provide the necessary support to the president and deputy president to ensure that this critical priority receives the appropriate attention.

Vision 2030 and the national development plan

The Presidency released the draft Vision 2030 and national development plan on 11 November 2011. The plan makes proposals on how to turn the identified challenges that combat South Africa in eliminating poverty and reducing inequality into effective solutions by examining global trends and government policy in greater detail. The national vision and long term development plan will result in a more effective state machinery that will be able to drive the implementation of key polices and facilitate the overall alignment of all government programmes in all spheres towards the successful delivery of the electoral mandate.

Over the medium term, the Presidency will prioritise the coordination and facilitation of far reaching public consultation and participation activities on Vision 2030 and the national development plan with a broad stakeholder base to intensely interrogate the plan with government. This will contribute to the refinement and enhancement of the draft long term vision and national development plan for South Africa. It is planned that the final outputs of this exercise will be tabled for Cabinet's consideration and approval in the first year of the medium term.

Public entities oversight

In 2011, Cabinet decided to relocate Brand South Africa, formerly known as the International Marketing Council, from the Government Communication and Information System to the Presidency, and also shift the function of the presidential hotline from the Presidency to the Department of Performance Monitoring and Evaluation. Under this arrangement, the Presidency will provide an oversight role to Brand South Africa and the National Youth Development Agency.

Selected performance indicators

Table 1.1 The Presidency

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Vision 2030 and national development plan completed ^{1,2}	National Planning	–	–	–	Diagnostic review initiated and conducted to inform the development of draft Vision 2030 and the national development plan	Draft Vision 2030 and national development plan released for public and stakeholder consultation. Vision 2030 and national development plan refined and approved by Cabinet	–	–
Number of sector research reports with major and cross-cutting macro-social implications, developed per year ¹	National Planning	–	–	–	–	6 research reports on employment, child poverty, climate change, food security, energy security and water security initiated	6 research reports on employment, child poverty, climate change, food security, energy security and water security finalised	5 policy research reports on predetermined sectors, selected from the thematic areas/sectors in the Green Paper on National Strategic Planning (education, health, long term defence capability, transport infrastructure, and spatial planning)
Number of households surveyed on income, consumption and expenditure in the national income dynamics study ³	National Planning	7 305	–	9 600	–	10 500	–	–

1. New indicators introduced in 2011/12 and 2012/13, so reporting begins in these two years.

2. Targets for 2013/14 onwards will involve conducting a number of research reports, with major and cross-cutting macro-social implications, developed along the second indicator to enhance the vision and national plan.

3. The national income dynamics survey is conducted every two years.

Expenditure estimates

Table 1.2 The Presidency

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	257.5	286.9	340.1	394.8	399.8	397.7	425.3	451.0
National Planning	21.9	40.3	49.4	85.1	80.1	95.6	89.5	94.9
National Youth Development Agency	29.4	328.9	399.0	385.9	385.9	376.0	396.7	419.6
International Marketing and Communication	139.7	161.4	170.1	140.1	140.1	148.8	157.0	166.4
Subtotal	448.5	817.5	958.7	1 005.8	1 005.8	1 018.0	1 068.5	1 131.9
Direct charge against the National Revenue Fund	4.0	3.8	4.0	3.8	3.8	2.7	2.8	3.0
Salary of the President	2.1	2.1	2.1	2.5	2.5	2.7	2.8	3.0
Salary of the Deputy President	1.9	1.7	1.8	1.3	1.3	–	–	–
Total	452.5	821.4	962.6	1 009.6	1 009.6	1 020.7	1 071.3	1 134.9
Change to 2011 Budget estimate				49.8	49.8	(20.6)	(15.1)	(16.7)

Table 1.2 The Presidency (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	270.4	318.6	381.2	474.9	474.9	480.7	501.7	532.0
Compensation of employees	141.7	179.2	210.2	264.7	264.7	271.4	276.0	293.1
Goods and services	128.7	139.4	171.0	210.2	210.2	209.3	225.7	238.9
<i>of which:</i>								
Communication	11.9	13.4	19.1	7.0	7.0	15.4	18.4	18.9
Consultants and professional services: Business and advisory services	6.4	20.4	31.1	73.7	68.7	49.1	31.6	32.5
Agency and support / outsourced services	14.5	12.2	14.9	13.0	13.0	13.8	15.7	16.0
Travel and subsistence	48.2	49.1	59.6	47.5	52.5	65.1	80.6	85.9
Transfers and subsidies	175.4	493.3	569.5	526.0	526.0	524.8	553.6	586.0
Departmental agencies and accounts	173.1	490.3	569.1	525.9	525.9	524.8	553.6	586.0
Households	2.2	3.0	0.4	0.1	0.1	–	–	–
Payments for capital assets	6.8	9.4	11.9	8.8	8.8	15.2	15.9	16.9
Machinery and equipment	6.8	9.4	11.9	8.8	8.8	15.2	15.9	16.9
Payments for financial assets	–	0.1	–	–	–	–	–	–
Total	452.5	821.4	962.6	1 009.6	1 009.6	1 020.7	1 071.3	1 134.9

Expenditure trends

Over the medium term, the spending focus will continue to be on providing support services to the president, deputy president, ministers and deputy minister in the execution of their duties. Spending is further informed by the activities of the National Planning Commission, the National Youth Development Agency and Brand South Africa, which was transferred from Government Communication and Information System in 2011/12.

Between 2008/09 to 2011/12, expenditure increased from R452.5 million to R1 billion, at an average annual rate of 30.7 per cent. This was mostly due to: growth in the transfer payment to the National Youth Development Agency as a result of the National Youth Commission merging with the Umsobomvu Youth Fund to form the National Youth Development Agency in 2009/10; increased capacity in the *Administration* programme to provide support to the president relating to mediation and participation on the continent and the world; and the shifting of Brand South Africa from Government Communication and Information System to this vote in 2011/12.

Over the medium term, expenditure is projected to increase to R1.1 billion, at an average annual rate of 4 per cent. This is mainly due to additional funding of R5 million in 2012/13, R5.8 million in 2013/14 and R6.5 million in 2014/15 for improved conditions of service. Spending in the *Administration* programme is expected to increase from R394.8 million in 2011/12 to R451 million, at an average annual rate of 4.5 per cent, to provide for inflationary adjustments on compensation of employees and goods and services. The department also receives carry through costs of R148.8 million in 2012/13, R157 million in 2013/14 and R166.4 million in 2014/15 related to the function shift of Brand South Africa from the Government Communication and Information System in 2011/12.

R131.4 million is allocated over the MTEF period for the use of consultants to pay commissioners and for the national income dynamic study project.

Personnel information

Table 1.3 Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	797	797	46	406	423	628	633	702	716	726
Salary level 1 – 6	296	296	9	219	177	225	267	274	277	279
Salary level 7 – 10	243	243	13	116	135	211	180	217	218	221
Salary level 11 – 12	135	135	7	30	45	98	92	107	112	116
Salary level 13 – 16	123	123	17	41	66	94	94	104	109	110
Administration	717	717	41	396	413	604	610	656	664	669
Salary level 1 – 6	286	286	9	216	174	225	266	267	269	270
Salary level 7 – 10	228	228	13	115	134	205	176	206	206	208
Salary level 11 – 12	115	115	6	29	44	93	88	99	102	104
Salary level 13 – 16	88	88	13	36	61	81	80	84	87	87
National Planning	80	80	5	10	10	24	23	46	52	57
Salary level 1 – 6	10	10	–	3	3	–	1	7	8	9
Salary level 7 – 10	15	15	–	1	1	6	4	11	12	13
Salary level 11 – 12	20	20	1	1	1	5	4	8	10	12
Salary level 13 – 16	35	35	4	5	5	13	14	20	22	23

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

2. As at 30 September 2011.

The Presidency had an establishment of 797 posts as at 30 September 2011. The number of filled posts grew from 406 in 2008/09 to 633 in 2011/12. Over the MTEF period, the number of filled posts is expected to increase to 726 due to the increased demand for capacity. There are 164 vacancies within the department, most of them in *Administration* programme. The ratio of support staff to line function staff is 1:6.

Departmental receipts

Table 1.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	233	625	586	258	258	311	325	344
Sales of goods and services produced by department	131	126	252	144	144	197	205	217
Sales by market establishments	–	–	–	44	44	92	95	101
of which:								
Rental dwellings	–	–	–	–	–	46	46	50
Rental parking: Covered and open	–	–	–	44	44	46	49	51
Administrative fees	78	–	–	–	–	–	–	–
of which:								
Rental dwellings	63	–	–	–	–	–	–	–
Rental parking: Covered and open	15	–	–	–	–	–	–	–
Other sales	53	126	252	100	100	105	110	116
of which:								
Services rendered: Commission - Insurance and garnishee	53	126	252	100	100	105	110	116
Sales of scrap, waste, arms and other used current goods	1	–	–	6	6	–	–	–
of which:								
Sales: Waste paper	1	–	–	6	6	–	–	–
Interest, dividends and rent on land	4	14	16	8	8	9	10	11
Interest	4	14	16	8	8	9	10	11
Sales of capital assets	–	308	140	–	–	–	–	–
Transactions in financial assets and liabilities	97	177	178	100	100	105	110	116
Total	233	625	586	258	258	311	325	344

Departmental receipts consist mainly of recovered advances and debts, and receipts from renting out state property. Receipts increased from R233 000 in 2008/09 to R258 000 in 2011/12, at an average annual rate of 3.5 per cent, due to increases in parking rental and commission on insurance. Over the medium term, receipts are expected to increase to R344 000, at an average annual rate of 10.1 per cent, mainly due to inflationary increases in parking rental.

Programme 1: Administration

Expenditure estimates

Table 1.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Ministry	19.9	18.6	33.7	31.5	32.0	33.1	35.1
Management	167.0	198.4	215.6	233.0	267.7	284.8	302.8
Support Services to President	26.0	25.9	35.7	38.0	36.5	40.2	42.5
Support Services to Deputy President	24.6	24.2	27.0	36.1	38.0	41.7	42.9
Cabinet Services	20.0	19.9	17.8	21.2	23.5	25.6	27.7
Commission on State Owned Enterprises	–	–	10.3	35.0	–	–	–
Total	257.5	286.9	340.1	394.8	397.7	425.3	451.0
Change to 2011 Budget estimate				49.5	11.5	17.5	18.7

Economic classification

Current payments	244.6	275.4	328.6	385.9	382.5	409.4	434.1
Compensation of employees	125.9	160.9	187.5	226.7	232.0	232.6	247.1
Goods and services	118.7	114.5	141.0	159.3	150.5	176.8	187.0
<i>of which:</i>							
<i>Communication</i>	11.6	13.0	18.3	5.9	14.4	16.6	17.1
<i>Consultants and professional services:</i>	2.1	1.8	11.5	39.7	5.6	7.2	7.5
<i>Business and advisory services</i>							
<i>Agency and support / outsourced services</i>	13.4	12.1	14.1	11.3	12.1	13.1	13.2
<i>Travel and subsistence</i>	45.3	46.0	52.3	37.6	57.1	67.8	71.9
Transfers and subsidies	6.2	2.8	0.4	0.1	–	–	–
Departmental agencies and accounts	4.0	–	–	–	–	–	–
Households	2.2	2.8	0.4	0.1	–	–	–
Payments for capital assets	6.7	8.7	11.2	8.8	15.2	15.9	16.9
Machinery and equipment	6.7	8.7	11.2	8.8	15.2	15.9	16.9
Payments for financial assets	–	0.1	–	–	–	–	–
Total	257.5	286.9	340.1	394.8	397.7	425.3	451.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.0	–	–	–	–	–	–
Isigodlo	3.0	–	–	–	–	–	–
South African Chapter of the Renaissance	1.0	–	–	–	–	–	–
Households							
Social benefits							
Current	2.2	2.8	0.4	0.1	–	–	–
Employee social benefits	2.2	2.8	0.4	0.1	–	–	–

Expenditure trends

Expenditure increased from R257.5 million in 2008/09 to R394.8 million in 2011/12, at an average annual rate of 15.3 per cent, due to an increase in spending on compensation of employees as a result of the filling of vacant posts. Between 2008/09 and 2011/12, spending on compensation of employees increased from R125.9 million to R226.7 million, at an average annual rate of 21.6 per cent, due to an increase in staff from 406 to 633.

Over the medium term, expenditure is expected to increase to R451 million, at an average annual rate of 4.5 per cent, to accommodate inflationary increases in spending on compensation of employees and goods and services. In addition, the Presidency receives additional funding of R25 million in 2012/13, R26.5 million in 2013/14 and R28.1 million in 2014/15 to increase its staff establishment in this programme. The presidential hotline was moved to the Department of Performance Monitoring and Evaluation in 2011/12. R38.5 million is allocated over the MTEF period for the use of consultants to provide legal services.

Programme 2: National Planning

Objectives and measures

- Improve long term planning and development to ensure the achievement of Vision 2030 by:
 - producing a vision statement and a national development plan for the next 20 years, release it for public and stakeholder consultation and refine it and submit it for approval by Cabinet in 2012/13
 - setting out the key challenges that South Africa faces in achieving government's vision over the next 20 years and describing the key trade-offs that would have to be made on an ongoing basis
 - advising on the sequencing of policies over the next 20 years to achieve government's goals within its means.
- Manage risks to the national development plan by producing cross-cutting sectoral reports on a continuous basis that are likely to impact on the long term development trajectory.
- Enhance engagements at all levels by providing support and advice on communication, public participation and parliamentary liaison services through campaigns, workshops and conferences on a continuous basis as the national development plan is finalised.

Subprogrammes

- *Ministry* oversees the development of the country's long term vision and national strategic plan, and contributes to improved outcomes in government through improved planning, improved long term plans, greater policy coherence and clearly articulated long term goals and aspirations. This subprogramme had a staff complement of 11 and a total budget of R62.1 million in 2011/12, of which 32 per cent was used for compensation of employees. Expenditure cuts over the medium term of R1.4 million have been identified on goods and services under consultants and professional services for business and advisory services.
- *Research and Policy Services* manages and facilitates research and policy processes on long term developmental issues, and provides technical support to the National Planning Commission. This entails: producing reports and discussion papers on identified cross cutting issues that affect long term development; translating sector plans to inform South Africa's long term vision and national strategic plan; and providing advice to departments on areas in which the quality of policies, operational plans and implementation strategies need to be improved. This subprogramme had a staff complement of 9 and a total budget of R15.4 million in 2011/12, of which 80 per cent was used for compensation of employees. Expenditure cuts of R373 000 over the medium term have been identified in spending on goods and services for consultants and professional services that provide business and advisory services.
- *Communication and Public Participation* provides support services to the National Planning Commission and its secretariat. This entails providing financial management services, human resources management and development services, supply chain and logistical services, ICT services, legal advice, and contract management services. This subprogramme had a staff complement of 1 and a total budget of R7.6 million in 2011/12, of which 73 per cent was used for goods and services. Expenditure cuts of R146 000 over the medium term have been identified on compensation of employees.

Expenditure estimates

Table 1.6 National Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	21.9	40.3	47.7	62.1	50.8	60.6	64.2
Research and Policy Services	–	–	1.7	15.4	38.0	20.5	21.7
Communication and Public Participation	–	–	0.1	7.6	6.8	8.4	8.9
Total	21.9	40.3	49.4	85.1	95.6	89.5	94.9
Change to 2011 Budget estimate				1.3	(0.6)	0.6	0.6
Economic classification							
Current payments	21.8	39.3	48.7	85.1	95.6	89.5	94.9
Compensation of employees	11.8	14.4	18.7	34.2	36.8	40.6	43.1
Goods and services	10.0	24.9	30.0	50.9	58.8	48.9	51.9
<i>of which:</i>							
Communication	0.3	0.5	0.8	1.1	1.1	1.7	1.8
Consultants and professional services:	4.3	18.6	19.7	34.0	43.5	24.4	25.0
Business and advisory services							
Agency and support / outsourced services	1.1	0.2	0.8	1.7	1.8	2.6	2.8
Travel and subsistence	2.9	3.2	7.4	9.9	8.0	12.8	14.0
Transfers and subsidies	–	0.2	0.0	–	–	–	–
Households	–	0.2	0.0	–	–	–	–
Payments for capital assets	0.1	0.8	0.7	–	–	–	–
Machinery and equipment	0.1	0.8	0.7	–	–	–	–
Total	21.9	40.3	49.4	85.1	95.6	89.5	94.9

Expenditure trends

Expenditure increased from R21.9 million in 2008/09 to R85.1 million in 2011/12, at an average annual rate of 57.2 per cent, mainly for providing strategic support and advice to principals in the Presidency. The budget allocations over this period have had a direct and substantive impact on the National Planning Commission achieving its outputs. In 2011/12, the commission released and handed over of the draft national development plan and vision statement. The allocations also allowed the number of households surveyed on income, consumption and expenditure in the national income dynamics study to increase from 7 305 in 2008/09 to 9 600 in 2010/11.

Over the medium term, expenditure is expected to increase to R94.9 million, at an average annual rate of 3.7 per cent, mainly to provide for inflationary adjustments on compensation of employees and goods and services. The budget allocations will allow the number of households surveyed on income, consumption and expenditure in the national income dynamics study to increase from 9 600 in 2011/12 to 12 000 in 2014/15. The draft Vision 2030 and national development plan will be released for public and stakeholder comment in 2012/13 and will be refined and approved by Cabinet in the same period. Over the MTEF period, the commission will produce four research reports in 2012/13 and 2013/14, and five in 2014/15 on predetermined sectors selected from the thematic sectors in the Green Paper on National Strategic Planning.

R92.9 million is allocated over the MTEF period for consultants for the payment of commissioners and for the national income dynamic study project.

Programme 3: National Youth Development Agency

Subprogramme

- *National Youth Development Agency* transfers funds to the National Youth Development Agency, which initiates, implements, facilitates and monitors youth development interventions aimed at reducing youth unemployment and promoting social cohesion.

Expenditure estimates

Table 1.7 National Youth Development Agency

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
National Youth Development Agency	29.4	328.9	399.0	385.9	376.0	396.7	419.6
Total	29.4	328.9	399.0	385.9	376.0	396.7	419.6
Change to 2011 Budget estimate				–	(29.1)	(30.8)	(33.4)
Economic classification							
Transfers and subsidies	29.4	328.9	399.0	385.9	376.0	396.7	419.6
Departmental agencies and accounts	29.4	328.9	399.0	385.9	376.0	396.7	419.6
Total	29.4	328.9	399.0	385.9	376.0	396.7	419.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	29.4	328.9	399.0	385.9	376.0	396.7	419.6
National Youth Development Agency: Programmes promoting youth development	29.4	328.9	399.0	385.9	376.0	396.7	419.6

Expenditure trends

The expenditure trends for this programme are discussed in more detail in the public entities section, as the programme is mainly for the transferring funds to the National Youth Development Agency.

Programme 4: International Marketing and Communication

Subprogramme

- *Brand South Africa* facilitates the transfer of funds to Brand South Africa (previously known as the International Marketing Council of South Africa) for the agency to develop and implement a proactive marketing and communication strategy for South Africa, aimed at promoting South Africa and increasing the familiarity and knowledge of South Africa as a visible, world class and profitable business destination in targeted international trade, investment and tourism markets.

Expenditure estimates

Table 1.8 International Marketing and Communication

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Brand South Africa	139.7	161.4	170.1	140.1	148.8	157.0	166.4
Total	139.7	161.4	170.1	140.1	148.8	157.0	166.4
Economic classification							
Transfers and subsidies	139.7	161.4	170.1	140.1	148.8	157.0	166.4
Departmental agencies and accounts	139.7	161.4	170.1	140.1	148.8	157.0	166.4
Total	139.7	161.4	170.1	140.1	148.8	157.0	166.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	139.7	161.4	170.1	140.1	148.8	157.0	166.4
Brand South Africa	139.7	161.4	170.1	140.1	148.8	157.0	166.4

Expenditure trends

The expenditure trends for this programme are discussed in more detail in the public entities section, as the programme is mainly for transferring funds to Brand South Africa, which was previously known as International Marketing Council of South Africa.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Youth Development Agency** was established in 2009 through the merger of the Nation Youth Commission and the Umsobomvu Youth Fund. Its main role is to initiate, implement, facilitate and monitor youth development interventions aimed to reduce youth unemployment and promote social cohesion.
- **Brand South Africa** develops and implements a proactive and coordinated international marketing and communication strategy for South Africa to contribute to job creation, poverty reduction, and attract inward investment, trade and tourism.

Vote 2

Parliament

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	392.6	389.6	–	3.0	414.6	439.5
Legislation and Oversight	310.9	309.0	–	1.9	329.7	350.7
Public and International Participation	118.5	117.8	–	0.7	125.1	132.6
Members' Facilities	200.0	200.0	–	–	211.2	223.9
Associated Services	311.3	–	311.3	–	328.8	348.5
Subtotal	1 333.3	1 016.4	311.3	5.6	1 409.4	1 495.1
Direct charge against the National Revenue Fund						
Members' remuneration	430.1	430.1	–	–	453.8	481.0
Total expenditure estimates	1 763.4	1 446.5	311.3	5.6	1 863.2	1 976.1
Executive authority	Speaker of the National Assembly and Chairperson of the National Council of Provinces					
Accounting officer	Secretary to Parliament					
Website address	www.parliament.gov.za					

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

Aim

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

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership, institutional policy, overall management, and 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 for members of Parliament in the National Assembly and the National Council of Provinces.

Programme 5: Associated Services

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

Strategic overview: 2008/09 – 2014/15

Parliament's role and ultimate objective is to represent the people of South Africa and ensure government by the people under the Constitution, and to represent the provinces in the national sphere of government. It achieves this by passing legislation, overseeing government action, facilitating public involvement, participating in and overseeing cooperative government, and participating in international relations.

Strategic priorities over the medium term

The fourth democratic Parliament, inaugurated in 2009, is prioritising the strengthening of the oversight function, increased public participation, better cooperative government, the expansion of Parliament's role in international relations, and the building of a people's Parliament.

Improve accountability by strengthening the oversight function

Parliament will expand its focus on increasing representation, openness and accountability by improving its oversight capacity to ensure sound governance and effective service delivery by the executive. To this end, Parliament will implement an oversight model that establishes mechanisms and processes for better oversight, create dedicated capacity through content advisers to support multi-function committees, develop the requisite skills to improve resources, especially when committees are involved in public participation through public hearings and off-site oversight visits, and improve institutional knowledge. The oversight unit is catered for in the budget of the National Assembly with additional funds being made available to fill vacancies. This will strengthen the service to members in the National Assembly chamber.

Increase public involvement and participation

Over the past few years, Parliament has developed a number of programmes and projects to inform and involve citizens in parliamentary processes, and has undertaken several initiatives to bring Parliament closer to the people. Over the medium term, Parliament aims to increase its educational programmes, provide more information and improve public access to Parliament by developing a public participation model in 2011/12. This will see the frequency of parliamentary broadcasts increase and the development of an education curriculum on public participation.

Strengthen cooperative government

For Parliament to play its role in cooperative government, it needs to establish protocols and mechanisms to guide the relationship between Parliament, the three spheres of government and organs of state. Initiatives to improve cooperative government include establishing a special unit providing management and budgetary support to Chapter 9 institutions, and broadening international relations.

The international environment and global governance processes are constantly changing and Parliament must respond by reviewing and improving its involvement in international forums, including taking the leadership role on international cooperation and peace in Africa. Over the medium term, Parliament will prioritise improving cooperation and participation in regional, continental and international forums. Parliament will also build internal capacity for international relations and participation. To achieve these objectives, Parliament has begun a programme to increase capacity and resources, develop participation systems and policy, debate and adopt international conference reports, and monitor the executive's implementation of international agreements and treaties.

Selected performance indicators

Table 2.1 Parliament

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of bills passed per year	Legislation and Oversight	23	23	26	18	25	23	20
Number of questions put to the executive per year	Legislation and Oversight	2 286	3 725	3 220	3 154	2 865	3 824	4 244
Number of annual reports tabled and scrutinised by committees per year	Legislation and Oversight	179	217	189	220	225	220	225
Number of oversight visits undertaken by committees per year	Legislation and Oversight	60	43	44	50	57	60	35
Number of debates held for the public consideration of issues per year	Public and International Participation	45	121	104	110	115	125	130
Number of visitors to Parliament per year	Public and International Participation	24 014	24 549	18 253	27 245	40 612	47 521	52 321
Number of international agreements approved per year	Public and International Participation	51	32	25	21	30	42	40

Expenditure estimates

Table 2.2 Parliament

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	356.6	333.1	368.9	368.6	370.4	392.6	414.6	439.5
Legislation and Oversight	198.8	190.3	264.4	298.0	290.9	310.9	329.7	350.7
Public and International Participation	123.0	70.8	118.7	108.9	101.4	118.5	125.1	132.6
Members' Facilities	147.7	156.1	169.5	199.8	189.4	200.0	211.2	223.9
Associated Services	245.4	258.7	277.4	297.6	297.6	311.3	328.8	348.5
Subtotal	1 071.5	1 009.0	1 198.9	1 272.9	1 249.7	1 333.3	1 409.4	1 495.1
Direct charge against the National Revenue Fund	304.2	398.8	346.0	409.6	355.1	430.1	453.8	481.0
Members' remuneration	304.2	398.8	346.0	409.6	355.1	430.1	453.8	481.0
Total	1 375.7	1 407.9	1 545.0	1 682.5	1 604.8	1 763.4	1 863.2	1 976.1
Change to 2011 Budget estimate				7.6	(70.1)	17.4	21.8	–

Economic classification

Current payments	1 054.9	1 112.3	1 226.5	1 380.8	1 303.1	1 446.5	1 531.2	1 624.3
Compensation of employees	651.0	784.6	795.5	946.5	887.6	1 028.2	1 083.2	1 143.1
Goods and services	403.9	327.7	431.0	434.3	415.5	418.3	448.0	481.2
<i>of which:</i>								
Communication	20.1	21.9	25.5	26.8	25.7	33.5	35.3	37.5
Contractors	86.0	29.2	31.2	21.3	36.6	18.6	19.6	20.8
Travel and subsistence	115.2	156.9	184.9	243.9	222.2	226.7	241.4	255.8
Operating expenditure	39.9	31.2	41.9	40.3	38.0	34.3	39.8	48.5
Transfers and subsidies	288.4	279.7	277.4	297.6	297.6	311.3	328.8	348.5
Departmental agencies and accounts	40.5	18.2	–	–	–	–	–	–
Foreign governments and international organisations	2.6	2.8	–	–	–	–	–	–
Non-profit institutions	245.4	258.7	277.4	297.6	297.6	311.3	328.8	348.5
Payments for capital assets	32.3	15.8	41.0	4.1	4.1	5.6	3.2	3.4
Machinery and equipment	32.3	15.8	40.6	4.1	4.1	5.6	3.2	3.4
Software and other intangible assets	–	–	0.4	–	–	–	–	–
Total	1 375.7	1 407.9	1 545.0	1 682.5	1 604.8	1 763.4	1 863.2	1 976.1

Expenditure trends

The spending focus over the medium term will be on improving and upgrading the IT system, and increasing activities aimed at improving public participation through the dissemination of educational information to increase public access to Parliament. Spending will also focus on improving Parliament's oversight role by increasing the number of site visits undertaken by committee members each year.

Expenditure, including the direct charge against the National Revenue Fund for members' remuneration, increased from R1.4 billion in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 6.9 per cent, due to inflation related adjustments to members' remuneration. Expenditure in the *Public and International Participation* programme between 2008/09 and 2011/12 decreased from R123 million to R108.9 million, at an average annual rate of 4 per cent, due to the implementation of cost cutting measures.

Over the medium term, expenditure is expected to increase to R2 billion, at an average annual rate of 5.5 per cent, mainly to provide for inflation related adjustments to spending on compensation of employees. The 2012 Budget sets out an additional allocation of R66.3 million over the medium term for improved conditions of service.

Parliament makes transfer payments to political parties in terms of section 57(2)(c) of the Constitution to allow them to carry out their legislative mandate. Transfers increased from R288.4 million in 2008/09 to R297.6 million in 2011/12, at an average annual rate 6.6 per cent. Over the medium term, transfers are expected to increase to R348.5 million, at an average annual rate of 5.4 per cent.

Expenditure on consultants decreased from R52.1 million in 2008/09 to R12.9 million in 2011/12, at an average annual rate of 37.2 per cent. Over the medium term, spending on consultants is expected to decrease, at an average annual rate of 0.1 per cent. The decrease in both periods is mainly due to cost cutting measures. Spending on consultants is mainly for the internal audit, contingent liability funds for legal cases and the migration to the generally recognised accounting practice system.

Personnel information

Table 2.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 633	1 492	-	1 224	1 231	1 240	1 316	1 495	1 503	1 500
Salary level 1 – 6	-	-	-	68	2	-	-	-	-	-
Salary level 7 – 10	1 068	955	-	923	788	804	868	927	932	927
Salary level 11 – 12	330	314	-	163	323	263	273	334	336	335
Salary level 13 – 16	235	223	-	70	118	173	175	234	235	238
Administration	804	755	-	736	682	647	697	717	724	727
Salary level 1 – 6	-	-	-	65	2	-	-	-	-	-
Salary level 7 – 10	555	527	-	514	497	449	492	499	502	503
Salary level 11 – 12	120	110	-	115	130	89	93	100	102	101
Salary level 13 – 16	129	118	-	42	53	109	112	118	120	123
Legislation and Oversight	702	635	-	415	474	517	521	635	636	636
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	440	373	-	375	256	319	323	373	374	374
Salary level 11 – 12	173	173	-	28	168	149	149	173	173	173
Salary level 13 – 16	89	89	-	12	50	49	49	89	89	89
Public and International Participation	127	102	-	73	75	76	98	143	143	137
Salary level 1 – 6	-	-	-	3	-	-	-	-	-	-
Salary level 7 – 10	73	55	-	34	35	36	53	55	56	50
Salary level 11 – 12	37	31	-	20	25	25	31	61	61	61
Salary level 13 – 16	17	16	-	16	15	15	14	27	26	26

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

2. As at 30 September 2011.

As at 30 September 2011, Parliament had an establishment of 1 633 posts, 1 492 of which are filled and 141 are vacant. The vacant posts are funded and will be filled over the MTEF period to provide capacity in the following areas: content advisers for parliamentary committees, Parliament's budget office, internal audit, the finance management office and supply chain management.

Revenue retained by Parliament

Table 2.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Opening balance of surplus account	377 238	372 286	213 468	338 211	338 211	311 874	88 363	42 888
Parliamentary receipts	55 190	38 459	31 752	24 234	33 663	21 489	14 525	11 525
Sales of goods and services produced	16 190	18 069	6 808	11 793	10 213	8 989	9 025	9 025
Interest, dividends and rent on land	38 492	18 431	24 944	12 441	23 450	12 500	5 500	2 500
Sales of capital assets	508	1 959	-	-	-	-	-	-
Adjustments to revenue account	46 627	(77 449)	(46 253)	-	-	-	-	-
Increase/(decrease) to direct charges appropriation	45 843	(76 812)	(46 253)	-	-	-	-	-
Other adjustments	(58)	(637)	-	-	-	-	-	-
Amounts recovered	842	-	-	-	-	-	-	-
Changes in retained revenue	(106 769)	(119 828)	139 244	(60 000)	(60 000)	(245 000)	(60 000)	(25 000)
Closing balance of surplus account	372 286	213 468	338 211	302 445	311 874	88 363	42 888	29 413

Parliament is not required to return unspent funds to the National Revenue Fund, which means that all unspent funds from previous years are held as retained earnings. Other revenue, such as interest collected and catering sales, is also reflected as part of retained earnings. The surplus in the retained earnings account is expected to decrease over the medium term as it will be used to fund various IT projects to upgrade the audiovisual system in both houses of Parliament, the National Assembly and the National Council of Provinces. Income from interest earned on the surplus balance is also expected to decrease over the medium term as a result of the decreasing balance. Parliament also expects to fund the establishment of the *Parliamentary Budget Office* subprogramme from its retained earnings in the first two years of the MTEF period.

Programme 1: Administration

Expenditure estimates

Table 2.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Office of the Speaker	26.8	25.9	30.5	44.8	38.9	41.1	43.5
Office of the Chairperson	17.2	16.8	12.0	20.4	21.3	22.5	23.9
Office of the Secretary	165.9	156.4	206.9	171.6	194.8	205.7	218.0
Corporate Services	33.8	40.5	42.2	50.4	52.7	55.6	59.0
Institutional Support	113.0	93.5	77.3	81.3	85.0	89.7	95.1
Total	356.6	333.1	368.9	368.6	392.6	414.6	439.5
Change to 2011 Budget estimate				18.6	30.4	33.1	-

Table 2.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	286.2	300.9	367.1	365.7	389.6	411.4	436.1
Compensation of employees	178.9	188.2	210.1	255.6	285.5	299.8	314.8
Goods and services	107.3	112.7	157.1	110.1	104.1	111.6	121.3
<i>of which:</i>							
Communication	8.0	8.9	9.1	7.9	12.0	12.7	13.4
Contractors	10.9	19.3	18.3	9.8	8.4	8.9	9.4
Travel and subsistence	19.4	15.4	15.2	22.5	19.1	20.2	21.4
Operating expenditure	21.2	20.3	18.9	19.6	13.0	15.5	19.4
Transfers and subsidies	40.5	18.2	-	-	-	-	-
Departmental agencies and accounts	40.5	18.2	-	-	-	-	-
Payments for capital assets	30.0	14.0	1.7	2.9	3.0	3.2	3.4
Machinery and equipment	30.0	14.0	1.3	2.9	3.0	3.2	3.4
Software and other intangible assets	-	-	0.4	-	-	-	-
Total	356.6	333.1	368.9	368.6	392.6	414.6	439.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	40.5	18.2	-	-	-	-	-
Upgrading of office space programme	40.5	18.2	-	-	-	-	-

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R356.6 million to R368.6 million, at an average annual rate of 1.1 per cent. This was mainly due to growth in spending in the *Office of the Speaker* subprogramme, which increased from R26.8 million in 2008/09 to R44.8 million in 2011/12, at an average annual rate of 18.7 per cent, to provide for increased capacity. The increase in expenditure on machinery and equipment in 2008/09 was due to once-off allocations for an electronic document management system, a system to manage travel arrangements and the replacement of office equipment.

Over the medium term, total expenditure is expected to increase to R439.5 million, at an average annual rate of 6 per cent, mainly to provide for increased capacity in support staff, internal audit, financial management and supply chain management in the *Office of the Speaker*, *Office of the Chairperson* and *Corporate Services* subprogrammes.

Expenditure on consultants decreased from R18.5 million in 2008/09 to R9.3 million in 2011/12, at an average annual rate of 20.5 per cent. Over the medium term, expenditure on consultants is expected to decrease to R8.7 million, at an average annual rate of 2.2 per cent. The decrease in both periods is due to cost cutting measures.

Programme 2: Legislation and Oversight**Objectives and measures**

- Strengthen Parliament's oversight function by:
 - developing protocols for assessing the performance of all state organs by 2014
 - developing guidelines for select and portfolio committees for joint planning and coordination, and implementing rules, systems and capacity for such planning and coordination by the end of the fourth Parliament in 2014.

- Ensure the continuous cultivation and preservation of institutional knowledge and access by developing an institutional knowledge management strategy and policy, and the requisite systems by 2014.

Subprogrammes

- *National Assembly* provides procedural advice and guidance for the proceedings of the National Assembly. This subprogramme had a staff complement of 41 and a total budget of R22.7 million in 2010/11. The subprogramme provided support to allow the National Assembly to have 43 sittings, which in turn allowed 39 bills to be passed and 83 House resolutions to be processed in 2010/11. In the same year, the subprogramme supported 2 joint sittings.
- *National Council of Provinces* provides procedural advice and guidance for the proceedings of the National Council of Provinces by tabling bills in line with the Constitution and tabling relevant information to committees. Procedural advice includes guidance on ensuring that issues relating to provincial matters are dealt with. This subprogramme had a staff complement of 37 and a total budget of R29.2 million in 2011/12, of which 53 per cent was used for compensation of employees. Over the MTEF period, Parliament expects to pass 25, 23 and 20 bills. In November 2010, the annual Taking Parliament to the People programme was held in Free State. The subprogramme reprioritised funds to host 2 Taking Parliament to the People events and provide funding to fill key vacant positions.
- *Legislation and Oversight* provides procedural advice, language services, and research and administrative services to committee proceedings. This subprogramme had a staff complement of 443 and a total budget of R246.1 million in 2011/12, of which 71 per cent was used for compensation of employees. In 2010/11, Parliament developed joint planning, monitoring, cooperation and evaluation mechanisms.
- *Parliamentary Budget Office* will fund the Parliamentary budget office from retained earnings for 2 years. As there is no certainty that the budget office will be set up and the subprogramme is still being reviewed, no allocation has been made over the MTEF period in this subprogramme.

Expenditure estimates

Table 2.6 Legislation and Oversight

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
National Assembly	13.9	16.2	18.7	22.7	24.0	25.3	26.8
National Council of Provinces	21.8	13.6	30.1	29.2	32.7	34.5	36.6
Legislation and Oversight	163.1	160.5	215.6	246.1	254.2	269.9	287.2
Total	198.8	190.3	264.4	298.0	310.9	329.7	350.7
Change to 2011 Budget estimate				1.6	2.0	3.9	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	198.0	188.8	264.4	297.3	309.0	329.7	350.7
Compensation of employees	126.8	142.0	177.2	207.6	222.6	235.2	248.1
Goods and services	71.2	46.8	87.2	89.7	86.4	94.5	102.6
<i>of which:</i>							
Communication	0.5	2.6	3.3	2.8	3.6	3.8	4.0
Contractors	2.9	0.5	3.9	3.1	1.2	1.3	1.3
Travel and subsistence	28.6	18.6	36.8	54.8	43.8	48.3	51.2
Operating expenditure	5.9	5.6	17.4	7.6	8.1	9.2	12.1
Payments for capital assets	0.8	1.5	0.0	0.7	1.9	-	-
Machinery and equipment	0.8	1.5	0.0	0.7	1.9	-	-
Total	198.8	190.3	264.4	298.0	310.9	329.7	350.7

Expenditure trends

Expenditure increased from R198.8 million in 2008/09 to R298 million in 2011/12, at an average annual rate of 14.4 per cent, mainly to employ additional staff to provide adequate content and research support to committees as a result of a change in focus from the legislative to the oversight function in the second and third Parliaments

to ensure that the executive practises sound governance and oversees effective service delivery. As a result, spending in the *Legislation and Oversight* subprogramme over this period increased from R163.1 million to R246.1 million, at an average annual rate of 14.7 per cent.

Over the medium term, spending is expected to grow to R350.7 million, at an average annual rate of 5.6 per cent, mainly to provide for inflation related adjustments in all subprogrammes.

Expenditure on consultants decreased from R4.9 million in 2008/09 to R1.5 million in 2011/12, at an average annual rate of 32.6 per cent. Over the medium term, expenditure on consultants is expected to decrease to R1.2 million, at an average annual rate of 7.2 per cent. The decrease in both periods is due to cost cutting measures.

Programme 3: Public and International Participation

Objectives and measures

- Improve public participation and involvement in Parliamentary processes by developing a public participation model by 2014, including revamping and reformatting parliamentary radio programmes to include all African languages.
- Improve public education programmes by developing a module on Parliament for learning institutions from Grade R to tertiary level by 2013.
- Continue to increase public participation through an annual People's Assembly and the Taking Parliament to the People programme twice a year.

Subprogrammes

- *Public Affairs* provides education and information, public relations, media relations and events management. This subprogramme had a staff complement of 79 and a total budget of R65.9 million in 2011/12, of which 39.7 per cent was used for compensation of employees. The number of visitors to Parliament in 2011/12 increased to 27 245 from 18 253 in 2010/11.
- *International Relations* provides protocol services, administration for bilateral and multilateral meetings, and services for official visits including adequate content, and procedural and logistical support for incoming and outgoing delegations. This subprogramme had a staff complement of 19 and a total budget of R43 million in 2011/12, of which 21 per cent was used for compensation of employees. The number of international agreements approved by Parliament in 2011/12 decreased to 21 from 25 in 2010/11.

Expenditure estimates

Table 2.7 Public and International Participation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Public Affairs	104.0	49.5	49.8	65.9	67.8	71.6	75.9
International Relations	18.9	21.3	68.9	43.0	50.7	53.5	56.7
Total	123.0	70.8	118.7	108.9	118.5	125.1	132.6
Change to 2011 Budget estimate				-	5.0	5.4	-
Economic classification							
Current payments	119.8	67.7	79.4	108.3	117.8	125.1	132.6
Compensation of employees	18.5	22.4	26.8	35.2	47.6	50.0	52.5
Goods and services	101.3	45.3	52.6	73.2	70.2	75.1	80.1
of which:							
Communication	2.6	2.8	3.3	4.0	4.7	5.0	5.3
Contractors	63.2	2.8	2.8	1.6	2.6	2.8	3.0
Travel and subsistence	15.7	21.2	32.7	38.3	41.1	43.4	46.0
Operating expenditure	4.3	1.6	1.2	6.3	5.9	7.3	8.2
Transfers and subsidies	2.6	2.8	-	-	-	-	-
Foreign governments and international organisations	2.6	2.8	-	-	-	-	-
Payments for capital assets	0.6	0.3	39.3	0.6	0.7	-	-
Machinery and equipment	0.6	0.3	39.3	0.6	0.7	-	-
Total	123.0	70.8	118.7	108.9	118.5	125.1	132.6

Table 2.7 Public and International Participation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	2.6	2.8	-	-	-	-	-
International associations	2.6	2.8	-	-	-	-	-

Expenditure trends

Spending decreased from R123 million in 2008/09 to R108.9 million in 2011/12, at an average annual rate of 4 per cent, due to the implementation of cost cutting measures. Over the medium term, expenditure is expected to increase to R132.6 million, at an average annual rate of 6.8 per cent, mainly to build capacity to provide more information to the public on parliamentary processes to allow for increased public participation.

Expenditure on consultants decreased from R6.3 million in 2008/09 to R2.1 million in 2011/12, at an average annual rate of 30.7 per cent. Over the medium term, expenditure on consultants is expected to increase to R2.9 million, at an average annual rate of 11.4 per cent.

Programme 4: Members' Facilities

Objectives and measures

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

Subprogrammes

- *National Assembly Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively. This subprogramme had a total budget of R185.4 million in 2011/12, of which 20.7 per cent was used for compensation of employees. Under this subprogramme, travel and facility claims are processed and paid within 3 days, real time travel reservations are facilitated, tools of trade are provided and training is initiated and supported.
- *National Council of Provinces Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively. Under this subprogramme, travel and facility claims are processed and paid within 3 days, real time travel reservations are facilitated, tools of trade are provided and training is initiated and supported. This subprogramme had a total budget of R14.4 million in 2011/12.

Expenditure estimates

Table 2.8 Members' Facilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
National Assembly Members' Facilities	131.8	147.3	161.4	185.4	172.4	182.0	193.0
National Council of Provinces Members' Facilities	15.9	8.8	8.1	14.4	27.6	29.2	30.9
Total	147.7	156.1	169.5	199.8	200.0	211.2	223.9
Change to 2011 Budget estimate				(22.2)	(31.3)	(32.8)	-

Table 2.8 Members' Facilities (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	146.7	156.1	169.5	199.8	200.0	211.2	223.9
Compensation of employees	22.6	33.1	35.4	38.5	42.3	44.4	46.6
Goods and services	124.1	122.9	134.1	161.4	157.7	166.8	177.2
<i>of which:</i>							
Communication	9.0	7.6	9.8	12.2	13.2	13.9	14.7
Contractors	9.0	6.5	6.2	6.8	6.4	6.7	7.1
Travel and subsistence	51.6	101.7	100.2	128.2	122.6	129.5	137.3
Operating expenditure	8.5	3.8	4.5	6.9	7.2	7.9	8.8
Payments for capital assets	1.0	0.0	-	-	-	-	-
Machinery and equipment	1.0	0.0	-	-	-	-	-
Total	147.7	156.1	169.5	199.8	200.0	211.2	223.9

Expenditure trends

Expenditure grew from R147.7 million in 2008/09 to R199.8 million in 2011/12, at an average annual rate of 10.6 per cent, mainly due to an increase in members' benefits, including travel, medical aid contributions and other logistical facilities. Over the medium term, expenditure is expected to grow to R223.9 million in 2014/15, at an average annual rate of 3.9 per cent, due to increased social contributions for parliamentarians.

R22.4 million was spent on consultants in 2008/09, mainly to cater for internal audit, contingent liability funds for legal cases and migrating to the generally recognised accounting practice system.

Programme 5: Associated Services

- *Political Party Support* provides financial support to political parties to allow them to carry out their legislative mandate efficiently and effectively. This subprogramme used 23.6 per cent of the programme's total budget of R70.3 million in 2011/12.
- *Constituency Support* provides financial support to constituency offices to allow them to carry out their legislative mandate efficiently and effectively. This subprogramme used 74.2 per cent of the programme's total budget of R220.8 million in 2011/12.
- *Party Leadership Support* provides financial support to political leadership to allow them to carry out their legislative mandate efficiently and effectively. This subprogramme used 2.2 per cent of the programme's total budget of R6.5 million in 2011/12.

Expenditure estimates

Table 2.9 Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Political Party Support	52.3	55.2	66.1	70.3	74.3	78.5	83.2
Constituency Support	188.0	198.3	205.3	220.8	230.3	243.2	257.8
Party Leadership Support	5.1	5.2	6.0	6.5	6.7	7.1	7.5
Total	245.4	258.7	277.4	297.6	311.3	328.8	348.5
Change to 2011 Budget estimate				9.7	11.3	12.3	-
Economic classification							
Transfers and subsidies	245.4	258.7	277.4	297.6	311.3	328.8	348.5
Non-profit institutions	245.4	258.7	277.4	297.6	311.3	328.8	348.5
Total	245.4	258.7	277.4	297.6	311.3	328.8	348.5

Table 2.9 Associated Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Non-profit institutions							
Current	245.4	258.7	277.4	297.6	311.3	328.8	348.5
Political party support	52.3	55.2	66.1	70.3	74.3	78.5	83.2
Constituency allowance	188.0	198.3	205.3	220.8	230.3	243.2	257.8
Party leadership support	5.1	5.2	6.0	6.5	6.7	7.1	7.5

Expenditure trends

Expenditure increased from R245.4 million in 2008/09 to R297.6 million in 2011/12, at an average annual rate of 6.6 per cent. Over the MTEF period, expenditure is expected to increase to R348.5 million, at an average annual rate of 5.4 per cent. Growth over both periods provides for increased transfers to the 13 parties represented in Parliament and allowances calculated based on formulas contained in the approved policy on political party allowances.

Vote 3

Cooperative Governance and Traditional Affairs

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	201.4	196.5	0.1	4.8	212.8	225.5
Policy, Research and Knowledge Management	46.1	39.8	–	6.3	48.7	52.0
Governance and Intergovernmental Relations	37 981.9	30.8	37 951.1	0.0	40 694.6	43 758.0
Disaster Response Management	555.2	43.1	510.0	2.2	586.9	622.1
Provincial and Municipal Government Systems	284.7	54.6	230.1	–	297.8	314.7
Infrastructure and Economic Development	15 544.2	1 656.6	13 881.6	6.0	16 858.1	18 737.3
Traditional Affairs	102.1	67.5	34.2	0.4	105.1	112.4
Total expenditure estimates	54 715.6	2 088.9	52 607.2	19.6	58 804.1	63 821.9
Executive authority	Minister of Cooperative Governance and Traditional Affairs					
Accounting officer	Director General of Cooperative Governance / Director General of Traditional Affairs					
Website address	www.cogta.gov.za					

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

Aim

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

Programme purposes

Programme 1: Administration

Purpose: Provide management, leadership and administration of the department.

Programme 2: Policy, Research and Knowledge Management

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

Programme 3: Governance and Intergovernmental Relations

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

Programme 4: Disaster Response Management

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

Programme 5: Provincial and Municipal Government Systems

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

Programme 6: Infrastructure and Economic Development

Purpose: Support provincial and local government programmes and systems for the promotion of economic and infrastructure development.

Programme 7: Traditional Affairs

Purpose: Promote and coordinate research and information management and the development of policies and legislation on traditional affairs. Coordinate institutional development and capacity building programmes to enhance efficiency and effectiveness within the institution of traditional affairs.

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Cooperative Governance and Traditional Affairs is to develop national policies and legislation relating to provinces and local government. It monitors the implementation of legislation related to intergovernmental relations, local government administration and financial management, traditional leadership, governance and disaster management. In terms of the government's outcomes based performance monitoring system, the department is responsible for achieving a responsive, accountable, effective and efficient local government system (outcome 9).

Strategic objectives

Improving access to basic services

Extending access to basic services and eradicating backlogs remains a government priority. Between 2008/09 and 2011/12, R43.3 billion was spent through the municipal infrastructure grant on basic services infrastructure. Over this period, an additional 7.25 million people were given access to water services, while 5.87 million were given access to sanitation services.

New legislation

In April 2011, both Houses of Parliament finalised the Local Government: Municipal Systems Amendment Bill, which was assented to Parliament by the President in July 2011. The objective of the bill is to prohibit municipal managers and section 57 managers from holding any position as office bearers in any political party.

Enhancing financial management and oversight

Weak financial management remains a critical challenge for local government and impacts negatively on its ability to deliver services to communities. Improving financial management and oversight is therefore one of the department's key priorities and has implemented various initiatives to ensure that all municipalities receive unqualified audits by 2014. These include the establishment of internal audit units in municipalities. To date, internal audit units have been established in 263 municipalities and audit committees have been established in 268 municipalities. Provinces have established action plans to address the previous audit queries within municipalities and have monitored the implementation of these action plans. The number of municipalities that receive support on financial management issues increased from 160 in 2008/09 to 234 in 2010/11.

A draft framework on municipal public accounts committees was developed to provide guidance to municipalities on the establishment and work of these committees. Municipal public accounts committees aim to strengthen financial management by improving oversight over financial affairs. Workshops on the establishment of municipal public accounts committees were convened in all provinces and 103 of these committees had been established by December 2011.

Improving planning and coordination within local government

In December 2009, Cabinet approved the local government turnaround strategy. By December 2011, 90 per cent of municipalities had developed their own turnaround strategies, which have been incorporated into their integrated development plans. These turnaround strategies assess the root causes of poor financial management and service delivery within municipalities and identify appropriate measures to improve performance.

Creating work opportunities

In 2009/10, 89 689 job opportunities were created through the community work programme, which focuses on creating work opportunities within the social sector by creating access to a minimum level of regular and predictable work for historically disadvantaged communities. In 2010/11, the targeted number of job opportunities was 57 368. The department exceeded this target by creating 70 844 job opportunities.

Enhancing local governance

In partnership with the South African Local Government Association, the department prepared a councillor induction programme that is designed to orientate councillors with an understanding of their leadership role, legislation that guides local government, key municipal processes, developmental local government and overall service delivery in local government. The programme was designed to ensure that councillors are equipped to accelerate the implementation of their municipal turnaround strategy, which is based on the local government turnaround strategy to help assess the root causes of poor municipal performance and help in developing corrective actions to enhance performance.

Priorities over the medium term

The priorities for the department over the medium term include: accelerating universal access to affordable basic services, significantly reducing infrastructure backlogs, supporting provinces and local government to achieve clean audits, and supporting municipalities to reduce municipal debt by half.

Technical support to low capacity and weak municipalities

Building capacity within local government to construct, develop and maintain infrastructure is important for the delivery of basic services in a sustainable manner. Over the medium term, the department will promote spatial integration in development planning by carrying out a geographical information systems audit and building technical capacity to implement these systems within local government. The audit will be used to identify the institutional capacity and organisational arrangements required to implement geographical information systems within 21 priority districts and 70 smaller municipalities. The department will also establish the Municipal Infrastructure Support Agency in 2012/13, to provide technical support to municipalities. Over the medium term, the agency will provide support to the 21 priority districts. Moreover, the agency will provide technical assistance to a further 8 districts and local municipalities in their role as water services authorities.

Community work programme

The community work programme is expected to reach a targeted 250 000 participants by 2014/15. The rollout plan is based on these linked objectives: expand existing sites, intensify existing work activities to improve quality and effectiveness of work performed, and expand areas of innovation in the programme to increase its absorption capacity.

Traditional affairs

Over the medium term, the department will consolidate all national legislation pertaining to the institution of traditional leadership into a single bill. The department will also develop policies and regulations to govern harmful cultural practices such as illegal initiation schools, and the abduction of young school-going girls under the guise of ukuthwala, which is the practice of abducting a girl to be married against her will; and ukungena, the practice whereby a brother marries his deceased brother's wife and takes over the homestead.

Selected performance indicators

Table 3.1 Cooperative Governance and Traditional Affairs

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of critical master system planned interventions implemented per year	Policy, Research and Knowledge management	–	–	–	1	2	4	6
Total number of municipalities with established municipal public accounts committees	Governance and Intergovernmental Relations	–	–	–	28	278	278	278
Total number of municipalities supported to implement a revised national framework on funding for ward committees	Governance and Intergovernmental Relations	–	–	–	40	70	84	278
Total number of fully functional disaster management centres (of 62) across the three spheres of government	Disaster Response Management	9	12	30	40	50	62	62
Number of smaller municipalities (of 136) supported to implement revised integrated development planning framework per year	Provincial and Municipal Government Systems	–	–	–	–	70	136	136
Number of provinces assessed on institutional capacity per year	Provincial and Municipal Government Systems	–	–	–	–	5	4	9
Number of provinces supported in community development programmes per year	Provincial and Municipal Government Systems	–	–	–	9	9	9	9
Value of municipalities' spending on municipal infrastructure grant per year	Infrastructure and Economic Development	R9.4bn	R11.1bn	R11.3bn	R11.5bn	R13.9bn	R14.7bn	R15.8bn
Improve universal access to basic water services ¹	Infrastructure and Economic Development	2.3 million	1.6 million	1.6 million	1.75 million	1.8 million	2 million	2.2 million
Improve universal access to basic sanitation services ²	Infrastructure and Economic Development	2.3 million	936 379	929 070	1.7 million	1 million	1.2 million	1.3 million
Number of additional households reached with road funded through Public Sector Programme per year	Infrastructure and Economic Development	6.3 million	1.7 million	1.3 million	1.9 million	1.4 million	1.7 million	1.8 million
Number of additional households reached with community lighting services funded through Public Sector Programme per year	Infrastructure and Economic Development	1.6 million	554 977	616 186	546 537	692 168	768 150	900 000
Number of work opportunities created through the community work programme per year	Infrastructure and Economic Development	–	89 689	70 844	89 842	162 000	162 000	250 000
Total number of municipalities (52 targeted municipalities) supported in implementing local economic development programmes per year	Infrastructure and Economic Development	–	–	–	5	25	40	52
Total number of towns and cities implementing the Clean Cities and Towns Programme (32) per year	Infrastructure and Economic Development	–	–	–	8	16	24	32
Number of traditional leadership disputes and claims cases finalised per year	Traditional Affairs	–	–	–	32	150	300	400

1. Measured by the number of additional persons provided with access to water per year.

2. Measured by the number of additional persons provided with access to sanitation per year.

Expenditure estimates

Table 3.2 Cooperative Governance and Traditional Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	143.3	179.3	169.5	205.4	205.4	201.4	212.8	225.5
Policy, Research and Knowledge Management	40.9	44.9	35.4	41.5	41.5	46.1	48.7	52.0
Governance and Intergovernmental Relations	25 656.9	23 936.8	30 663.7	34 476.6	33 244.2	37 981.9	40 694.6	43 758.0
Disaster Response Management	82.1	123.0	283.1	816.2	41.2	555.2	586.9	622.1
Provincial and Municipal Government Systems	226.4	209.6	244.5	249.9	249.9	284.7	297.8	314.7
Infrastructure and Economic Development	7 180.2	9 111.7	10 363.4	12 331.4	12 311.4	15 544.2	16 858.1	18 737.3
Traditional Affairs	56.3	56.2	61.8	83.8	83.8	102.1	105.1	112.4
Total	33 386.0	33 661.6	41 821.4	48 204.7	46 177.3	54 715.6	58 804.1	63 821.9
Change to 2011 Budget estimate				271.1	(1 756.3)	872.8	1 683.2	3 273.8
Economic classification								
Current payments	358.1	443.3	588.5	727.4	707.4	2 088.9	2 664.0	3 449.2
Compensation of employees	153.8	165.7	174.3	248.8	248.8	255.4	263.4	275.8
Goods and services	204.3	277.4	414.1	478.6	458.6	1 833.5	2 400.5	3 173.4
<i>of which:</i>								
Computer services	18.7	21.9	33.2	47.0	47.0	60.6	62.8	65.4
Consultants and professional services: Business and advisory services	36.2	36.1	236.1	75.3	55.3	215.6	222.4	238.0
Contractors	3.9	2.9	4.5	6.5	6.5	1 009.7	1 500.4	2 190.3
Inventory: Materials and supplies	0.0	63.6	0.0	193.4	193.4	350.0	400.0	450.0
Interest and rent on land	0.1	0.2	0.1	–	–	–	–	–
Transfers and subsidies	33 018.3	33 210.0	41 215.1	47 457.0	45 449.6	52 607.2	56 120.7	60 352.4
Provinces and municipalities	32 775.8	32 848.2	40 671.3	46 546.7	44 539.4	52 495.2	56 008.1	60 232.9
Departmental agencies and accounts	67.5	78.1	110.7	86.3	86.3	101.3	101.3	107.6
Foreign governments and international organisations	0.1	–	0.1	–	–	–	–	–
Public corporations and private enterprises	164.8	178.9	189.6	153.6	153.6	–	–	–
Non-profit institutions	9.3	9.3	7.5	10.2	10.2	10.6	11.2	11.9
Households	0.8	95.5	235.9	660.1	660.1	–	–	–
Payments for capital assets	9.2	8.1	17.6	19.8	19.8	19.6	19.4	20.4
Machinery and equipment	9.2	8.1	17.6	18.0	18.0	18.6	18.7	19.4
Software and other intangible assets	–	–	–	1.8	1.8	1.0	0.8	1.0
Payments for financial assets	0.4	0.3	0.3	0.5	0.5	–	–	–
Total	33 386.0	33 661.6	41 821.4	48 204.7	46 177.3	54 715.6	58 804.1	63 821.9

Expenditure trends

The spending focus over the medium term will be on making transfers through the local government equitable share to supplement municipal revenue for funding the institutional capacity of weaker municipalities and transferring the municipal infrastructure grant, which is meant for the eradication of backlogs in basic services infrastructure within municipalities, with the strategic objective to eradicate backlogs in basic services, supplement revenue and support weaker municipalities.

The department's budget increased from R33.4 billion in 2008/09 to R48.2 billion in 2011/12, at an average annual rate of 13 per cent, mainly due to increased expenditure in the *Governance and Intergovernmental Relations* and *Infrastructure and Economic Development* programmes. Spending in the *Governance and Intergovernmental Relations* programme, which transfer the local government equitable share, increased from R25.7 billion in 2008/09 to R34.5 billion in 2011/12, at an average annual rate of 10.4 per cent. The increase is due to the additional allocation for the equitable share of R6.7 billion in 2010/11.

Similarly, spending on the *Infrastructure and Economic Development* programme, which contains the municipal infrastructure grant, increased from R7.2 billion in 2008/09 to R12.3 billion in 2011/12, at an average annual rate of 19.8 per cent, to accelerate the eradication of the backlog in basic services provision. Expenditure for disaster relief in the *Disaster Response Management* programme increased from R283 million in 2010/11 to R816.2 million in 2011/12 due to the increase in the disaster relief grant, which will provide immediate relief for disasters in provinces and municipalities.

Expenditure on compensation of employees increased from R153.8 million in 2008/09 to R248.8 million in 2011/12, at an average annual rate of 17.4 per cent, due to an increase in capacity to deliver on the department's expanded mandate. Over the same period, goods and services increased from R204.3 million to R478.6 million, at an average annual rate of 32.8 per cent, as a result of consultants hired for the 2010 FIFA World Cup and community work programme. Between 2011/12 and 2014/15, expenditure on goods and services is expected to reach R3.2 billion in 2014/15 due to increased allocations for the community work programme, which will increase participants to 250 000.

Over the medium term, expenditure is expected to increase from R48.2 billion in 2011/12 to R63.8 billion in 2014/15, at an average annual rate of 9.8 per cent. This increase is driven by higher spending on the transfers to local government through the equitable share and the municipal infrastructure grant, as well as greater allocations for disaster relief. The additional allocations over the MTEF period include R2.2 billion for the local government equitable share, R3.5 billion for the community works programme to increase participants to 250 000 in 2014/15, and R274.1 million for the municipal infrastructure grant to improve rural sanitation.

Between 2008/09 and 2014/15, spending on consultants is expected to increase from R39.7 million to R244.8 million, at an average annual rate of 35.4 per cent, as a result of infrastructure work done by contractors employed by the Development Bank of Southern Africa to provide technical assistance to municipalities in infrastructure development.

Infrastructure spending

The department is responsible for managing and transferring the municipal infrastructure grant and provides support to provinces and municipalities in implementing municipal infrastructure grant projects. This conditional grant aims to accelerate the eradication of basic services backlogs in poor communities. Allocations for the municipal infrastructure grant increases from R7.2 billion in 2008/09 to R15.8 billion in 2014/15, at an average annual rate of 14.6 per cent. In 2011/12, 1.8 million people were provided with access to water services and 1.3 million given access to sanitation services. In terms of community infrastructure, 1.3 million households were reached through the extension of road access and 616 186 households have benefited from community lighting.

Personnel information

Table 3.3 Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	500	489	33	549	428	489	489	500	500	500
Salary level 1 – 6	110	122	–	241	139	117	126	110	110	110
Salary level 7 – 10	118	130	–	125	121	158	139	118	118	118
Salary level 11 – 12	88	80	–	79	73	80	80	88	88	88
Salary level 13 – 16	184	157	33	104	95	134	144	184	184	184
Administration	188	187	–	220	162	187	187	188	188	188
Salary level 1 – 6	51	52	–	91	58	52	52	51	51	51
Salary level 7 – 10	54	52	–	54	47	52	52	54	54	54
Salary level 11 – 12	32	32	–	31	24	32	32	32	32	32
Salary level 13 – 16	51	51	–	44	33	51	51	51	51	51

Table 3.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Policy, Research and Knowledge Management	49	56	-	78	56	56	56	49	49	49
Salary level 1 – 6	11	21	-	37	15	21	21	11	11	11
Salary level 7 – 10	15	17	-	13	10	17	17	15	15	15
Salary level 11 – 12	12	7	-	14	12	7	7	12	12	12
Salary level 13 – 16	11	11	-	14	19	11	11	11	11	11
Governance and Intergovernmental Relations	46	46	-	61	52	46	46	46	46	46
Salary level 1 – 6	8	7	-	39	22	7	7	8	8	8
Salary level 7 – 10	11	22	-	11	16	22	22	11	11	11
Salary level 11 – 12	12	5	-	8	11	5	5	12	12	12
Salary level 13 – 16	15	12	-	3	3	12	12	15	15	15
Disaster Response Management	22	25	-	22	17	25	25	22	22	22
Salary level 1 – 6	6	8	-	3	3	8	8	6	6	6
Salary level 7 – 10	2	3	-	8	6	3	3	2	2	2
Salary level 11 – 12	4	4	-	5	5	4	4	4	4	4
Salary level 13 – 16	10	10	-	6	3	10	10	10	10	10
Provincial and Municipal Government Systems	81	61	33	75	44	54	54	81	81	81
Salary level 1 – 6	8	8	-	45	12	12	12	8	8	8
Salary level 7 – 10	14	14	-	10	12	18	18	14	14	14
Salary level 11 – 12	8	10	-	6	6	10	10	8	8	8
Salary level 13 – 16	51	29	33	14	14	14	14	51	51	51
Infrastructure and Economic Development	41	41	-	52	52	48	48	41	41	41
Salary level 1 – 6	10	10	-	14	14	10	10	10	10	10
Salary level 7 – 10	8	8	-	15	15	13	13	8	8	8
Salary level 11 – 12	8	10	-	8	8	10	10	8	8	8
Salary level 13 – 16	15	13	-	15	15	15	15	15	15	15
Traditional Affairs	73	73	-	41	45	73	73	73	73	73
Salary level 1 – 6	16	16	-	12	15	7	16	16	16	16
Salary level 7 – 10	14	14	-	14	15	33	14	14	14	14
Salary level 11 – 12	12	12	-	7	7	12	12	12	12	12
Salary level 13 – 16	31	31	-	8	8	21	31	31	31	31

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

2. As at 30 September 2011.

As at 30 September 2011, the department had funded establishment of 500 posts and 33 posts were additional to the establishment. Between 2008/09 and 2011/12, the number of posts declined from 549 to 489 as a result of restructuring processes to refocus the department on its mandate to supporting local government through key interventions. As of 30 September 2011, 489 positions within the department had been filled reflecting a vacancy rate of 2.2 per cent. Over the medium term, the number of filled posts is expected to increase to 500.

The ratio of support staff to line staff is 1:2.

Departmental receipts

Table 3.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	820	509	241	633	633	641	649	654
Sales of goods and services produced by department	138	138	143	150	150	155	159	161
Sales by market establishments	138	138	143	150	150	155	159	161
<i>of which:</i>								
<i>Market establishment: Rental of parking - Covered and open</i>	93	90	93	97	97	102	104	106
<i>Service rendered: Commission on insurance and garnishee</i>	41	41	45	48	48	48	50	50
<i>Sale of assets less than R5 000</i>	1	2	1	1	1	1	1	1
<i>Reimbursement of goods issued</i>	–	1	1	1	1	1	1	1
<i>Replacement of security cards</i>	3	4	3	3	3	3	3	3
Sales of scrap, waste, arms and other used current goods	13	9	6	18	18	22	25	27
<i>of which:</i>								
<i>Sales of scrap, waste, arms and other used current goods</i>	13	9	6	18	18	22	25	27
Interest, dividends and rent on land	2	5	3	3	3	4	5	6
Interest	2	5	3	3	3	4	5	6
Sales of capital assets	–	105	–	–	–	–	–	–
Transactions in financial assets and liabilities	667	252	89	462	462	460	460	460
Total	820	509	241	633	633	641	649	654

Receipts accrue from the collection of parking fees, recovered debt, commission on insurance policy premiums, subsidised vehicles, the recovery of private telephone expenses and expenditure due to breach of study loan contracts.

Revenue decreased from R820 000 in 2008/09 to R633 000 in 2010/11, at an average annual rate of 8.3 per cent, due to a decline in repayments from officials for loss of assets, parking fees and private telephone expenses. Over the medium term, revenue is expected to increase to R654 000, at an average annual rate of 1.1 per cent. The growth is due to expected increases in recuperating funds from loss of assets by officials and parking fees.

Programme 1: Administration

Expenditure estimates

Table 3.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	19.4	43.0	35.1	27.9	24.7	26.1	27.7
Management	10.6	15.2	7.9	15.2	17.7	19.4	20.5
Chief Operating Officer	6.8	6.9	12.4	40.8	22.0	23.2	24.5
Corporate Services	41.4	46.9	28.7	34.5	40.8	42.7	45.1
Financial Services	15.0	16.3	33.7	18.9	20.5	21.3	22.9
Communication and Liaison	11.2	10.8	10.2	18.6	22.5	23.0	24.5
Legislation Review and Drafting	5.8	4.2	6.3	10.6	11.4	12.0	12.7
Internal Audit and Risk Management	6.9	6.2	3.6	9.8	11.4	12.9	13.6
Office Accommodation	26.2	29.7	31.6	29.0	30.4	32.1	34.0
Total	143.3	179.3	169.5	205.4	201.4	212.8	225.5
Change to 2011 Budget estimate				(7.2)	(14.6)	(9.5)	(10.2)

Table 3.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	140.2	172.7	168.6	200.4	196.5	208.4	221.4
Compensation of employees	57.8	66.6	73.0	97.0	80.8	84.8	88.9
Goods and services	82.4	105.9	95.5	103.4	115.8	123.6	132.5
<i>of which:</i>							
Computer services	7.2	0.6	0.4	2.9	2.2	2.6	2.5
Consultants and professional services:	5.8	4.4	7.5	9.8	9.5	8.6	10.1
Business and advisory services							
Contractors	1.0	2.1	1.4	3.4	1.9	2.0	2.1
Interest and rent on land	0.1	0.2	0.1	–	–	–	–
Transfers and subsidies	0.6	2.8	0.1	0.1	0.1	0.1	0.1
Provinces and municipalities	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Households	0.6	2.7	0.1	–	–	–	–
Payments for capital assets	2.1	3.6	0.5	4.4	4.8	4.3	4.0
Machinery and equipment	2.1	3.6	0.5	4.4	4.8	4.3	4.0
Payments for financial assets	0.4	0.3	0.3	0.5	–	–	–
Total	143.3	179.3	169.5	205.4	201.4	212.8	225.5

Expenditure trends

Expenditure increased from R143.3 million in 2008/09 to R205.4 million in 2011/12, at an average annual rate of 12.8 per cent, mainly due to allocations for improved conditions of service. Over the medium term, expenditure is expected to increase to R225.5 million, at an average annual rate of 3.2 per cent, to provide for increased accommodation and build capacity in support services to accommodate the growing number of personnel in the department for the traditional affairs function.

Expenditure on compensation of employees increased from R57.8 million in 2008/09 to R97 million in 2011/12, at an average annual rate of 18.9 per cent, due to the creation of the office of the chief operating officer in 2010. Over the same period, expenditure on goods and services increased from R82.4 million to R103.4 million, at an average annual rate of 7.9 per cent, due to the employment of consultants to draft the communication strategy to support the implementation of the local government turnaround strategy and Operation Clean Audit. The *Chief Operating Officer* subprogramme increased from R6.8 million in 2008/09 to R40.8 million in 2011/12, at an average annual rate of 81.5 per cent, due to increased allocations towards the implementation of Operation Clean Audit project.

Spending on consultants increased from R9 million in 2008/09 to R12.3 million in 2011/12, at an average rate of 5.4 per cent, because of flagship projects such as Operation Clean Audit, technical support and outsourced work on the communication strategy for the local government turnaround strategy in 2009. Over the medium term, spending on consultants is expected to increase to R14.1 million, at an average annual rate of 7.7 per cent. The consultants will be used to review the risk management strategy.

Programme 2: Policy, Research and Knowledge Management

Objectives and measures

- Promote evidence based policy making in local government by providing research and policy analysis on an ongoing basis, and make recommendations for policy development and change by March 2013.
- Improve knowledge and information management in local government by planning, developing and implementing a knowledge and information management strategy and initiatives by March 2013.
- Build ICT capacity within the department to support local government by improving the department's ICT capability through the upgrading of information and business technologies by March 2013.

Subprogrammes

- *Management: Research and Policy* manages the activities of the programme. This subprogramme had a staff complement of 3 and a total budget of R2.7 million in 2011/12, of which 60 per cent was used for compensation of employees. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Policy and Research Methods* provides technical policy and research support to the department; develops policies and guidelines aimed at improving the service delivery performance of municipalities; fosters compliance with legislation; and conducts research on key challenges facing local government. This subprogramme had a staff complement of 10 and a total budget of R7.3 million in 2011/12, of which 58 per cent was used for compensation of employees. In 2011/12, weekly research alerts, highlighting events in the municipal and provincial environment regarding service delivery, local economic development and public participation matters. Expenditure cuts of R500 000 in 2012/13 have been approved for travel and subsistence in this subprogramme. These will be reprioritised to the monitoring and evaluation function within the subprogramme.
- *Knowledge and Information Management* provides knowledge and information management services to the department by developing systems to enhance knowledge generation and sharing among key stakeholders. This subprogramme had a staff complement of 10 and a total budget of R9.8 million in 2011/12, of which 67 per cent was used for compensation of employees. Over the medium term, this subprogramme will develop a strategy for knowledge management. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Information, Communication and Business Technology* provides support and deploys ICT infrastructure and maintenance in the department such as data warehouse, databases and data storage facilities; and improves the department's ICT infrastructure. This subprogramme had a staff complement of 21 and a total budget of R21.6 million in 2011/12, of which 35 per cent was used for compensation of employees. Over the medium term, the focus will be on improving the department's ICT infrastructure aligned to the knowledge management strategy. No expenditure cuts in 2012/13 have been approved for this subprogramme.

Expenditure estimates

Table 3.6 Policy, Research and Knowledge Management

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management: Research and Policy	2.3	2.9	1.9	2.7	3.0	3.2	3.9
Policy and Research Methods	13.7	13.5	1.8	7.3	8.5	9.0	9.5
Knowledge and Information Management	11.9	12.2	13.2	9.8	10.5	11.3	11.9
Information, Communication and Business Technology	13.0	16.4	18.6	21.6	24.0	25.2	26.7
Total	40.9	44.9	35.4	41.5	46.1	48.7	52.0
Change to 2011 Budget estimate				(4.5)	(1.5)	(1.4)	(1.2)
Economic classification							
Current payments	36.9	44.3	30.9	34.5	39.8	42.5	45.3
Compensation of employees	18.4	24.2	13.2	20.5	21.8	22.9	24.0
Goods and services	18.4	20.2	17.7	14.0	18.0	19.6	21.3
<i>of which:</i>							
Computer services	4.3	7.4	10.2	4.6	5.5	6.3	6.2
Consultants and professional services:	4.5	3.8	1.6	0.8	2.3	2.0	2.5
Business and advisory services							
Contractors	0.1	0.1	2.4	0.5	0.6	0.6	0.6
Payments for capital assets	4.0	0.6	4.6	7.0	6.3	6.3	6.7
Machinery and equipment	4.0	0.6	4.6	5.2	5.3	5.5	5.7
Software and other intangible assets	–	–	–	1.8	1.0	0.8	1.0
Total	40.9	44.9	35.4	41.5	46.1	48.7	52.0

Expenditure trends

Expenditure increased marginally from R40.9 million in 2008/09 to R41.5 million in 2011/12, at an average annual rate of 0.5 per cent, mainly due to greater spending on projects implemented to improve ICT infrastructure, and protect and manage knowledge sharing in the department and municipalities. Between 2010/11 and 2011/12, expenditure in the *Policy and Research Methods* subprogramme increased from R1.8 million to R7.3 million due to the use of consultants in the revision of the White Paper on Local Government.

Over the medium term, expenditure is expected to increase to R52 million, at an average annual rate of 7.8 per cent, mainly to retain specialist consultants to revamp the ICT integration and knowledge management system and additional expenditure on administration. These consultants will be used to help build specialist skills in ICT integration and knowledge management within the department.

Expenditure on compensation of employees increased from R18.4 million in 2008/09 to R20.5 million in 2011/12, at an average annual rate of 3.7 per cent, to provide for improved conditions of service. Over the same period, expenditure on goods and services decreased from R18.4 million to R14 million, at an average annual rate of 8.7 per cent, due to savings identified from the consultants budget.

Programme 3: Governance and Intergovernmental Relations

Objectives and measures

- Strengthen intergovernmental relations coordination and cooperation by finalising the revised White Paper on Local Government by March 2013.
- Promote an environment of good governance and public participation by supporting provinces and municipalities in strengthening their governance and coordination capability through financing the funding model for ward committees by March 2013.
- Strengthen intergovernmental fiscal relations by engaging in processes relating to the Division of Revenue Bill and the managing of grants in line with the Division of Revenue Act and implementing the Municipal Property Rates Act (2009) aimed at improving municipal audit outcomes on an ongoing basis.

Subprogrammes

- *Management: Governance* provides strategic leadership to the programme. This subprogramme had a staff complement of 4 and a total budget of R2.9 million in 2011/12, of which 71 per cent was used for goods and services. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Intergovernmental Relations and Coordination* develops, coordinates and implements an effective system of intergovernmental relations to strengthen coordination. This subprogramme had a staff complement of 8 and a total budget of R8.5 million in 2011/12, of which 69 per cent was used for compensation of employees. In 2011/12, the department will finalise the Green Paper on Cooperative Governance and the proposals for a revised governance model for powers and functions, which will be aligned to the proposed reforms in the intergovernmental fiscal and functional system. Expenditure cuts in 2012/13 of R200 000 have been approved for this subprogramme by reducing the travel and subsistence budget.
- *Intergovernmental Fiscal Relations* strengthens intergovernmental fiscal relations through transfers of equitable shares, manages conditional grant transfers to municipalities, and monitors the financial viability of municipalities and provinces. This subprogramme had a staff complement of 21 and a total budget of R277.5 million in 2011/12, of which 96 per cent was used for transfers. Key priorities in 2012/13 are the finalisation of the Municipal Property Rates Amendment Bill, and implementing the necessary administrative arrangements for effective implementation across local government. Over the medium term, orientation and training will be provided to support the functionality of municipal public accounts committees. Expenditure cuts of R400 000 in 2012/2013 have been approved for this subprogramme from professional services and consultants, and will be reprioritised to support the implementation of Operation Clean Audit. Transfers to households are due to a once off allocation in the form of a gratuity given to non-returning councillors.

- *Governance and Public Participation* promotes an environment of good governance and public participation in all provinces and municipalities in strengthening their governance and coordination capability. This subprogramme had a staff complement of 9 and a total budget of R5.7 million in 2011/12, of which 68 per cent was used for compensation of employees. In 2012/13, focus will be on strengthening the capacity of ward committees by providing a series of targeted and accredited training programmes, and developing proposals for a refined legislative framework for ward committees. No expenditure cuts in 2012/13 have been approved in this subprogramme.
- *South African Local Government Association* transfers funds to the South African Local Government Association, the recognised local government body in terms of the Organised Local Government Act (1997). Transfers are used by the association to fund operational activities including capacity building programmes for councillors, local government research and knowledge sharing initiatives. This subprogramme had no staff complement and a total budget of R25.5 million in 2011/12, which was transferred in full to the association. Expenditure cuts of R4.4 million over the MTEF period have been approved in this subprogramme.
- *Municipal Demarcation Board* transfers funds to the Municipal Demarcation Board, which is the constitutional body established in terms of the Municipal Demarcation Board Act (1998). Transfers are used by the board to fund operational activities including capacity assessments, ward delimitation and boundary redetermination. This subprogramme had no staff complement and a total budget of R38.5 million in 2011/12, which was transferred in full to the board. Expenditure cuts of R239 000 over the MTEF have been approved for this subprogramme.
- *South African Cities Network* transfers funds to the South African Cities Network, which enables cooperation between South African cities and maximises benefits through the exchange of information. This subprogramme had no staff complement and a total budget of R5.3 million, which was transferred in full to the network. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *United Cities and Local Government of Africa* transfers funds to the United Cities and Local Government of Africa, an association of municipalities and national regional local government associations in Africa. The association aims to enhance cooperation and knowledge sharing among local governments in Africa to improve the delivery of services to communities across the continent. Transfers are used to fund the operational activities of the association including conferences, seminars and capacity building programmes for member states. This subprogramme had no staff complement and a total budget of R4.9 million, which was transferred in full to the association. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Local Government Equitable Share* is the share of nationally raised revenue which is payable to the local government sphere in terms of section 214 of the Constitution. This transfer will continue to be an integrated funding instrument for supplementing municipal revenue for the provision of free basic services to poor households, and for funding the institutional capacity and support for weaker municipalities in poorer areas. This subprogramme had no staff complement and a total budget of R34.1 billion in 2011/12, which was transferred in full to municipalities. Funds are transferred to 237 municipalities, with metros receiving the largest portions. No expenditure cuts in 2012/13 have been approved for this subprogramme.

Expenditure estimates

Table 3.7 Governance and Intergovernmental Relations

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management: Governance	–	–	18.5	2.9	3.0	3.2	3.4
Intergovernmental Relations and Coordination	8.6	6.0	1.5	8.5	9.5	10.0	10.6
Intergovernmental Fiscal Relations	11.5	8.1	8.4	277.5	12.1	12.9	13.7
Governance and Public Participation	21.3	10.0	1.0	5.7	6.2	6.5	6.9
South African Local Government Association	22.1	23.3	49.1	25.5	26.7	26.3	27.5
Municipal Demarcation Board	25.4	34.6	37.2	38.5	40.4	42.6	45.1
South African Cities Network	4.7	4.8	5.1	5.3	5.5	5.8	6.2
United Cities and Local Government of Africa	3.6	4.5	2.4	4.9	5.1	5.4	5.7
Local Government Equitable Share	25 559.7	23 845.5	30 540.6	34 107.9	37 873.4	40 581.8	43 638.9
Total	25 656.9	23 936.8	30 663.7	34 476.6	37 981.9	40 694.6	43 758.0
Change to 2011 Budget estimate				262.7	297.8	617.1	1 275.8

Table 3.7 Governance and Intergovernmental Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	40.3	24.2	29.3	28.2	30.8	32.7	34.5
Compensation of employees	19.3	16.9	18.3	19.5	18.5	19.4	20.4
Goods and services	21.0	7.2	11.1	8.7	12.3	13.3	14.2
<i>of which:</i>							
Computer services	0.1	0.1	–	–	–	–	–
Consultants and professional services:	4.6	1.8	3.4	3.3	3.8	4.5	5.0
Business and advisory services							
Contractors	1.7	0.7	0.5	0.6	1.0	1.1	1.2
Transfers and subsidies	25 616.4	23 912.6	30 634.3	34 448.4	37 951.1	40 661.9	43 723.4
Provinces and municipalities	25 559.7	23 845.5	30 540.6	34 107.9	37 873.4	40 581.8	43 638.9
Departmental agencies and accounts	47.5	57.9	86.3	64.0	67.1	68.8	72.6
Non-profit institutions	9.3	9.3	7.5	10.2	10.6	11.2	11.9
Households	–	–	–	266.3	–	–	–
Payments for capital assets	0.1	–	0.0	–	0.0	0.0	0.0
Machinery and equipment	0.1	–	0.0	–	0.0	0.0	0.0
Total	25 656.9	23 936.8	30 663.7	34 476.6	37 981.9	40 694.6	43 758.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	47.5	57.9	86.3	64.0	67.1	68.8	72.6
South African Local Government Association	22.1	23.3	49.1	25.5	26.7	26.3	27.5
Municipal Demarcation Board	25.4	34.6	37.2	38.5	40.4	42.6	45.1
Non-profit institutions							
Current	9.3	9.3	7.5	10.2	10.6	11.2	11.9
South African Cities Network	4.7	4.8	5.1	5.3	5.5	5.8	6.2
United Cities and Local Government of Africa	3.6	4.5	2.4	4.9	5.1	5.4	5.7
South African Management Development Institute	0.9	–	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	25 559.7	23 845.5	30 540.6	34 107.9	37 873.4	40 581.8	43 638.9
Local government equitable share	25 559.7	23 845.5	30 540.6	34 107.9	37 873.4	40 581.8	43 638.9
Households							
Social benefits							
Current	–	–	–	266.3	–	–	–
Municipal councillors pension fund	–	–	–	266.3	–	–	–

Expenditure trends

Expenditure increased from R25.7 billion in 2008/09 to R34.5 billion in 2011/12, at an average annual rate of 10.4 per cent, due to an increased allocation for the local government equitable share in 2010/11. The *Local Government Equitable Share* subprogramme dominates spending in this programme and accounts for 99.7 per cent of its total budget. Increases in spending are also evident in the *Intergovernmental Fiscal Relations* and *Governance and Public Participation* subprogrammes in 2011/12. This is mainly due to a once-off allocation in the form of a gratuity given to non-returning councillors.

Expenditure on compensation of employees increased from R19.3 million in 2008/09 to R19.5 million in 2011/12, at an average annual rate of 0.2 per cent, to provide for improved conditions of service. Over the same period, expenditure on goods and services decreased from R21 million to R8.7 million, at an average annual rate of 25.3 per cent, due to a shift of provincial and municipal support subprogrammes to the *Provincial and Municipal Government Systems* programme.

Over the medium term, total expenditure is expected to increase to R43.8 billion, at an average annual rate of 8.3 per cent. Over this period, the Green Paper on Cooperative Governance and the refined legislative framework for ward committees will be finalised March 2012. The programme will also finalise the Municipal Property Rate Amendment bill for tabling in Parliament. The bill seeks to regulate the rating of property by assessment and rating of properties.

Expenditure on consultants decreased from R4.6 million in 2008/09 to R3.3 million in 2011/12, at an average annual rate of 11 per cent, and is expected to increase over the medium term to R5 million, at an average annual rate of 15.3 per cent. The increase is due to a shift of provincial and municipal support subprogrammes to the *Provincial and Municipal Government Systems* programme.

Programme 4: Disaster Response Management

Objectives and measures

- Improve the proactive and responsive capability of the disaster management centres across the spheres of government by providing ongoing guidance and policy support on the establishment and functionality of the centres.
- Support the establishment and operation effective fire services by enhancing the legislative framework for fire services and by developing a discussion document on fire brigade services to ensure that legislation responds to changing conditions by March 2013.
- Enhance disaster management capability across all spheres of government by reviewing the Disaster Management Act (2002) and developing a draft amendment bill by March 2013.
- Enhance and strengthen capacity in the disaster fraternity by providing support to 15 disaster management students through the disaster risk management bursary programme by March 2013.
- Ensure integrated and well coordinated disaster management planning and implementation by providing support to government, the relevant sectors and other stakeholders to submit their disaster risk management plans by March 2013.

Subprogrammes

- *Management: Head of Disaster* oversees the performance, management and monitoring of subprogrammes contained in this programme. This subprogramme had a staff complement of 2 and a total budget of R4.3 million in 2011/12, of which 76 per cent was used for compensation of employees. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Legislation, Policy and Compliance Management* develops and provides implementation support for disaster risk management and fire services policies and the legislative frameworks across all spheres of government. This subprogramme had a staff complement of 6 and a total budget of R6.6 million, of which 67 per cent was used for compensation of employees. In 2011/12, focus was on establishing and enhancing the functioning of 10 disaster management centres. This is still in progress. Over the medium term, focus will be on establishing and enhancing the functioning of 50 disaster management centres, reviewing the Disaster Management Act (2002), reviewing legislation on fire services, and drafting commitment regulations. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Planning Coordination and Support* develops and implements disaster risk management operational systems; coordinates disaster risk management capacity building and strategic research; and provides for the allocation of disaster response, relief and rehabilitation funding when there has been a disaster. This subprogramme had a staff complement of 7 and a total budget of R15.6 million in 2011/12, of which 25 per cent was used for compensation of employees, while 70 per cent was used for goods and services. Over the medium term, the development of mechanisms for disaster relief funding will be fast-tracked, the disaster risk management bursary will be provided to identified institutions, and the development of a national disaster risk management education and training framework will be finalised, at an estimated cost of R12 million. No expenditure cuts in 2012/13 have been approved in this subprogramme.
- *Intelligence and Information Systems Management* creates and manages the implementation of disaster risk management intelligence and capability systems. ICT capability for disaster management is developed and

maintained in all spheres of government by: developing, implementing and maintaining a master systems plan for disaster risk management; and developing and managing the implementation of disaster management intelligence systems. This subprogramme had a staff complement of 6 and a total budget of R14.7 million in 2011/12, of which 46 per cent was used for compensation of employees. Over the medium term, at an estimated cost of R10.8 million, focus will be on refining the national indicative risk and vulnerability model, and expanding components of the national disaster management information systems and making them accessible to provincial and municipal agencies. No savings in 2012/13 have been identified in this subprogramme.

- *Disaster Relief Transfers* is a conditional grant which aims to provide immediate relief after a disaster without any scientific assessment. This subprogramme had no staff and a total budget of R775 million in 2011/12. Transfers are only made when a disaster has been declared. Over the MTEF period, transfers amount to R571.4 million, which is earmarked for provincial disasters; and R1.1 billion, which is earmarked for municipal disasters. No expenditure cuts in 2012/13 have been approved for this subprogramme.

Expenditure estimates

Table 3.8 Disaster Response Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Management: Head of Disaster	–	17.5	8.6	4.3	2.9	3.1	3.3
Legislation, Policy and Compliance Management	16.4	6.8	41.2	6.6	7.2	7.7	8.1
Planning Coordination and Support	9.6	12.5	1.6	15.6	9.9	10.4	11.0
Intelligence and Information Systems Management	9.1	25.3	16.7	14.7	25.2	25.8	27.3
Disaster Relief Transfers	47.0	60.8	214.9	775.0	510.0	540.0	572.4
Total	82.1	123.0	283.1	816.2	555.2	586.9	622.1
Change to 2011 Budget estimate				(4.9)	(2.8)	(7.3)	(7.8)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	33.2	44.4	56.9	38.8	43.1	44.8	47.0
Compensation of employees	5.6	6.2	6.6	18.5	15.1	15.9	16.7
Goods and services	27.5	38.1	50.3	20.3	28.0	28.9	30.3
of which:							
Computer services	6.9	13.4	21.2	3.3	8.2	6.8	6.7
Consultants and professional services:	9.2	11.8	11.2	7.6	3.9	4.9	5.3
Business and advisory services							
Contractors	1.1	0.1	0.2	–	–	–	–
Transfers and subsidies	47.0	75.2	214.4	775.0	510.0	540.0	572.4
Provinces and municipalities	47.0	75.2	214.4	775.0	510.0	540.0	572.4
Payments for capital assets	1.9	3.4	11.8	2.4	2.2	2.2	2.7
Machinery and equipment	1.9	3.4	11.8	2.4	2.2	2.2	2.7
Total	82.1	123.0	283.1	816.2	555.2	586.9	622.1

Details of selected transfers and subsidies

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	17.3	75.2	–	470.0	330.0	350.0	371.0
Disaster Management World Cup Transfer to Municipalities	–	14.4	–	–	–	–	–
Disaster relief							
Municipal disaster grant	17.3	60.8	–	470.0	330.0	350.0	371.0
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	29.7	–	214.4	305.0	180.0	190.0	201.4
Provincial disaster grant	29.7	–	214.4	305.0	180.0	190.0	201.4

Expenditure trends

Expenditure increased significantly from R82.1 million in 2008/09 to R816.2 million in 2011/12, at an average annual rate of 115 per cent, mainly due to the increase in the disaster relief grant, which will provide immediate relief for disasters in provinces and municipalities. Expenditure in the *Planning Coordination and Support* programme increased from R9.6 million in 2008/09 to R15.6 million in 2011/12, at an average annual rate of

17.7 per cent, mainly to provide support to 82 organs of state across provincial and local government in developing their disaster management plans in setting up 50 disaster management centres across the country.

Expenditure on compensation of employees increased from R5.6 million in 2008/09 to R18.5 million in 2011/12, at an average annual rate of 48.6 per cent, to provide for improved conditions of service. Over the same period, expenditure on goods and services decreased from R27.5 million to R20.3 million, at an average annual rate of 9.6 per cent, due to a decrease in the allocation towards contractors, as they had laid down a terrestrial line to the South African Weather Service and the satellite application centre, which are key in the national disaster management centre area network for disaster related events.

Over the medium term, expenditure is expected to decrease from R816.2 million in 2011/12 to R622.1 million in 2014/15, at an average annual rate of 8.7 per cent, mainly due to the decrease in the disaster relief grant, which will provide immediate relief for disasters in provinces and municipalities. In 2012/13, the disaster relief grant is expected to account for 91.9 per cent of total expenditure in the programme. Over the MTEF period, at an estimated cost of R5 million, the programme will continue to support the establishment and functionality of the 50 disaster management centres and the expansion of components of the national disaster management information systems to provinces and municipalities.

Expenditure on consultants decreased from R9.2 million in 2008/09 to R7.6 million in 2011/12, at an average annual rate of 6.1 per cent, and is expected to decrease further over the medium term to R5.3 million, at an average annual rate of 11.3 per cent, due to the expected decrease in the verification cost.

Programme 5: Provincial and Municipal Government Systems

Objectives and measures

- Support provinces in discharging their mandate towards local government by providing reliable and objective information on provincial institutional capacity through the development of a diagnostic report on provincial institutional capacity to support local government and preparing an action plan by March 2013.
- Facilitate the development of an effective and efficient workforce within local government to enhance delivery of services within communities by developing uniform norms and standards for municipal staff establishments by March 2013.

Subprogrammes

- *Management: Provincial and Local Government Support* provides strategic leadership to the programme. This subprogramme had a staff complement of 4 and a total budget of R5.3 million in 2011/12, of which 66 per cent was used for compensation of employees. No expenditure cuts in 2012/13 have been approved in this subprogramme.
- *Provincial Government Support and Intervention* aims to strengthen provincial government systems, improve their infrastructure capability and enhance good governance within provinces for effective, efficient and responsive service delivery and governance. This entails continually strengthening the implementation of municipal services and infrastructure in all provinces, and managing and coordinating the implementation of services. This subprogramme had a staff complement of 10 and a total budget of R9.4 million in 2011/12, of which 73 per cent was used for compensation of employees. Over the medium term, the focus will be on rolling out a performance evaluation system and implementing institutional systems in all provinces to strengthen their oversight role in 150 municipalities. This will be done at an estimated cost of R5 million. Expenditure cuts from consultants and professional services of R600 000 in 2012/13 have been approved in this subprogramme. The funds will be reprioritised within the programme to support capacity building initiatives in municipalities.
- *Local Government Support and Intervention* drives capacity building within local government and provides support to enhance institutional systems within municipalities. This entails providing support to strengthen the capacity of municipalities through legislative and other mechanisms to meet service delivery obligations. This subprogramme had a staff complement of 15 and a total budget of R10 million in 2011/12, of which 67 per cent was used for compensation of employees. The subprogramme worked with the Independent Development Trust during their Community Development Week in Free State, provided

support in provincial public engagements in Limpopo, Mpumalanga, North West and KwaZulu-Natal. The Municipal Systems Amendment Bill was introduced to Parliament and the regulation on participation of municipal officials in elections was promulgated. These outputs were achieved at an estimated cost of R6 million. Expenditure cuts of R700 000 in 2012/13 from consultants and professional services have been approved in this subprogramme.

- *Development Planning* facilitates development planning and promotes intergovernmental coordination in development plans. This entails establishing processes that ensure better alignment of planning processes and development plans across the 3 spheres of government. The subprogramme provided inputs in the development of a position paper on the national urban development strategy. This subprogramme had a staff complement of 15 and a total budget of R4.9 million in 2011/12, of which 76 per cent was used for compensation of employees. Over the medium term, focus will be on developing and implementing a segmentation model to ensure differentiated planning, as well as supporting municipalities in implementing credible integrated development plans in accordance with the simplified independent development plan framework. Expenditure cuts in 2012/13 have been approved in this subprogramme.
- *Municipal Systems Improvement Grant* makes transfers to assist municipalities with building in-house capacity to perform functions and to stabilise institutional and governmental systems. Transfers are used by municipalities to train staff in the areas of financial management, improve the efficacy of administrative systems and assist with the implementation of ward participatory systems. This subprogramme had no staff complement and a total budget of R220.2 million, which is transferred in full to municipalities. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 3.9 Provincial and Municipal Government Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management: Provincial and Local Government Support	–	–	2.2	5.3	26.8	23.5	24.1
Provincial Government Support and Intervention	–	–	28.7	9.4	9.0	10.7	11.3
Local Government Support and Intervention	22.1	4.6	0.5	10.0	10.3	11.9	12.6
Development Planning	4.3	5.0	1.1	4.9	8.5	9.0	9.5
Municipal Systems Improvement Grant	200.0	200.0	212.0	220.2	230.1	242.7	257.3
Total	226.4	209.6	244.5	249.9	284.7	297.8	314.7
Change to 2011 Budget estimate				1.5	24.2	23.1	23.5

Economic classification

Current payments	26.2	9.5	32.5	29.6	54.6	55.0	57.3
Compensation of employees	15.3	5.3	27.4	21.5	43.8	41.3	42.8
Goods and services	10.9	4.2	5.1	8.1	10.8	13.6	14.5
of which:							
Computer services	–	–	0.2	0.2	0.1	0.1	0.1
Consultants and professional services:	1.3	1.7	0.6	1.2	1.9	2.6	3.1
Business and advisory services							
Contractors	–	–	0.0	0.6	0.3	0.3	0.3
Transfers and subsidies	200.0	200.0	212.0	220.2	230.1	242.7	257.3
Provinces and municipalities	200.0	200.0	212.0	220.2	230.1	242.7	257.3
Payments for capital assets	0.3	0.1	–	0.0	–	0.1	0.1
Machinery and equipment	0.3	0.1	–	0.0	–	0.1	0.1
Total	226.4	209.6	244.5	249.9	284.7	297.8	314.7

Details of selected transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	200.0	200.0	212.0	220.2	230.1	242.7	257.3
Municipal systems improvement grant	200.0	200.0	212.0	220.2	230.1	242.7	257.3

Expenditure trends

Expenditure increased from R226.4 million in 2008/09 to R249.9 million in 2011/12, at an average annual rate of 3.3 per cent. This is due to an increase in municipal systems improvement grant allocations. The programme is dominated by the municipal systems improvement grant, which accounts for 88 per cent of total expenditure in 2011/12. The grant has been used to build in-house capacity in 150 municipalities to perform their legislated functions and to stabilise institutional and governmental systems as required in the Municipal Systems Act (2000). By December 2011, 90 per cent of municipalities had their own municipal turnaround strategies, which have been incorporated in the integrated development plans.

Expenditure on compensation increased from R15.3 million in 2008/09 to R21.5 million in 2011/12, at an average annual rate of 12.1 per cent, to provide for improved conditions of service. Over the same period, expenditure on goods and services decreased from R10.9 million to R8.1 million, at an average annual rate of 9.4 per cent, due to increased allocation towards training and development aimed at building capacity at provinces to support municipalities in service delivery.

Over the medium term, expenditure is expected to increase to R314.7 million, at an average annual rate of 8 per cent, due to the increase in allocation for the municipal systems improvement grant as support for the municipalities to develop their own turnaround strategies.

Expenditure on consultants, which accounts for 0.5 per cent of expenditure in this programme in 2011/12, is expected to increase from R1.2 million in 2011/12 to R3.1 million in 2014/15, at an average annual rate of 38.5 per cent. The consultants were hired to develop and maintain Gapskill, a web based skills audit system that supports the department capacity building initiative in provinces.

Programme 6: Infrastructure and Economic Development

Objectives and measures

- Promote economic development within local government by supporting 25 municipalities to implement local economic development strategies by March 2013.
- Ensure the progressive realisation of access to free basic services by supporting 150 municipalities in the rollout of the national indigent policy for free basic services by March 2013.
- Promote employment and social development in the most marginalised communities by creating and maintaining public infrastructure through the community works programme to provide 140 000 new work opportunities by March 2013.
- Promote greater ownership of environmental health outcomes within municipalities by coordinating the rollout of the operation clean cities initiative in 16 sites with key stakeholders by March 2013.
- Ensure access to basic services by historically marginalised communities by providing specialised technical and management support to 93 municipalities facing severe challenges in being able to meet government's 2014 targets with respect to households' access to basic services.

Subprogrammes

- *Management: Infrastructure* oversees the performance, management and monitoring of this programme. This subprogramme had a staff complement of 4 and a total budget of R23.4 million in 2011/12. No savings in 2012/13 have been identified in this subprogramme.
- *Local Economic Development Planning* supports the planning and implementation of local economic development programmes in provincial and local government within the national framework. This subprogramme had a staff complement of 13 and a total budget of R9 million in 2011/12, of which 75 per cent was used for compensation of employees. Over the medium term, programme management support to 4 business development forums will be facilitated at an estimated cost of R20 million. Cuts of R300 000 on consultants and professional advisers have been approved for this subprogramme. These funds will be reprioritised within the programme to support the employment of additional staff for the *Community Work Programme*.

- *Infrastructure Development* supports municipalities with infrastructure planning that inform capital investment priorities within their integrated development plans. This subprogramme had a staff complement of 19 and a total budget of R10 million in 2011/12, of which 77 per cent is used for compensation of employees. Over the medium term, support to municipalities with the rollout of revised free basic services policies will be provided and the municipalities will be monitored. Expenditure cuts of R1 million in 2012/13 on computer services have been approved for this subprogramme.
- *Municipal Infrastructure Grant* makes specific transfers to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure. This subprogramme had a total budget of R11.4 billion in 2011/12, which was transferred in full to municipalities. R274.1 million is shifted from the rural household infrastructure grant to the municipal infrastructure grant in 2014/15 to accelerate the provision of basic services infrastructure to rural households. No expenditure cuts in 2012/13 have been approved in this subprogramme.
- *Community Work Programme* contributes to developing public assets in poor communities, provides income security and work experience for participants, and promotes social and economic inclusion. 160 533 jobs were created by March 2011. This subprogramme had a staff complement of 17 and a total budget of R653.5 million in 2011/12, of which 7 per cent was used for compensation of employees. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Special Purpose Vehicle* provides support to municipalities in the areas of municipal infrastructure planning, operational planning and infrastructure maintenance. This subprogramme had a staff complement of 10 and a total budget of R192.1 million in 2011/12, of which 4 per cent was used for compensation of employees. The bulk of the budget was transferred to the Development Bank of South Africa to provide technical assistance to municipalities in infrastructure development. In 2012/13, the subprogramme will focus on establishing the Municipal Infrastructure Support Agency at an estimated cost of R90 million. Over the medium term, the focus will be on: deploying technical experts to targeted municipalities to assist them with project planning, implementation and infrastructure asset management; and providing training for technical staff in municipalities. No expenditure cuts in 2012/13 have been approved for this subprogramme.

Expenditure estimates

Table 3.10 Infrastructure and Economic Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management: Infrastructure	–	–	19.0	23.4	3.0	3.2	3.4
Local Economic Development Planning	34.2	37.9	0.4	9.0	9.8	10.4	10.9
Infrastructure Development	12.2	12.9	1.0	10.0	13.2	14.0	14.7
Municipal Infrastructure Grant	6 969.0	8 727.5	9 704.3	11 443.5	13 881.6	14 643.5	15 764.2
Community Work Programme	–	154.5	449.1	653.5	1 439.9	1 985.0	2 729.8
Special Purpose Vehicle	164.8	178.9	189.6	192.1	196.6	202.0	214.2
Total	7 180.2	9 111.7	10 363.4	12 331.4	15 544.2	16 858.1	18 737.3
Change to 2011 Budget estimate				23.5	558.0	1 053.2	1 984.1
Economic classification							
Current payments	45.8	114.0	233.5	334.8	1 656.6	2 208.4	2 966.5
Compensation of employees	26.5	34.5	18.5	33.3	35.1	36.9	38.7
Goods and services	19.4	79.5	215.0	301.6	1 621.5	2 171.5	2 927.8
of which:							
Computer services	0.3	0.4	–	35.0	43.9	46.3	49.1
Consultants and professional services:	4.0	6.0	210.4	49.3	192.1	197.3	209.3
Business and advisory services							
Contractors	0.0	0.0	–	–	1 004.2	1 494.7	2 184.3
Inventory: Materials and supplies	0.0	63.5	0.0	193.4	350.0	400.0	450.0

Table 3.10 Infrastructure and Economic Development (continued)

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Transfers and subsidies	7 134.0	8 997.4	10 129.8	11 990.9	13 881.6	14 643.5	15 764.2
Provinces and municipalities	6 969.0	8 727.5	9 704.3	11 443.5	13 881.6	14 643.5	15 764.2
Foreign governments and international organisations	0.1	–	0.1	–	–	–	–
Public corporations and private enterprises	164.8	178.9	189.6	153.6	–	–	–
Households	–	91.0	235.8	393.8	–	–	–
Payments for capital assets	0.3	0.3	0.0	5.6	6.0	6.3	6.6
Machinery and equipment	0.3	0.3	0.0	5.6	6.0	6.3	6.6
Total	7 180.2	9 111.7	10 363.4	12 331.4	15 544.2	16 858.1	18 737.3

Details of selected transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	6 969.0	8 727.5	9 704.3	11 443.5	13 881.6	14 643.5	15 764.2
Municipal infrastructure grant	6 969.0	8 727.5	9 704.3	11 443.5	13 881.6	14 643.5	15 764.2
Households							
Other transfers to households							
Current	–	91.0	235.8	393.8	–	–	–
Community work programme	–	91.0	235.8	393.8	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	164.8	178.9	189.6	153.6	–	–	–
Development Bank of Southern Africa: Siyenza Manje	164.8	178.9	189.6	153.6	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R7.2 billion to R12.3 billion, at an average annual rate of 19.8 per cent, mainly due to transfers for the municipal infrastructure grant, which increased by R5.2 billion over the period to eradicate the backlog in municipal infrastructure. Through the municipal infrastructure grant, 7.2 million individuals were given access to water and 3.2 million individuals were provided with access to electricity between 2008/09 and 2011/12. The *Community Work Programme*, which was instituted in 2009/10, increased from R154.5 million to R653.5 million in 2011/12, at an average annual rate of 105.7 per cent. By December 2011, 247 300 work opportunities were created.

Expenditure on compensation of employees increased from R26.5 million in 2008/09 to R33.3 million in 2011/12, at an average annual rate of 7.9 per cent, to provide for improved conditions of service. Over the same period, expenditure on goods and services increased from R19.4 million to R301.6 million, at an average annual rate of 149.6 per cent, due to increased allocation towards consultants employed to mentor and induct new community work programmes. Implementing agents into the norms, standards and systems of the community works programme. Transfers to municipalities increased from R7 billion to R12 billion between 2008/09 and 2011/12, at an average annual rate of 18.9 per cent, due to additional allocation to the municipal infrastructure grant. In 2011/12, there was a function shift from National Treasury, which resulted in transfers to the Development Bank of South Africa for Siyenza Manje being incorporated to the *Special Purpose Vehicle* subprogramme.

Over the medium term, expenditure is expected to increase from R12.3 billion in 2011/12 to R18.7 billion in 2014/15, at an average annual rate of 15 per cent. This increase is mainly due to the *Community Work Programme's* funding, which is expected to grow, at an average annual rate of 61.1 per cent, to R2.7 billion over the MTEF period with the aim of creating 250 000 job opportunities and growing the total number of sites participating in the programme.

Expenditure on consultants increased from R4 million in 2008/09 to R49.3 million in 2011/12, at an average annual rate of 131.4 per cent, due to community work programme implementation at local level done by implementing agents. This is expected to grow to R209.3 million by 2014/15, at an average annual rate of 61.9 per cent.

Programme 7: Traditional Affairs

Objectives and measures

- Ensure better alignment and standardisation in the regulatory and institutional support framework for traditional affairs across national, provinces and local government by finalising the National Traditional Affairs Bill by March 2013.
- Ensure that traditional communities and Khoi-San communities are empowered by reviewing and developing the national support programme for traditional communities and Khoi-San communities and their governance structures by March 2013.
- Promote and integrate the role of traditional affairs and the institution of traditional leadership in the South African governance system by maintaining synergetic relations with other governance structures across the three spheres of government by March 2013.
- Promote widespread access to traditional knowledge and leadership by establishing a comprehensive, user friendly database of traditional leaders by March 2013.

Subprogrammes

- *Management: Head of Traditional Affairs* oversees the performance, management and monitoring of this programme. This subprogramme had a staff complement of 8 and a total budget of R8.6 million in 2011/12, of which 67 per cent was used for compensation of employees. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Policy and Legislation for Traditional Affairs* ensures better alignment and standardisation in the regulatory, institutional and support framework for traditional affairs across national, provincial and local government. Policies, legislation and frameworks on traditional affairs are also developed. This subprogramme had a staff complement of 22 and a total budget of R13.7 million in 2011/12, of which 88 per cent was used for compensation of employees. Over the medium term, the consolidation of the Traditional Leadership and Governance Framework Act (2003) and the National Traditional Leaders Act (2009) into a single piece of legislation and the National Traditional Affairs Bill will be finalised at an estimates cost of R2 million. No expenditure cuts in 2012/13 have been identified in this subprogramme.
- *Institutional Support and Coordination* provides institutional and capacity building and support to the institution of traditional leadership, and coordinates the establishment of intergovernmental relations and partnerships for development and service delivery. A skills audit database on the capacity of kings, queens and senior traditional leaders was initiated, and 800 senior traditional leaders were trained regarding the legislation. This subprogramme had a staff complement of 23 and a total budget of R13.6 million in 2011/12, of which 60 per cent was used for compensation of employees. In 2012/13, the focus will be on developing a report by March 2012 at an estimated cost of R1.5 million. The report will contain a comprehensive assessment of governance in the area of traditional affairs. No expenditure cuts in 2012/13 have been approved in this subprogramme.
- *National House of Traditional Leaders* represents the interests of traditional communities and traditional leaders, and provides advice to government on policies and programmes impacting them. The regulatory framework for the National House of Traditional Leaders Act (2000) was refined, which resulted in the amendment act being introduced to Parliament in March 2011. This subprogramme had a staff complement of 12 and a total budget of R14.7 million in 2011/12, of which 47 per cent was used for compensation of employees. In 2012/13, cooperative relations and synergistic partnerships with the department will be fostered with government at the national level in the area of development and service delivery. No expenditure cuts have been identified in this subprogramme in 2012/13.

- *Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities* makes transfers to the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities. This subprogramme had no staff complement and a total budget of R22.4 million in 2011/12, which was transferred in full to the commission. No expenditure cuts in 2012/13 have been approved for this subprogramme.
- *Commission on Traditional Leadership Disputes and Claims* resolves claims and disputes at all levels of traditional leadership referred to the commission. The commission had a staff complement of 9 and a total budget of R10.9 million in 2011/12, of which 50 per cent was used for compensation of employees. No expenditure cuts in 2012/13 have been approved for this subprogramme. In 2010/11, the commission recognised 6 kings by issuing them with certificates of recognition.

Expenditure estimates

Table 3.11 Traditional Affairs

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management: Head of Traditional Affairs	–	–	12.5	8.6	10.0	12.1	13.0
Policy and Legislation for Traditional Affairs	9.9	9.6	6.6	13.7	12.3	13.2	14.4
Institutional Support and Coordination	–	–	0.3	13.6	13.0	13.7	14.7
National House of Traditional Leaders	14.9	13.8	15.8	14.7	21.1	21.7	22.6
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	20.0	20.3	24.4	22.4	34.2	32.5	35.0
Commission on Traditional Leadership Disputes and Claims	11.5	12.6	2.3	10.9	11.4	12.0	12.7
Total	56.3	56.2	61.8	83.8	102.1	105.1	112.4
Change to 2011 Budget estimate				–	11.6	8.1	9.6

Economic classification

Current payments	35.6	34.3	36.7	61.0	67.5	72.3	77.1
Compensation of employees	10.9	11.8	17.3	38.6	40.3	42.3	44.3
Goods and services	24.7	22.4	19.4	22.5	27.1	30.0	32.8
<i>of which:</i>							
Computer services	–	–	1.2	1.0	0.7	0.8	0.8
Consultants and professional services:	6.8	6.7	1.4	3.3	2.1	2.6	2.7
Business and advisory services							
Contractors	0.1	0.0	0.0	1.4	1.7	1.8	1.9
Transfers and subsidies	20.2	22.0	24.4	22.4	34.2	32.5	35.0
Departmental agencies and accounts	20.0	20.3	24.4	22.4	34.2	32.5	35.0
Households	0.2	1.7	–	–	–	–	–
Payments for capital assets	0.5	0.0	0.7	0.4	0.4	0.4	0.4
Machinery and equipment	0.5	0.0	0.7	0.4	0.4	0.4	0.4
Total	56.3	56.2	61.8	83.8	102.1	105.1	112.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	20.0	20.3	24.4	22.4	34.2	32.5	35.0
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	20.0	20.3	24.4	22.4	34.2	32.5	35.0
Households							
Other transfers to households							
Current	–	1.7	–	–	–	–	–
Traditional Leaders: Act of grace	–	1.7	–	–	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R56.3 million to R83.8 million, at an average annual rate of 14.2 per cent. This growth is attributable to additional funding allocated for the establishment of the department in 2009. These allocations also explain the increase in expenditure on compensation of employees from R10.9 million in 2008/09 to R38.6 million in 2011/12, at an average annual rate of 52.6 per cent. Over the same period, expenditure on goods and services decreased from R24.7 million to R22.5 million, at an average annual rate of 3.1 per cent, due to the ending of the contract of the consultant hired to review of legislation towards the establishment of the department and less travelling.

Over the medium term, expenditure is expected to increase to R112.4 million, at an average annual rate of 10.3 per cent, due to additional funding allocated to the Commission for the Promotion and Protection of the Rights, and cultural religious and linguistic communities for policy research and capacity building. As a result, transfers to departmental agencies and accounts is expected to increase from R22.4 million in 2011/12 to R35 million in 2014/15, at an average annual rate of 16 per cent.

Expenditure on consultants represents 7.9 per cent of goods and services in 2012/13, and is expected to decrease from R5.7 million in 2011/12 to R5.5 million in 2014/15, at an average annual rate of 1.3 per cent. This is due to the department terminating the contract of a consultant hired to review current traditional affairs legislation aimed at the consolidation of national legislation into a single bill.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Local Government Association** is mandated by the Constitution to assist in the comprehensive transformation of local government. The association participates in intergovernmental structures at a provincial and district level, and is therefore able to influence national and provincial legislation and gauge its impact on local government. Its total budget for 2012/13 R347.9 million which increases to R435.2 million in 2014/15, at an average annual rate of 15.5 per cent.
- The **Municipal Demarcation Board** is an independent authority responsible for determining municipal boundaries. The board is also mandated to declare district management areas, delimit wards for local elections, and assess the capacity of municipalities to perform their functions. Its total budget for 2012/13 is R40.8 million, which increases to R45.7 million in 2014/15, at an average annual rate of 5.2 per cent.
- The **Commission for the Promotion of the Rights of Cultural, Religious and Linguistic Communities** promotes and protects cultural, religious and linguistic rights. The commission focuses on conflict resolution, research, advocacy and community engagement on conflicts pertaining to cultural, religious and linguistic rights within communities. Its total budget for 2012/13 is R34.4 million, which increases to R35 million in 2014/15, at an average annual rate of 16 per cent.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2010/11	2012/13
R million								
Infrastructure transfers to other spheres, agencies and departments								
Municipal infrastructure grant transfer	Eradicate the back log in Municipal infrastructure by providing basic services to poor households.	Various	83 958.3	6 969.0	8 727.5	12 528.9	13 881.6	14 643.5
Total			83 958.3	6 969.0	8 727.5	12 528.9	13 881.6	14 643.5
								15 764.2

Vote 4

Home Affairs

Budget summary

R million	2012/13					2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	1 674.1	1 618.9	1.8	0.4	53.0	1 766.8	1 933.6
Citizen Affairs	3 067.8	2 106.4	961.5	–	–	3 894.6	3 975.1
Immigration Affairs	554.4	554.1	0.3	–	–	596.5	627.9
Total expenditure estimates	5 296.3	4 279.3	963.6	0.4	53.0	6 257.8	6 536.6

Executive authority Minister of Home Affairs
Accounting officer Director General of Home Affairs
Website address www.dha.gov.za

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

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Citizen Affairs

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

Programme 3: Immigration Affairs

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

Strategic overview: 2008/09 – 2014/15

The Department of Home Affairs fulfils its civic function by acting as the custodian of citizenship and identity. The department also regulates immigration, enforces the Immigration Act (2002) and determines the status of asylum seekers and refugees. These two functions are essential to the security of the state, they enable access to rights and services and they support socioeconomic development.

The department contributes significantly to 3 of the 12 national outcomes: all people in South Africa are and feel safe (outcome 3); a skilled and capable workforce to support an inclusive growth path (outcome 5); and an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship (outcome 12). The department's contribution to these national outcomes is made through the following departmental outcomes: secure South African citizenship and identity (this links to outcome 3); immigration managed effectively and securely in the national interest including economic social and cultural development

(this links to outcome 5); and a service that is secure, efficient, and accessible corruption free (this links to outcome 12).

The main outputs and targets in the performance agreement of the Minister of Home Affairs are: securing the identity and status of citizens and residents, implementing effective and efficient refugee management strategies and systems, ensuring access to and quality of service delivery with emphasis on the registration of every child birth within 30 days of delivery, issuing identity documents to every South African turning 16 years and older, improving the turnaround times for all services, improving queuing times and unit costs per service, and facilitating the recruitment of 50 000 skilled migrants annually.

Strategic priorities over the medium term

Modernising information systems (formerly Who Am I Online)

Since 2008, the department has been modernising its information systems and this will continue over the medium term. This involves: replacing outdated and obsolete legacy systems and improving overall system security; improving agility through the use of workflow and compliance with service oriented architecture; improving integrity by enforcing business rules; introducing the general live capture concept, revitalising all enabling documents including passports, identity documents, certificates, permits and warrants; and reviewing and realigning all legislation administered by the department to enable the new technological solutions.

Securing citizenship and identity

Over the medium and long term, the department will reposition itself as a security department alongside other justice, crime prevention and security departments. The top priority of the department is to secure the identity and status of citizens by ensuring that the national population register is accurate and secure. A key intervention towards achieving this objective is to make the early registration of birth the only entry point to the national population register. The late registration of birth is a major source of identity fraud and a stringent new process will be implemented to combat this practice. Other measures of securing citizenship and identity will be to develop and implement a modern national identity system that will include South African citizens and foreign nationals.

Managing immigration

The effective management of immigration is essential for national security and for the socioeconomic development of the country. Over the medium term, the department will review and strengthen its policies and legislation governing the processing and management of asylum seekers and refugees, the management of foreign migrants with critical skills, the management of foreign migrants with low level skills, the secure management of migration, and the management of residency and citizenship. In 2011, the Immigration Amendment and Refugees Amendment bills were passed, which will come into effect in 2012.

Service delivery

Key to transforming the department into a security department is the reorientation of its human capital. The department will ensure that its staff are disciplined and security conscious. Increased attention will also be paid to securing processes and documents such as the improvement of security features for identity documents. The department will also pilot an identity smart card with advanced security features. Over time, this will replace the existing identity documents, thus strengthening the security of identity and minimising the potential for fraud.

Improving access to services is a high priority, particularly in rural areas and large urban settlements with insufficient offices. Various strategies have been developed and are being implemented and these include optimising the use of the call centre, using mobile offices and 4x4 vehicles, strategically locating new offices, improving the quality of services and further reducing turnaround times.

Selected performance indicators

Table 4.1 Home Affairs

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of machine readable passports (manual process) issued within 24 days	Citizen Affairs	28 days	29 days	24 days	95% (692 948)	95% (651 577)	95% (610 206)	95% (568 835)
Percentage of machine readable passports (live capture process) issued within 13 days	Citizen Affairs	–	–	12 days	97% (341 302)	97% (434 385)	97% (456 104)	97% (477 977)
Percentage of identity documents (first issue) issued within 54 days	Citizen Affairs	60 days	90 days	60.5 days	95% (1 164 000)	95% (1 105 800)	95% (995 220)	95% (1 042 990)
Percentage of identity documents (second issue) issued within 47 days	Citizen Affairs	56 days	40 days	49.6 days	95% (1 261 000)	95% (1 197 950)	95% (1 078 155)	95% (1 129 906)
Percentage of births registered within 30 days of the birth event against an estimated 1.1 million births per year	Citizen Affairs	–	–	46% (500 524)	48% (528 000)	54% (594 000)	58% (638 000)	62% (682 000)
Percentage of permanent residence permits issued within 8 months ¹	Immigration Affairs	12 months	6 months	–	70% (2 000)	75% (2 500)	80% (3 000)	95% (3 600)
Percentage of temporary residence permits: work, business and corporate: issued within 8 weeks ¹	Immigration Affairs	6 weeks	4 weeks	–	70% (116 900)	75% (109 600)	80% (110 300)	95% (111 000)
Number of permanent and temporary residence permits issued per year ¹	Immigration Affairs	85 227	117 436	–	193 000	190 000	195 000	200 000
Number of arrivals and departures cleared per year	Immigration Affairs	28 402 263	29 524 175	33 953 583	35 564 904	36 987 500	38 467 000	40 005 680
Number of illegal foreigners deported per year	Immigration Affairs	261 950	72 394	55 825	70 000	75 000	80 000	85 000

1. Measuring tool in 2010/11 was inappropriate as the system was not configured sufficiently to measure timeframes.

Expenditure estimates

Table 4.2 Home Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	1 352.8	1 498.7	1 692.3	1 897.9	1 897.9	1 674.1	1 766.8	1 933.6
Citizen Affairs	2 774.8	3 182.6	3 869.2	3 374.2	3 374.2	3 067.8	3 894.6	3 975.1
Immigration Affairs	539.0	514.1	960.3	578.8	578.8	554.4	596.5	627.9
Total	4 666.6	5 195.4	6 521.7	5 850.8	5 850.8	5 296.3	6 257.8	6 536.6
Change to 2011 Budget estimate				386.7	386.7	46.6	393.6	320.5

Economic classification

	3 139.3	3 598.5	4 487.1	4 798.8	4 798.8	4 279.3	4 579.5	4 911.5
Current payments								
Compensation of employees	1 296.0	1 637.1	2 051.9	2 225.6	2 225.6	2 363.9	2 495.2	2 646.6
Goods and services	1 843.2	1 886.2	2 330.9	2 573.1	2 573.1	1 915.5	2 084.3	2 264.9
<i>of which:</i>								
Computer services	247.5	346.4	408.7	307.9	307.9	282.6	310.9	327.9
Lease payments	165.5	151.2	223.8	821.8	821.8	602.1	653.7	746.6
Property payments	129.8	84.5	167.5	195.3	195.3	198.2	213.8	226.7
Travel and subsistence	235.2	263.3	478.4	185.2	185.2	187.3	203.4	216.1
Interest and rent on land	–	75.3	104.3	–	–	–	–	–

Table 4.2 Home Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Transfers and subsidies	1 221.8	1 320.5	1 601.5	1 037.0	1 037.0	963.6	1 667.9	1 614.5
Provinces and municipalities	0.6	0.9	0.6	1.2	1.2	1.3	1.4	1.4
Departmental agencies and accounts	1 210.3	1 311.9	1 591.4	1 034.2	1 034.2	960.8	1 665.0	1 611.4
Households	10.8	7.8	9.5	1.5	1.5	1.5	1.5	1.6
Payments for capital assets	305.0	274.4	404.6	15.1	15.1	0.4	10.5	10.6
Machinery and equipment	164.2	140.9	189.7	11.9	11.9	0.4	10.5	10.6
Software and other intangible assets	140.7	133.5	214.9	3.1	3.1	–	–	–
Payments for financial assets	0.5	2.0	28.5	–	–	53.0	–	–
Total	4 666.6	5 195.4	6 521.7	5 850.8	5 850.8	5 296.3	6 257.8	6 536.6

Expenditure trends

Spending over the MTEF period will focus on designing and implementing a new national identification system with inherent biometric security features for South African and foreign nationals, and ensuring that the national population register, which is central to securing the identity and status of citizens, and is authentic and accurate. These costs are reflected in the *Administration* programme.

Expenditure increased from R4.7 billion in 2008/09 to R5.9 billion in 2011/12, at an average annual rate of 7.8 per cent, mainly as a result of additional allocations made for: capacity building, office accommodation, the refurbishment of existing offices, the repair and maintenance programme, the Who Am I Online (system modernisation) project, design and planning for the 2010 FIFA World Cup, the transformation of port control, the new passport system and the Electoral Commission. The increase in transfers and subsidies in 2009/10 was due to: the Electoral Commission's preparation for the 2009 general election; the Film and Publication Board's expansion of its monitoring, research and compliance capabilities; and Government Printing Works' refurbishment of the old Government Garage in Pretoria. Spending increased by 21.6 per cent in 2010/11, due to the Electoral Commission's preparations for the 2011 local governmental elections.

Over the medium term, expenditure is expected to increase to R6.5 billion, at an average annual rate of 3.8 per cent. The 2012 Budget allocates additional amounts of R134.1 million in 2012/13, R488.4 million in 2013/14 and R570.5 million in 2014/15 mainly for the Who Am I Online project and improved conditions of service. The decrease in expenditure in 2012/13 is mainly due to a decrease in transfer payments made to the Electoral Commission owing to the electoral cycle and 2012/13 being a non-election year, while the increases in expenditure in 2013/14 and 2014/15 are due to the additional allocations made for the Who Am I Online (system modernisation) project and an increase in transfer payments made to the Electoral Commission for the 2014 general election.

Expenditure on consultant services decreased from R377.4 million in 2008/09 to R56.9 million in 2011/12, at an average annual rate of 46.8 per cent, and is expected to decrease further to R55.4 million over the medium term, at an average annual rate of 0.9 per cent. The decrease in both periods is due to the completion of the activities of the turnaround programme.

Using funds allocated over the medium term, the department aims to maintain the percentage of identity documents (first issue) issued within 54 days at 95 per cent.

Infrastructure spending

The department has been allocated R400 million over the medium term for infrastructure at border posts. This amount has been allocated in the Department of Public Works' vote and is earmarked for this purpose. In 2012/13, R110 million will be used to acquire office space at the maritime border facilities and for improvements at several border posts. In 2013/14 and 2014/15, R130 million and R160 million will be used for the construction of residential and official accommodation for officials as well as for the additional office space needed to replace the use of tents at the Lebombo, Beitbridge and Maseru Bridge border posts.

Information Systems Modernisation (formerly Who Am I Online)

In 2008, the department started with the implementation of the information systems modernisation project, an integrated IT platform which will improve the turnaround time for issuing identity documents, birth, death and marriage certificates, passports, visa permits, section 22 asylum permits, refugee identity documents, citizenship certificates, and permanent and temporary residence permits. The system allows transactional processing and simultaneously supports information covering photographs, fingerprints, signatures, voice recordings, demographic information and scanned supporting documents.

The project was put on hold in May 2010 and no further progress was made in its implementation, due to a dispute between the department and the service provider. The dispute was resolved in January 2011 and the project is scheduled to resume at the beginning of 2012/13. R1.1 billion has been made available over the medium term to complete the project by 2014/15. R1.4 billion in expenditure for the project was incurred between 2008/09 and 2011/12. Included in the amount is R835 million paid for the settlement agreement reached in January 2011.

The following aspects of the project are due to be completed over the medium term: live capture functionality for identity documents and passports; the cleaning of the national population register; core systems integration of civics and immigration; the visa and permitting system; the rollout of the movement control system to 38 remaining ports of entry, 34 of which were rolled out in 2010 in preparation for the 2010 FIFA World Cup; and the piloting of the smart ID card.

The implementation of the project will continue in 2012/13.

Personnel information

Table 4.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	17 746	9 829	3	8 560	10 494	9 258	8 793	9 829	9 829	9 829
Salary level 1 – 6	10 650	6 796	–	6 423	7 598	6 923	6 470	6 796	6 796	6 796
Salary level 7 – 10	6 365	2 637	–	1 933	2 103	2 082	2 092	2 637	2 637	2 637
Salary level 11 – 12	476	206	–	131	695	135	145	206	206	206
Salary level 13 – 16	255	190	–	73	98	118	86	190	190	190
Administration	3 393	954	3	800	964	830	821	954	954	954
Salary level 1 – 6	1 137	378	3	506	519	390	364	378	378	378
Salary level 7 – 10	1 844	378	–	189	318	305	313	378	378	378
Salary level 11 – 12	275	104	–	69	74	68	75	104	104	104
Salary level 13 – 16	137	94	–	36	53	67	69	94	94	94
Citizen Affairs	10 349	8 124	–	5 432	7 124	7 347	7 325	8 124	8 124	8 124
Salary level 1 – 6	6 624	5 989	–	4 067	5 402	5 744	5 696	5 989	5 989	5 989
Salary level 7 – 10	3 523	1 990	–	1 303	1 091	1 521	1 584	1 990	1 990	1 990
Salary level 11 – 12	124	74	–	40	604	50	44	74	74	74
Salary level 13 – 16	78	71	–	22	27	32	1	71	71	71
Immigration Affairs	4 004	751	–	2 328	2 406	1 081	647	751	751	751
Salary level 1 – 6	2 889	429	–	1 850	1 677	789	410	429	429	429
Salary level 7 – 10	998	269	–	441	694	256	195	269	269	269
Salary level 11 – 12	77	28	–	22	17	17	26	28	28	28
Salary level 13 – 16	40	25	–	15	18	19	16	25	25	25

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

2. As at 30 September 2011.

The department has an approved establishment of 17 746 posts, of which 9 829 are funded. 3 posts in the ministry are additional to the establishment. Of the funded posts, 8 793 are filled. The number of filled posts increased from 8 560 in 2008/09 to 8 793 in 2011/12, as a result of the aligning of the approved organisational structure with municipal boundaries to allow citizens in cities and rural areas greater access to the department's offices. 1 036 funded posts are vacant, most of which are in the *Citizen Affairs* and *Immigration Affairs* programmes.

The ratio of support staff to line function staff increased from 1:11 in 2010/11 to 1: 12.3 in 2011/12, which indicates that capacity increased in the core function areas and that access to departmental services improved.

The department uses the services of consultants on a contract basis, mainly in the information services function, where it has been unable to recruit suitably qualified candidates.

Departmental receipts

Table 4.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	355 673	442 220	644 752	482 575	482 575	506 704	557 374	585 243
Sales of goods and services produced by department	304 891	384 642	610 777	466 436	466 436	489 758	538 733	565 670
Sales by market establishments	1 398	1 261	1 370	2 146	2 146	2 253	2 478	2 602
of which:								
Market establishment: Non-residential building	6	1	–	2	2	2	2	2
Market establishment: Rental dwelling	1 344	1 234	1 344	2 100	2 100	2 205	2 425	2 546
Market establishment: Rental Parking - Covered and open	48	26	26	44	44	46	51	54
Administration fees	299 107	380 036	606 839	457 573	457 573	480 452	528 497	554 922
of which:								
Certificates	23 490	26 976	26 470	32 480	32 480	34 104	37 515	39 390
Identity documents	28 335	35 795	34 480	43 098	43 098	45 253	49 778	52 267
Passports	159 144	158 789	422 006	191 186	191 186	200 745	220 820	231 861
Permits	46 360	107 506	79 501	129 440	129 440	135 912	149 503	156 978
Other	41 778	50 970	44 382	61 369	61 369	64 438	70 881	74 426
Other sales	4 386	3 345	2 568	6 717	6 717	7 053	7 758	8 146
of which:								
Commission insurance	1 151	1 261	1 408	1 763	1 763	1 669	1 835	1 928
Clearance fees	147	181	443	225	225	169	186	195
Postal fees: Travel documents	699	453	63	1 070	1 070	1 750	1 925	2 021
Photocopies and faxes	2 255	1 094	540	3 453	3 453	3 270	3 597	3 777
Other	134	356	114	206	206	195	215	225
Sales of scrap, waste, arms and other used current goods	13	20	–	–	–	–	–	–
of which:								
Sales: Waste paper	13	20	–	–	–	–	–	–
Fines, penalties and forfeits	17 094	33 219	27 021	15 915	15 915	16 711	18 382	19 301
Interest, dividends and rent on land	608	659	543	224	224	235	259	272
Interest	608	659	543	224	224	235	259	272
Sales of capital assets	–	327	–	–	–	–	–	–
Transactions in financial assets and liabilities	33 067	23 353	6 411	–	–	–	–	–
Total	355 673	442 220	644 752	482 575	482 575	506 704	557 374	585 243

Revenue is mainly generated from fees charged for issuing documents in the *Citizen Affairs* and *Immigration Affairs* programmes. Revenue increased from R355.7 million in 2008/09 to R482.6 million in 2011/12, at an average annual rate of 10.7 per cent, mainly due to an increase in the cost of issuing passports to the public from

R190 to R400 in 2010/11. Over the medium term, revenue is expected to increase to R585.2 million in 2014/15, at an average annual rate of 6.6 per cent, to accommodate the effects of inflation.

The department received approval from National Treasury to establish a trading account from 1 April 2012. Revenue generated from issuing documents will be used to defray expenses related to producing these documents and will not be surrendered to the National Revenue Fund.

Programme 1: Administration

Expenditure estimates

Table 4.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	32.8	27.9	28.3	40.7	40.7	44.1	46.7
Management Support Services	398.8	352.9	149.9	97.0	98.4	106.3	112.5
Corporate Services	336.2	352.7	438.2	496.5	552.3	546.0	582.6
Transversal Information Technology Management	386.8	551.3	736.5	941.9	643.3	712.8	813.7
Office Accommodation	198.2	213.8	339.3	321.8	339.4	357.5	378.1
Total	1 352.8	1 498.7	1 692.3	1 897.9	1 674.1	1 766.8	1 933.6
Change to 2011 Budget estimate				115.0	(5.7)	330.3	407.0

Economic classification

Current payments	1 224.1	1 344.2	1 431.7	1 889.7	1 618.9	1 754.3	1 920.9
Compensation of employees	180.6	227.8	241.3	319.6	345.2	360.5	386.3
Goods and services	1 043.5	1 041.3	1 086.2	1 570.1	1 273.7	1 393.8	1 534.6
<i>of which:</i>							
Computer services	173.5	292.8	336.1	216.1	186.8	207.8	221.7
Lease payments	164.1	140.6	210.1	818.0	598.3	649.6	742.4
Property payments	116.9	80.5	156.8	193.5	196.4	211.9	224.7
Travel and subsistence	65.3	78.1	94.8	58.5	55.7	61.5	65.2
Interest and rent on land	–	75.1	104.3	–	–	–	–
Transfers and subsidies	2.2	2.4	1.4	1.8	1.8	1.9	2.0
Provinces and municipalities	0.6	0.6	0.3	0.6	0.6	0.7	0.7
Households	1.6	1.8	1.1	1.2	1.2	1.2	1.3
Payments for capital assets	126.0	150.1	230.6	6.4	0.4	10.5	10.6
Machinery and equipment	63.0	67.6	69.1	6.4	0.4	10.5	10.6
Software and other intangible assets	63.0	82.6	161.5	–	–	–	–
Payments for financial assets	0.5	2.0	28.5	–	53.0	–	–
Total	1 352.8	1 498.7	1 692.3	1 897.9	1 674.1	1 766.8	1 933.6

Details of selected transfers and subsidies

Households							
Social benefits							
Current	1.6	1.8	0.8	1.2	1.2	1.2	1.3
Employee social benefits	1.6	1.8	0.8	1.2	1.2	1.2	1.3
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	0.6	0.6	0.3	0.6	0.6	0.7	0.7
Vehicle licences	0.6	0.6	0.3	0.6	0.6	0.7	0.7

Expenditure trends

Expenditure increased from R1.4 billion in 2008/09 to R1.9 billion in 2011/12, at an average annual rate of 11.9 per cent, due to the refurbishment of the department's offices and information systems. This increase is reflected in the *Transversal Information and Technology Management* and *Office Accommodation* subprogrammes. Over the medium term, expenditure is expected to increase to R1.9 billion, at an average annual rate of 0.6 per cent, as a result of additional allocations for the information system modernisation project and improved conditions of service.

The decrease in expenditure in 2012/13 is as a result of a decrease in the allocation for the information system modernisation project. Expenditure on consultants decreased from R369.6 million in 2008/09 to R52.7 million in 2011/12, at an average annual rate of 47.8 per cent, and is expected to decrease further to R50.7 million over the medium term, at an average annual rate of 1.3 per cent. The department uses the services of consultants on a contract basis mainly in the information services function.

Programme 2: Citizen Affairs

Objectives and measures

- Ensure that registration at birth is the only entry point to the national population register by improving on the percentage of births registered within 30 days of the birth event against the estimated 1.1 million births per year from 54 per cent in 2012/13 to 62 per cent in 2014/15.
- Maintain the standard of service delivery for the issuing of enabling documents by:
 - issuing 95 per cent of the projected 651 577 machine readable passports for manual processes within 24 days in 2012/13
 - issuing 97 per cent of the projected 434 385 machine readable passports for live capture processes within 13 days in 2012/13
 - issuing 95 per cent of the projected 1 105 800 first issue identity document within 54 days in 2012/13
 - issuing 95 per cent of the projected 1 197 950 reissue identity documents within 47 days in 2012/13.

Subprogrammes

- *Citizen Affairs Management* provides for the overall management of the branch for both head office and frontline offices and provides policy direction, sets standards and manages back office processes. This subprogramme had a staff complement of 14 and a total budget of R24.6 million in 2011/12, of which 61.1 per cent was used for goods and services and 38.9 per cent was used for compensation of employee. No savings in 2012/13 have been identified in the subprogramme.
- *Status Services* regulates all matters relating to the national population register. These include: maintaining an accurate register of all citizens and immigrants who have acquired the right to permanent residence; registering births, deaths and marriages; providing travel and citizenship documents; providing financial assistance to citizens abroad who wish to return to South Africa but have no means of doing so; and determining and granting citizenship. This subprogramme had a staff complement of 327 and a total budget of R408.8 million in 2011/12, of which 83.2 per cent was used for goods and services. In 2010/11, the department registered 1 276 992 births (early and late registration), 168 342 marriages (including civil, customary and civil union) and 585 561 deaths. No savings in 2012/13 have been identified in the subprogramme.
- *Identification Services* oversees issues relating to identity such as fingerprints, photographs and identity documents by establishing and maintaining national identity systems such as the automated fingerprint identification system. This subprogramme had a staff complement of 516 and a total budget of R249.6 million in 2011/12, of which 56.6 per cent was used for goods and services. In 2010/11, 2 216 652 identity documents were issued within 54 days, with a budget of R364.7 million. No savings in 2012/13 have been identified in the subprogramme.
- *Access to Services* provides for the development and facilitation of a strategic channel, which ensures the optimal placement and utilisation of the department's services. This is done by: developing, managing and coordinating the department's footprint strategy in relation to opening new department offices in line with

recommendations from the Human Sciences Research Council, deploying registration facilities at health facilities with maternity wards, scheduling mobile unit deployment in rural areas where the department does not have permanent offices, and managing the department's customer telephonic enquiries. The department has connected 235 health facilities to its system to provide facilities for registering births and is planning to increase the number hospitals over the MTEF period. There are 117 mobile units equipped with satellite dishes to connect to the department's systems. The mobile units are used to provide services to remote and rural areas. There are 410 service points, which include district and regional offices where the department provides its services. This subprogramme had a staff complement of 170 and a total budget of R116.5 million in 2011/12, of which 66.7 per cent was used for goods and services. No savings in 2012/13 have been identified in the subprogramme.

- *Service Delivery to Provinces* provides for all civic, immigration and refugee affairs functions in all provinces. This entails client interface for the collection and processing of applications, issuing enabling documents that are available on demand (for example, temporary identity certificates or temporary passports), and conducting quality assurance of permanent residence and citizenship applications. This subprogramme had a staff complement of 7 097 and a total budget of R1.5 billion in 2011/12, of which 90.9 per cent was used for compensation of employees. No savings in 2012/13 have been identified in the subprogramme.
- *Film and Publication Board* transfers funds to the Film and Publication Board, which regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications in terms of the Film and Publication Act (1996). This subprogramme had a total budget of R65.5 million in 2011/12, which was transferred in full to the Film and Publication Board.
- *Government Printing Works* transfers funds to Government Printing Works, which provides security printing services to the South African government and some states in the SADC. This subprogramme had a total budget of R129 million in 2011/12, which was transferred in full to the entity.
- *Electoral Commission* transfers funds to the Electoral Commission, which manages the national, provincial and municipal elections, ensures that those elections are free and fair, and declares the results within a prescribed period. This subprogramme had a total budget of R839.8 million in 2011/12, which was transferred in full to the Electoral Commission.

Expenditure estimates

Table 4.6 Citizen Affairs

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Citizen Affairs Management	27.4	16.3	14.5	24.6	32.8	25.3	26.8
Status Services	97.3	213.1	378.7	408.8	85.6	90.6	95.4
Identification Services	327.6	269.5	364.7	249.6	241.9	262.2	277.6
Access to Services	48.1	79.2	101.8	116.5	101.3	110.5	117.7
Service Delivery to Provinces	1 064.1	1 292.6	1 418.0	1 540.5	1 645.5	1 741.0	1 846.2
Film and Publication Board	33.5	39.8	56.2	65.5	69.4	73.0	77.4
Government Printing Works	137.4	334.8	97.2	129.0	135.2	142.5	-
Electoral Commission	1 039.4	937.2	1 437.9	839.8	756.2	1 449.4	1 534.0
Total	2 774.8	3 182.6	3 869.2	3 374.2	3 067.8	3 894.6	3 975.1
Change to 2011 Budget estimate				280.5	9.7	6.9	(143.2)
Economic classification							
Current payments	1 416.8	1 789.2	2 128.6	2 330.6	2 106.4	2 228.9	2 363.0
Compensation of employees	948.3	1 252.1	1 350.6	1 616.9	1 738.2	1 838.2	1 947.3
Goods and services	468.5	536.9	777.9	713.7	368.1	390.8	415.7
of which:							
Computer services	31.3	35.5	42.6	29.6	36.4	40.2	42.7
Lease payments	0.1	0.3	1.3	3.6	3.6	3.8	4.0
Property payments	9.6	3.4	10.3	1.8	1.8	1.9	2.0
Travel and subsistence	127.4	108.4	181.6	107.2	113.0	121.3	129.0
Interest and rent on land	-	0.2	-	-	-	-	-

Table 4.6 Citizen Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	1 219.4	1 317.6	1 599.8	1 034.9	961.5	1 665.6	1 612.1
Provinces and municipalities	–	0.3	0.3	0.7	0.6	0.7	0.7
Departmental agencies and accounts	1 210.3	1 311.9	1 591.4	1 034.2	960.8	1 665.0	1 611.4
Households	9.0	5.5	8.1	–	–	–	–
Payments for capital assets	138.6	75.8	140.8	8.7	–	–	–
Machinery and equipment	60.8	64.2	96.4	5.6	–	–	–
Software and other intangible assets	77.8	11.6	44.4	3.1	–	–	–
Total	2 774.8	3 182.6	3 869.2	3 374.2	3 067.8	3 894.6	3 975.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 210.3	1 311.9	1 591.4	1 034.2	960.8	1 665.0	1 611.4
Film and Publication Board	33.5	39.8	56.2	65.5	69.4	73.0	77.4
Government Printing Works	137.4	334.8	97.2	129.0	135.2	142.5	–
Electoral Commission	1 039.4	937.2	1 437.9	839.8	756.2	1 449.4	1 534.0
Households							
Social benefits							
Current	9.0	5.4	8.1	–	–	–	–
Employee Social Benefits	9.0	5.4	8.1	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	0.3	0.3	0.7	0.6	0.7	0.7
Vehicle licences	–	0.3	0.3	0.7	0.6	0.7	0.7

Expenditure trends

Expenditure increased from R2.8 billion in 2008/09 to R3.4 billion in 2011/12, at an average annual rate of 6.7 per cent, due to growth in compensation of employees and the implementation of the turnaround project in the department. The main reason for the increase was the programme budget restructure, which resulted in transfer payments previously made in the *Transfers to Agencies* programme, which has since been discontinued, being shifted to this programme. Expenditure is expected to increase to R4 billion over the medium term, at an average annual rate of 5.6 per cent, mainly as a result of additional allocations made to the Electoral Commission for the national general election in 2014. This is also reflected in the 73.3 per cent increase in expenditure on transfers to departmental agencies and accounts in 2013/14.

In 2011/12, 95 per cent of machine readable passports (manual process) were issued within 24 days. Using funds allocated over the medium term, the department aims to maintain this rate of delivery.

Expenditure on consultant services decreased from R4.6 million in 2008/09 to R602 000 in 2011/12, at an average annual rate of 49.4 per cent, mainly due to the completion of the turnaround project in the department. Over the medium term, expenditure on consultants is expected to increase to R671 000, at an average annual rate of 3.7 per cent. The programme uses the services of consultants as and when they are required to provide specialised services such as conducting customer satisfaction surveys.

Programme 3: Immigration Affairs

Objectives and measures

- Maintain the standard of service delivery for enabling documents while improving on the percentages of applications processed within a specified period by:
 - issuing permanent residence permits within 8 months: increasing from 75 per cent in 2012/13 to 95 per cent in 2014/15
 - issuing temporary residence permits (work, business, corporate) within 8 weeks: increasing from 75 per cent in 2012/13 to 95 per cent in 2014/15.

Subprogrammes

- *Immigration Affairs Management* provides for the overall management of the branch and provides policy direction, sets standards and manages back office processes. This subprogramme had a staff complement of 22 and a total budget of R60.9 million in 2011/12, of which 64.3 per cent was used for compensation of employees. No savings in 2012/13 have been identified in the subprogramme.
- *Admission Services* controls visas, the admission of travellers at ports of entry, the processing of applications for permanent and temporary residence permits and work, study and other temporary permits. This subprogramme had a staff complement of 520 and a total budget of R170.1 million, of which 63.8 per cent was used for compensation of employees. No savings in 2012/13 have been identified in the subprogramme.
- *Immigration Services* deals with immigration matters in foreign countries; detects, detains and deports illegal immigrants in terms of the Immigration Act (2002); and provides policy directives on immigration matters. This subprogramme had a staff complement of 157 and a total budget of R288.7 million in 2011/12, of which 57.1 per cent was used for goods and services. No savings in 2012/13 have been identified in the subprogramme.
- *Asylum Seekers* considers and processes refugee asylum cases in line with the Refugees Act (1998) by processing applications for and issuing sections 22 and 24 (refugee status) permits, refugee identity documents and refugee travel documents; refers appeals to the Refugee Appeal Board, refers cases rejected as manifestly unfounded, abusive or fraudulent to the Standing Committee for Refugee Affairs; and hands over unsuccessful applicants to immigration control for deportation. This subprogramme had a staff complement of 74 and a total budget of R59.1 million in 2011/12, of which 70 per cent was used for goods and services. No savings in 2012/13 have been identified in the subprogramme.

Expenditure estimates

Table 4.7 Immigration Affairs

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Immigration Affairs Management	72.6	59.9	54.7	60.9	31.6	34.7	36.5
Admission Services	83.9	183.3	292.7	170.1	175.5	185.0	192.3
Immigration Services	298.0	218.5	562.8	288.7	288.3	312.6	331.2
Asylum Seekers	84.6	52.4	50.1	59.1	58.9	64.1	67.9
Total	539.0	514.1	960.3	578.8	554.4	596.5	627.9
Change to 2011 Budget estimate				(8.8)	42.6	56.4	56.7
Economic classification							
Current payments	498.4	465.1	926.8	578.5	554.1	596.2	627.5
Compensation of employees	167.2	157.1	460.0	289.2	280.4	296.5	312.9
Goods and services	331.2	308.0	466.8	289.3	273.6	299.7	314.7
<i>of which:</i>							
Computer services	42.8	18.1	30.0	62.2	59.3	62.8	63.6
Lease payments	1.3	10.2	12.4	0.2	0.2	0.2	0.2
Property payments	3.3	0.6	0.5	–	–	–	–
Travel and subsistence	42.5	76.8	202.0	19.6	18.6	20.6	21.8
Transfers and subsidies	0.2	0.5	0.2	0.3	0.3	0.3	0.3
Households	0.2	0.5	0.2	0.3	0.3	0.3	0.3

Table 4.7 Immigration Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Payments for capital assets	40.4	48.5	33.3	–	–	–	–
Machinery and equipment	40.4	9.1	24.2	–	–	–	–
Software and other intangible assets	–	39.4	9.1	–	–	–	–
Total	539.0	514.1	960.3	578.8	554.4	596.5	627.9
Details of selected transfers and subsidies							
Households							
Social benefits							
Current	0.2	0.5	0.1	0.3	0.3	0.3	0.3
Employee social benefits	0.2	0.5	0.1	0.3	0.3	0.3	0.3

Expenditure trends

Expenditure increased from R539 million in 2008/09 to R578.8 million in 2011/12, at an average annual rate of 2.4 per cent, mainly due to higher accommodation and transport costs for detaining and deporting illegal immigrants, and for the annual transaction fees paid to the service provider for data on passenger information obtained from the advance passenger processing system under the *Admission Services* and *Immigration Services* subprogrammes.

Over the MTEF period, expenditure is expected to increase to R627.9 million, at an average annual rate of 2.8 per cent, mainly due to the maintenance of the advance passenger processing system and the focus on improving conditions of service under the *Admission Services* and *Immigration Services* subprogrammes.

Between 2008/09 and 2011/12, the number of illegal foreigners deported per year decreased from 261 950 to 70 000, due to the special dispensation for Zimbabwean nationals, and the suspension of the deportation of Zimbabweans between May 2009 and April 2010. Using funds allocated over the medium term, the department aims to increase this from 75 000 to 85 000 by 2014/15. Expenditure on consultants increased from R3.2 million in 2008/09 to R3.6 million in 2011/12, at an average annual rate of 48.6 per cent, mainly due to their use in the turnaround process in the department, and is expected to increase to R4 million over the medium term, at an average annual rate of 3.7 per cent over the medium term.

The department uses the services of consultants in this programme on a needs basis to provide specialised services such as language interpretation for refugees who are not English speakers.

Public entities and other agencies

Government Printing Works

Overview: 2008/09 – 2014/15

Government Printing Works provides security printing services to the South African government and some states in the SADC region. It was converted to a full government component in terms of the Public Service Act (1999) in 2009, enabling it to start operating on sound business principles.

The entity's main strategic objective is to establish itself as the security printer of choice in the SADC region by assisting its customers to effectively combat the complex problems of identity theft and document fraud. In support of this objective, three key strategic priorities have been identified for the medium term: replacing machinery and equipment; acquiring a new production facility and office accommodation; and developing a business and marketing strategy.

As the complexity of requirements related to the manufacturing of travel and other related face value documents increases, the associated demand for sophisticated production equipment also grows. Before 2008, the entity was not able to fully recapitalise its machinery and equipment due to the lack of funding and a comprehensive

equipment replacement strategy. As a result, its production plant consisted mainly of outdated technology and obsolete and outdated equipment, which lacked the capacity to produce modern security documents.

To address this matter, the government printer adopted an asset modernisation programme in 2008/09, to replace its obsolete and outdated equipment with modern technology capable of producing security printed matter that meets the standards as determined by the International Civil Aviation Organisation and other related international bodies. The first equipment, purchased in August 2008 was a state of the art passport machine at a cost of R450 million. The replacement programme is part of a long term strategic plan.

In 2008, the entity was allocated the Government Garage premises in Pretoria to develop as a security printing facility and related office accommodation. One of the buildings, pavilion one, was completed in 2010 and provides accommodation for the new passport machine, which is about 100m in length. Pavilion two, which will provide office accommodation for support staff, was scheduled for completion in January 2012. The remainder of the building's refurbishment is planned for completion by the end of 2014.

Attaining its strategic objective of becoming the security printer of choice in the SADC region requires the government printer to implement a marketing and business operations improvement strategy to penetrate the African market. To support this objective and to grow its customer base to match the increased production capacity, the entity formalised a marketing component as part of its organisational structure. Implementation of the recapitalisation programme will equip the entity with capacity to produce modern high security documents. The entity's proposed modernisation programme will result in the development of high speed production equipment and the mechanisation of existing manual processes. The strategy will build capacity in the existing establishment to increase its output, thus becoming competitive and more cost efficient.

Performance

Between 2008/09 and 2010/11, the entity achieved 100 per cent (2 527) of the annual estimated number of editions of government and provincial gazettes published per year. In the same period, the organisation managed to achieve 100 per cent of the annual estimated 1 million new passports printed per year. With respect to identity documents, 98 per cent of the estimated target of 2.5 million of new identity documents printed per year was achieved. The entity was also able to reduce the number of days to recover outstanding debt per year from 125 days in 2008/09 to 60 days in 2010/11. This achievement has significantly boosted revenue, which increased from R519.7 million in 2008/09 to R707.2 million in 2010/11.

Selected performance indicators

Table 4.8 Government Printing Works

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of editions of government and provincial gazettes published per year	Printing gazettes	2 520	2 772	2 290	2 300	2 300	2 300	2 400
Number of new passports printed per year	Printing of security documents	1 298 394	832 262	866 500	898 000	943 000	850 000	750 000
Number of new identity documents printed per year	Printing of security documents	2 579 660	2 430 000	2 544 000	2 671 000	2 804 000	3 000 000	3 500 000
Number of days to recover outstanding debt	Financial management	125	63	60	60	60	60	60

Programmes/ activities/ objectives

Table 4.9 Government Printing Works

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Printing gazettes	28.9	33.5	34.1	37.0	38.7	40.7	42.7
Printing of security identity documents	21.1	48.8	20.9	21.8	22.9	24.0	25.2
Printing of passports	26.4	109.8	282.7	370.8	438.9	435.6	456.7
Printing of security papers	185.7	198.7	109.2	111.0	120.0	93.5	98.0
Printing of other forms/documents	87.8	72.5	73.0	74.0	82.8	76.0	79.7
Other objectives	154.6	143.0	82.2	51.1	92.3	168.9	177.1
Total expense	504.4	606.3	602.1	665.7	795.6	838.7	879.3

Government Printing Works had a total budget of R665.7 million in 2011/12, of which 55.7 per cent was used for printing of passports.

Savings and cost effectiveness measures

As a result of completing phase one of the construction programme at the new site, the new South African passport is presently manufactured and personalised in a one step operation under one roof, which resulted in improved security and cost savings to the department. This also allowed the department to substantially improve its service delivery as the new facility personalises passports with a turnaround time of 24 hours.

Another driver of cost saving emanated from the commissioning of a new full colour web press, which will be used for the in-house production of security documents, such as immigration control forms, visas and vehicle licence forms. These are presently procured from the private sector at an estimated R75 million per year.

A finance and supply chain management unit was created when the entity became a government component. The unit will look into initiatives aimed at revenue growth, cash management and increasing productivity levels.

In light of the above, the entity will no longer receive transfer payments from the department for the equipment and machinery replacement programme. The entity will instead use its own funds for the programme. R151.7 million from transfer payments in 2014/15 has been returned to the National Revenue Fund.

Expenditure estimates

Table 4.10 Government Printing Works

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	358.8	643.9	756.1	604.0	679.5	721.1	915.4
Sale of goods and services other than capital assets	349.9	639.0	753.4	602.0	679.4	721.0	915.3
<i>of which:</i>							
Administration fees	0.2	–	–	–	–	–	–
Printing and publications	349.6	639.0	753.4	602.0	679.4	721.0	915.3
Other non-tax revenue	8.9	4.9	2.7	2.0	0.1	0.1	0.1
Transfers received	160.9	55.4	60.8	194.4	233.3	261.3	135.4
Total revenue	519.7	699.3	816.9	798.4	912.8	982.4	1 050.8
Expenses							
Current expenses	504.4	606.3	602.1	665.7	795.6	838.7	879.3
Compensation of employees	42.0	44.9	49.3	60.1	82.1	100.6	105.5
Goods and services	436.2	499.3	484.3	528.3	595.2	594.0	609.4
Depreciation	26.2	62.1	68.5	77.3	118.3	144.2	164.4
Total expenses	504.4	606.3	602.1	665.7	795.6	838.7	879.3
Surplus / (Deficit)	15.2	93.0	214.8	133.0	117.0	144.0	171.0
Statement of financial position							
Carrying value of assets	348.7	359.4	395.0	452.8	755.6	835.7	987.7
<i>of which: Acquisition of assets</i>	322.0	72.9	104.2	135.0	421.2	224.3	316.5
Inventory	124.2	160.4	120.9	131.3	212.2	275.2	323.3
Receivables and prepayments	139.5	152.6	212.0	150.8	173.4	178.1	202.8
Cash and cash equivalents	103.3	390.9	645.5	805.1	525.1	547.6	358.3
Total assets	715.6	1 063.3	1 373.4	1 539.9	1 666.4	1 836.6	1 872.1
Accumulated surplus / (deficit)	–	–	–	816.6	933.9	1 077.6	1 249.0
Capital and reserves	376.1	469.1	683.9	–	–	–	–
Deferred income	223.7	506.8	543.3	606.8	643.9	667.6	532.2
Trade and other payables	113.9	85.3	144.0	113.5	85.8	88.7	79.9
Provisions	2.0	2.1	2.2	3.0	2.7	2.7	11.0
Total equity and liabilities	715.6	1 063.3	1 373.4	1 539.9	1 666.4	1 836.6	1 872.1

Expenditure trends

To enable the entity to implement its key strategic objectives, spending over the MTEF period will remain focused on accelerating the asset replacement programme and the development of the entity's new production facility.

The entity generates revenue mainly from manufacturing security printed matter such as examination papers, identity documents and passports, and from manufacturing non-security documents such as statistical reports, annual reports, brochures and standard office stationery. Revenue increased from R519.7 million in 2008/09 to R798.4 million in 2011/12, at an average annual rate of 15.4 per cent, mainly due to the commissioning of the new production facility and equipment. Revenue is expected to increase to R1.1 billion in 2014/15, at an average annual rate of 9.6 per cent, due to increases in production capacity.

Expenditure increased from R504.4 million in 2008/09 to R665.7 million in 2011/12, at an average annual rate of 9.7 per cent, driven by the increase in raw materials needed for the new South African passport as well as the increase in depreciation costs due to the asset recapitalisation during this period. Over the medium term, expenditure is expected to increase to R879.3 million, at an average annual rate of 9.7 per cent. The key cost drivers behind the trend are raw materials, personnel expenditure and depreciation.

The entity is in the process of establishing a security printing division at its premises in Pretoria. Pavilion one of the facilities was completed in 2010 and pavilion two is due to be completed in January 2012. The remaining phases of the building's construction are scheduled for completion in 2014/15. In addition to the commissioning of a web fed printing press at a cost of R48 million, the entity acquired a new multi-unit sheet fed printing press at a cost of R45 million, which will be commissioned in January 2012. This new printing press has the capacity to produce modern security features such as rainbow images and see-through patterns, which are required for high security printing applications. In 2011/12, the entity initiated tender processes to acquire other items of machinery and equipment for both the Bosman Street and Visagie Street premises in Pretoria.

Personnel information

Table 4.11 Government Printing Works

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	1	1	1	1	–	1	1	1
Senior management	39	39	33	7	7	6	6	39	39	39
Middle management	59	59	37	24	26	25	22	53	54	55
Professionals	55	55	21	130	138	57	34	55	60	62
Skilled	230	230	31	–	–	201	199	218	214	212
Semi-skilled	284	284	44	315	320	206	240	276	250	240
Very low skilled	23	23	9	20	17	14	14	14	14	14
Total	691	691	176	497	509	510	515	656	632	623
Compensation (R thousand)				42 015	44 923	49 252	60 103	82 068	100 584	105 509
Unit cost (R thousand)				85	88	97	117	125	159	169

1. As at 30 September 2011.

As at the 30 September 2011, the entity had a total establishment of 691 posts, of which 515 were filled and 176 were vacant. The vacancies were mainly for skilled artisans. The entity spent about 12 per cent of its total budget on compensation of employees. A current challenge is attracting and retaining suitably qualified artisans.

Electoral Commission

Overview: 2008/09 – 2014/15

The Electoral Commission is a chapter 9 constitutional institution reporting directly to Parliament. It was established in terms of the Electoral Commission Act (1996), which sets out the composition, powers, functions and duties of the Electoral Commission. In line with its mandate, the Electoral Commission manages the national, provincial and municipal elections, ensures that those elections are free and fair, and declares the

results within a prescribed period. The legislation required by the Constitution to manage national and provincial elections is found in the Electoral Act (1998).

The commission's five strategic goals are: promoting the principles of peaceful, free and fair elections; improving organisational efficiency and effectiveness; managing free and fair elections; strengthening electoral democracy through education for public participation; and supporting the commission's core business.

The following significant changes to policy or practice might influence the operations of the Electoral Commission over the medium term: it is expected that when Statistics South Africa releases the results of Census 2011, some alignments with the voting station network may have to be undertaken; and owing to the ongoing advances in technology, the commission has undertaken research to establish what the implications of e-voting on the commission are likely to be.

The commission aims to entrench itself as the focal point in delivering free and fair, cost effective elections. In achieving this overarching objective, five strategic goals linked to the following five programmes have been developed: commission services, which facilitates interaction and liaison with organisations, institutions and governments nationally and internationally to promote the acceptance of and adherence to democratic electoral principles; office of the chief electoral officer, which monitors the implementation of and adherence to the commission's strategic priorities and organisational policies; electoral operations, which is responsible for the delimitation of boundaries, maintenance of the national voters roll and the planning and the coordination of activities during electoral events; outreach, which informs and educates the public on democracy and electoral processes, and manages the commission's communication activities; and corporate services, which provides enabling business processes and systems in respect of financial management, information and communication technology, human resources management, facilities management and legal services to support the commission's core business.

There is an increasing trend towards the administration of legislative elections other than those specified in the Electoral Commission Act (1996), which the commission is often called to undertake from time to time. The commission's role in these elections is under consideration.

Performance

Between 2008/09 and 2010/11, the commission achieved 99 per cent (15) of the estimated number of liaisons with election management bodies per year. The target of 100 per cent was not met as a result of postponements of conferences by election management bodies. In the same period, the commission was able to achieve 100 per cent (23 million) of the projected number of registered voters per year. In 2010, the commission developed and implemented a monitoring and evaluation system aimed at assessing the impact of voter education on the participation in elections by the general public. During the 2011 municipal elections, an illustrated voter education booklet was developed and made available in 4 categories and in 35 different versions, the main booklet in 11 languages, a large font booklet for visually impaired persons in 11 languages, plain language for low literacy levels in 11 languages, a Braille version and a digital version.

The higher than projected voter turnout of 57.6 per cent, as opposed to the projected 45 per cent, for the 2011 local government election can be largely attributed to the success of the intensified voter and democracy education programmes. Another factor in achieving a higher than anticipated voter turnout was the effectiveness of the commission's external communication strategies.

Selected performance indicators

Table 4.12 Electoral Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of interactions with international stakeholders	Commission services	14	19	19	14	12	10	10
Number of updates of the national voters' roll per year	Electoral operations	12 (Registered voters 22 000 000)	12 (Registered voters 23 181 997)	12 (Registered voters 23 599 273)	12 (Registered voters 23 655 046)	12 (Registered voters 22 852 715)	12 (Registered voters 23 932 715)	12 (Registered voters 23 512 715)

Table 4.12 Electoral Commission (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Proportion of registered voters who cast their vote (baseline: 89% in 1999)	Electoral operations	–	65%	–	57.6%	–	–	70%
Number of party liaison interventions per year	Electoral operations	1 482	1 234	2 517	1 234	1 234	2 517	1 992
Number of voting stations used per year	Electoral operations	20 000 (Registrations)	20 000 (Elections)	20 868 (Registrations)	20 868 (Elections)	–	22 000 (Registrations)	22 000 (Elections)
Number of schools used as voting stations for full scale elections (at least 60%)	Electoral operations	11 868 (60.16%)	–	13 200 (63.25%)	13 200 (63.25%)	–	14 080 (64%)	14 080 (64%)
Number of voter education events per year	Outreach	3 034	3 124	3 218	3 314	992	1 190	1 190

Programmes/ activities/ objectives

Table 4.13 Electoral Commission

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Commission services	2.3	2.9	2.8	6.8	6.0	3.1	4.7
Office of the CEO, including internal audit	12.7	9.2	9.6	9.9	11.1	11.9	13.1
Electoral operations: Consisting of delimitation, voting, counting and results; voters roll, registration, candidate nomination and party liaison; logistics; and infrastructure	240.3	345.3	319.2	587.4	158.7	491.9	692.4
Outreach: Consisting of civic and democracy education; research; and communication	161.4	63.0	169.0	101.6	64.6	245.1	136.5
Corporate services: Consisting of human resources management; ICT; financial management, facilities management and legal services	510.6	533.0	640.1	655.4	577.4	712.4	738.2
Total expense	927.3	953.4	1 140.6	1 361.0	817.7	1 464.4	1 584.9

The Electoral Commission had a total budget of R1.4 billion in 2011/12, of which 48.2 per cent was used for corporate services which include human resource management, ICT, Financial management facilities, management and legal services.

Savings and cost effectiveness measures

The commission has introduced a number of cost saving measures to reduce expenditure and ensure proper budget management practices without compromising the integrity of electoral processes. These measures were necessitated due to the cuts made in the baseline amounts over the medium term. Furthermore, a rigorous exercise to reprioritise expenditure was embarked on to fund underfunded projects as a result of the commission's revised strategic priorities in preparation of the 2015 national and provincial elections. Expenditure relating to travel, workshops, catering, promotional items, hiring of temporary staff and professional services are the main areas where strict controls have been introduced. The commission expects to achieve a saving of R30 million in 2011/12. The following are additional savings identified over the medium term as a result of the measures implemented: R4.2 million in 2012/13, R11.5 million in 2013/14 and R14.5 million in 2014/15.

Expenditure estimates

Table 4.14 Electoral Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	28.2	24.6	23.6	21.4	15.0	15.0	15.0
<i>Other non-tax revenue</i>	28.2	24.6	23.6	21.4	15.0	15.0	15.0
Transfers received	1 039.4	937.2	1 437.9	839.8	756.2	1 449.4	1 534.0
Total revenue	1 067.6	961.8	1 461.6	861.2	771.2	1 464.4	1 549.0
Expenses							
Current expenses	927.3	953.4	1 140.6	1 361.0	817.7	1 464.4	1 584.9
Compensation of employees	275.1	304.3	421.4	417.5	336.0	434.2	446.2
Goods and services	616.6	605.5	671.0	887.0	422.4	978.8	1 083.6
Depreciation	35.4	43.2	47.9	56.5	59.3	51.5	55.1
Interest, dividends and rent on land	0.2	0.5	0.4	–	–	–	–
Total expenses	927.3	953.4	1 140.6	1 361.0	817.7	1 464.4	1 584.9
Surplus / (Deficit)	140.3	8.4	320.9	(500.0)	(47.0)	–	(36.0)
Statement of financial position							
Carrying value of assets	305.3	274.6	339.9	309.8	263.3	263.3	224.7
<i>of which: Acquisition of assets</i>	235.4	16.0	119.6	26.4	12.8	51.5	16.5
Inventory	54.8	9.1	27.7	15.0	15.0	21.0	10.0
Receivables and prepayments	11.0	18.2	18.9	9.8	9.8	9.8	9.8
Cash and cash equivalents	237.3	228.6	562.6	38.0	32.5	123.0	49.8
Non-current assets held for sale	1.1	2.6	0.2	–	–	–	–
Total assets	609.5	533.1	949.3	372.5	320.5	417.1	294.2
Accumulated surplus / (deficit)	476.6	485.0	805.9	306.1	259.6	259.6	223.8
Finance lease	2.1	3.4	10.4	10.2	10.2	10.2	10.2
Deferred income	0.0	0.6	0.3	0.3	0.3	0.3	0.3
Trade and other payables	130.1	42.4	132.7	55.9	50.5	147.0	60.0
Provisions	0.8	1.7	–	–	–	–	–
Total equity and liabilities	609.5	533.1	949.3	372.5	320.5	417.1	294.2

Expenditure trends

Spending over the medium term will focus on the 2014 national and provincial elections and the two main registration drives that will be conducted in 2014/15 in preparation for these elections.

The commission is funded mainly through a transfer from the Department of Home Affairs. It also generates non-tax revenue from various sources including sponsorships, political party registration fees and interest received. The increases in transfers received and non-tax revenue are mainly driven by the electoral cycle, peaking during the preparations for an election and then decreasing to fund regular activities in non-election cycles.

Expenditure increased from R927.3 million in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 13.6 per cent. The growth in expenditure was to cater for national and provincial elections in 2009 and two main registration drives for the local government elections in 2011. Over the medium term, expenditure is expected to increase to R1.6 billion in 2014/15, at an average annual rate of 5.2 per cent due to the preparations for the 2014 national elections. During this period, civic and democracy education activities and long term influences such as permanent staff costs and administrative overheads play a major role in expenditure.

The main cost drivers during registration and election periods are linked to the Electoral Commission's main performance indicators. These are: the approximately 260 000 staff appointed to work at the 22 000 voting stations; the intensive training programmes which electoral staff have to undergo in order to protect the credibility and integrity of electoral processes; voter and civic democracy education programmes; the procurement of the electoral bill of material, which includes ballot papers, ballot boxes and stationery used at voting stations; extensive communication programmes via various media platforms; the updating of the electoral

systems databases in line with election specific requirements; and the updating and rolling out of the commission's IT infrastructure.

Personnel information

Table 4.15 Electoral Commission

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of Vacant Posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	5	5	–	5	5	5	5	5	5	5
Executive management	4	4	1	4	4	4	4	4	4	4
Senior management	16	15	2	15	15	13	16	16	16	16
Middle management	133	114	22	101	109	110	133	133	133	133
Professionals	196	183	17	171	172	180	196	196	196	196
Skilled	437	431	12	358	408	423	437	437	437	437
Semi-skilled	29	27	2	18	21	23	29	29	29	29
Very low skilled	55	55	–	–	–	56	55	55	55	55
Total	875	834	56	672	734	814	875	875	875	875
Compensation (R thousand)				275 051	304 271	421 374	417 480	336 036	434 150	446 208
Unit cost (R thousand)				409	415	518	477	384	496	510

1. As at 30 September 2011.

As at the 30 September 2011, the commission had a total establishment of 875 posts, of which 834 were filled. Subsequent to the outcome of a Commission of Conciliation, Mediation and Arbitration case, the commission approved 65 additional posts for cleaners in the 2011/12 with the understanding that once these positions become vacant, they should be phased out. Of the 65 posts, 55 are currently filled and part of the establishment. There are 56 vacancies, most of which are support staff, including ICT staff. The number of filled posts expected increased by 47 in 2011/12 to improve overall efficiency in the leading up to the first two main registration periods in 2013/14 and 2014/15 for the 2014 national election. The ratio of support staff to line staff is currently 1:6.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Film and Publication Board** regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications. The board is also responsible for monitoring age restricted business premises for compliance with their licence and registration terms.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2010/11	2012/13
R million								
Departmental infrastructure								
Sebokeng	Construction of new office building for the Department of Home Affairs	Construction	10.0	-	2.1	1.7	-	-
Phuthaditjaba	Construction of new office building for the Department of Home Affairs	Construction	25.4	-	5.4	0.9	7.9	0.1
Taung	Construction of new office building for the Department of Home Affairs	Design	19.1	-	2.7	-	11.0	4.9
Hluhluwe	Construction of new office building for the Department of Home Affairs	Feasibility	12.1	-	-	-	0.5	-
Stanger	Construction of new office building for the Department of Home Affairs	Feasibility	11.9	-	-	-	0.5	-
Lusikisiki	Demolishing of old prison and construction of new office building for the Department of Home Affairs	Various	25.6	-	-	0.8	3.8	5.0
Randfontein	Demolishing of old commando and construction of new office building for the Department of Home Affairs	Various	22.4	-	-	-	0.5	5.0
Marabastad	Construction of ablution block and shelter	Various	4.9	-	-	-	0.5	-
Repair and maintenance programme group 1	Renovations, repairs and maintenance of home affairs buildings to make them habitable	Handed over	32.5	12.3	8.7	11.6	-	-
Repair and maintenance programme group 2	Renovations, repairs and maintenance of home affairs buildings to make them habitable	Handed over	53.1	35.4	5.0	12.7	-	-
Repair and upgrade 2011	Renovations, repairs and maintenance of home affairs buildings to make them habitable	Various	30.1	-	-	11.6	4.7	-
Repair and upgrade 2012	Renovations, repairs and maintenance of home affairs buildings to make them habitable	Identification	45.4	-	-	-	11.3	31.2
Look and feel	Renovations/cosmetic changes in home affairs offices in waiting areas. Replacement of flooring, painting, installation of signage, blinds, new service counters and supply of terminal seats for members of the public. This is a once off project per financial year	Various	17.5	-	-	19.3	12.0	12.0
Other capital works projects	Installation of Gensets and uninterrupted power supply. Electrical engineering and related services	Various	11.5	-	-	3.7	2.2	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million Backlog repairs at home affairs offices	Buildings repaired in terms of the Occupational Health and Safety Act (1993)	Handed over	30.9	18.9	12.0	-	-	-	-	
Department of Home Affairs office expansion plan	In collaboration with Government Communication and Information System and South African social security agencies, the department will participate in the Thusong service centre initiative. Approximately 77 offices of the 172 new proposed offices will be catered for under this initiative	Handed over	15.7	-	15.7	-	-	-	-	
Maintenance										
Planned maintenance	Upgrading of home affairs facilities such as painting and new flooring	Handed over	33.9	1.4	4.5	5.0	2.0	3.0	3.0	3.0
Maintenance	Installation of Gensets, earthwire and related services	Various	3.9	-	-	-	3.7	0.2	-	-
Total			559.9	68.0	56.1	67.2	59.9	58.1	61.3	65.5

Vote 5

International Relations and Cooperation

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 265	1 058	–	208	1 313	1 388
International Relations and Cooperation	2 803	2 764	–	39	3 095	3 276
Public Diplomacy and Protocol Services	223	223	–	0	239	252
International Transfers	826	–	826	–	874	923
Total expenditure estimates	5 117	4 044	826	247	5 521	5 839

Executive authority

Minister of International Relations and Cooperation

Accounting officer

Director General of International Relations and Cooperation

Website address

www.dirco.gov.za

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

Aim

Formulate, 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: International Relations and Cooperation

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 Services

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: 2008/09 – 2014/15

The mandate of the Department of International Relations and Cooperation is to formulate, coordinate, manage and implement South Africa's foreign policy objectives by: conducting state to state relations; monitoring developments in the international environment; communicating government's policy positions; developing and advising government on policy options; creating mechanisms and avenues for achieving objectives; promoting South Africa's sovereignty and territorial integrity; assisting South African citizens abroad; and assisting partner departments in managing complex international dynamics and situations.

Outcomes based performance

In terms of the national outcomes framework, the department contributes to creating a better South Africa, and to a better and safer Africa and a better world (outcome 11). The department gives effect to this through the following outputs: enhancing the African Agenda and sustainable development; working towards reformed global governance and peace and security institutions; enhancing the integration of the Southern African Development Community (SADC); and enhancing trade, investment and tourism between South Africa and its trade partners.

South Africa maintains diplomatic relations with countries and organisations through 124 missions in 107 countries abroad, and through the accreditation of more than 160 countries and organisations resident in South Africa. The department intends tabling a new bill to repeal the African Renaissance Fund and establish a new fund, the Partnership Fund for Development. This will enhance the fund's operations and also substantially improve the governance of the fund.

Strategic priorities

The department's key priorities include: enhancing the African agenda and sustainable development, through key vehicles such as the New Partnership for Africa's Development (NEPAD) and the African Renaissance and International Cooperation Fund; strengthening political and economic integration of the SADC; strengthening South-South relations; strengthening relations with strategic formations of the North; participating in the global system of governance to promote global security, sustainable development, human rights and international law through its participation in international forums, notably the United Nations (UN) system and its specialised agencies, funds and programmes; and strengthening political and economic relations through the utilisation of structured bilateral mechanisms and high level engagements to reinforce and expand cooperation in the political, economic, and social and security spheres.

The department will continue to participate in the global system of governance to enhance international responsiveness to the needs of developing countries and Africa in particular through a reformed and strengthened rules based multilateral system. These include participation in reforming the UN General Assembly in the final year of South Africa's non-permanent seat to the UN Security Council.

Focus over the medium term

The main objective over the medium term is to ensure that South Africa's foreign relations contribute to an environment that is conducive to sustainable economic growth and development, and serve as a basis for addressing government's identified urgent priorities as stated in the medium term strategic framework.

Partnerships with countries of the South continue to be critical in advancing not only South Africa's own development needs but also that of Africa to create political, economic and social convergence for the fight against poverty, under-development and the marginalisation of the South.

The department will promote the strengthening of South-South cooperation and support the agendas of the South through forums such as the Brazil-Russia-India-China-South Africa forum, the India-Brazil-South Africa Dialogue Forum, the New Africa-Asia Strategic Partnership, the Forum for China-Africa Cooperation, the Indian Ocean Rim Association for Regional Cooperation, the India-Africa forum, the Non-Aligned Movement, G77 and other South-South forums.

The South African Council on International Relations, which was approved by Cabinet in 2011, provides a consultative platform for engaging non-state players in South Africa's international relations.

Selected performance indicators

Table 5.1 International Relations and Cooperation

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of diplomatic missions abroad	International Relations and Cooperation	123	124	124	124	124	124	124
Africa	International Relations and Cooperation	46	46	47	47	47	47	47
Asia and the Middle East	International Relations and Cooperation	33	32	32	32	32	32	32
Americas and the Caribbean	International Relations and Cooperation	18	18	18	18	18	18	18
Europe	International Relations and Cooperation	27	28	28	28	28	28	28
Number of bilateral agreements signed with foreign countries	International Relations and Cooperation	59	65	73	75	81	87	87
Number of countries assisted with post-conflict reconstruction and development per year	International Relations and Cooperation	12	5	4	3	4	3	3
Number of countries assisted with democratic election processes per year	International Relations and Cooperation	4	4	2	3	4	5	5
Number of incoming and outgoing visits facilitated per year	Public Diplomacy and Protocol Services	333	350	250	320	310	330	330
Number of people facilitated through the VIP lounges at international airports (OR Tambo International and Cape Town International) per year	Public Diplomacy and Protocol Services	25 178	26 780	26,500	23 100	23 150	22 500	22,500
Number of international conferences hosted by South Africa per year	Public Diplomacy and Protocol Services	5	4	2	3	2	2	2
Number of foreign representatives in South Africa per year	Public Diplomacy and Protocol Services	285	286	309	309	309	309	309

Expenditure estimates

Table 5.2 International Relations and Cooperation

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	1 638.4	1 180.2	1 058.0	1 239.4	1 239.4	1 265.3	1 313.0	1 387.7
International Relations and Cooperation	2 652.8	2 869.2	2 401.3	2 609.7	2 609.7	2 802.6	3 095.4	3 276.4
Public Diplomacy and Protocol Services	152.6	252.9	203.0	494.4	494.4	223.1	238.7	252.5
International Transfers	1 028.4	1 115.2	754.9	809.9	809.9	825.6	873.9	922.8
Total	5 472.3	5 417.4	4 417.2	5 153.4	5 153.4	5 116.6	5 521.0	5 839.4
Change to 2011 Budget estimate				356.6	356.6	(38.3)	(48.3)	(52.9)

Table 5.2 International Relations and Cooperation (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	3 318.3	3 748.0	3 502.6	4 147.0	4 147.0	4 044.1	4 401.0	4 656.9
Compensation of employees	1 683.4	1 833.3	1 791.4	1 843.6	1 769.1	1 851.5	2 063.7	2 172.3
Goods and services	1 634.1	1 875.9	1 601.1	2 192.9	2 267.4	2 072.6	2 210.7	2 350.4
<i>of which:</i>								
Lease payments	554.0	867.6	555.2	803.3	803.3	730.4	805.1	854.5
Property payments	156.5	225.9	110.7	187.9	190.8	184.1	197.9	216.1
Travel and subsistence	256.6	255.3	261.0	351.4	369.1	269.6	263.1	271.4
Operating expenditure	120.9	98.9	115.0	92.1	92.1	214.1	229.8	252.4
Interest and rent on land	0.8	38.8	110.1	110.6	110.6	120.0	126.6	134.2
Transfers and subsidies	1 077.6	1 171.9	798.5	809.9	809.9	825.6	873.9	922.8
Provinces and municipalities	16.3	23.6	24.2	–	–	–	–	–
Departmental agencies and accounts	698.9	631.4	401.0	450.4	450.4	445.0	476.9	502.0
Foreign governments and international organisations	329.4	483.8	353.9	359.6	359.6	380.6	397.0	420.8
Public corporations and private enterprises	16.6	16.4	1.4	–	–	–	–	–
Non-profit institutions	1.1	–	–	–	–	–	–	–
Households	15.3	16.8	18.0	–	–	–	–	–
Payments for capital assets	1 043.2	340.4	92.5	196.5	196.5	247.0	246.1	259.7
Buildings and other fixed structures	926.7	165.3	70.1	161.4	161.4	207.7	203.6	214.7
Machinery and equipment	81.5	90.7	22.5	35.0	35.0	39.3	42.4	45.0
Land and sub-soil assets	35.0	83.9	–	–	–	–	–	–
Software and other intangible assets	–	0.5	–	–	–	–	–	–
Payments for financial assets	33.1	157.2	23.6	–	–	–	–	–
Total	5 472.3	5 417.4	4 417.2	5 153.4	5 153.4	5 116.6	5 521.0	5 839.4

Expenditure trends

The spending focus over the MTEF period will be on sustaining economic and political relations; participating in the global governance forums, including serving as the president of the 17th conference of the parties to the UN Framework Convention on Climate Change (COP17) in the implementation of the Durban outcome and as a non-permanent member of the UN Security Council; and supporting the development of the African continent and the regional integration of the SADC by establishing the South African Development Partnership Agency.

In continuing to drive the African Agenda, development will be promoted through disbursing development funding, contributing to post-conflict resolutions and strengthening political and economic integration under the *International Relations and Cooperation* programme.

Expenditure declined from R5.5 billion in 2008/09 to R5.2 billion in 2011/12, at an average rate of 2 per cent, mainly due to cost saving measures and underspending on infrastructure capital spending. Expenditure in 2011/12 included R200 million allocated for the hosting of COP17.

Over the medium term, expenditure is expected to increase to R5.8 billion, at an average annual rate of 4.3 per cent, due to inflation related adjustments across all programmes and unitary fees for the head office campus building. More than R315 million of this increase provides for inflation related adjustments to spending on compensation of employees, including foreign exchange rate fluctuations. R74.7 million of the increase provides for inflation related adjustments to accommodation lease commitments. Expenditure cuts of R20.3 million in 2012/13, R18.3 million in 2013/14 and R23 million in 2014/15 have been effected from the *International Transfers* programme for the recapitalisation of the African Renaissance Fund over the medium term. The cut will not affect the fund's operations.

The department uses consultancy services in the provision of ICT maintenance and support for the global ICT network, property portfolio management, and training. Expenditure on consultants increases from R15.7 million

in 2012/13 to R16.4 million in 2014/15. Consultants are mainly used to conduct feasibility studies for infrastructure projects.

Infrastructure spending

Spending on infrastructure decreased from R926.6 million in 2008/09 to R191.1 million in 2011/12 due to the completion of the construction of the head office building in 2009.

The spending focus over the MTEF period will be on the completion of renovation of capital projects. R206.9 million in 2012/13, R202.9 million in 2013/14 and R213.9 million in 2014/15 has been budgeted for infrastructure. Of the total infrastructure budget, R121 million has been budgeted for the refurbishment of the Washington chancery and R38.6 million for the refurbishment of the official residence in Tokyo, both of which are scheduled to be completed in 2013/14. The balance will be used as start-up capital for new projects, which will be funded through an alternative funding model that the department is currently investigating. R110 million in 2012/13, R115 million in 2013/14 and R123 million in 2014/15 have been reprioritised from payments for capital assets to fund departmental operations, mainly for foreign mission operational costs.

Personnel information

Table 5.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	5 211	5 115	110	4 668	4 624	4 671	4 675	5 211	5 211	5 211
Salary level 1 – 6	519	496	69	502	494	422	410	519	519	519
Salary level 7 – 10	3 957	3 898	12	3 561	3 489	3 562	3 640	3 957	3 957	3 957
Salary level 11 – 12	451	441	12	364	388	416	378	451	451	451
Salary level 13 – 16	284	280	17	241	253	271	247	284	284	284
Administration	1 086	1 083	110	920	942	998	995	1 086	1 086	1 086
Salary level 1 – 6	346	346	69	386	381	315	309	346	346	346
Salary level 7 – 10	559	559	12	389	411	513	515	559	559	559
Salary level 11 – 12	121	121	12	96	99	110	108	121	121	121
Salary level 13 – 16	60	57	17	49	51	60	63	60	60	60
International Relations and Cooperation	3 677	3 646	–	3 498	3 416	3 392	3 394	3 677	3 677	3 677
Salary level 1 – 6	62	61	–	59	57	51	49	62	62	62
Salary level 7 – 10	3 129	3 109	–	3 021	2 914	2 870	2 934	3 129	3 129	3 129
Salary level 11 – 12	283	274	–	238	256	273	240	283	283	283
Salary level 13 – 16	203	202	–	180	189	198	171	203	203	203
Public Diplomacy and Protocol Services	448	386	–	250	266	281	286	448	448	448
Salary level 1 – 6	111	89	–	57	56	56	52	111	111	111
Salary level 7 – 10	269	230	–	151	164	179	191	269	269	269
Salary level 11 – 12	47	46	–	30	33	33	30	47	47	47
Salary level 13 – 16	21	21	–	12	13	13	13	21	21	21

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an approved establishment of 5 211 posts, including the cadets and learnership programme. 2 240 of the posts were filled by staff recruited from the countries in which the department's diplomatic missions are located.

The number of filled posts within the establishment grew from 4 668 in 2008/09 to 4 675 in 2011/12. Over the MTEF period, filled posts are expected to increase to 5 211 due to the staggered approach that the department has adopted, based on available resources and office space. There were 440 vacancies as at 30 September 2011, 332 of which were in levels 1-10 and 42 on levels 11-16. The department is currently conducting a review of its structure to align these with the additional mandate it is expected to deliver on. The department plans to fill the existing vacancies over the MTEF period. Expenditure on consultants declines to R9.9 million in 2012/13.

The ratio of support staff to line function was 1:4.

Departmental receipts

Table 5.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15
Departmental receipts	43 607	23 170	38 817	22 884	22 884	24 090	25 346	26 616
Sales of goods and services produced by department	521	562	–	436	436	541	568	596
Sales by market establishments	521	562	–	147	147	238	250	262
<i>of which:</i>								
<i>Parking fees</i>	521	562	–	147	147	238	250	262
<i>Administration fees</i>	–	–	–	289	289	303	318	334
<i>of which:</i>								
<i>Insurance fees</i>	–	–	–	43	43	45	47	49
<i>Garnishee fees</i>	–	–	–	246	246	258	271	285
Sales of scrap, waste, arms and other used current goods	34 580	431	1 215	112	112	117	122	128
<i>of which:</i>								
<i>Sales of scrap</i>	34 580	431	1 215	112	112	117	122	128
Interest, dividends and rent on land	5 565	894	198	4 445	4 445	4 667	4 900	5 145
Interest	5 565	894	198	730	730	767	805	845
Rent on land	–	–	–	3 715	3 715	3 900	4 095	4 300
Sales of capital assets	2 242	2 540	8 170	3 596	3 596	3 756	3 997	4 197
Transactions in financial assets and liabilities	699	18 743	29 234	14 295	14 295	15 009	15 759	16 550
Total	43 607	23 170	38 817	22 884	22 884	24 090	25 346	26 616

Departmental receipts are generated from: interest earned from mission bank accounts; rent on state owned property; refunds received through value added tax returns from missions related purchases of previous financial years; foreign exchange rate gains; and proceeds of asset disposals such as redundant furniture and fixtures. Revenue decreased from R43.6 million in 2008/09 to R22.9 million in 2011/12, at an average annual rate of 19.3 per cent, due to once-off disposals of assets during the department's relocation from the seven buildings to the new head office campus. Over the medium term, revenue is expected to increase to R26.6 million, at an average annual rate of 5.2 per cent, due to constant increases in interest income.

Programme 1: Administration

Expenditure estimates

Table 5.5 Administration

Subprogramme	Audited outcome			Adjusted Appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	4.3	3.5	4.0	5.1	5.3	5.6	6.0
Management	68.8	71.3	81.0	155.6	97.3	104.6	111.5
Corporate Services	545.3	579.0	601.6	538.5	605.2	631.3	666.4
Diplomatic Academy	–	52.3	66.4	69.0	83.8	87.1	91.5
Foreign and Domestic Properties Management	959.3	338.4	70.2	191.1	207.0	202.9	214.0
Office Accommodation	60.7	135.8	234.8	280.0	266.7	281.5	298.4
Total	1 638.4	1 180.2	1 058.0	1 239.4	1 265.3	1 313.0	1 387.7
Change to 2011 Budget estimate				(6.1)	(112.3)	(122.1)	(133.5)

Table 5.5 Administration (continued)

R million	Audited outcome			Adjusted Appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	642.0	757.4	968.2	1 078.4	1 057.6	1 109.4	1 173.0
Compensation of employees	197.9	237.2	263.6	311.1	343.6	353.2	364.3
Goods and services	443.3	481.4	594.6	656.8	594.1	629.6	674.4
<i>of which:</i>							
Lease payments	102.1	98.4	91.6	159.8	95.4	100.3	106.3
Property payments	17.9	88.0	11.6	19.9	21.6	22.9	24.2
Travel and subsistence	69.0	62.9	90.4	109.4	35.5	37.1	39.3
Operating expenditure	58.1	46.8	83.9	56.4	89.5	94.9	109.4
Interest and rent on land	0.8	38.8	110.1	110.6	120.0	126.6	134.2
Transfers and subsidies	1.1	-	10.7	-	-	-	-
Non-profit institutions	1.1	-	-	-	-	-	-
Households	-	-	10.7	-	-	-	-
Payments for capital assets	994.3	283.2	79.0	160.9	207.7	203.6	214.8
Buildings and other fixed structures	926.7	165.3	71.4	160.9	207.7	203.6	214.7
Machinery and equipment	32.6	33.6	7.7	-	0.0	-	0.0
Land and sub-soil assets	35.0	83.9	0.0	-	-	-	-
Software and other intangible assets	-	0.5	-	-	-	-	-
Payments for financial assets	1.1	139.5	-	-	-	-	-
Total	1 638.4	1 180.2	1 058.0	1 239.4	1 265.3	1 313.0	1 387.7

Details of selected transfers and subsidies

Non-profit institutions							
Current	1.1	-	-	-	-	-	-
Non-profit institution	1.1	-	-	-	-	-	-
Households							
Social benefits							
Current	-	-	10.7	-	-	-	-
Household	-	-	10.7	-	-	-	-

Expenditure trends

Expenditure decreased from R1.6 billion in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 8.9 per cent. A decline of R458.2 million in 2009/10 partly represents the early works agreement for the construction of the head office campus. The decline in 2011/12 is also attributable to cost saving measures and a reprioritisation of funds from payments for capital assets to fund foreign mission operations and a once-off allocation of R14.7 million in 2011 to cover additional expenditure incurred as a result of a mediation process.

Over the medium term, spending is expected to increase to R1.4 billion, at an average annual rate of 3.8 per cent, due to inflation related adjustments to compensation of employees. The infrastructure capital projects mainly under the *Foreign and Domestic Properties Management* subprogramme is projected to decline, due to alternative funding models that the department is exploring. R110 million in 2012/13, R115 million in 2013/14 and R123 million in 2014/15 have been reprioritised to fund foreign mission departmental operations.

R24.8 million is allocated for consultants between 2012/13 and 2014/15. Consultants are used mainly to conduct feasibility studies for infrastructure projects, ICT services and training services.

Programme 2: International Relations and Cooperation

Objectives and measures

- Strengthen the African Union (AU) and its structures by:
 - providing financial and technical support for operationalising the African Court of Justice and AU financial institutions by 2012/13
 - providing ongoing 100 per cent financial support for the operations of the Pan African Parliament in terms of the country host agreement.
- Contribute to the political and economic integration of African regions by supporting the implementation of the outcomes of the tripartite summit (the Common Market for Eastern and Southern Africa, the East African Community and the SADC) on establishing a free trade area between the summit countries by January 2013.
- Improve governance and capacity in the SADC secretariat on an ongoing basis by implementing the secretariat's job evaluation plan and assisting with the recruitment process over the MTEF period.
- Contribute towards NEPAD's process for socioeconomic development in Africa by participating in the African Peer Review Mechanism and submitting the African Peer Review Mechanism country report when required.
- Strengthen bilateral, trilateral and multilateral interest and relations within the India-Brazil-South Africa Dialogue Forum through continuous active participation in forum structures.
- Strengthen political solidarity, economic cooperation and socio-cultural relations with Asian countries by participating in New Asian-African Strategic Partnership structures over the MTEF period.
- Strengthen North-South economic and political relations and cooperation to advance the African Agenda by engaging in the G8 annually, and at the Tokyo international conference on African development in 2013.

Subprogrammes

- *Bilateral Relations Management* is a management component at head office that provides strategic policy direction in the implementation of South Africa's foreign policy through diplomatic missions abroad. This subprogramme had a staff complement of 584 and a total budget of R307.3 million in 2011/12, of which 64.8 per cent was used for compensation of employees. In 2011/12, COP17 was successfully hosted in Durban, at a cost of R200 million. No savings in 2012/13 have been identified in this subprogramme.
- *Diplomatic Representation* implements foreign policy and oversees the activities of all South African missions worldwide. This subprogramme had a staff complement of 720 and a total budget of R2.3 billion in 2011/12, of which 47.9 per cent was used for compensation of employees. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 5.6 International Relations and Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Bilateral Relations Management	400.4	471.9	368.0	307.3	303.2	315.6	334.5
Diplomatic Representation	2 252.4	2 397.3	2 033.3	2 302.3	2 499.4	2 779.8	2 941.9
Total	2 652.8	2 869.2	2 401.3	2 609.7	2 802.6	3 095.4	3 276.4
Change to 2011 Budget estimate				79.8	98.1	91.7	103.7

Table 5.6 International Relations and Cooperation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	2 541.6	2 790.2	2 354.9	2 576.3	2 763.7	3 053.4	3 231.9
Compensation of employees	1 424.2	1 523.3	1 439.9	1 334.2	1 393.1	1 584.9	1 675.4
Goods and services	1 117.4	1 266.9	915.0	1 242.1	1 370.6	1 468.5	1 556.5
<i>of which:</i>							
Lease payments	448.8	765.2	461.7	640.9	632.6	702.3	745.6
Property payments	138.5	137.9	99.1	140.0	138.7	150.9	166.3
Travel and subsistence	147.0	135.9	110.7	158.2	184.6	174.6	177.5
Operating expenditure	55.5	35.9	29.6	34.4	122.7	132.5	140.5
Transfers and subsidies	31.9	33.1	8.6	-	-	-	-
Public corporations and private enterprises	16.6	16.4	1.4	-	-	-	-
Households	15.3	16.8	7.2	-	-	-	-
Payments for capital assets	47.3	28.3	14.1	33.3	38.9	42.0	44.5
Buildings and other fixed structures	-	-	(0.1)	0.5	-	-	-
Machinery and equipment	47.3	28.3	14.2	32.8	38.9	42.0	44.5
Payments for financial assets	32.1	17.7	23.6	-	-	-	-
Total	2 652.8	2 869.2	2 401.3	2 609.7	2 802.6	3 095.4	3 276.4

Details of selected transfers and subsidies

Households							
Social benefits							
Current	15.3	16.8	6.4	-	-	-	-
Employee social benefits	15.3	16.8	6.4	-	-	-	-
Households							
Other transfers to households							
Capital	-	-	0.8	-	-	-	-
Household	-	-	0.8	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	16.6	16.4	-	-	-	-	-
Public corporations and private enterprises	16.6	16.4	-	-	-	-	-
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	-	-	1.4	-	-	-	-
Other transfers to public enterprises	-	-	1.4	-	-	-	-

Expenditure trends

Expenditure decreased marginally from R2.7 billion in 2008/09 to R2.6 billion in 2011/12, at an average annual rate of 0.5 per cent, due to cost saving measures that the department implemented in 2011/12 on the following services: communication, catering, venues and facilities and travel. Over the medium term, expenditure is expected to increase to R3.3 billion, at an average annual rate of 7.9 per cent, due to cost of living and inflation related adjustments on obligatory expenses such as foreign allowance and accommodation leases. The budget allocation over the MTEF period will enable the department to advance the African Agenda, the agenda of the South and the reform of global governance, and the promotion of South Africa national priorities in multilateral forums and groupings of the South and bilateral structures such as bi-national commissions, joint commissions

and other similar mechanisms. The number of bilateral agreements signed with foreign countries increased from 59 in 2008/09 to 65 in 2009/10 and 73 in 2010/11. This is expected to increase from 75 in 2011/12 to 81 in 2012/13 and to remain constant at 87 in the two outer years. Expenditure on these decreased from R400.4 million in 2008/09 to R307.3 million in 2011/12, at an average annual rate of 8.4 percent, and is expected to increase from R307.3 million in 2011/12 to R334.5 million in 2014/15, at an average annual rate of 2.9 per cent.

R31.5 million is allocated for consultancy services between 2012/13 and 2014/15. Consultants are used mainly for translation services.

Programme 3: Public Diplomacy and Protocol Services

Objectives and measures

- Provide ongoing logistical, media and communication support to the ministry through daily updates to missions abroad and through international and local media briefings, conferences and interviews within 10 days of an event.
- Facilitate incoming and outgoing visits by providing protocol and diplomacy services in terms of service delivery standards adopted for the hosting of international conferences and summits, including the NEPAD heads of state implementation committee and the annual AU foreign ministers meeting.

Subprogrammes

- *Public Diplomacy* provides communication and marketing services to the department in the execution of South Africa's international relations and cooperation through an integrated, proactive and target driven public diplomacy and public participation strategy. In executing its functions, the department liaises with the media, engages with national stakeholders, and promotes South Africa's policies and programmes both nationally and internationally. This subprogramme had a staff complement of 105 and a total budget of R53.7 million in 2011/12, of which 60 per cent was used for compensation of employees. In 2011/12, the department's public diplomacy efforts were intensified through an increased number of media events, ministerial outreach programmes, the issuing of publications explaining South Africa's foreign policy positions and making use of social media. No savings in 2012/13 have been identified in this subprogramme.
- *Protocol* deals with protocol administration, protocol ceremonial services, state visits, diplomatic liaison, and intergovernmental or provincial protocol services, which renders support to the president, deputy president and ministers. This subprogramme had a staff complement of 343 and a total budget of R440.7 million, of which 48.6 per cent was used for compensation of employees. In 2011/12, the department facilitated the logistical arrangements of the invited heads of state and government, and imminent persons during COP17 in Durban, which received an allocation of R200 million. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 5.7 Public Diplomacy and Protocol Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Public Diplomacy	36.8	35.3	39.9	53.7	53.4	57.8	61.2
Protocol	115.9	217.6	163.1	440.7	169.8	180.9	191.2
Total	152.6	252.9	203.0	494.4	223.1	238.7	252.5
Change to 2011 Budget estimate				282.9	(5.4)	(1.4)	(2.0)

Table 5.7 Public Diplomacy and Protocol Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	134.7	200.4	179.4	492.2	222.8	238.2	252.0
Compensation of employees	61.3	72.7	87.9	198.3	114.8	125.6	132.5
Goods and services	73.4	127.7	91.5	294.0	108.0	112.6	119.5
<i>of which:</i>							
Lease payments	3.2	4.1	1.9	2.6	2.3	2.5	2.6
Property payments	0.0	–	0.0	28.0	23.7	24.1	25.5
Travel and subsistence	40.6	56.6	59.8	83.9	49.5	51.4	54.6
Operating expenditure	7.3	16.2	1.6	1.3	1.9	2.4	2.5
Transfers and subsidies	16.3	23.6	24.2	–	–	–	–
Provinces and municipalities	16.3	23.6	24.2	–	–	–	–
Households	–	–	0.1	–	–	–	–
Payments for capital assets	1.6	28.9	(0.6)	2.2	0.4	0.4	0.5
Buildings and other fixed structures	–	–	(1.2)	–	–	–	–
Machinery and equipment	1.6	28.9	0.6	2.2	0.4	0.4	0.5
Total	152.6	252.9	203.0	494.4	223.1	238.7	252.5

Details of selected transfers and subsidies

Households							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	16.3	23.6	24.2	–	–	–	–
Regional Services Council levies	16.3	23.6	24.2	–	–	–	–

Expenditure trends

Expenditure grew significantly from R152.6 million in 2008/09 to R494.4 million in 2011/12, at an average annual rate of 48 per cent, due to expenditure of R200 million for the hosting of COP17. The increase is also attributable to South Africa's participation in mediation and facilitation processes in the Middle East and North Africa. Over the medium term, expenditure is expected to decrease to R252.5 million, at an average annual rate of 20.1 per cent, due to the once off allocation of R200 million in 2011/12 for hosting COP17. The budget allocation over the MTEF period will enable the department to market and brand South Africa in international affairs and to fulfil its international obligations. The number of incoming and outgoing visits facilitated per year increased from 250 in 2010/11 to 320 in 2011/12. This increase was due to the successful hosting of the conference in December 2011. Over the MTEF period, the number of incoming and outgoing visits facilitated will increase to 330 in 2014/15.

R6.1 million is allocated for consultancy services between 2012/13 and 2014/15. Consultants are used mainly for the translation of marketing material and communication between foreign missions.

Programme 4: International Transfers

- *International Organisations* provides for South Africa's contribution to membership fees of international organisations such as the UN, AU and SADC. It also provides for transfers to the African Renaissance and International Cooperation Fund as contribution to its operations.

Expenditure estimates

Table 5.8 International Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
International Organisations	1 028.4	1 115.2	754.9	809.9	825.6	873.9	922.8
Total	1 028.4	1 115.2	754.9	809.9	825.6	873.9	922.8
Change to 2011 Budget estimate				–	(18.7)	(16.6)	(21.2)

Economic classification

Transfers and subsidies	1 028.4	1 115.2	754.9	809.9	825.6	873.9	922.8
Departmental agencies and accounts	698.9	631.4	401.0	450.4	445.0	476.9	502.0
Foreign governments and international organisations	329.4	483.8	353.9	359.6	380.6	397.0	420.8
Total	1 028.4	1 115.2	754.9	809.9	825.6	873.9	922.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	698.9	631.4	401.0	450.4	445.0	476.9	502.0
African Renaissance and International Cooperation Fund	698.9	631.4	401.0	450.4	445.0	476.9	502.0
Foreign governments and international organisations							
Current	329.4	483.8	353.9	359.6	380.6	397.0	420.8
African Union	118.5	219.0	116.7	128.9	137.4	144.5	153.2
Group of 77 Countries	0.1	0.1	0.1	0.1	0.1	0.1	0.1
India Brazil South Africa Trust Fund	7.4	7.7	8.3	7.6	8.1	8.5	9.0
New Partnership for Africa's Development	31.6	27.0	17.5	7.5	7.5	7.5	8.0
Organisation for Economic Co-operation and Development	0.2	0.4	–	0.2	0.2	0.2	0.3
Other international organisations	1.0	0.9	0.7	1.1	2.7	2.8	3.0
Gambian government: local office costs	0.2	–	–	–	–	–	–
United Nations Development Programme	5.2	3.9	4.7	5.6	5.6	5.6	5.9
African, Caribbean and Pacific Group of states	3.7	3.7	7.3	3.9	3.9	3.9	4.2
Commonwealth	17.7	7.5	5.4	9.4	9.4	9.4	10.0
Southern African Development Community	30.8	43.2	38.3	40.5	43.2	45.4	48.2
United Nations	79.4	124.2	118.4	117.7	125.5	132.0	139.9
United Nations Human Rights Council	0.3	–	0.2	0.3	0.3	0.3	0.4
Bacterial and Toxic Weapons Convention	0.5	0.1	0.0	0.5	0.5	0.5	0.5
Comprehensive Test Ban Treaty	5.5	2.9	2.4	6.0	6.0	6.0	6.4
Humanitarian aid	24.1	40.8	28.7	24.0	24.0	24.0	25.4
Indian Ocean Rim Research Centre	0.1	–	–	0.1	0.1	0.1	0.2
Perrez-Guerrero Trust Fund	0.1	0.1	0.1	0.1	0.1	0.1	0.1
South Centre Capital Fund	1.1	1.2	1.2	1.2	1.2	1.2	1.3
United Nations Development Programme in Southern Africa	1.1	1.1	1.2	1.2	1.2	1.2	1.2
United Nations technical cooperation	0.1	–	0.3	0.1	0.1	0.1	0.1
United Nations Voluntary Fund for Disability	0.1	–	–	0.1	0.1	0.1	0.1
United Nations Children's Fund	0.2	–	–	0.2	0.2	0.2	0.2
United Nations Convention on the Law of Sea	0.5	–	–	0.6	0.6	0.6	0.6
African Peer Review Mechanism	–	–	2.5	2.5	2.5	2.5	2.7

Expenditure trends

Expenditure decreased from R1 billion in 2008/09 to R809.9 million in 2011/12, at an average annual rate of 7.7 per cent, due to foreign exchange rate fluctuations and the reduction in the recapitalisation of the African Renaissance Fund. Over the medium term, expenditure is expected to increase to R922.8 million, at an average annual rate of 4.4 per cent, mainly due to inflationary increases. As a result, transfers to foreign governments and international organisations are expected to increase from R359.6 million in 2011/12 to R420.8 million in 2014/15, at an average annual rate of 5.4 per cent.

Public entities and other agencies

African Renaissance and International Cooperation Fund

The African Renaissance and International Cooperation Fund was established in terms of the African Renaissance and International Cooperation Fund Act (2000). The vision of the fund is to promote an African continent that is democratic, non-racial, non-sexist, conflict free and development oriented. The fund promotes economic cooperation between South Africa and other African countries by funding a range of projects.

In promoting democracy and good governance, the fund provides financial support for elections, institutional restructuring and government reform in identified African countries. The fund also supports initiatives that enable partner countries to promote justice, human rights and respect for international law.

The fund supports educational programmes, human resources development and management training, and offers student bursaries. It also provides for the facilitation of cooperation agreements between South Africa and identified African governments in pursuit of the creation of better African relations in areas such as agricultural support, medical services, infrastructure development and post-conflict resolution. Examples include the supplying of seeds and fertilisers to Zimbabwe for agricultural support, humanitarian assistance to Somalia in the wake of the famine there and the rise project in Guinea Conakry.

In line with its aim of contributing to the wellbeing and needs of women and children in relation to food and nutrition, health, water and sanitation, from time to time the fund identifies projects for providing humanitarian assistance and disaster relief.

Over the medium term, the fund will support projects that contribute to South Africa's foreign policy priority as stated in the medium term strategic framework, particularly on the consolidation of the African Agenda.

Selected performance indicators

Table 5.9 African Renaissance and International Cooperation Fund

Indicator	Programme/Activity/Objective/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of funds approved for promoting democracy and good governance per year	Other projects	3 600	393 611	141 000	110 380	86 000	91 000	96 400
Value of funds approved for the prevention and resolution of conflicts per year	African Monitor	10 000	100 742	90 072	80 000	110 149	118 559	124 487
Value of funds approved for humanitarian assistance and disaster relief per year	African Monitor	300 000	10 000	10 000	15 000	15 000	15 000	15 000
Value of funds approved for cooperation between South Africa and other countries per year	Zimbabwe projects	42 000	72 018	70 000	130 000	134 738	144 479	151 963
Value of funds approved for human resources development per year	Africa's Musical Instruments International Vocational Innovation Centre	20 000	25 000	80 000	54 990	49 095	55 404	58 174
Value of funds approved for socioeconomic development and integration per year	African Monitor	100 000	30 000	10 000	60 000	50 000	52 500	55 125

Programmes/activities/objectives

Table 5.10 African Renaissance and International Cooperation Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Maloti-Drakenstein transfrontier	-	-	60.0	-	-	-	-
Zimbabwe projects	313.5	300.0	-	-	-	-	-
African Monitor	-	-	-	25.0	30.0	45.0	47.7
Africa's Musical Instruments International Vocational Innovation Centre	-	-	50.0	75.0	75.5	40.5	42.9
Pan African Women's Organisation	-	-	60.0	160.0	195.0	220.0	233.2
Sudan elections	-	-	4.0	-	-	-	-
Other projects	-	-	227.1	190.4	144.5	171.4	178.1
Other objectives	162.1	31.0	-	-	-	-	-
Total expense	475.6	331.0	401.1	450.4	445.0	476.9	502.0

The African Renaissance and International Cooperation Fund had a total budget of R450.4 million in 2011/12, of which 35.5 per cent was used for the Pan African Women Organisation project.

Savings and cost effectiveness measures

R20.3 million in 2012/13, R18.3 million in 2013/14 and R23 million in 2014/15 have been effected as expenditure cuts.

Expenditure estimates

Table 5.11 African Renaissance and International Cooperation Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	46.2	33.9	60.8	65.5	68.8	72.2	76.5
<i>Other non-tax revenue</i>	46.2	33.9	60.8	65.5	68.8	72.2	76.5
Transfers received	698.9	631.4	401.1	450.4	445.0	476.9	502.0
Total revenue	745.1	665.3	461.8	515.9	513.8	549.2	578.5
Expenses							
Transfers and subsidies	475.6	331.0	401.1	450.4	445.0	476.9	502.0
Total expenses	475.6	331.0	401.1	450.4	445.0	476.9	502.0
Surplus / (Deficit)	269.5	334.3	60.8	65.0	69.0	72.0	77.0
Statement of financial position							
<i>of which:</i>							
Receivables and prepayments	41.3	44.3	70.6	70.6	70.6	70.6	70.6
Cash and cash equivalents	698.7	1 032.0	1 430.8	1 496.3	1 565.1	1 637.3	1 713.8
Total assets	740.0	1 076.3	1 501.4	1 566.9	1 635.7	1 707.9	1 784.5
Accumulated surplus/(deficit)	297.9	598.2	1 056.0	1 121.5	1 190.3	1 262.5	1 339.1
Trade and other payables	442.1	478.1	445.4	445.4	445.4	445.4	445.4
Total equity and liabilities	740.0	1 076.3	1 501.4	1 566.9	1 635.7	1 707.9	1 784.5

Expenditure trends

The spending focus over the medium term will be on projects relating to promoting peace and stability in Africa, reconstruction and development, and support for urgent humanitarian needs, specifically the Pan African Women's Organisation and African Monitor projects. This will help to promote democracy, good governance and the prevention and resolution of conflict.

The main source of funding for the fund is a transfer payment from the Department of International Relations and Cooperation and interest income from bank deposits with the Corporation for Public Deposits in the South African Reserve Bank. Transfers received decreased from R698.9 million in 2008/09 to R450.4 million in 2011/12, at an average annual rate of 13.6 per cent, due to a once off allocation of R300 million for Zimbabwean projects. Over the medium term, transfers received are expected to increase to R502 million, at an average annual rate of 3.7 per cent, for normal projects of the fund.

Between 2008/09 and 2011/12, expenditure decreased from R475.6 million to R450.4 million, at an average annual rate of 1.8 per cent. This was due to the saving that was identified in 2010/11 year, due to the slow spending on African Renaissance Fund. Over the medium term, expenditure is expected to increase to R502 million, at an average annual rate of 3.7 per cent, due to inflationary adjustments.

Personnel information

The fund's activities are administered and managed by the advisory committee. In its current format, the fund does not have any personnel and the allocation is earmarked for the funding of projects. The fund is completely supported and administered by the department.

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Gaborone: Construction of official residence	Functional and effective official residence	Feasibility	21.0	1.4	3.5	-	-	-	-	-
Beijing: Property acquisition	Functional and effective office accommodation	Identification	125.0	-	-	-	-	-	-	-
Mumbai: Property acquisition	Functional and effective office accommodation	Identification	105.0	-	-	-	-	-	-	-
Nairobi: Property acquisition	Functional and effective office accommodation	Identification	70.0	-	-	-	-	-	-	-
Cairo: Property acquisition	Functional and effective office accommodation	Identification	45.0	-	-	-	-	-	-	-
London: Property acquisition of 100 year lease for the chancery	Functional and effective office accommodation	Identification	100.0	-	-	-	-	-	-	-
London: Refurbishment of official residence	Refurbishment of infrastructure	Tender	48.0	-	-	-	49.9	-	0.5	-
Washington: Refurbishment of chancery	Refurbishment of infrastructure	Construction	153.0	59.4	79.2	41.0	51.6	106.1	15.0	-
Juba: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	91.9	-	-	-	0.1	-	6.3	33.8
Copenhagen: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Feasibility	35.0	-	-	-	1.2	5.0	23.0	6.0
Paris: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Tender	75.0	-	-	-	0.9	0.8	1.0	36.6
The Hague: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Feasibility	132.0	-	-	-	5.2	21.0	65.0	41.9
Brasilia: Refurbishment of chancery and staff housing	Refurbishment of infrastructure	Feasibility	20.0	-	-	-	0.3	3.0	16.8	-
Madrid: Refurbishment of chancery and official residence	Refurbishment of infrastructure	Feasibility	11.5	-	-	-	1.5	-	-	10.0
Sao Paulo: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	7.5	-	-	-	-	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2010/11	2012/13
R million								
Departmental infrastructure								
Tokyo: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	42.0	-	-	1.2	38.6	-
Rome: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	4.7	-	-	0.1	4.7	-
London: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	100.0	-	-	-	-	-
Kinshasa: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	20.0	-	-	-	-	0.5
New York: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	5.0	-	-	-	-	-
Buenos Aires: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	25.0	-	-	-	-	-
Harare: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	10.0	-	-	-	-	0.5
Maputo: Refurbishment of chancery, official residence and staff housing	Refurbishment of infrastructure	Feasibility	50.0	-	-	-	-	0.5
Lisbon: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	15.0	-	-	-	-	-
Tehran: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	2.5	-	-	-	-	-
Brasilia: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	2.5	-	-	-	-	-
Oslo: Refurbishment of chancery	Functional and effective office accommodation	Identification	-	-	-	0.1	-	-
Vienna: Refurbishment of chancery	Refurbishment of infrastructure	Feasibility	10.0	-	-	-	-	-
Abuja: Construction of chancery and official residence	Functional and effective office accommodation and official residence	Handed over	0.1	26.1	42.6	19.4	-	-
Pan African Parliament	Functional and effective office accommodation and Parliament	Feasibility	-	48.0	-	30.0	-	-
Maseru	Functional and effective office accommodation	Identification	105.2	46.4	-	1.4	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome				Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental infrastructure											
Tokyo: Refurbishment of official residence	Refurbishment of infrastructure	Feasibility	–	–	–	–	16.9	–	–	–	
Refurbishment at various missions	Refurbishment of infrastructure	Various	60.2	40.6	6.0	55.4	18.0	–	–	–	
Total			3 460.7	926.6	165.3	267.9	191.1	207.0	202.9	214.0	

Vote 6

Performance Monitoring and Evaluation

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	59.8	46.3	–	13.5	66.7	68.7
Outcomes Monitoring and Evaluation	37.5	37.5	–	–	44.9	49.0
Monitoring and Evaluation Systems Coordination and Support	19.0	19.0	–	–	20.6	21.8
Public Sector Oversight	57.8	57.8	–	–	61.3	65.0
Total expenditure estimates	174.2	160.7	–	13.5	193.4	204.5

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

Accounting officer Director General of Performance Monitoring and Evaluation

Website address www.thepresidency-dpme.gov.za

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

Aim

Improve government service delivery through performance monitoring and evaluation.

Programme purposes

Programme 1: Administration

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

Programme 2: Outcomes Monitoring and Evaluation

Purpose: Advance the strategic agenda of government through the development and implementation of the outcomes approach, monitoring and reporting on progress and evaluating impact.

Programme 3: Monitoring and Evaluation Systems Coordination and Support

Purpose: Coordinate and support an integrated government wide performance monitoring and evaluation system through policy development, capacity building and improving data quality and analysis.

Programme 4: Public Sector Oversight

Purpose: Conduct institutional performance monitoring and frontline service delivery monitoring.

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Performance Monitoring and Evaluation is to: facilitate the development of delivery agreements for the cross-cutting priorities or outcomes of government, and monitor and evaluate the implementation of these delivery agreements; monitor the performance of individual national and provincial government departments and municipalities; monitor frontline service delivery; manage the presidential hotline;

carry out evaluations; promote good monitoring and evaluation practices in government; and provide support to delivery institutions to address blockages in delivery.

In 2010/11, the department facilitated the conclusion of 12 delivery agreements based on the performance agreements signed between the president and Cabinet ministers in April 2010. The new programme of action was developed and implemented to support ongoing reporting on and monitoring of progress against outputs data and targets contained in the 12 delivery agreements. The review of government data architecture is ongoing and the department continues to interact with other departments and entities to facilitate improved data quality and standards to support government wide monitoring and evaluation.

Medium term priorities

Over the medium term, the department will focus on the following priorities: monitoring and evaluating the implementation of the delivery agreements; implementing the national evaluation policy framework and developing evaluation practice notes to enhance monitoring and evaluation standards and capacity in government; supporting departments to carry out evaluations; implementing performance assessments of individual departments and municipalities; developing and implementing a range of mechanisms for monitoring the quality of frontline service delivery including site visits, citizen based monitoring and the management of the presidential hotline; reviewing the data architecture of government to facilitate its availability to inform policy and management decisions and assisting departments to analyse and use data to improve service delivery; and providing secretariat support and system support to the director general in the Presidency who, in collaboration with the Department of Public Service and Administration, manages the performance assessments of heads of departments.

To this end, the department will focus on the following key strategic outcome oriented objectives: advancing the strategic agenda of government through the development and implementation of the outcomes approach; monitoring and reporting on progress and evaluating impact; promoting monitoring and evaluation practice through a coordinated policy platform, quality capacity building and credible data systems; and conducting institutional performance monitoring and frontline service delivery monitoring.

The department is sufficiently funded from 2012/13 to address administrative requirements such as office space, furniture and ICT systems.

Selected performance indicators

Table 6.1 Performance Monitoring and Evaluation

Indicator	Programme	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of signed and reviewed delivery agreements per year	Outcomes Monitoring and Evaluation	–	–	12	12	12	12	12
Number of quarterly progress reports on monitoring and evaluation of strategic priorities per year	Outcomes Monitoring and Evaluation	–	–	–	24	48	48	48
Number of operational data forums per year for each of the outcomes to support data driven and evidence based monitoring and reporting	Monitoring and Evaluation Systems Coordination and Support	–	–	–	12	12	12	12
Number of institutional performance assessments carried out and reports issued per year	Public Sector Oversight	–	–	3 national departments (Pilot)	5 national departments, 20 provincial departments	All national and provincial departments	All national and provincial departments	All national and provincial departments
Number of service delivery monitoring visits conducted at national provincial and local government level and reports issued per year	Public Sector Oversight	–	–	–	60	80	100	120

1. As the department was promulgated with effect from 1 January 2010, performance information is only available from 2010/11.

Expenditure estimates

Table 6.2 Performance Monitoring and Evaluation

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	–	–	–	33.6	33.6	59.8	66.7	68.7
Outcomes Monitoring and Evaluation	–	–	–	24.7	24.7	37.5	44.9	49.0
Monitoring and Evaluation Systems	3.6	10.4	40.5	10.7	10.7	19.0	20.6	21.8
Coordination and Support	–	–	–	–	–	–	–	–
Public Sector Oversight	–	3.0	6.8	29.9	29.9	57.8	61.3	65.0
Total	3.6	13.4	47.3	98.9	98.9	174.2	193.4	204.5
Change to 2011 Budget estimate				23.2	23.2	33.1	33.0	–
Economic classification								
Current payments	3.6	11.8	40.2	95.8	95.8	160.7	179.9	192.8
Compensation of employees	2.6	6.2	26.1	55.1	55.1	93.1	99.6	106.4
Goods and services	0.9	5.6	14.1	40.8	40.8	67.5	80.3	86.5
<i>of which:</i>								
Communication	0.0	0.1	0.8	10.6	10.6	8.3	8.8	9.4
Computer services	–	0.2	5.7	10.1	10.1	20.9	22.2	23.5
Consultants and professional services:	–	3.0	1.5	4.7	4.7	12.2	17.6	20.0
Business and advisory services								
Travel and subsistence	0.1	0.3	1.9	5.2	5.2	8.4	8.9	9.4
Payments for capital assets	0.0	1.6	7.1	3.1	3.1	13.5	13.5	11.6
Machinery and equipment	0.0	1.6	7.1	2.5	2.5	11.0	11.5	9.6
Software and other intangible assets	–	–	–	0.6	0.6	2.5	2.0	2.0
Total	3.6	13.4	47.3	98.9	98.9	174.2	193.4	204.5

Expenditure trends

The spending focus over the MTEF period will be on outcomes monitoring and evaluation, and will be extended to include public sector oversight while the implementation of the delivery agreements remains among the department's primary objectives.

Expenditure increased from R3.6 million in 2008/09 to R98.9 million in 2011/12, at an average annual rate of 201.9 per cent, and is expected to increase to R204.5 million over the medium term, at an average annual rate of 27.4 per cent. The increase in both periods is due to additional allocations for the department's expanded mandate.

The department, which was a chief directorate within the policy coordination and advisory services unit in the Presidency until 31 March 2011, was not sufficiently funded in 2010/11 to deliver the full scope of outputs contained in its mandate and strategic objectives. The increases in budget allocations from 2012/13 address this funding gap. Expenditure in the *Public Sector Oversight* programme increases by R27.9 million in 2012/13, as a result of the department taking over the responsibility for the presidential hotline from the Presidency.

The 2012 Budget allocates additional funding over the medium term of R6.2 million for improved conditions of service and R62 million for the presidential hotline.

In addition, a Cabinet approved baseline cut was made of R1.8 million in 2012/13, R2.1 million in 2013/14 and R2.7 million in 2014/15, the details of which are discussed in the subprogrammes where applicable.

Expenditure on consultants is expected to increase from R4.7 million in 2011/12 to R20 million in 2014/15, at an average annual rate of 62.1 per cent. Consultants will be used to develop ICT systems, perform internal audit functions, support evaluations in the *Outcomes Monitoring and Evaluation* programme, and support institutional performance and frontline service delivery monitoring in the *Public Sector Oversight* programme.

Personnel information

Table 6.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	120	120	1	7	7	61	100	197	202	210
Salary level 1 – 6	18	18	–	–	–	4	15	25	27	27
Salary level 7 – 10	44	44	–	2	2	24	38	72	73	76
Salary level 11 – 12	24	24	–	2	2	11	21	57	58	61
Salary level 13 – 16	34	34	1	3	3	22	26	43	44	46
Administration	43	43	1	–	–	18	37	71	74	79
Salary level 1 – 6	15	15	–	–	–	4	14	21	23	23
Salary level 7 – 10	18	18	–	–	–	9	15	31	31	33
Salary level 11 – 12	5	5	–	–	–	2	5	10	10	11
Salary level 13 – 16	5	5	1	–	–	3	3	9	10	12
Outcomes Monitoring and Evaluation	31	31	–	–	–	19	25	40	40	41
Salary level 1 – 6	1	1	–	–	–	–	–	1	1	1
Salary level 7 – 10	8	8	–	–	–	5	8	9	9	9
Salary level 11 – 12	8	8	–	–	–	3	6	15	15	16
Salary level 13 – 16	14	14	–	–	–	11	11	15	15	15
Monitoring and Evaluation Systems Coordination and Support	33	33	–	7	7	21	26	28	28	29
Salary level 1 – 6	2	2	–	–	–	–	1	–	–	–
Salary level 7 – 10	15	15	–	2	2	9	13	10	10	10
Salary level 11 – 12	7	7	–	2	2	6	6	10	10	11
Salary level 13 – 16	9	9	–	3	3	6	6	8	8	8
Public Sector Oversight	13	13	–	–	–	3	12	58	60	61
Salary level 1 – 6	–	–	–	–	–	–	–	3	3	3
Salary level 7 – 10	3	3	–	–	–	1	2	22	23	24
Salary level 11 – 12	4	4	–	–	–	–	4	22	23	23
Salary level 13 – 16	6	6	–	–	–	2	6	11	11	11

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an approved establishment of 120 posts, 100 of which were filled and 20 were in the process of being filled. The transfer of the hotline function from the Presidency to the department on 1 October 2011 added 21 posts to the establishment bringing the total establishment to 141 posts. The number of filled posts increased from 7 in 2008/09 to 100 in 2011/12 and it is expected to increase to 210 over the medium term. The increases are the result of the department establishing itself and filling out its programme structure. The increases over the medium term are concentrated in the Outcomes Monitoring and Evaluation programme and the Public Sector Oversight programme due to the transfer of the presidential hotline and to implement institutional performance assessment and frontline service delivery monitoring projects. The ratio of support staff to line staff was 1:2.7, as at 30 September 2011.

Departmental receipts

Table 6.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	-	-	-	104	117	20	22	24
Sales of goods and services produced by department	-	-	-	4	4	20	22	24
Sales by market establishments	-	-	-	4	4	20	22	24
<i>of which:</i>								
Transport for employees to work	-	-	-	1	1	10	11	12
Parking fees	-	-	-	3	3	10	11	12
Transactions in financial assets and liabilities	-	-	-	100	113	-	-	-
Total	-	-	-	104	117	20	22	24

The department generates receipts from payments for parking and from the staff bus for the Presidency. Revenue collected in 2011/12 consisted of parking and bus fees as well as non-recurring revenue of R97 892 received from the Presidency for travel expenses refunded by a donor. Over the medium term, revenue is expected to decrease from R117 000 to R24 000, at an average annual rate of 41 per cent, due to the non-recurring amount received from the Presidency in 2011/12.

Programme 1: Administration

Expenditure estimates

Table 6.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Departmental Management	-	-	-	6.3	6.4	6.8	7.2
Corporate and Financial Services	-	-	-	12.5	20.6	26.8	29.2
Information Technology Support	-	-	-	11.0	27.6	27.5	26.4
Internal Audit	-	-	-	3.8	5.2	5.5	5.9
Total	-	-	-	33.6	59.8	66.7	68.7
Change to 2011 Budget estimate				11.0	13.9	16.5	-

Economic classification

Current payments	-	-	-	30.5	46.3	53.1	57.1
Compensation of employees	-	-	-	17.7	24.6	26.1	28.4
Goods and services	-	-	-	12.7	21.7	27.0	28.7
<i>of which:</i>							
Communication	-	-	-	0.4	0.8	0.9	0.9
Computer services	-	-	-	2.1	4.2	4.4	4.7
Consultants and professional services:	-	-	-	1.7	2.2	2.4	2.5
Business and advisory services	-	-	-				
Travel and subsistence	-	-	-	1.3	2.5	2.7	2.9
Payments for capital assets	-	-	-	3.1	13.5	13.5	11.6
Machinery and equipment	-	-	-	2.5	11.0	11.5	9.6
Software and other intangible assets	-	-	-	0.6	2.5	2.0	2.0
Total	-	-	-	33.6	59.8	66.7	68.7

Expenditure trends

Expenditure is expected to increase from R33.6 million in 2011/12 to R68.7 million in 2014/15, at an average annual rate of 27 per cent. The increase was mainly due to the moving of the ICT function, with a budget of

R27.6 million in 2012/13, R27.5 million in 2013/14 and R26.4 million in 2014/15, from the *Monitoring and Evaluation Systems Coordination and Support* programme to this programme, as ICT is an administrative function. This shift also explains the trends in spending on compensation of employees, which is expected to increase from R17.7 million to R28.4 million, at an average annual rate of 17 per cent over the medium term. This also explains the growth in the spending on goods and services, which is expected to grow from R12.7 million to R28.7 million over the medium term, at an average annual rate of 31 per cent.

Expenditure on payments for capital assets is expected to increase from R3.1 million in 2011/12 to R11.6 million in 2014/15, at an average annual rate of 55.4 per cent, due to increased spending on ICT equipment as the department builds up infrastructure to meet its mandate. Spending in the *Corporate and Financial Services* subprogramme grows from R12.5 million in 2008/09 to R29.2 million in 2014/15, due to staff increases, the provision for furniture and equipment, the centralisation of the departmental bursaries budget under the human resources directorate, provision for resettlement costs, and provision for the renting of additional office space for the department.

Between 2012/13 and 2014/15, R7.4 million is allocated for expenditure on consultants to support the internal audit and ICT function.

Programme 2: Outcomes Monitoring and Evaluation

Objectives and measures

- Advance government strategic priorities by:
 - embedding the outcomes approach by developing, coordinating and monitoring implementation of delivery agreements, and conducting regular implementation forums and related initiatives
 - monitoring and evaluating the implementation of strategic priorities and providing one quarterly report per outcome to Cabinet on the progress of agreed outputs and targets for each outcome and evaluating the developmental impact.
- Improve delivery performance by facilitating support for effective and timely corrective action through the submission of quarterly reports to Cabinet.
- Increase accountability and transparency of government commitment to the 12 outcomes by updating the current programme of action on the Presidency website. The updated programme of action system will be fully functional from 2012.

Subprogrammes

- *Programme Management for Outcomes Monitoring and Evaluation* provides programme management and administrative support. This subprogramme had a staff complement of 3 and a total budget of R2.5 million in 2011/12, of which 75.1 per cent was used for compensation of employees. R1.5 million has been identified as expenditure cuts over the MTEF. These cuts were identified from goods and services for spending on consultants and professional services for business and advisory services.
- *Outcomes Support* facilitates and monitors the implementation of the outcomes approach. This subprogramme had a staff complement of 29 and a total budget of R20 million in 2011/12, of which 87.8 per cent was used for spending on compensation of employees. 4 quarterly reports are prepared for Cabinet per year to monitor progress against targets, outputs and outcomes contained in the 12 delivery agreements.
- *Evaluation and Research* conducts evaluation of government policies and programmes. This subprogramme had a staff complement of 6 and a total budget of R2.2 million in 2011/12, of which 61.3 per cent was used for goods and services. To date, 4 evaluation projects have been identified and additional projects will be added in 2012 depending on budget availability.

Expenditure estimates

Table 6.6 Outcomes Monitoring and Evaluation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Outcomes Monitoring and Evaluation	–	–	–	2.5	3.6	3.8	4.0
Outcomes Support	–	–	–	20.0	23.6	25.0	26.5
Evaluation and Research	–	–	–	2.2	10.4	16.1	18.5
Total	–	–	–	24.7	37.5	44.9	49.0
Change to 2011 Budget estimate				–	3.4	1.6	–
Economic classification							
Current payments	–	–	–	24.7	37.5	44.9	49.0
Compensation of employees	–	–	–	20.3	26.8	28.8	30.6
Goods and services	–	–	–	4.4	10.8	16.1	18.4
<i>of which:</i>							
Communication	–	–	–	0.4	0.8	0.8	0.8
Consultants and professional services:	–	–	–	1.3	5.7	10.7	12.8
Business and advisory services	–	–	–	–	–	–	–
Travel and subsistence	–	–	–	2.1	2.9	3.1	3.2
Total	–	–	–	24.7	37.5	44.9	49.0

Expenditure trends

Expenditure is expected to increase from R24.7 million in 2011/12 to R49 million in 2014/15, at an average annual rate of 25.6 per cent. The increase is primarily due to the provision for commissioning or supporting other government agencies to commission appropriate evaluations, monitoring the undertaking of evaluations across government, and coordinating and facilitating research projects. R5.7 million in 2012/13, R10.7 million in 2013/14 and R12.8 million in 2014/15 is allocated for spending on consultants and professional services.

The budget allocation over the medium term will increase the number of quarterly progress reports on monitoring and evaluation of strategic priorities submitted from 24 to 48 per year. The number of signed and reviewed delivery agreements per year will remain at 12.

Programme 3: Monitoring and Evaluation Systems Coordination and Support

Objectives and measures

- Create the policy platform for monitoring and evaluating by drafting appropriate legislation where required and issuing monitoring and evaluation guidelines and practice notes.
- Facilitate the consolidation and standardisation of monitoring and evaluation practices across government by conducting 10 data forum meetings quarterly.
- Provide leadership and facilitate the creation of monitoring and evaluation capacity across government by developing appropriate course material, conducting quarterly monitoring and evaluation forums and facilitating dedicated training programmes.
- Support activities in the *Public Sector Oversight* programme by providing quality and timely data support for institutional performance assessments and frontline service delivery projects on an ongoing basis.

Subprogrammes

- *Programme Management for Monitoring and Evaluation Systems Coordination and Support* provides programme management and administrative support. This subprogramme had a staff complement of 3 and a total budget of R2.6 million in 2011/12, of which 67.4 per cent was used for compensation of employees.
- *Monitoring and Evaluation Policy and Capacity Building* coordinates the implementation of monitoring and evaluation policies, and systems and capacity building programmes. This subprogramme had a staff

complement of 2 and a total budget of R600 000 in 2011/12, of which 83.5 per cent was used for compensation of employees. The learning network task team was established in 2010 and programmes initiated to improve data quality and usage in monitoring and evaluation. R627 000 has been identified as expenditure cuts over the MTEF period. These cuts are to be effected in spending on goods and services.

- *Monitoring and Evaluation Data Support* provides performance data analysis and support services to the department and its clients. This subprogramme had a staff complement of 17 and a total budget of R7.5 million in 2011/12, of which 91.9 per cent was used for compensation of employees. Terms of reference for data forums were developed and data forums were established for 10 outcomes.

Expenditure estimates

Table 6.7 Monitoring and Evaluation Systems Coordination and Support

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Monitoring and Evaluation Systems Coordination and Support	3.6	10.4	40.5	2.6	2.1	2.2	2.4
Monitoring and Evaluation Policy and Capacity Building	-	-	-	0.6	5.6	6.4	6.7
Monitoring and Evaluation Data Support	-	-	-	7.5	11.3	12.0	12.7
Total	3.6	10.4	40.5	10.7	19.0	20.6	21.8
Change to 2011 Budget estimate				(11.0)	(15.4)	(10.8)	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	3.6	8.8	33.4	10.7	19.0	20.6	21.8
Compensation of employees	2.6	3.4	22.5	8.6	14.6	15.9	16.9
Goods and services	0.9	5.4	10.9	2.1	4.4	4.7	4.9
<i>of which:</i>							
Communication	0.0	0.0	0.7	0.2	0.4	0.5	0.5
Computer services	-	0.2	2.5	-	-	-	-
Consultants and professional services: Business and advisory services	-	3.0	1.5	0.4	0.9	1.0	1.0
Travel and subsistence	0.1	0.3	1.9	0.3	0.9	1.0	1.0
Payments for capital assets	0.0	1.6	7.1	0.0	-	-	-
Machinery and equipment	0.0	1.6	7.1	0.0	-	-	-
Total	3.6	10.4	40.5	10.7	19.0	20.6	21.8

Expenditure trends

Expenditure increased from R3.6 million in 2008/09 to R10.7 million in 2011/12, at an average annual rate of 43.9 per cent. The increase is due to the increased capacity to develop, implement and support government-wide monitoring and evaluation systems and processes.

Over the medium term, spending is expected to increase to R21.8 million, at an average annual rate of 26.7 per cent, to further increase capacity to develop, implement and support government wide monitoring and evaluation systems and processes, specifically in the *Monitoring and Evaluation Policy and Capacity Building* programme. This programme supports activities in the public sector oversight function by providing quality and timely data support for institutional performance assessments and frontline service delivery projects on an ongoing basis. The budget allocation over the medium term will keep the number of operational data forums constant at 12 per year for each of the outcomes to support data driven and evidence based monitoring and reporting.

Over the MTEF period, R927 000, R982 000 and R1 million is allocated for spending on consultants and specialised services to develop and support the implementation of monitoring and evaluation systems.

Programme 4: Public Sector Oversight

Objectives and measures

- Evaluate departmental strategic plans to establish their alignment with government priorities and conduct management performance assessments on all national and provincial government departments and municipalities over the MTEF period.
- Improve frontline service delivery by :
 - monitoring 300 sites in collaboration with the offices of premiers in all provinces over the MTEF period
 - continuously using the Presidential hotline as a monitoring and evaluation tool.

Subprogrammes

- *Programme Management for Public Sector Oversight* provides programme management and administrative support. This subprogramme had a staff complement of 3 and a total budget of R3.1 million in 2011/12, of which 51.9 per cent was used for compensation of employees and 48.1 per cent was used for goods and services. R1.2 million in expenditure cuts has been identified over the MTEF period and will be effected in spending on goods and services.
- *Institutional Performance Monitoring* coordinates and facilitates institutional performance monitoring and evaluation in government. This subprogramme had a staff complement of 13 and a total budget of R1.3 million in 2011/12, of which 88.9 per cent was used for compensation of employees. The management performance assessment tool was successfully developed and launched in 2011. The tool will be rolled out to all national and provincial government departments in 2012/13.
- *Frontline Service Delivery Monitoring* monitors, evaluates and facilitates improvement of frontline service delivery and includes the presidential hotline. This subprogramme had a staff complement of 37 and a total budget of R25.5 million in 2011/12, of which 77.8 per cent was used for goods and services. 60 frontline service delivery site visits took place in 2011. This will gradually increase over the medium term to 120 site visits per year.

Expenditure estimates

Table 6.8 Public Sector Oversight

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Public Sector Oversight	–	–	–	3.1	2.0	2.1	2.2
Institutional Performance Monitoring	–	–	–	1.3	13.5	14.3	15.1
Frontline Service Delivery Monitoring	–	3.0	6.8	25.5	42.3	44.9	47.6
Total	–	3.0	6.8	29.9	57.8	61.3	65.0
Change to 2011 Budget estimate				23.2	31.2	25.7	–
Economic classification							
Current payments	–	2.9	6.8	29.9	57.8	61.3	65.0
Compensation of employees	–	2.8	3.6	8.4	27.2	28.8	30.5
Goods and services	–	0.2	3.2	21.5	30.6	32.5	34.4
<i>of which:</i>							
Communication	–	0.0	0.0	9.5	6.3	6.7	7.1
Computer services	–	–	3.1	8.0	16.8	17.8	18.9
Consultants and professional services:	–	–	–	1.2	3.3	3.5	3.7
Business and advisory services							
Travel and subsistence	–	0.1	0.0	1.6	2.0	2.1	2.3
Payments for capital assets	–	0.1	0.0	–	–	–	–
Machinery and equipment	–	0.1	0.0	–	–	–	–
Total	–	3.0	6.8	29.9	57.8	61.3	65.0

Expenditure trends

Expenditure is expected to increase from R29.9 million in 2011/12 to R65 million in 2014/15, at an average annual rate of 29.5 per cent. The increase in spending is primarily due to additional funding of R62 million over the medium term for the presidential hotline, which this programme took over from the Presidency in October 2011, and is reflected in the increase in spending on goods and services and compensation of employees over this period.

The *Frontline Service Delivery Monitoring* subprogramme was started in the last quarter of 2011 and funding over the medium term will allow for the expansion of this subprogramme. R16.8 million in 2012/13, R17.8 million in 2013/14 and R18.9 million in 2014/15 is allocated to computer services for payments to the State Information Technology Agency for call centre facilities for the hotline. Spending on communication is primarily on incoming calls to the hotline. Expenditure on consultants and professional services will support the verification of management performance assessment tool results and improved technology for the hotline.

The budget allocation over the medium term will allow the number of institutional performance assessments carried out and reports issued to increase from 5 national departments and 20 provincial departments to all national and provincial departments.

Vote 7

Public Works

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	894.0	868.3	0.6	25.1	947.4	1 004.7
Immovable Asset Management	5 364.0	1 137.6	2 671.0	1 555.4	5 881.6	6 236.6
Expanded Public Works Programme	1 659.0	265.3	1 392.2	1.6	1 961.0	2 108.0
Property and Construction Industry Policy Regulations	37.4	37.3	–	0.1	39.2	41.5
Auxiliary and Associated Services	39.3	17.3	22.0	–	40.7	42.8
Total expenditure estimates	7 993.8	2 325.8	4 085.8	1 582.2	8 869.8	9 433.6

Executive authority Minister of Public Works
Accounting officer Director General of Public Works
Website address www.publicworks.gov.za

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

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Immovable Asset Management

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

Programme 3: Expanded Public Works Programme

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

Programme 4: Property and Construction Industry Policy Regulations

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

Programme 5: Auxiliary and Associated Services

Purpose: Provide for various services, including compensation for losses on the government assisted housing

scheme and assistance to organisations for the preservation of national memorials. Meet the protocol responsibilities for state functions.

Strategic overview: 2008/09 – 2014/15

Outcomes and strategic priorities

As a leader in the provision of government building infrastructure in South Africa, the Department of Public Works plays a critical role in providing an enabling environment for the effective and efficient implementation of social and economic infrastructure. The department's mandate is largely governed by the Government Immovable Asset Management Act (2007). The minister's performance agreement, which is central to the department's planning and scope of work, covers three sector outcomes: decent employment through inclusive economic growth (outcome 4); sustainable human settlements and an improved quality of household life (outcome 8); and an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship (outcome 12). The expanded public works programme is aimed at providing decent employment through inclusive economic growth (outcome 4) to alleviate youth unemployment and meet targets on annual work opportunities created. The focus in 2010/11 was on the implementation of phase 2 of the expanded public works programme to contribute to halving unemployment by 2014 and creating a total of 643 116 work opportunities, with 203 690 full time equivalents created through expanded public works programmes.

The department's mission is therefore to promote government's policy objectives by providing and managing the accommodation, housing, land and infrastructure related needs of user departments, coordinating the national expanded public works programme, and driving the transformation of the construction and property industries. To give effect to this, the department aims to: efficiently manage the asset lifecycle of immovable assets under its custodianship; provide expert advice to all three spheres of government and state owned entities on the management of immovable assets; contribute to the national goals of job creation and poverty alleviation through programme management; lead and direct public works programmes nationally, including the expanded public works programme; and provide strategic leadership in the construction and property industries.

The department is also required to deliver land for low income housing to the Department of Human Settlements over the medium term. In 2010/11, 1 031 hectares of land were released for the purposes of human settlement. In support of providing an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12), the department ensures that maintenance programmes are supportive of service delivery and that state buildings are accessible to all citizens. To this end, in 2010/11, the department rehabilitated seven properties and upgraded 64 state buildings to ensure accessibility for the disabled.

Focus over the medium term

Strategic priorities over the medium term include: the implementation of an action plan to address the disclaimer of opinion given by the auditor general on the department's 2010/11 financial statements; improved property management; the implementation of a revised facilities management model; the establishment of a reliable, solid and institutional mechanism to address the underspending of the capital and maintenance budgets of the Department of Public Works and other departments; ensuring effective project management by improving project planning processes for both capital and maintenance projects; working towards a complete and accurate asset register to ensure compliance with the Government Immovable Asset Management Act (2007) and the vesting of state assets; and combating fraud and corruption both within the department and in the construction and property sectors.

Developing infrastructure and skills

Working in conjunction with the public entities that report to it, the department has identified the delivery of social infrastructure, the development of skills in the built and property environment, and the national contractor development programme as priorities over the medium term. Infrastructure priorities include: ensuring disabled people's access to state owned buildings, dolomite risk management in dolomitic areas, refurbishing and upgrading the country's land ports of entry, facilitating inner-city regeneration, and investing in the department's own office accommodation.

R9.8 billion will be required over the medium term to rehabilitate and maintain state owned buildings to reduce the current annual expenditure on leased accommodation. Included in the department's capital budget is the prestige portfolio, which provides accommodation for all members of Parliament. The expansion of the parliamentary precinct in Cape Town will also be a priority under this programme over the medium term.

Addressing unemployment

In implementing its programmes, the department is mindful of the high rates of unemployment, especially among the youth, poverty and the growing income inequality in South Africa. The department will therefore focus on accelerating social infrastructure delivery and job creation through the expanded public works programme and through the project implementation programme.

In addition to the expanded public works programme, the department will also undertake the following initiatives to reduce the high unemployment rate: intensify the recruitment of built environment professionals and property management specialists, train engineers and project managers in labour intensive technology, and invest in the revival of departmental workshops by re-establishing workshops for artisan training in all the regional offices in partnership with the Department of Higher Education.

Responding to the effects of climate change

In response to the 2011 National Climate Change Response White Paper, the department will begin to implement its green buildings framework and step up efforts to green state buildings as part of South Africa's strategies for mitigating the effects of global warming.

Selected performance indicators

Table 7.1 Public Works

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of asset register with information fields populated with essential data (out of the present 109 293 properties) ¹	Immovable Asset Management	40% (43 424)	50% (54 281)	70% (75 993)	90% (97 705)	100% (109 293)	–	–
Number of state owned buildings rehabilitated per year	Immovable Asset Management	25	5	7	7	10	15	20
Percentage reduction in electricity consumption in state owned buildings due to retrofitting	Immovable Asset Management	1% (13 800 kw/h)	1% (17 180 kw/h)	3% (37 180 kw/h)	7% (65 000 kw/h)	–	–	–
Number of state owned buildings to be made accessible to people with disabilities per year	Immovable Asset Management	76	200	64	110	100	100	100
Number of youth participating in the national youth service programme in the department per year ²	Expanded Public Works Programme	2 859	2 884	1 156	2 765	3 500	4 000	4 500
Total number of municipalities reporting on expanded public works programme targets	Expanded Public Works Programme	98/283	127/283	200/283	232/278	278	278	278

Table 7.1 Public Works (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of expanded public works programme work opportunities created ³	Expanded Public Works Programme	570 815	625 859	643 116	549 982	1 210 000	1 650 000	1 650 000
Total number of expanded public works programme opportunities created on provincial access roads	Expanded Public Works Programme	74 616	83 586	104 519	119 878	130 000	140 000	150 000

1. In comparison with last year's number of properties, this publication's number is higher due to further updating of the asset register in 2011/12.

2. The number of youth participating in the national youth service increased between 2010/11 and 2011/12 due to increased staff capacity to implement the programme in the regions.

3. The expanded public works programme's targets are in line with the projections in the phase 2 business plan approved by Cabinet.

Expenditure estimates

Table 7.2 Public Works

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	801.6	773.4	679.5	777.5	777.5	894.0	947.4	1 004.7
Immovable Asset Management	3 213.6	4 265.1	4 968.5	5 410.5	5 244.5	5 364.0	5 881.6	6 236.6
Expanded Public Works Programme	133.0	438.1	915.4	1 575.2	1 193.3	1 659.0	1 961.0	2 108.0
Property and Construction Industry Policy Regulations	33.4	17.4	28.0	34.9	34.9	37.4	39.2	41.5
Auxiliary and Associated Services	15.4	39.6	24.1	31.6	31.6	39.3	40.7	42.8
Total	4 197.0	5 533.6	6 615.5	7 829.7	7 281.7	7 993.8	8 869.8	9 433.6
Change to 2011 Budget estimate				10.5	(537.5)	(67.4)	(30.2)	(14.0)

Economic classification

Current payments	1 665.7	1 829.4	1 917.6	2 275.9	2 213.9	2 325.8	2 459.2	2 607.6
Compensation of employees	801.0	976.1	1 089.7	1 252.6	1 252.6	1 260.2	1 332.4	1 424.7
Goods and services	831.9	847.5	819.0	1 008.0	946.0	1 055.9	1 117.1	1 172.2
<i>of which:</i>								
Agency and support / outsourced services	109.7	78.3	41.9	137.7	125.8	140.3	148.7	157.4
Lease payments	153.9	180.8	209.1	243.7	243.7	244.6	244.1	258.7
Property payments	95.6	263.1	140.7	258.4	218.4	243.1	278.9	295.0
Travel and subsistence	67.0	53.7	51.1	48.8	48.8	73.0	74.7	75.7
Interest and rent on land	32.8	5.8	8.8	15.3	15.3	9.8	9.6	10.7
Transfers and subsidies	1 509.9	2 376.7	3 302.5	4 010.3	3 640.3	4 085.8	4 548.8	4 844.3
Provinces and municipalities	889.3	1 566.4	2 383.9	2 950.5	2 580.5	3 028.1	3 373.1	3 567.9
Departmental agencies and accounts	604.1	679.3	710.3	734.7	734.7	751.5	792.9	840.5
Foreign governments and international organisations	13.7	14.8	13.9	16.9	16.9	19.4	20.5	21.7
Public corporations and private enterprises	–	–	0.1	150.0	150.0	–	–	–
Non-profit institutions	–	107.6	188.8	154.4	154.4	282.7	358.1	409.8
Households	2.8	8.6	5.6	3.9	3.9	4.0	4.2	4.5
Payments for capital assets	1 021.4	1 295.0	1 340.6	1 543.6	1 427.5	1 582.2	1 861.8	1 981.7
Buildings and other fixed structures	988.4	1 253.6	1 255.9	1 443.9	1 342.9	1 484.7	1 754.7	1 868.1
Machinery and equipment	32.7	41.0	82.5	94.2	79.2	91.8	101.2	107.2
Software and other intangible assets	0.3	0.3	2.2	5.4	5.4	5.7	6.0	6.3
<i>of which:</i>								
Capitalised goods and services	–	–	23.1	–	–	39.5	38.9	40.1
Payments for financial assets	–	32.6	54.8	–	–	–	–	–
Total	4 197.0	5 533.6	6 615.5	7 829.7	7 281.7	7 993.8	8 869.8	9 433.6

Expenditure trends

The spending focus over the MTEF period will be on: providing and managing the accommodation, housing, land and infrastructure needs of national departments; rehabilitating 45 state owned buildings and ensuring that at least 100 state owned buildings are accessible to disabled people over the MTEF period; leading and improving the coordination of the expanded public works programme to achieve the target of 4.5 million work opportunities created by the end of March 2014; and promoting growth, job creation and transformation in the construction and property industries to ensure that a common framework is in place to guide processes and procedures on the expropriation of property.

Expenditure increased from R4.2 billion in 2008/09 to R7.8 billion in 2011/12, at an average annual rate of 20.2 per cent. The growth was driven by an increase in transfers and subsidies, mainly due to the implementation of the second phase of the expanded public works programme in municipalities and provinces in 2009/10. Spending on transfers and subsidies increased from R1.5 billion to R4 billion between 2008/09 and 2011/12, at an average annual rate of 38.1 per cent, mainly due to additional funding provided for the expanded public works programme incentive grants to provinces and municipalities, and the devolution of property rates fund grant to provinces. Together, these grants represent about 37.9 per cent of the department's total budget in 2012/13.

Over the MTEF period, expenditure is expected to increase to R9.4 billion, at an average annual rate of 9 per cent. The increase is due to additional funds allocated for the non-state sector of the expanded public works programme to supplement wage costs for additional work opportunities created and to provide additional funding for the construction, maintenance and refurbishment of border post infrastructure used by the Department of Home Affairs to meet the needs of the department. The department has allocated funds for information system consultants and the appointment of professionals to ensure a compliant immovable assets register. Other consultants and professionals appointed are used to support municipalities in implementing expanded public works programme related projects. R112 million in 2012/13, R118.4 million in 2013/14 and R112.73 million in 2014/15 has been allocated for consultants.

The department receives the following additional allocations over the MTEF period:

- R24.8 million, R27.4 million and R30.5 million for improved conditions of service
- R110 million, R130 million and R160 million for the upgrading, maintenance and refurbishment of border post infrastructure used by the Department of Home Affairs
- R71.5 million, R130.3 million and R182.2 million for supplementing wage costs for additional work opportunities created in the expanded public works programme: non-state sector.

Total expenditure cuts over the MTEF period of R261.2 million, R304.7 million and R359.2 million were identified as follows:

- infrastructure: R320 million over the MTEF period
- expanded public works programme unit: R35.8 million over the MTEF period
- expanded public works programme: non-state sector: R38.5 million over the MTEF period
- expanded public works programme conditional grants to provinces and municipalities: R123 million in 2012/13, R146 million in 2013/14 and R155 million in 2014/15
- devolution of property rates fund grant to provinces: R19.4 million in 2012/13, R38.9 million in 2013/14 and R48.6 million in 2014/15.

Following a presidential pronouncement in October 2011, a baseline adjustment of R12.5 million in 2012/13, R13.2 million in 2013/14 and R14 million in 2014/15 was effected to move the budget for the former deputy minister of public works to the Department of Women, Children and People with Disabilities, where a deputy minister has now been appointed.

Infrastructure spending

Spending on infrastructure increased from R988.4 million in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 10.8 per cent. The increase was mainly due to additional funding provided for prestige management for the accommodation requirements of additional ministers and deputy ministers resulting from the expansion of Cabinet in 2009, and an allocation of R300 million in 2011/12 for the refurbishment and

maintenance of ports of entry. Infrastructure expenditure is expected to increase to R1.9 billion in 2014/15, mainly due to the allocation of additional funding for border post infrastructure used by the Department of Home Affairs. The following projects were completed in 2010/11: the construction of an office block for the Bloemfontein regional office, the upgrading of an operational area for the Skilpadshek border post, the upgrading of water reticulation and sewerage infrastructure for the Skilpadshek border post, and the upgrading of the housing component of the Golela border post.

Large projects

The upgrade to Public Works House is currently at the planning stage. It is anticipated that actual construction will start in June 2012 and will be completed by the end of March 2014. The project is estimated to cost R769 million over the MTEF period. In November 2011, the department's employees were relocated from Public Works House to the central government offices building. Public Works House is currently occupied by the Pretoria regional office's project management unit. The officials currently occupying Public Works House will be relocated to the AVN building, which is a leased building, to allow for the complete upgrading of Public Works House. The refurbished building will accommodate all department officials from both the head office and the Pretoria regional office.

Small projects

The project to upgrade the department's Durban regional office will begin in January 2012, and is scheduled to continue for 36 months until December 2014, at an estimated cost of R81 million. The project was allocated R9 million in 2011/12 for planning. Under the project, the building will be refurbished to comply with the occupational health and safety policy.

The upgrade of the Durban magistrate's office began in November 2011 and is scheduled to continue for 36 months. The project has an estimated cost of R110 million. Under the project, the condition of the building will be improved to meet the needs of the Department of Justice and Constitutional Development.

The department has identified 1 695 small refurbishment and maintenance projects to be executed over the MTEF period for various client departments, with an allocation of R2.3 billion in 2011/12 and R2.7 billion in 2012/2013. Each project is allocated less than R50 million to be used to improve the condition of buildings to ensure that client departments are able to operate in these facilities.

The department also has 662 small projects for the upgrading, construction and acquisition of sites. The capital works implementation programme consists of six programmes: constructing and maintaining government departments' buildings, managing risk in dolomitic areas, making public buildings more accessible to disabled people, upgrading land ports of entry, managing the prestige portfolio, and facilitating inner city regeneration. R1.4 billion was allocated in both 2011/12 and 2012/13.

The accessibility programme had a total allocation of R25 million in 2011/12, which was used to improve access by disabled people to 110 government buildings. The programme has been allocated R25 million in 2012/13 to prioritise improving accessibility to 100 government buildings by building passageways, ramps, lifts and ablution facilities for disabled people. Under this programme, the buildings will be made more accessible.

Personnel information

Table 7.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	6 369	5 006	316	5 234	4 966	5 006	5 006	5 006	5 006	5 006
Salary level 1 – 6	3 346	2 806	130	3 096	2 840	2 806	2 806	2 806	2 806	2 806
Salary level 7 – 10	2 175	1 575	132	1 564	1 410	1 575	1 575	1 575	1 575	1 575
Salary level 11 – 12	666	484	48	434	576	484	484	484	484	484
Salary level 13 – 16	182	141	6	140	140	141	141	141	141	141

Table 7.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration	708	509	62	536	478	509	509	509	509	509
Salary level 1 – 6	152	113	27	147	113	113	113	113	113	113
Salary level 7 – 10	362	250	24	235	217	250	250	250	250	250
Salary level 11 – 12	120	83	9	88	86	83	83	83	83	83
Salary level 13 – 16	74	63	2	66	62	63	63	63	63	63
Immovable Asset Management	5 348	4 297	227	4 544	4 317	4 297	4 297	4 297	4 297	4 297
Salary level 1 – 6	3 150	2 672	78	2 942	2 705	2 672	2 672	2 672	2 672	2 672
Salary level 7 – 10	1 705	1 261	107	1 274	1 131	1 261	1 261	1 261	1 261	1 261
Salary level 11 – 12	422	308	39	276	426	308	308	308	308	308
Salary level 13 – 16	71	56	3	52	55	56	56	56	56	56
Expanded Public Works Programme	292	186	25	140	157	186	186	186	186	186
Salary level 1 – 6	43	20	23	5	20	20	20	20	20	20
Salary level 7 – 10	100	58	1	49	56	58	58	58	58	58
Salary level 11 – 12	116	89	–	66	60	89	89	89	89	89
Salary level 13 – 16	33	19	1	20	21	19	19	19	19	19
Property and Construction Industry Policy Regulations	21	14	2	14	14	14	14	14	14	14
Salary level 1 – 6	1	1	2	2	2	1	1	1	1	1
Salary level 7 – 10	8	6	–	6	6	6	6	6	6	6
Salary level 11 – 12	8	4	–	4	4	4	4	4	4	4
Salary level 13 – 16	4	3	–	2	2	3	3	3	3	3

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

2. As at 30 September 2011.

The department had an establishment of 6 369 posts as at 30 September 2011. The number of filled posts, including those additional to the structure, grew from 5 234 in 2008/09 to 5 006 in 2011/12. As at 30 September 2011, the department had 1 363 vacant posts, the majority of which were within the *Immovable Asset Management* programme under operations management. The ratio of support staff to line staff is 1:3.

The use of information system consultants within the *Administration* programme is equivalent to 1.1 per cent of the total establishment of 509 and the use of the security services providers within the programme is equivalent to 0.9 per cent of the total staff establishment. The use of security services providers within the *Immovable Asset Management* programme is equivalent to 3.2 per cent of the total establishment of 4 297.

Departmental receipts

Table 7.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	28 510	39 592	40 042	38 658	34 525	36 231	38 023	39 902
Sales of goods and services produced by department	24 614	30 018	33 743	33 896	29 763	31 231	32 772	34 390
Sales by market establishments	24 614	401	414	4 547	414	414	414	414
<i>of which:</i>								
<i>Market establishment: Rental parking: Covered and open</i>	24 614	401	414	4 547	414	414	414	414
Administrative fees	–	–	–	458	458	481	505	530
<i>of which:</i>								
<i>Servitude rights</i>	–	–	–	1	1	1	1	1
<i>Commission insurance</i>	–	–	–	457	457	480	504	529
Other sales	–	29 617	33 329	28 891	28 891	30 336	31 853	33 446
<i>of which:</i>								
<i>Tender documents</i>	–	29 617	33 329	5 856	5 856	6 149	6 457	6 779
<i>Rental capital assets</i>	–	–	–	23 035	23 035	24 187	25 396	26 667
Sales of scrap, waste, arms and other used current goods	21	13	–	445	445	467	490	515
<i>of which:</i>								
<i>Sales: Scrap</i>	21	13	–	331	331	347	364	383
<i>Sales: Waste paper</i>	–	–	–	114	114	120	126	132
Fines, penalties and forfeits	1	4	19	16	16	17	18	19
Interest, dividends and rent on land	552	2 656	192	520	520	546	574	601
Interest	549	2 646	192	–	–	–	–	–
Dividends	–	–	–	488	488	512	538	565
<i>of which:</i>								
<i>Interest: bank accounts</i>	–	–	–	137	137	143	151	158
<i>Interest received: Private sector domestic contractual debt</i>	–	–	–	351	351	369	387	407
Rent on land	3	10	–	32	32	34	36	36
Sales of capital assets	940	3 062	1 071	1 385	1 385	1 454	1 527	1 603
Transactions in financial assets and liabilities	2 382	3 839	5 017	2 396	2 396	2 516	2 642	2 774
Total	28 510	39 592	40 042	38 658	34 525	36 231	38 023	39 902

Departmental receipts are accumulated mainly from the rental of capital assets such as properties, official quarters and parking space, and tender document fees and minor items such as servitude rights and the sale of capital assets. Between 2008/09 and 2011/12, revenue increased from R28.5 million to R34.5 million, at an average annual rate of 6.6 per cent. Over the medium term, revenue is expected to increase to R39.9 million, at an average annual rate of 5 per cent. The increases on all items are mainly due to inflation.

Programme 1: Administration

Expenditure estimates

Table 7.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	20.3	29.4	29.4	36.3	26.3	27.6	29.3
Management	142.9	50.9	60.0	65.7	72.4	76.7	81.5
Corporate Services	420.9	282.0	276.9	272.0	326.2	338.1	358.8
Office Accommodation	217.4	411.2	313.1	403.5	469.1	504.9	535.2
Total	801.6	773.4	679.5	777.5	894.0	947.4	1 004.7
Change to 2011 Budget estimate				26.5	41.2	37.5	(14.0)

Economic classification

Current payments	795.5	735.8	653.2	750.8	868.3	921.6	978.8
Compensation of employees	226.4	154.2	169.1	181.4	198.0	204.9	220.2
Goods and services	538.6	578.4	483.8	557.5	667.6	713.9	755.1
<i>of which:</i>							
Agency and support / outsourced services	48.9	41.7	21.8	28.0	29.0	32.5	34.3
Lease payments	142.2	166.3	187.1	228.5	241.1	240.3	254.6
Property payments	95.0	262.4	140.0	187.7	241.9	277.7	293.8
Travel and subsistence	19.6	17.6	18.6	23.2	16.4	22.1	21.1
Interest and rent on land	30.6	3.3	0.4	12.0	2.7	2.8	3.4
Transfers and subsidies	0.2	0.3	2.4	0.6	0.6	0.7	0.7
Households	0.2	0.3	2.4	0.6	0.6	0.6	0.7
Payments for capital assets	5.9	4.7	23.8	26.1	25.1	25.1	25.3
Machinery and equipment	5.8	4.7	22.2	20.8	19.6	19.3	19.1
Software and other intangible assets	0.0	0.1	1.6	5.3	5.5	5.8	6.2
<i>of which:</i>							
Capitalised goods and services	–	–	7.0	–	15.6	13.7	13.1
Payments for financial assets	–	32.6	0.0	–	–	–	–
Total	801.6	773.4	679.5	777.5	894.0	947.4	1 004.7

Details of selected transfers and subsidies

Households							
Social benefits							
Current	0.2	0.3	2.4	0.6	0.6	0.6	0.7
Employee social benefits	0.2	0.3	2.4	0.6	0.6	0.6	0.7

Expenditure trends

Between 2008/09 and 2011/12, spending in this programme decreased from R801.6 million in 2008/09 to R777.5 million in 2011/12, at an average annual rate of 1 per cent, mainly as a result of the reallocation of regional office expenditure from the *Administration* programme to the *Immovable Asset Management* programme. Expenditure on compensation of employees declined from R226.4 million in 2008/09 to R181.4 million in 2011/12, at an average annual rate of 7.1 per cent, due to the realignment.

Over the medium term, expenditure is expected to increase to R1 billion, at an average annual rate of 8.9 per cent. This growth is mainly due to the additional funding allocated to provide for the anticipated shortfall in the budget for municipal charges expenditure over the medium term brought about by the realignment of tariffs with the rising cost of electricity.

Expenditure on consultants is expected to be R12.9 million in 2012/13, R12.4 million in 2013/14 and R13 million in 2014/15, and will mainly cater for the appointment of consultants to manage the department's information system technology.

Programme 2: Immovable Asset Management

Objectives and measures

- Enhance the value of the state immovable asset portfolio and improve the condition of state buildings by rehabilitating 45 buildings over the MTEF period to ensure that service delivery to client departments is improved.
- Ensure that all state buildings and facilities are accessible to all, including people with disabilities, by building basic requirements such as ramps, parking facilities, ablution facilities, appropriate doorways, lifts and signage for 100 buildings in 2012/13.
- Ensure that 100 per cent of properties (109 293 as at 31 March 2011) in the asset register are populated with essential information by 31 March 2013 to ensure that immovable assets are fully utilised and maintained and that the department is able to make informed decisions on the assets.

Subprogrammes

- *Infrastructure (Public Works)* funds the acquisition of infrastructure for the department, the prestige portfolio and the infrastructure component of the mandate of the border control operational coordinating committee. This subprogramme had no staff complement and a total budget of R1.4 billion in 2011/12, of which 34 per cent was used for the infrastructure requirements of the border control operational coordinating committee, while 38 per cent was used for the construction, upgrading and refurbishment of residential accommodation for prestige management. Additional funding over the MTEF period of R110 million, R130 million and R160 million was allocated for the upgrading, maintenance and refurbishment of border post infrastructure used by the Department of Home Affairs. Overall expenditure cuts over the MTEF period of R100 million, R100 million and R120 million have been effected in this subprogramme.
- *Property Management* funds the allocation for the devolution of the property rates funds grant to provinces to facilitate the transfer of property rates expenditure responsibility to provinces. This is a conditional grant allocated to all public works provincial departments to cover the cost of property rates charges of all provincial government buildings. Funds are allocated per province based on the department's calculations, which are informed by the property list from its register of properties and based on inputs from the provinces. This subprogramme had no staff complement and a total budget of R1.8 billion in 2011/12, which was transferred to provinces as follows: R192.7 million to Eastern Cape, R219.9 million to Free State, R270.8 million to Gauteng, R518.6 million to KwaZulu-Natal, R34 million to Limpopo, R74 million to Mpumalanga, R41.8 million to Northern Cape, R160.2 million to North West and R291.3 million to Western Cape. The key output for this subprogramme is the payment of property rates for provincially owned and deemed to be owned properties within 30 days of the receipt of verified invoices submitted by municipalities. In 2009/10, provinces spent 81.7 per cent of the R1.4 billion transferred to them by the department. The department is responsible for the payment of outstanding provincial property rates arrears that existed before the devolution of properties from the national to the provincial sphere that came into effect on 1 April 2008, and must oversee the transfer of the function and skills development of the provincial receiving officers. Expenditure cuts over the medium term of R19.4 million, R38.9 million and R48.6 million have been identified in this subprogramme.
- *Strategic Asset Investment Analysis* provides for the strategic management of immovable assets owned or used for delivering various government services that are expected to yield functional, economic and social benefits to the state. This subprogramme had a staff complement of 218 and a total budget of R253.5 million in 2011/12, of which 96.9 per cent was used on compensation of employees and related goods and services. The key output for this subprogramme is to ensure efficient and effective management of immovable assets throughout their life cycle. No savings in 2012/13 have been identified in this subprogramme.

- *Operation Management* funds the acquisition and construction of infrastructure for the department and client departments. This subprogramme had a staff complement of 4 079 and a total budget of R917.2 million in 2011/12, of which 85 per cent was used for compensation of employees. The subprogramme aims to ensure that all projects and services such as municipal services and leasing of properties are implemented so as to improve service delivery of the client department. The department reprioritised R18.8 million in 2012/13, R14.2 million in 2013/14 and R15.9 million in 2014/15 from this subprogramme to *Corporate Services* in the *Administration* programme to offset the projected overspending in that programme. This was due to the creation of additional posts by the department as well as the appointment of additional staff in the supply chain management and human resources management chief directorates, and in the property management trading entity. No savings in 2012/13 have been identified in this subprogramme.
- *Prestige Management* funds the allocation for activities relating to ministers' and deputy ministers' residences. This subprogramme had a staff complement of 67 and a total budget of R68.5 million in 2011/12, of which 57.7 per cent was used for compensation of employees and goods and services, while 42.3 per cent was used for payments for machinery and equipment for ministers and deputy ministers. Over the medium term, the department will upgrade and construct 150 structures in the prestige accommodation category, including completion of the feasibility study on the construction of the parliamentary precinct in Cape Town and the implementation of the maintenance plan for prestige assets. No savings in 2012/13 have been identified in this subprogramme.
- *Special Projects* funds the implementation of non-recurring and technical projects in the department. This subprogramme had a staff complement of 34 and a total budget of R42 million in 2011/12, of which 70.2 per cent was used for goods and services. This subprogramme ensures that the department delivers on all planned infrastructure projects, such as project management in the design and construction of the Pan African Parliament and previously for infrastructure projects related to the 2010 FIFA World Cup, to ensure that they were delivered timeously and efficiently. No savings in 2012/13 have been identified in this subprogramme.
- *Construction Industry Development Board* is a special subprogramme for receiving funds to be transferred to the Construction Industry Development Board, which is an entity of the department. The subprogramme had no staff complement and a total budget of R66 million in 2011/12, which was transferred in full to the Construction Industry Development Board to fund its operations. No savings in 2012/13 have been identified in this subprogramme.
- *Council for the Built Environment* is a special subprogramme for receiving funds to be transferred to the Council for the Built Environment, which is an entity of the department. The subprogramme had no staff complement and a total budget of R28.7 million, which was transferred in full to the Council for the Built Environment to fund its operations. No savings in 2012/13 have been identified in this subprogramme.
- *Parliamentary Village Management Board* provides for the transportation and related costs of parliamentarians and related officials. This subprogramme had no staff complement and a total budget of R7.4 million in 2011/12, which was transferred in full to the Parliamentary Villages Management Board to fund its operations. The purpose of the subprogramme is to ensure efficient and effective provision of transport to officials residing at the parliamentary village. No savings in 2012/13 have been identified in this subprogramme.
- *Augmentation of the Property Management Trading Entity* is a special subprogramme for receiving funds to be transferred to the property management trading entity. This subprogramme had no staff complement and a total budget of R630.2 million in 2011/12, which was transferred in full to fund the operations of the entity. No savings in 2012/13 have been identified in this subprogramme.
- *Independent Development Trust* is a special subprogramme for receiving funds to be transferred to the Independent Development Trust, which is an entity of the department. The Independent Development Trust was founded in 1990 as a schedule 2 public entity with a once off R2 billion government endowment. However, the entity's financial constraints necessitated additional funding of R150 million in 2011/12 to ensure that the entity remained a going concern and that it is able to develop a business case articulating its transformation over the MTEF period. This subprogramme had no staff complement and no savings over the MTEF period have been identified.

Expenditure estimates

Table 7.6 Immovable Asset Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Infrastructure (Public Works)	988.4	1 253.6	1 255.9	1 443.9	1 484.7	1 754.7	1 868.1
Property Management	889.3	1 353.9	1 865.2	1 803.2	1 918.7	2 052.0	2 167.7
Strategic Asset Investment Analysis	98.2	121.1	165.9	253.5	158.9	172.1	182.8
Operation Management	606.3	835.3	883.6	917.2	954.6	1 016.1	1 071.0
Prestige Management	–	–	70.6	68.5	56.2	52.3	62.5
Special Projects	28.9	22.8	18.2	42.0	42.0	44.3	47.0
Construction Industry Development Board	41.9	59.3	63.7	66.0	66.9	70.6	74.8
Council for the Built Environment	26.3	24.2	25.5	28.7	27.4	28.9	30.7
Parliamentary Village Management Board	6.3	6.6	7.0	7.4	7.8	8.2	8.7
Augmentation of the Property Management Trading Entity	528.0	588.4	613.0	630.2	646.8	682.4	723.4
Independent Development Trust	–	–	–	150.0	–	–	–
Total	3 213.6	4 265.1	4 968.5	5 410.5	5 364.0	5 881.6	6 236.6
Change to 2011 Budget estimate				(14.4)	(44.3)	(38.1)	–
Economic classification							
Current payments	705.0	939.3	1 023.3	1 206.5	1 137.6	1 202.0	1 274.1
Compensation of employees	517.4	761.3	850.1	960.0	953.9	1 016.9	1 087.3
Goods and services	185.3	175.7	169.3	243.2	176.7	178.3	179.6
<i>of which:</i>							
<i>Agency and support / outsourced services</i>	17.4	20.7	6.7	18.0	11.6	11.4	12.0
<i>Lease payments</i>	11.5	14.0	20.5	14.6	2.9	3.1	3.4
<i>Property payments</i>	0.6	0.6	0.7	70.7	1.3	1.2	1.3
<i>Travel and subsistence</i>	36.6	25.0	18.3	8.7	38.6	33.1	34.0
<i>Interest and rent on land</i>	2.2	2.4	4.0	3.3	7.0	6.8	7.2
Transfers and subsidies	1 494.4	2 036.5	2 577.6	2 688.7	2 671.0	2 845.6	3 009.0
Provinces and municipalities	889.3	1 349.7	1 865.2	1 803.2	1 918.7	2 052.0	2 167.8
Departmental agencies and accounts	602.5	678.4	709.1	732.2	748.9	790.1	837.5
Public corporations and private enterprises	–	–	–	150.0	–	–	–
Households	2.6	8.3	3.2	3.2	3.4	3.5	3.7
Payments for capital assets	1 014.2	1 289.3	1 313.0	1 515.4	1 555.4	1 834.0	1 953.5
Buildings and other fixed structures	988.4	1 253.6	1 255.9	1 443.9	1 484.7	1 754.7	1 868.1
Machinery and equipment	25.5	35.4	57.1	71.3	70.5	79.2	85.2
Software and other intangible assets	0.3	0.3	0.1	0.2	0.2	0.2	0.2
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	15.0	–	23.1	24.3	26.1
Payments for financial assets	–	–	54.6	–	–	–	–
Total	3 213.6	4 265.1	4 968.5	5 410.5	5 364.0	5 881.6	6 236.6

Table 7.6 Immovable Asset Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	602.5	678.4	709.1	732.2	748.9	790.1	837.5
Construction Industry Development Board	41.9	59.3	63.7	66.0	66.9	70.6	74.8
Council for the Built Environment	26.3	24.2	25.5	28.7	27.4	28.9	30.7
Parliamentary Villages Management Board	6.3	6.6	7.0	7.4	7.8	8.2	8.7
Property Management Trading Entity	528.0	588.4	613.0	630.2	646.8	682.4	723.4
Households							
Social benefits							
Current	2.6	8.3	3.2	3.2	3.4	3.5	3.7
Employee social benefits	-	0.1	0.5	0.2	0.2	0.2	0.2
Officials on pension: Employee social benefits	2.6	4.0	2.8	3.1	3.2	3.3	3.5
Property management	-	4.2	-	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	889.3	1 349.7	1 865.2	1 803.2	1 918.7	2 052.0	2 167.7
Devolution of property rate funds grant	889.3	1 349.7	1 865.2	1 803.2	1 918.7	2 052.0	2 167.7
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	-	-	-	150.0	-	-	-
Independent Development Trust	-	-	-	150.0	-	-	-

Expenditure trends

Between 2008/09 and 2011/12, spending increased from R3.2 billion to R5.4 billion, at an average annual rate of 17.7 per cent. The growth is due to increased spending for the devolution of the property rates fund grant to provinces, resulting from the allocation of additional funds to provide for the shortfall in budgeted expenditure. Additional funds are also allocated for buildings and other fixed structures expenditure, specifically that related to the acquisition of infrastructure for the department, the augmentation of the property management trading entity and the once-off allocation of R150 million to the Independent Development Trust in 2011/12.

Since 2008/09, the outputs achieved through funding provided by this programme have included the disposal of 34 properties for land reform purposes, the release of 1 031 hectares of land for human settlement purposes, the signing of a service level agreement with the City of Tshwane and the appointment of a consortium to develop a precinct plan project for the regeneration of the Pretoria inner city, and the completion of the refurbishment of the Golela border post infrastructure and phase 1 of the redevelopment of the Lebombo border post.

Over the medium term, expenditure is expected to increase to R6.2 billion, at an average annual rate of 5.9 per cent. This is due to additional funding provided for the increase in expenditure for the devolution of property rates fund grant to provinces, and additional funding provided for the construction and maintenance of the Department of Home Affairs' border control infrastructure.

Over the MTEF period, R34.9 million, R35.9 million and R25.7 million is to be spent on consultants, who will be mainly involved in the project for updating the asset register.

Programme 3: Expanded Public Works Programme

Objectives and measures

- Create 1 210 000 work opportunities and 502 174 full time equivalents through the expanded public works programme by upscaling the expanded public works programme and improving the coordination and performance of the expanded public works programme in all 4 participating sectors in 2012/13.
- Increase the department's participation in the implementation of the expanded public works programme by ensuring that at least 3 500 youth participate in the national youth service programme in 2012/13.
- Upscale the expanded public works programme in municipalities by increasing the number of public bodies reporting on the implementation of the expanded public works programme from 232 in 2011/12 to 278 municipalities in 2012/13.

Subprogrammes

- *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 delivering needed services. This subprogramme had a staff complement of 186 and a total budget of R264.4 million in 2011/12, of which 61.7 per cent was used for goods and services. Between 2009/10 and March 2014, the programme aims to coordinate the creation of 4.5 million work opportunities for unemployed people through the use of labour intensive methods such as the Zibambele programme, an initiative of the KwaZulu-Natal department of transport, which contracts households to maintain rural roads by ensuring good roadside visibility, maintaining the road drainage system and road surfaces, and clearing road verges of litter. Expenditure cuts over the MTEF period of R11 million, R11.7 million and R13.1 million have been effected on spending on goods and services.
- *Performance Based Incentive Allocations* disburses funds to provinces, municipalities and non-governmental organisations, based on set job creation targets. This subprogramme had no staff complement and a total budget of R1.3 billion in 2011/12, of which 87.5 per cent was transferred to the expanded public works programme incentive grants for provinces and municipalities. The subprogramme is intended to ensure the creation of work opportunities in the infrastructure, environment and culture, social and non-state sectors by incentivising eligible public bodies and nongovernmental organisations to increase job creation efforts in these sectors through the use of labour intensive methods in line with expanded public works programme guidelines. Projects include municipal and provincial expanded public works programme projects for refuse collection, beach cleaning, the clearing of alien vegetation, pothole or road mending, and the painting of government buildings. Overall expenditure cuts over the MTEF period of R130.8 million, R154.1 million and R177.5 million have been effected from performance based incentive allocations to bring allocations in line with projected expanded public works programme performance.

Expenditure estimates

Table 7.7 Expanded Public Works Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Expanded Public Works Programme	133.0	99.3	206.4	264.4	257.2	271.6	287.3
Performance Based Incentive Allocations	–	338.8	709.0	1 310.8	1 401.8	1 689.4	1 820.7
Total	133.0	438.1	915.4	1 575.2	1 659.0	1 961.0	2 108.0
Change to 2011 Budget estimate				–	(70.4)	(35.6)	–

Table 7.7 Expanded Public Works Programme (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	131.9	113.0	213.4	271.6	265.3	279.1	295.2
Compensation of employees	47.8	54.8	64.1	99.1	95.6	97.2	103.1
Goods and services	84.1	58.0	144.8	172.4	169.6	181.8	192.1
<i>of which:</i>							
<i>Agency and support / outsourced services</i>	34.7	15.4	13.4	83.1	89.2	93.6	99.2
<i>Lease payments</i>	0.1	0.1	1.3	0.4	0.4	0.5	0.5
<i>Travel and subsistence</i>	8.8	10.4	14.2	15.2	16.2	17.4	18.4
Interest and rent on land	–	0.1	4.5	0.1	0.1	0.1	0.1
Transfers and subsidies	–	324.3	698.6	1 301.6	1 392.2	1 679.3	1 810.0
Provinces and municipalities	–	216.7	518.7	1 147.2	1 109.4	1 321.1	1 400.1
Public corporations and private enterprises	–	–	0.1	–	–	–	–
Non-profit institutions	–	107.6	179.8	154.4	282.7	358.1	409.8
Households	–	–	0.0	0.1	0.1	0.1	0.1
Payments for capital assets	1.1	0.9	3.5	2.0	1.6	2.6	2.8
Machinery and equipment	1.1	0.9	3.0	2.0	1.6	2.6	2.8
Software and other intangible assets	–	–	0.5	–	–	–	–
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	1.1	–	0.6	0.6	0.7
Total	133.0	438.1	915.4	1 575.2	1 659.0	1 961.0	2 108.0

Details of selected transfers and subsidies

Non-profit institutions							
Current	–	107.6	179.8	154.4	282.7	358.1	409.8
Non-state sector	–	107.6	179.8	154.4	282.7	358.1	409.8
Households							
Provinces and municipalities							
Provincial revenue funds							
Current	–	116.2	239.0	467.6	510.2	619.2	656.2
Social sector expanded public works programme incentive grant for provinces	–	–	56.6	200.4	217.4	257.6	273.0
Expanded public works programme integrated grant to provinces	–	116.2	182.4	267.3	292.8	361.6	383.3
Public corporations and private enterprises							
Current	–	100.5	279.6	679.6	599.2	701.9	743.9
Expanded public works programme integrated grant to municipalities	–	100.5	279.6	679.6	599.2	701.9	743.9

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R133 million in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 107.8 per cent. The growth in expenditure was mainly the result of the increase in the allocation for transfers and subsidies to fund the expanded public works programme incentives for participating public bodies in the infrastructure sector, non-state sector, environment and culture sector and the social sector.

The incentive grant for municipalities and provinces, which incentivised municipalities and provincial departments to increase job creation efforts in expanded public works programmes by shifting towards more labour intensive methods of construction, was introduced following Cabinet's approval in June 2008 for the implementation of the second phase of the expanded public works programme. However, as from 2012/13, the infrastructure sector expanded public works programme grant model has been revised and changed from a schedule 8 grant (incentives to provinces and municipalities) to a schedule 5 (provinces) and schedule 6

(municipalities) grant to make funding more predictable. This phase of the programme has the objective of creating 4.5 million work opportunities, including approximately 2 million full time equivalents, for poor and unemployed people in South Africa by March 2014. The expanded public works programme performance based incentives were allocated R3.9 billion between 2008/09 and 2010/11, which contributed to the achievement of the overall performance of approximately 1 268 975 work opportunities created against a target of 1 192 000 and 343 909 full time equivalents against a target of 471 741.

Over the medium term, expenditure is expected to increase to R2.1 billion, at an average annual rate of 20.9 per cent. This is mainly due to additional funding allocated to supplement wage costs for additional work opportunities created in the non-state sector component of the expanded public works programme.

R55.5 million in 2012/13, R61.6 million in 2013/14 and R65.3 million in 2014/15 has been allocated for spending on consultants, who will be mainly involved in providing support to municipalities on the implementation of expanded public works programme infrastructure projects to fast track service delivery.

Programme 4: Property and Construction Industry Policy Regulations

Objectives and measures

- Provide strategic leadership in effective and efficient immovable asset management and the delivery of infrastructure programmes in national and provincial government through the development of best practice guidelines by March 2015.
- Review legislation to regulate the construction and property industries by:
 - tabling the Expropriation Bill in Parliament by March 2013 to align it with the Constitution in order to provide a common framework to guide the processes and procedures for the expropriation of property by all organs of state
 - tabling the Agrément South Africa Bill in Parliament by March 2013 and establishing it as a juristic person, thereby improving its corporate governance and accountability.
- Develop a comprehensive policy framework to ensure environmental sustainability in the construction and property sectors through the implementation of the green building framework and the development of related policies and strategies by March 2015, thereby creating green jobs and promoting the growth of the green economy.

Subprogrammes

- *Construction Industry Development Programme* creates an enabling environment for transforming the construction and development industry by developing appropriate legislation and implementing monitoring mechanisms for the sector. This subprogramme had a staff complement of 7 and a total budget of R23.2 million in 2011/12, of which 70.4 per cent was used for goods and services. The subprogramme aims to ensure transformation and regulation of the construction and property industries to ensure economic growth and development. No savings over the MTEF period have been identified in this subprogramme.
- *Property Industry Development Programme* provides leadership and guidance on the transformation of the property industry, and promotes uniformity and best practice on immovable asset management in the public sector through policy development. It also sets best practice standards for the compilation and maintenance of immovable asset registers and the administration of rights over state and private land through its guidelines. This subprogramme had a staff complement of 17 and a total budget of R11.7 million in 2011/12, of which 54.9 per cent was used for goods and services. The subprogramme aims to ensure effective and efficient strategic leadership in immovable asset management and the delivery of infrastructure programmes through, among other things, the review of the ministerial handbook, submission of Agrément South Africa and expropriation bills to Parliament, and the development of lifecycle property management policies. No savings over the MTEF period have been identified in this subprogramme.

Expenditure estimates

Table 7.8 Property and Construction Industry Policy Regulations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Construction Industry Development Programme	20.7	6.1	16.0	23.2	21.0	22.0	23.5
Property Industry Development Programme	12.7	11.3	12.0	11.7	16.4	17.1	18.0
Total	33.4	17.4	28.0	34.9	37.4	39.2	41.5
Change to 2011 Budget estimate				-	1.0	1.0	-

Economic classification

Current payments	33.2	17.4	18.8	34.8	37.3	39.1	41.3
Compensation of employees	9.4	5.8	6.4	12.0	12.6	13.3	14.1
Goods and services	23.8	11.6	12.4	22.7	24.7	25.7	27.2
<i>of which:</i>							
Agency and support / outsourced services	8.6	0.1	-	8.6	10.5	11.2	11.9
Lease payments	0.2	0.1	0.2	0.1	0.1	0.2	0.2
Travel and subsistence	2.1	0.7	0.1	1.7	1.8	2.0	2.2
Transfers and subsidies	0.0	-	9.0	-	-	-	-
Non-profit institutions	-	-	9.0	-	-	-	-
Payments for capital assets	0.2	0.0	0.2	0.1	0.1	0.1	0.1
Machinery and equipment	0.2	0.0	0.2	0.1	0.1	0.1	0.1
<i>of which:</i>							
Capitalised goods and services	-	-	-	-	0.2	0.2	0.2
Total	33.4	17.4	28.0	34.9	37.4	39.2	41.5

Details of selected transfers and subsidies

Non-profit institutions							
Current	-	-	9.0	-	-	-	-
Non-profit institution	-	-	9.0	-	-	-	-

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R33.4 million to R34.9 million, at an average annual rate of 1.5 per cent. The growth in expenditure was mainly as a result of increases in the allocations for compensation of employees and goods and services, specifically the travel and subsistence, agency support/outsourced services, as well as professional services and advertising expenditure, due to annual inflationary adjustments.

Since 2008/09, the outputs achieved through funding provided by this programme have included the development of an action plan for the development of immovable asset lifecycle management guidelines, a framework and action plan for the rollout of the Government Immovable Asset Management Act (2007) in local government, and a policy on letting for commercial purposes.

Over the MTEF period, expenditure is expected to increase to R41.5 million, at an average annual rate of 5.9 per cent, to provide for improved conditions of service and related inflationary increases on goods and services. R8.8 million in 2012/13, R8.6 million in 2013/14 and R8.8 million in 2014/15 has been allocated for spending on consultants, who will mainly be involved in the department's review and alignment of construction and property related policies.

Programme 5: 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. This subprogramme had no staff complement and a total

budget of R2.1 million in 2011/12, which was used for goods and services, specifically on contractors. No savings over the MTEF period have been identified in this subprogramme.

- *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. This subprogramme had no staff complement and a total budget of R16.9 million in 2011/12, which was transferred to foreign governments and international organisations for the maintenance of national memorials. No savings over the MTEF period have been identified in this subprogramme.
- *State Functions* provides for the acquisition of logistical facilities for state functions. The subprogramme aims to ensure effective and efficient delivery of all state function activities. This subprogramme had no staff complement and a total budget of R10.1 million in 2011/12, was used for goods and services, mainly on contractors. No savings over the MTEF period have been identified in this subprogramme.
- *Sector Education and Training Authority* aims to influence training and skills development throughout the construction industry. This subprogramme had no staff complement and a total budget of R2.5 million in 2011/12, which was transferred to the Construction Education and Training Authority. No savings over the MTEF period have been identified in this subprogramme.

Expenditure estimates

Table 7.9 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Compensation for Losses	–	–	0.3	2.1	2.2	2.3	2.4
Assistance to Organisations for Preservation of National Memorials	13.7	14.8	13.9	16.9	19.4	20.5	21.7
State Functions	0.1	23.9	8.8	10.1	15.1	15.1	15.7
Sector Education and Training Authority	1.6	0.9	1.2	2.5	2.6	2.8	2.9
Total	15.4	39.6	24.1	31.6	39.3	40.7	42.8
Change to 2011 Budget estimate				(1.6)	5.0	5.0	–

Economic classification

Current payments	0.1	23.9	8.8	12.2	17.3	17.4	18.2
Goods and services	0.1	23.9	8.8	12.2	17.3	17.4	18.2
<i>of which:</i>							
<i>Agency and support / outsourced services</i>	–	0.4	–	–	–	–	–
<i>Lease payments</i>	–	0.3	–	–	–	–	–
<i>Property payments</i>	–	0.1	–	–	–	–	–
Transfers and subsidies	15.3	15.7	15.1	19.4	22.0	23.3	24.7
Departmental agencies and accounts	1.6	0.9	1.2	2.5	2.6	2.8	2.9
Foreign governments and international organisations	13.7	14.8	13.9	16.9	19.4	20.5	21.7
Payments for financial assets	–	–	0.3	–	–	–	–
Total	15.4	39.6	24.1	31.6	39.3	40.7	42.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.6	0.9	1.2	2.5	2.6	2.8	2.9
Sector Education and Training Authority	1.6	0.9	1.2	2.5	2.6	2.8	2.9
Foreign governments and international organisations							
Current	13.7	14.8	13.9	16.9	19.4	20.5	21.7
Commonwealth War Graves Commission	13.7	14.8	13.9	16.9	19.4	20.5	21.7

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R15.4 million to R31.6 million, at an average annual rate of 27 per cent. The increase is mainly due to state function expenditure for the presidential inauguration in 2009/10, which was a once-off allocation to the department, and expenditure incurred on state funerals.

Over the MTEF period, expenditure is expected to increase to R42.8 million, at an average annual rate of 10.7 per cent. This is due to the increase in funds allocated for state functions, such as the imbizos and visits by heads of state from other countries.

Public entities and other agencies

Property management trading entity

Overview: 2008/09 – 2014/15

The property management trading entity was established following the decision in 2006 that accommodation related costs be devolved from the Department of Public Works to client departments. The devolution of budgets was aimed at ensuring the long term sustainability of the department and its immovable assets, and ensuring compliance with the Public Finance Management Act (1999), specifically the requirement that the full cost of a service be reflected on each department's budget. On a cost recovery basis, the property management trading entity finances the purchase, construction, refurbishment and maintenance of nationally owned government properties. At a commission, the entity also pays for leases and municipal services on behalf of national departments.

Since its inception in 2006, the property management trading entity has financed the refurbishment of the Civitas building, presently housing the Department of Health, the acquisition of the Salvokop precinct in Tshwane for the construction of a number of buildings for the headquarters of a number of departments, and the repair and maintenance of infrastructure at various ports of entry across the country.

Over the years, the main challenges faced by the entity in reporting its finances were an inadequate billing and accounting system and an incomplete immovable asset register. As at the end of 2010/11, 95 per cent of all invoices issued to client departments had been paid. An additional R140 million outstanding from previous years was also recovered.

The entity's medium term priorities include improving financial management practices within the entity by re-evaluating the entity's current policies and procedures, and implementing an adequate IT system to support the entity's operations.

Selected performance indicators

Table 7.10 Property management trading entity

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Amount of revenue collected per year	All	R4.3bn	R5.4bn	R4.9bn	R4.7bn	R5bn	R5.5bn	R6bn
Average number of days to collect revenue	All	60	60	60	60	60	60	60
Amount invoiced outstanding at the end of the year	All	R143m	R109m	R100m	R95m	R100m	R110m	R120m

Programmes/activities/objectives

Table 7.11 Property management trading entity

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Maintenance and repair of buildings	159.9	626.8	812.9	731.6	804.6	898.1	1 009.1
Operating leases	3 012.2	2 431.2	3 011.6	2 931.9	3 171.3	3 425.0	3 699.0
Property rates	–	549.5	583.1	651.7	716.9	788.6	867.4
Cleaning and gardening services	–	225.4	392.4	204.6	223.8	246.1	270.8
Corporate services	–	141.1	120.4	41.4	20.2	16.3	11.3
Total expense	3 172.1	3 974.1	4 920.3	4 561.3	4 936.7	5 374.1	5 857.5

The property management trading entity had a total budget of R4.6 billion in 2011/12, of which 64.3 per cent was used for the payment of leases for privately owned buildings on behalf of client departments.

Savings and cost effectiveness measures

Processes are being developed in conjunction with the department's asset investment branch to identify new accommodation for client departments in time to allow departments to budget for increased expenditure through the budgeting process, and to improve the entity's revenue collection and make more funds available for projects. Compensation of employees and goods and services costs are still carried by the Department of Public Works. Projects and properties (leases) are procured through a supply chain management structure, which ensures the best possible rates.

Expenditure estimates

Table 7.12 Property management trading entity

Statement of financial performance							
R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	2 545.9	3 210.8	4 266.0	4 031.1	4 389.8	4 791.6	5 234.1
Sale of goods and services other than capital assets	2 543.1	3 210.8	4 142.4	4 026.1	4 384.8	4 786.6	5 229.1
<i>of which:</i>							
<i>Sales by market establishments</i>	2 543.1	2 385.0	3 194.0	3 044.8	3 295.4	3 561.5	3 849.2
<i>Other sales</i>	–	825.8	948.4	981.3	1 089.4	1 225.1	1 379.9
<i>Other non-tax revenue</i>	2.8	–	123.7	5.0	5.0	5.0	5.0
Transfers received	528.0	588.4	613.0	630.2	646.8	682.4	723.4
Total revenue	3 073.9	3 799.2	4 879.0	4 661.3	5 036.7	5 474.1	5 957.5
Expenses							
Current expenses	3 172.1	3 424.6	4 337.2	3 909.6	4 219.8	4 585.5	4 990.1
Goods and services	3 172.1	3 424.6	4 337.2	3 891.9	4 200.7	4 561.8	4 965.8
Interest, dividends and rent on land	–	–	–	17.6	19.1	23.8	24.3
Transfers and subsidies	–	549.5	583.1	651.7	716.9	788.6	867.4
Total expenses	3 172.1	3 974.1	4 920.3	4 561.3	4 936.7	5 374.1	5 857.5
Surplus / (Deficit)	(98.2)	(174.9)	(41.3)	100.0	100.0	100.0	100.0

Expenditure trends

The spending focus over the medium term will be on implementing systems to improve the entity's invoicing, which should lead to an improvement in revenue collection to make more funds available for projects. This will entail fast tracking the process of confirming the occupation of state owned accommodation with client departments to ensure the accurate and itemised billing of state properties.

The entity's revenue is mainly generated from management fees earned through administrative services rendered on behalf of client departments, such as the payment of municipal charges on behalf of client

departments at a management fee of 5 per cent, and on rental income collected on both government owned buildings rented to client departments and privately owned buildings rented on behalf of government departments from private landlords. Between 2008/09 and 2011/12, total revenue increased from R3.1 billion to R4.7 billion, at an average annual rate of 14.9 per cent, due to increases in accommodation charges, leases and municipal services collected from client departments. Over the medium term, revenue is expected to increase to R6 billion, due to the annual escalation in lease contracts, which range between 8 per cent and 10 per cent, as determined by local government, and an inflationary increase in estimates for day-to-day maintenance.

Expenditure increased from R3.2 billion in 2008/09 to R4.6 billion in 2011/12, at an average annual rate of 12.9 per cent. This is mainly due to an increase in the state's private lease portfolio. Over the same period, the trading entity concluded new leases on behalf of client departments. Expenditure on this portfolio will increase at an average annual rate of between 8 and 10 per cent, as determined by the escalation clauses in the individual contracts. Until the end of 2009/10, the entity has been increasing its accommodation charges on state owned accommodation by 15 per cent annually. However, as from 1 April 2010, increases in accommodation charges are no longer uniformly applied across departments' budgets and now depend on the nature of costs motivating the increase. Over the medium term, expenditure is projected to increase to R5.9 billion, at an average annual rate of 8.7 per cent, due to an increase in the state's private lease portfolio.

The entity aims to realise a saving in each consecutive financial year over the MTEF period to finance its current accumulated deficit.

Personnel information

Table 7.13 Property management trading entity¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of Vacant Posts	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Senior management	6	6	2	3	3	3	6	6	6	6
Middle management	9	9	1	5	5	5	9	9	9	9
Skilled	39	39	10	10	10	19	39	39	39	39
Total	54	54	13	18	18	27	54	54	54	54

1. The entity does not have its own compensation of employees' budget as this is accounted for in the Department of Public Works' budget.

2.. As at 30 September 2011.

The entity's significant under-capacity was identified as a challenge in 2010/11, leading to an increase in the staff complement from 27 to 54 in 2011/12. Emphasis was placed on appointing staff who have relevant experience in terms of reporting in accordance with generally accepted accounting practices in South Africa, a resource which was previously lacking. There were 13 vacancies as at 20 September 2011, mostly at the semi-skilled level. The entity plans to maintain a staff complement of 54 over the MTEF period, which will form part of the department's total staff complement of 5 006.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Construction Industry Development Board** provides leadership to stakeholders, stimulates the growth, reform and improvement of the construction sector, and enhances the industry's role in the South African economy. The board's total budget for 2012/13 is R66.9 million.
- The **Council for the Built Environment** oversees and regulates the six professional councils responsible for regulating built environment professionals such as architects, engineers, quantity surveyors, landscape architects, property valuers and project and construction managers. The council's total budget for 2012/13 is R27.4 million.
- The **Independent Development Trust** has evolved from a grant making organisation into a responsive development agency with a well established footprint across South Africa. The trust's total budget for 2012/13 is R568.9 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Inner city regeneration, Pretoria: Agrivaal building	Rehabilitation	Tender	567 250	10 705	11 307	18 354	24 088	124 402	275 718	102 676
Departmental: Various centres	Upgrading and construction of 205 departmental accommodation sites	Various	1 696 828	55 263	62 778	261 201	468 185	288 000	246 000	220 000
Dolomite: Various centres	Management of 54 dolomite risk areas	Various	954 883	55 244	21 168	11 861	46 000	130 000	160 000	180 000
Accessibility: Various centres	Upgrading of 226 disabled facilities	Various	134 731	1 072	14 635	18 978	25 000	28 000	30 000	32 000
Border Control Operational Coordination Committee: Various centres	Redevelopment of 154 border post centres	Various	4 019 253	447 914	643 306	372 000	310 000	475 000	490 000	519 400
Prestige: Various centres	Upgrading and construction of 150 prestige accommodation sites	Various	5 748 891	237 328	399 644	446 445	472 760	323 742	418 653	636 732
Inner city regeneration: various centres	Development of 5 national government precincts	Various	162 059	180 848	100 746	127 035	97 912	5 598	4 282	17 324
Border Control Operational Coordination Committee: Home Affairs	Border post centres	Various	-	-	-	-	-	110 000	130 000	160 000
Total			13 283 895	988 374	1 253 584	1 255 874	1 443 945	1 484 742	1 754 653	1 868 132

Vote 8

Women, Children and People with Disabilities

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	63.8	61.1	0.0	2.6	74.0	83.6
Women, Empowerment and Gender Equality	79.5	20.8	58.5	0.2	86.3	93.2
Children's Rights and Responsibilities	13.5	13.4	–	0.2	16.0	17.1
Rights of People with Disabilities	15.4	15.3	–	0.2	19.1	20.9
Total expenditure estimates	172.2	110.5	58.5	3.1	195.5	214.9
Executive authority	Minister of Women, Children and People with Disabilities					
Accounting officer	Director General of Women, Children and People with Disabilities					
Website address	www.wcpd.gov.za					

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

Aim

Drive, accelerate and oversee government's equity, equality and empowerment agenda on women, children and people with disabilities, especially in poor and rural communities.

Programme purposes

Programme 1: Administration

Purpose: Provide effective leadership, management and administrative support services to the minister and other branches in the department.

Programme 2: Women, Empowerment and Gender Equality

Purpose: Facilitate the translation of national and international instruments into empowerment and socioeconomic development programmes. Oversee and report comprehensively on the national realisation of women's rights and the progressive realisation of equality.

Programme 3: Children's Rights and Responsibilities

Purpose: Oversee the consolidation of the children's rights agenda and alignment of the conceptual frameworks and strategies across the three spheres of government to advance delivery against constitutional and international instruments.

Programme 4: Rights of People with Disabilities

Purpose: Facilitate the translation of national and international instruments into empowerment and socioeconomic development programmes. Oversee and comprehensively report on the national realisation of the rights of people with disabilities and the progressive realisation of equality.

Strategic overview: 2008/09 – 2014/15

The Ministry for Women, Children and People with Disabilities came into being on 10 May 2009. In announcing the new ministry's establishment, the president emphasised the need for equity and access to development opportunities for vulnerable groups in society. The department's mandate is to advance, develop, promote and protect the rights of women, children and people with disabilities through mainstreaming, lobbying, advocacy, awareness raising, empowerment and monitoring compliance in government and all relevant sectors.

Outcomes and strategic priorities

The overall goal of the department's strategic plan for 2012/13-2016/17 is to promote the achievement of equality and eradicate discrimination against women, children and people with disabilities. The strategic plan is aligned with government's priorities, and with an outcomes and rights based approach to gender, disability and children. The priority outcomes are: improved quality of basic education (outcome 1); a long and healthy life for all South Africans (outcome 2); all people in South Africa are and feel safe (outcome 3); a skilled and capable workforce to support an inclusive growth path (outcome 5); an efficient, competitive and responsive infrastructure network (outcome 6); vibrant, equitable and sustainable rural communities with food security for all (outcome 7); sustainable human settlements and improved quality of household life (outcome 8); an efficient, effective and developmental oriented public service and an empowered, fair and inclusive citizenship (outcome 12).

In realising these outcomes, the department creates opportunities for strategic collaboration with a broad range of stakeholders and implementation partners. The department has drafted a memorandum of understanding with partner departments to formalise and agree on these collaborative strategic areas. These are expected to be signed off by the minister and her counterparts before the end of 2011/12. The department has already embarked on flagship projects which demonstrate the mainstreaming and integration of resources and efforts towards achieving these outcomes.

Priorities over the medium term

The department has identified the following key priorities over the medium term: advocating the promotion and protection of the rights of women, children and people with disabilities; monitoring and evaluating gender, disability and children's rights by ensuring that the national compendium of macro-indicators integrate targets for women, children and people with disabilities; ensuring that the mainstreaming of gender, disability and children's rights happens at the levels of Cabinet, the forum of South African directors general, the different departmental clusters, all levels of government, as well as public funded institutions, the private sector and communities; strengthening institutional capacity to deliver quality service; and strengthening participation in strategic bilateral and multilateral initiatives that contribute to empowerment and equality for women, children and people with disabilities.

The department will engage in research and collaboration with other departments, entities and stakeholders that share its vision with a view to infusing the current monitoring and evaluation framework of government with indicators that are responsive to issues of empowerment and equality for children, women and people with disabilities. It will collaborate with civil society in ensuring that conditions are conducive for integrated transformation in relation to the three target groups; formulate and monitor the implementation of the mainstreaming strategy for gender, disability and children's rights in all 12 outcomes of government; facilitate and advocate for the promotion and protection of the rights of women, children and people with disabilities; and create awareness of maternal and children's health.

The department facilitates a transfer payment to the Commission for Gender Equality, which seeks to protect and enforce gender rights by investigating complaints by members of the public and by sanctioning appropriate remedies in line with legislation.

Selected performance indicators

Table 8.1 Women, Children and People with Disabilities

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of reports submitted to Cabinet on mainstreaming, advocating and monitoring of the rights of women, children and people with disabilities per year	Women, Empowerment and Gender Equality Children's Rights and Responsibilities, and Rights of People with Disabilities	- ¹	- ¹	- ¹	2	4	4	4
Number of advocacy and mainstreaming programmes on the realisation of the rights of women, children and people with disabilities per year	Women, Empowerment and Gender Equality Children's Rights and Responsibilities, and Rights of People with Disabilities	-	-	-	12	15	18	21
Number of awareness campaigns promoting the realisation and protection of the rights of women, children and people with disabilities per year	Children's Rights and Responsibilities	- ¹	- ¹	- ¹	22	22	22	22
Number of reports on the extent to which government prioritises the 12 outcomes to mainstream gender imperatives per year	Women, Empowerment and Gender Equality ²	- ¹	- ¹	- ¹	- ¹	1	1	1
Number of programmes on access to development opportunities for vulnerable groups per year	Women, Empowerment and Gender Equality Children's Rights and Responsibilities, and Rights of People with Disabilities	-	-	-	3	3	3	3
Number of reports submitted to the Southern African Development Community, African Union, committee on the elimination of discrimination against women and United Nations, per year	Women, Empowerment and Gender Equality	- ¹	- ¹	- ¹	- ¹	4	4	4

1. The department has new indicators that are now in line with its newly developed strategic and annual performance plans.

2. Most of the indicators in the table focus on the Women, Empowerment and Gender Equality programme, as most of the budget has been allocated to this programme.

Expenditure estimates

Table 8.2 Women, Children and People with Disabilities

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	-	1.7	37.5	42.8	42.8	63.8	74.0	83.6
Women, Empowerment and Gender Equality	50.9	57.0	60.8	78.2	78.2	79.5	86.3	93.2
Children's Rights and Responsibilities	4.6	7.7	8.7	10.2	10.2	13.5	16.0	17.1
Rights of People with Disabilities	6.5	11.0	2.9	12.0	12.0	15.4	19.1	20.9
Total	61.9	77.5	109.9	143.1	143.1	172.2	195.5	214.9
Change to 2011 Budget estimate				25.2	25.2	42.7	54.7	65.6
Current payments	15.7	28.4	57.7	80.9	80.9	110.5	131.0	146.6
Compensation of employees	5.9	9.8	22.7	34.8	34.8	57.1	70.8	80.2
Goods and services	9.8	18.6	35.0	46.1	46.1	53.4	60.1	66.4
of which:								
Catering: Departmental activities	0.4	0.8	2.7	2.9	2.9	2.7	3.1	3.5
Property payments	-	-	-	9.0	9.0	7.9	8.3	8.8
Travel and subsistence	2.4	4.0	16.1	9.0	9.0	24.9	28.8	32.1
Venues and facilities	1.6	3.1	4.5	5.6	5.6	3.2	3.7	3.9

Table 8.2 Women, Children and People with Disabilities (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Transfers and subsidies	46.2	49.1	52.0	55.2	55.2	58.5	61.8	65.4
Departmental agencies and accounts	46.2	49.1	51.9	55.2	55.2	58.5	61.7	65.4
Payments for capital assets	0.0	–	0.2	7.1	7.1	3.1	2.8	2.8
Machinery and equipment	0.0	–	0.2	7.1	7.1	3.1	2.8	2.8
Total	61.9	77.5	109.9	143.1	143.1	172.2	195.5	214.9

Expenditure trends

The spending focus over the medium term will be on supporting and facilitating planning for the mainstreaming and oversight of national programmes dealing with women, children and people with disabilities, ensuring their access and participation in the social, political and economic environment.

Expenditure increased from R61.9 million in 2008/09 to R143.1 million in 2011/12, at an average annual rate of 32.2 per cent, mainly due to the transformation of the department from a unit in the Presidency to a stand-alone department. Over the medium term, expenditure is expected to increase to R214.9 million, at an average annual rate of 14.5 per cent, due to additional allocations totalling R120 million in the 2012 Budget. This is to provide for capacity building and the sustainability of the department's annual programmes. Funding of R39.7 million is also provided for the new deputy minister. In addition, Cabinet approved a baseline cut of R1.5 million (R1.2 million in 2012/13; R116 000 in 2013/14; and R145 000 in 2014/15), the details of which are discussed in the subprogrammes, where applicable.

The transfer to the Commission for Gender Equality is expected to grow from R55.2 million in 2011/12 to R65.4 million in 2014/15, at an average annual rate of 5.9 per cent, mainly to cater for improved conditions of service. A projected amount of R4.3 million is allocated for consultants between 2012/13 and 2014/15. Consultants will be used mainly to provide translation and transcription services during awareness campaigns.

The allocation over the medium term will provide for 22 awareness campaigns per year in all spheres of government, promoting the realisation and protection of the rights of women, children and people with disabilities. The department will also produce one report a year on the progress of government departments, provinces and municipalities on gender responsive budgeting. The department will also submit four reports per year to the Southern African Development Community (SADC) and other international partners reporting on the country's progress on the realisation of the rights of women, children and people with disabilities.

Personnel information

Table 8.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Department	176	143	13	4	–	41	103	158	200	227
Salary level 1 – 6	40	34	4	–	–	6	20	35	42	47
Salary level 7 – 10	56	36	2	–	–	11	30	45	64	79
Salary level 11 – 12	39	22	1	–	–	10	14	27	36	42
Salary level 13 – 16	41	51	6	4	–	14	39	51	58	59
Administration	125	97	1	4	–	22	72	107	131	158
Salary level 1 – 6	34	25	1	–	–	5	17	26	32	37
Salary level 7 – 10	42	28	–	–	–	4	21	33	43	58
Salary level 11 – 12	22	13	–	–	–	3	7	17	22	28
Salary level 13 – 16	27	31	–	4	–	10	27	31	34	35
Women	24	17	–	–	–	6	10	20	27	27
Empowerment and Gender Equality										
Salary level 1 – 6	3	3	–	–	–	–	–	3	4	4
Salary level 7 – 10	7	2	–	–	–	2	4	4	7	7
Salary level 11 – 12	7	5	–	–	–	3	3	5	6	6
Salary level 13 – 16	7	7	–	–	–	1	3	8	10	10

Table 8.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Children's Rights and Responsibilities	24	14	-	-	-	7	11	15	21	21
Salary level 1 – 6	3	3	-	-	-	1	2	3	3	3
Salary level 7 – 10	6	3	-	-	-	3	3	4	7	7
Salary level 11 – 12	9	2	-	-	-	2	2	2	4	4
Salary level 13 – 16	6	6	-	-	-	1	4	6	7	7
Rights of People with Disabilities	3	15	12	-	-	6	10	16	21	21
Salary level 1 – 6	-	3	3	-	-	-	1	3	3	3
Salary level 7 – 10	1	3	2	-	-	2	2	4	7	7
Salary level 11 – 12	1	2	1	-	-	2	2	3	4	4
Salary level 13 – 16	1	7	6	-	-	2	5	6	7	7

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

2. As at 30 September 2011.

The department had an approved establishment of 176 posts. The number of filled posts grew from 4 in 2008/09 to 103 in 2011/12 as the department transformed from being a unit in the Presidency to a stand-alone department. Over the MTEF period, filled posts are expected to increase to 227, due to the expansion of the department to deliver on its mandate effectively.

As at the 30 September 2011, the department had a vacancy rate of 12.2 per cent. The ratio of support staff to line staff is 1:4.

Departmental receipts

Table 8.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	-	-	2	3	6	10	11	12
Sales of goods and services produced by department	-	-	2	3	6	10	11	12
Administration fees	-	-	-	-	-	2	2	2
<i>of which:</i>								
Parking fees	-	-	-	-	-	2	2	2
Other sales	-	-	2	3	6	8	9	10
<i>of which:</i>								
Services rendered: Commission on insurance and gamishee	-	-	2	3	6	8	9	10
Total	-	-	2	3	6	10	11	12

Between 2011/12 and 2014/15, revenue is expected to increase from R6 000 to R12 000, at an average annual rate of 25.9 per cent, as the department introduces a new revenue stream of charging for staff parking provided within the premises of the department.

Programme 1: Administration

Expenditure estimates

Table 8.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	-	1.7	31.7	3.5	19.0	21.4	23.7
Management	-	-	0.6	9.6	14.1	17.4	19.9
Corporate Services	-	-	0.4	22.3	22.8	27.0	31.2
Office Accommodation	-	-	4.7	7.5	7.9	8.3	8.8
Total	-	1.7	37.5	42.8	63.8	74.0	83.6
Change to 2011 Budget estimate				8.6	27.5	35.8	43.1

Economic classification

Current payments	-	1.7	37.2	35.7	61.1	71.8	81.4
Compensation of employees	-	1.7	16.8	18.0	34.3	42.2	49.3
Goods and services	-	-	20.5	17.7	26.8	29.6	32.1
<i>of which:</i>							
<i>Catering: Departmental activities</i>	-	-	0.1	0.1	0.3	0.3	0.4
<i>Property payments</i>	-	-	-	9.0	7.9	8.3	8.8
<i>Travel and subsistence</i>	-	-	8.4	1.8	10.4	12.1	13.1
<i>Venues and facilities</i>	-	-	3.5	0.5	0.8	0.8	0.7
Payments for capital assets	-	-	0.2	7.1	2.6	2.2	2.2
Machinery and equipment	-	-	0.2	7.1	2.6	2.2	2.2
Total	-	1.7	37.5	42.8	63.8	74.0	83.6

Expenditure trends

The programme did not incur any expenditure in 2008/09 as it was still a unit in the Presidency. Between 2009/10 and 2011/12, expenditure increased significantly from R1.7 million to R42.8 million, at an average annual rate of 398.9 per cent, mainly due to the additional funding for capacity to provide financial and administrative support to the programmes and the ministry. Over the medium term, expenditure is expected to increase to R83.6 million, at an average annual rate of 25 per cent, due to additional funding provided to further increase capacity and to finance the appointment of the new deputy minister.

A projected total of R1.8 million is allocated for consultants between 2012/13 and 2014/15. Consultants will be used mainly for developing the asset management system and the supplier database for the department.

Programme 2: Women, Empowerment and Gender Equality

Objectives and measures

- Monitor and evaluate the mainstreaming of women empowerment and gender equality outcomes by developing and maintaining a monitoring and evaluation framework and establishing a database with gender responsive indicators and readily available gender disaggregated data in 2012/13.
- Adapt international and regional instruments on women empowerment and gender equality into government's existing national gender initiatives by reviewing the Domestic Violence Act (1998), the Recognition of Customary Marriages Act (1996) and government's maternity leave policy by 2014/15.

Subprogrammes

- *Advocacy and Mainstreaming for Gender Equality* promotes the mainstreaming of women's empowerment and gender equality considerations into government's policies and governance processes. This subprogramme had a staff complement of 4 and a total budget of R16.6 million in 2011/12, of which 89.8 per cent was used for goods and services. This subprogramme will coordinate the implementation of

National Women's Day celebrations, the 16 days of Activism as well as the 365 days Action Plan, at a total cost of R27.5 million in 2012/13. An expenditure cut of R80 000 over the medium term has been implemented from travel and subsistence. These funds were cut from the department's baseline and returned to the National Revenue Fund.

- *Institutional Support and Capacity Building for Gender Equality* coordinates institutional support and capacity development by integrating activities and synergy among government departments, civil society and the private sector. This subprogramme had a staff complement of 2 and a total budget of R3.6 million in 2011/12, of which 61.6 per cent was used for compensation of employees. An expenditure cut of R86 000 over the medium term has been implemented from travel and subsistence. These funds were cut from the department's baseline and returned to the National Revenue Fund.
- *Monitoring and Evaluation for Gender Equality* tracks delivery on constitutional, regional and international mandates by: implementing the sector specific performance tracking system; verifying sectoral performance evaluation and comprehensive reporting systems; ensuring that a research protocol is developed; and monitoring compliance with national and international instruments. This subprogramme had a staff complement of 3 and a total budget of R2.8 million in 2011/12, of which 60 per cent was used for compensation of employees. No savings have been identified in this subprogramme.
- *Commission for Gender Equality* was established in terms of the Constitution, and is mandated to promote the respect for gender equality and the protection, the development and attainment of gender equality. This subprogramme had a staff complement of 107 and a total budget of R55.2 million in 2011/12, which was transferred in full to the Commission for Gender Equality. No savings have been identified in this subprogramme.

Expenditure estimates

Table 8.6 Women, Empowerment and Gender Equality

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Advocacy and Mainstreaming for Gender Equality	–	–	8.6	16.6	9.3	11.1	12.7
Institutional Support and Capacity Building for Gender Equality	4.7	7.9	0.2	3.6	6.0	6.8	7.4
Monitoring and Evaluation for Gender Equality	–	–	0.1	2.8	5.7	6.7	7.7
Commission for Gender Equality	46.2	49.1	51.9	55.2	58.5	61.7	65.4
Total	50.9	57.0	60.8	78.2	79.5	86.3	93.2
Change to 2011 Budget estimate				13.5	9.5	12.1	14.6

Economic classification

Current payments	4.7	7.9	8.9	23.0	20.8	24.4	27.6
Compensation of employees	1.8	2.4	(0.4)	5.6	8.3	9.9	10.9
Goods and services	2.8	5.5	9.3	17.4	12.5	14.5	16.7
<i>of which:</i>							
<i>Catering: Departmental activities</i>	0.1	0.3	2.3	1.9	1.4	1.6	1.7
<i>Travel and subsistence</i>	–	–	5.0	3.0	6.0	7.0	8.5
<i>Venues and facilities</i>	–	–	–	3.0	1.0	1.3	1.5
Transfers and subsidies	46.2	49.1	51.9	55.2	58.5	61.7	65.4
Departmental agencies and accounts	46.2	49.1	51.9	55.2	58.5	61.7	65.4
Payments for capital assets	–	–	–	–	0.2	0.2	0.2
Machinery and equipment	–	–	–	–	0.2	0.2	0.2
Total	50.9	57.0	60.8	78.2	79.5	86.3	93.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	46.2	49.1	51.9	55.2	58.5	61.7	65.4
Commission for Gender Equality	46.2	49.1	51.9	55.2	58.5	61.7	65.4

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R50.9 million to R78.2 million, at an average annual rate of 15.4 per cent, mainly due to additional funding provided for hosting National Women's Day celebrations and 16 Days of Activism. The transfer payment to the Commission for Gender Equality increased from R46.2 million in 2008/09 to R55.2 million in 2011/12, at an average annual rate of 6.1 per cent, and is expected to increase to R65.4 million, at an average annual rate of 5.9 per cent. Growth in both periods is to provide for improved conditions of service. Total expenditure is expected to increase to R93.2 million over the medium term, at an average annual rate of 6 per cent, mainly due to additional funding of R36.6 million for awareness campaigns on the protection of the rights of women and capacity challenges.

The department is anticipating an increase in awareness campaigns and consultative meetings, which will focus on engaging stakeholders on advocacy and the mainstreaming of women empowerment and gender equality. In 2011/12, the department held the following campaigns: the 16 Days of Activism, Women's Month and the Sanitary Dignity campaign. The department also hosted the Young Women's summit, the national women's conference, as well as the summit for women in business, which was held in collaboration with the World Bank. In 2012/13, the department will hold consultative meetings in the different provinces to discuss the draft bill on gender equality. A strategy on rural women's development will be workshopped and consulted on with the 9 provinces and selected departments, at an estimated cost of R221 200. The department will also attend international collaboration meetings for the United Nations (UN), African Union (AU) and SADC, at an estimated cost of R830 000.

A projected total of R360 000 is allocated for consultants between 2012/13 and 2014/15. Consultants will be used mainly for translation and transcription services for awareness campaigns.

Programme 3: Children's Rights and Responsibilities

Objectives and measures

- Ensure the progressive realisation of children's rights and responsibilities by promoting and advancing the mainstreaming, coordination and monitoring of children's rights in government's policies and programmes through the:
 - development of a national plan of action for children by March 2015
 - development and implementation of a national monitoring and evaluation strategy to monitor government and civil society's progress on the realisation of children's rights on an ongoing basis
 - development and implementation of a capacity building and support strategy for government and civil society stakeholders in the children's rights sector over the MTEF period.

Subprogrammes

- *Advocacy and Mainstreaming for the Promotion and Protection of Children's Rights* aligns and advocates children's rights and responsibilities across the three spheres of government. This subprogramme had a staff complement of 6 and a total budget of R3.7 million in 2011/12, of which 53.9 per cent was used for goods and services and 46.1 per cent was used for compensation of employees. In 2011/12, the children's rights policy framework was developed, the national plan of action for children has been drafted and consultations with relevant stakeholders are in progress and expected to be finalised in 2012/13, at an estimated cost of R70 000. An expenditure cut of R81 000 over the medium term has been implemented on travel and subsistence. These funds were cut from the department's baseline and will be returned to the National Revenue Fund.
- *Institutional Support and Capacity Building for the Promotion and Protection of Children's Rights* coordinates and supports capacity building actions on children's rights and creates synergy among government departments, civil society organisations and the private sector. This subprogramme had a staff complement of 6 and a total budget of R3.7 million in 2011/12, of which 60.5 per cent was used for compensation of employees. An expenditure cut of R114 000 over the medium term has been implemented

from travel and subsistence. These funds were cut from the department's baseline and returned to the National Revenue Fund.

- *Monitoring and Evaluation for the Promotion and Protection of Children's Rights* monitors and evaluates the mainstreaming of children's rights into government policies and programmes, and ensures that compliance reports are submitted. This subprogramme had a staff complement of 6 and a total budget of R2.8 million in 2011/12, of which 60.7 per cent was used for compensation of employees. In 2012/13, consultative meetings will be coordinated with the national forum of provincial offices on children's rights and the advisory council. The estimated costs of coordinating these forums in all 9 provinces is R201 900. An expenditure cut of R83 000 over the medium has been effected from travel and subsistence. These funds were cut from the department's baseline and will be returned to the National Revenue Fund.

Expenditure estimates

Table 8.7 Children's Rights and Responsibilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Advocacy and Mainstreaming for the Promotion and Protection of Children's Rights	–	–	4.3	3.7	4.1	4.8	5.2
Institutional Support and Capacity Building for the Promotion and Protection of Children's Rights	4.6	7.7	4.4	3.7	5.2	6.2	6.6
Monitoring and Evaluation for the Promotion and Protection of Children's Rights	–	–	0.0	2.8	4.2	4.9	5.3
Total	4.6	7.7	8.7	10.2	13.5	16.0	17.1
Change to 2011 Budget estimate				0.6	1.6	1.8	2.1

Economic classification

Current payments	4.6	7.7	8.7	10.2	13.4	15.8	17.0
Compensation of employees	1.8	1.8	5.2	5.6	7.3	9.0	9.6
Goods and services	2.8	5.9	3.5	4.6	6.1	6.8	7.4
<i>of which:</i>							
<i>Catering: Departmental activities</i>	0.2	0.3	0.2	0.4	0.4	0.5	0.5
<i>Travel and subsistence</i>	–	–	2.3	1.8	3.7	4.0	4.3
<i>Venues and facilities</i>	0.9	1.9	0.3	1.0	0.6	0.6	0.7
Payments for capital assets	0.0	–	–	–	0.2	0.2	0.2
Machinery and equipment	0.0	–	–	–	0.2	0.2	0.2
Total	4.6	7.7	8.7	10.2	13.5	16.0	17.1

Expenditure trends

Expenditure increased from R4.6 million in 2008/09 to R10.2 million in 2011/12, at an average annual rate of 30.7 per cent. This growth is mainly attributed to funding for the advocacy of children's rights and the expansion of related projects. Over the medium term, expenditure is expected to increase to R17.1 million in 2014/15, at an average annual rate of 19 per cent, due to additional funding of R3.9 million to coordinate consultative meetings and advocacy programmes addressing the rights of children.

Between 2011/12 and 2014/15, the department plans to conduct consultations with lead national departments such as the departments of cooperative governance and traditional affairs, human settlements, public works and the relevant Gauteng provincial departments. Consultations will focus on training government officials on mainstreaming children's considerations. The department anticipates spending R4.7 million over the medium term for these programmes.

A projected total of R20 000 is allocated for consultants between 2012/13 and 2014/15. Consultants will be used mainly for coordinating the mainstreaming of the Sanitary Dignity Campaign for women and girls in Kenya.

Programme 4: Rights of People with Disabilities

Objectives and measures

- Ensure the progressive realisation of the rights of people with disabilities by:
 - developing and maintaining a monitoring and evaluation framework for the rights of people with disabilities over the MTEF period, which will ensure that all spheres of government have disability responsive plans and budgets in place for 2013/14, and that disability considerations have been integrated into all government monitoring and evaluation systems, including the review of delivery agreements
 - adapting continental and international instruments for people with disabilities into local initiatives, and ensuring Cabinet approval for the framework for universal access and design
 - finalising and implementing the South African chapter of the continental plan of action for the African decade of persons with disabilities over the MTEF period
 - developing and managing catalytic projects over the MTEF period on the rights and responsibilities of people with disabilities, in line with constitutional and international mandates, including the development of a model outlining norms and standards for mainstreaming disability considerations in skills development centres, through pilot sites in KwaZulu-Natal, North West and Gauteng
 - coordinating an intervention plan to facilitate the transformation of at least 1 sheltered workshop and 5 disabled people's organisations into sustainable cooperatives
 - increasing the participation by people with disabilities in the expanded public works programme
 - facilitating public private partnerships, as and when required, in the interest of people with disabilities, including developing a coordinated intervention model to improve quality of education at special schools, an integrated support model to increase access to institutions of higher learning, and improving support to registered students with disabilities over the MTEF period
 - coordinating forums on the rights of people with disabilities regionally and internationally
 - depositing the first United Nations Convention on the Rights of Persons with Disabilities country report with the UN by August 2012, and ensuring that statements made by the South African delegation to the convention are published and circulated to relevant parties on an ongoing basis.

Subprogrammes

- *Advocacy and Mainstreaming for the Equalisation of Opportunities for Persons with Disabilities* reviews the policy and planning required to align conceptualisation with the three spheres of government, civil society and the private sector, to ensure equity and quality of life for people with disabilities. This subprogramme had a staff complement of 3 and a total budget of R5.5 million in 2011/12, of which 70 per cent was used for goods and services. An expenditure cut of R79 000 over the medium term on travel and subsistence has been effected. These funds were cut from the department's baseline and returned to the National Revenue Fund.
- *Institutional Support and Capacity Building for the Equalisation of Opportunities for persons with Disabilities* integrates actions and creates synergy among government departments, civil society and the private sector. This includes implementing the antipoverty strategy for people with disabilities and developing a national disability agenda. This subprogramme had a staff complement of 3 and a total budget of R3.7 million in 2011/12, of which 62.1 per cent was used for compensation of employees. An expenditure cut of R108 000 over the medium term has been implemented on travel and subsistence. These funds were cut from the department's baseline and returned to the National Revenue Fund.
- *Monitoring and Evaluation for the Equalisation of Opportunities for Persons with Disabilities* tracks delivery on constitutional, regional and international mandates by establishing and implementing sector specific performance tracking verification and evaluation systems. This subprogramme had a staff complement of 4 and a total budget of R2.8 million in 2011/12, of which 60.7 per cent was used for compensation of employees. An expenditure cut of R82 000 over the medium term has been implemented

from travel and subsistence. These funds were cut from the department's baseline and returned to the National Revenue Fund.

Expenditure estimates

Table 8.8 Rights of People with Disabilities

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Advocacy and Mainstreaming for the Equalisation of Opportunities for Persons with Disabilities	–	–	2.8	5.5	4.0	5.0	5.4
Institutional Support and Capacity Building for the Equalisation of Opportunities for Persons with Disabilities	6.5	11.0	0.1	3.7	5.8	7.5	8.1
Monitoring and Evaluation for the Equalisation of Opportunities for Persons with Disabilities	–	–	0.0	2.8	5.7	6.6	7.4
Total	6.5	11.0	2.9	12.0	15.4	19.1	20.9
Change to 2011 Budget estimate				2.4	4.0	4.9	5.8

Economic classification

Current payments	6.5	11.0	2.9	12.0	15.3	18.9	20.7
Compensation of employees	2.3	3.8	1.2	5.6	7.3	9.7	10.4
Goods and services	4.3	7.2	1.7	6.3	8.0	9.2	10.3
<i>of which:</i>							
<i>Catering: Departmental activities</i>	0.1	0.1	0.1	0.5	0.6	0.8	0.9
<i>Travel and subsistence</i>	2.4	4.0	0.4	2.5	4.8	5.6	6.2
<i>Venues and facilities</i>	0.7	1.2	0.7	1.2	0.8	1.0	1.1
Payments for capital assets	–	–	0.0	–	0.2	0.2	0.2
Machinery and equipment	–	–	0.0	–	0.2	0.2	0.2
Total	6.5	11.0	2.9	12.0	15.4	19.1	20.9

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R6.5 million to R12 million, at an average annual rate of 22.6 per cent. This was due to a rollover of R2.8 million in 2010/11 for national and international awareness campaigns for the promotion and realisation of rights of people with disabilities. The growth in expenditure provides for the mainstreaming of people with disabilities in governance processes, projects and programmes, and in all service delivery. Over the medium term, expenditure is expected to increase to R20.9 million, at an average annual rate of 20.4 per cent. This is mainly due to additional funding provided for advocacy and mainstreaming on the rights of people with disabilities through consultative and focal point meetings across the provinces and internationally. The department will produce 4 reports a year on issues relating to the mainstreaming, advocating and monitoring of the rights of people with disabilities.

R2 million is budgeted for consultants between 2012/13 and 2014/15. Consultants will mainly be used to establish audit research programmes to monitor and evaluate 480 schools in all nine provinces, and to provide translation and transcription services during awareness campaigns.

Public entities and other agencies

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

- The **Commission for Gender Equality** promotes respect for gender equality. The commission engages in advocacy and education initiatives to raise awareness and challenge patriarchal stereotypes. It seeks to protect and enforce gender rights by investigating complaints by members of the public and by sanctioning appropriate remedies in line with legislation. Its total budget for 2012/13 is R58.5 million.

Vote 9

Government Communication and Information System

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	170.8	170.2	–	0.6	127.5	135.8
Communication and Content Management	109.1	108.2	–	0.9	113.9	120.7
Government and Stakeholder Engagement	116.5	95.7	20.0	0.8	117.6	124.2
Communication Service Agency	32.6	31.5	–	1.2	34.4	36.5
Total expenditure estimates	429.1	405.6	20.0	3.4	393.3	417.1

Executive authority: Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration
 Accounting officer: Chief Executive Officer Government Communication and Information System
 Website address: www.gcis.gov.za

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

Aim

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 overall support services to the department.

Programme 2: Communication and Content Management

Purpose: Coordinate the strategic planning of communication related initiatives and activities in the Government Communication and Information System and in government departments.

Programme 3: Government and Stakeholder Engagement

Purpose: Maintain and strengthen a well functioning communication system that proactively informs and engages with the public through the implementation of development communication, face-to-face, direct and unmediated communication, and sound stakeholder relations and partnerships. Provide strategic cluster communication advice and support departments. Transfer funds to the Media Development and Diversity Agency.

Programme 4: Communication Service Agency

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

Strategic overview: 2008/09 – 2014/15

The vision of Government Communication and Information System is to be the centre of communication excellence in government. It is structured as a government department and is accountable to the Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration. The organisation's primary mandate is to meet the communication needs of government and the public. It is mandated to provide strategic leadership in government communication and coordinate a government communication system that ensures that the public is continuously informed of government programmes and policies in order to improve their lives.

The primary responsibility of the organisation is to ensure the strength, success and security of South Africa's democracy through the rapid, responsive and continuous communication of government's achievements. It also ensures the strategic alignment of the government communication system with the national government agenda so that government wide communication supports the five priority areas of government: education, fighting crime, health, job creation and rural development.

In realising its main goals, the department aims to increase and strengthen its communication platforms such as the Vuk'uzenzele and the Public Sector Manager publications. Through the Public Sector Manager magazine, the department also aims to contribute to building an efficient and effective public service.

Policy and practice changes

Government wide communication system

The organisation reviewed the government wide communication system in 2007/08 to ascertain which challenges impacted on the quality and efficacy of the system. Some of the challenges identified included: the organisation's lack of authority in providing leadership to government communications, the limited strategic value attributed to communication within government, a shortage of communication skills, and the department's minimal uptake of the organisation's services such as booking media space or developing communication strategies. Several recommendations to address these have since been implemented. For example, Cabinet resolved that all departments needed to book advertising space through this department. Departments are currently making their own bookings but will be brought into the bulk buying strategy over the medium term.

Following the review of the communication system in 2010/11 the organisation reviewed the government communication strategy, which resulted in a shift in the approach to communication for the next five years. The review was initiated in response to Cabinet's concern that government communication work should improve. The revised strategy, which was approved by Cabinet in June 2011, will drive government wide communication programmes in responding to the current communication challenges and provide communication support. This strategy was aligned with the medium term strategic framework and adopts a more measured approach to communication in support of the five national priorities and the outcomes based approach. In 2011/12, the first year of the strategy's implementation, the department attempted to respond to the communication environment with greater speed and impact to the communication environment and has extended its reach to showcase government programmes through new platforms.

Focus over the medium term

Over the medium term, the department aims to gradually implement the 2011-14 government communication strategy to support the communication campaigns of other departments. The use of social media will be further explored to ensure a constant presence of government messages on these platforms.

The marketing and communication strategy for Thusong service centres will be implemented to promote awareness of government information and services. In addition, political principals will continue to interact with members of the public through the public participation programme.

The rapid response unit will manage the implementation of the recommendations provided to other government department through regular and frequent meetings with government communicators. Key among the recommendations to be implemented is the establishment of a system to manage and coordinate parliamentary questions and replies. The full rollout of the unit will take place over the medium term.

Media bulk buying

In instituting an effective system to enable government departments to secure savings from bulk buying, the department reviewed its organisational structure. The department has upgraded the communication service agency to a branch to increase its capacity to service other government departments. The branch will be capacitated over the medium term.

Community and stakeholder liaison visits

The organisation's new focus is on working with major stakeholders and forums in the districts as compared to small communities in a ward. These projects include community information sessions, community radio programmes, door-to-door campaigns, town hall meetings, outreach events at Thusong service centres and a range of other locally based communication platforms, where information about government programmes and opportunities is provided directly to citizens.

Selected performance indicators**Table 9.1 Government Communication and Information System**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of national and international media coverage reports per year	Communication and Content Management	246	357	600	800	800	800	800
Number of regular and ad hoc analytical reports per year	Communication and Content Management	42	48	48	280	280	280	280
Number of copies of Vuk'uzenzele magazine published per year	Communication and Content Management	10 million	10 million	10 million	15 million	20.4 million	20.4 million	20.4 million
Number of rapid responses, agendas and recommendations per year	Government and Stakeholder Engagement	398	551	720	500	500	500	500
Number of media engagements implemented per year ¹	Government and Stakeholder Engagement	90	158	140	100	100	100	100
Number of community and stakeholder liaison visits per year	Government and Stakeholder Engagement	–	7 895	6 534	3 600	3 280	3 280	3 280
Number of development communication projects aligned with the government communication programme per year	Government and Stakeholder Engagement	2 496	4 583	2 970	2 970	2 460	2 460	2 460
Number of communication materials, such as pamphlets, distributed per year	Communication and Content Management	7 083	1 989 970	700 000	1 million	1 million	1 million	1 million
Number of rapid response facilitated reports per year ¹	Government and Stakeholder Engagement	–	–	–	–	264	264	264
Number of marketing events per Thusong service centre per year ¹	Government and Stakeholder Engagement	–	–	–	0	680	680	680
Number of radio advertisements and dramas produced per year	Communication and Content Management	45	66	15	48	48	48	48
Number of video programmes produced per year	Communication and Content Management	13	54	13	120	120	120	120
Number of requests for photographic coverage handled per year	Communication and Content Management	600	484	600	500	500	500	500
Number of live broadcasts on community radio stations per year	Communication and Content Management	35	59	100	54	54	54	54
Number of radio talk shows arranged per year	Communication and Content Management	40	55	37	33	33	33	33
Number of government and national events covered by video per year	Communication and Content Management	100	54	150	400	400	400	400
Number of graphic designs produced per year	Communication and Content Management	100	155	100	160	160	160	160

1. No past data, as indicator is new.

Expenditure estimates

Table 9.2 Government Communication and Information System

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	73.5	80.1	89.3	122.5	122.5	170.8	127.5	135.8
Communication and Content Management	98.1	113.5	103.3	99.5	99.5	109.1	113.9	120.7
Government and Stakeholder Engagement	79.1	92.1	98.0	113.8	110.0	116.5	117.6	124.2
Communication Service Agency	37.0	48.3	61.6	28.5	28.5	32.6	34.4	36.5
Total	287.8	334.0	352.2	364.3	360.5	429.1	393.3	417.1
Change to 2011 Budget estimate				(132.1)	(135.9)	(95.3)	(158.7)	4.3

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
Current payments	269.0	314.2	329.4	342.8	339.0	405.6	368.7	391.1
Compensation of employees	114.0	138.7	147.2	166.9	163.9	176.4	185.0	195.8
Goods and services	155.0	175.4	182.2	175.8	175.1	229.3	183.7	195.3
<i>of which:</i>								
Computer services	14.1	15.8	17.4	13.1	13.1	14.3	15.1	15.4
Lease payments	12.2	12.9	16.4	32.2	32.2	37.9	40.0	44.1
Travel and subsistence	18.7	18.9	18.3	19.6	18.9	21.3	22.5	23.9
Operating expenditure	35.5	42.1	39.2	40.2	40.2	41.8	44.1	46.6
Transfers and subsidies	14.8	17.0	17.5	19.1	19.1	20.0	21.0	22.3
Departmental agencies and accounts	14.6	16.6	17.3	19.1	19.1	20.0	21.0	22.3
Households	0.3	0.4	0.2	–	–	–	–	–
Payments for capital assets	3.7	2.8	5.1	2.4	2.4	3.4	3.6	3.7
Machinery and equipment	3.7	2.7	5.1	2.1	2.1	2.7	3.4	3.6
Software and other intangible assets	–	0.1	–	0.4	0.4	0.7	0.2	0.2
Payments for financial assets	0.2	0.1	0.2	–	–	–	–	–
Total	287.8	334.0	352.2	364.3	360.5	429.1	393.3	417.1

Expenditure trends

The spending focus over the MTEF period will be on executing the department's mandate through implementing the national communication strategy. This will include providing dedicated video and photography support to the Presidency, developing personnel involved with government communication across government, and establishing a communication curriculum. Spending to support these activities will mainly be in compensation of employees and operating expenses related to the monthly production and distribution of the Vuk'uzenzele newspaper.

Expenditure increased from R287.8 million in 2008/09 to R364.3 million in 2011/12, at an average annual rate of 8.2 per cent, mainly as a result of increased spending on compensation of employees, which grew from R114 million in 2008/09 to R166.9 million in 2011/12, at an average annual rate of 13.5 per cent. The increase in spending on compensation of employees relates to an increased establishment from 2009/10 as a result of the expansion of the department and annual salary adjustments. The expansion was mainly due to: departmental activities in preparation for the 2010 FIFA World Cup and government's initiatives in the inclusive economy, where the department partnered with SABC 1 in 2009/10 to promote economic opportunities created by government through a 13-episode television programme called Rise Mzansi; additional capacity at provincial offices; the energy efficiency campaign; and communication programmes developed by the department for the CNBC Africa television channel. Expenditure on goods and services increased from R155 million in 2008/09 to R175.8 million in 2011/12, at an average annual rate of 4.3 per cent, mainly in lease payments for accommodation costs.

Over the medium term, expenditure is expected to increase to R417.1 million, at an average annual rate of 4.6 per cent, which is slightly below the projected rates of inflation. The increase is mainly in spending on

compensation of employees, which is projected to grow to R195.8 million over the medium term, at an average annual rate of 5.5 per cent, in line with inflationary projections. The R19.5 million increase in expenditure on goods and services over the medium term is mainly in operating expenditure for an increased print run and production costs of Vuk'uzenzele newspaper, as well as lease payments in respect of the new head office building. Spending on travel and subsistence for assistance to provide video and photographic services to the president and deputy president during domestic and international trips also contributes to the increase over the medium term.

R6.7 million or 0.5 per cent of total departmental expenditure over the medium term is allocated as a contingency reserve for spending on consultants to assist the department in the resolution of legal disputes as well as translations and transcriptions of the Vuk'uzenzele newspaper and the SA Yearbook publications.

The 2012 Budget sets out additional allocations of R3.5 million in 2012/13, R3.8 million in 2013/14 and R4.3 million in 2014/15 for improved conditions of service, and R50 million in 2012/13 for office accommodation and costs related to the new head office building.

Personnel information

Table 9.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment							
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid- year ²	Medium-term estimate			
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14	2014/15
Department	496	496	5	463	477	501	482	505	505	505	
Salary level 1 – 6	105	105	–	112	97	102	101	114	114	114	
Salary level 7 – 10	251	251	5	233	254	258	250	254	254	254	
Salary level 11 – 12	87	87	–	71	80	88	88	86	86	86	
Salary level 13 – 16	53	53	–	47	46	53	43	51	51	51	
Administration	148	148	1	136	129	143	141	154	154	154	
Salary level 1 – 6	52	52	–	61	50	53	53	64	64	64	
Salary level 7 – 10	56	56	1	42	44	51	53	50	50	50	
Salary level 11 – 12	23	23	–	20	21	22	26	24	24	24	
Salary level 13 – 16	17	17	–	13	14	17	9	16	16	16	
Communication and Content Management	112	112	–	101	109	107	102	107	107	107	
Salary level 1 – 6	15	15	–	15	15	13	13	13	13	13	
Salary level 7 – 10	52	52	–	47	49	51	48	53	53	53	
Salary level 11 – 12	29	29	–	24	29	30	29	29	29	29	
Salary level 13 – 16	16	16	–	15	16	13	12	12	12	12	
Government and Stakeholder Engagement	186	186	4	184	198	205	189	194	194	194	
Salary level 1 – 6	27	27	–	25	24	27	25	27	27	27	
Salary level 7 – 10	120	120	4	127	139	134	125	127	127	127	
Salary level 11 – 12	23	23	–	16	21	24	21	21	21	21	
Salary level 13 – 16	16	16	–	16	14	20	18	19	19	19	
Communication Service Agency	50	50	–	42	41	46	50	50	50	50	
Salary level 1 – 6	11	11	–	11	8	9	10	10	10	10	
Salary level 7 – 10	23	23	–	17	22	22	24	24	24	24	
Salary level 11 – 12	12	12	–	11	9	12	12	12	12	12	
Salary level 13 – 16	4	4	–	3	2	3	4	4	4	4	

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 496 posts, of which all were funded. The number of filled posts grew from 463 in 2008/09 to 482 in 2011/12. The growth was concentrated mainly in salary levels 7 to 10 in the *Administration, Government and Stakeholder Engagement* and *Communication Service Agency* programmes following Cabinet's approval in 2011/12 of the national communication strategy, which saw the department's mandate expand to include the coordination of a government communication system that better informs the public on government policies and programmes. The growth in expenditure in the *Administration* programme saw the establishment of the strategic planning and performance management unit, which is responsible for the development of the department's strategic and annual performance plans. The unit also monitors and evaluates the implementation of these plans and reports on the performance. The growth in spending in the *Communication Service Agency* programme will see the agency, which was previously in the *Communication and Content Management* programme, established as a stand-alone programme in 2012/13.

Over the MTEF period, the number of filled posts is expected to increase to 505, with the growth concentrated mainly in salary levels 1 to 6 and 13 to 16 in the *Administration, Government and Stakeholder Engagement* and *Communication and Content Management* programmes. The growth is due to the continued expansion of the department to coordinate the gradual and limited implementation of the national communication system from mid-2011/12, and to allow the department to continue providing support to communication programmes run by other departments.

There were 20 funded vacancies at 30 September 2011, distributed across various salary levels, mainly in the *Communication and Content Management* and *Administration* programmes. Most of these vacant posts have been advertised and some interviews have been held. The ratio of support staff to line staff is 1:3.

Departmental receipts

Table 9.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	3 341	2 869	1 558	839	839	3 915	5 933	6 752
Sales of goods and services produced by department	3 064	2 589	1 177	250	250	3 386	5 394	6 203
Other sales	3 064	2 589	1 177	250	250	3 386	5 394	6 203
<i>of which:</i>								
Books	1	–	–	–	–	–	–	–
Commission on insurance	30	37	46	49	49	50	53	57
Departmental publications	2 947	2 436	1 077	69	69	3 200	5 200	6 000
Replacements of security cards	1	–	1	1	1	1	1	1
Rental: Parking	85	116	53	131	131	135	140	145
Interest, dividends and rent on land	197	98	240	222	222	232	232	232
Interest	197	98	240	222	222	232	232	232
Transactions in financial assets and liabilities	80	182	141	367	367	297	307	317
Total	3 341	2 869	1 558	839	839	3 915	5 933	6 752

Departmental revenue is derived mainly from the sale of photos and videos, interest on outstanding debt, and the sale of advertising space in the Vuk'uzenzele newspaper and the Public Sector Manager magazine.

Revenue decreased from R3.3 million in 2008/09 to R839 000 in 2011/12, at an average annual rate of 36.9 per cent, mainly due to the fact that no advertising space is sold in the Vuk'uzenzele newspaper, as was the case when the publication was a magazine. Over the medium term, revenue is expected to increase significantly to R6.8 million, at an average annual rate of 100.4 per cent, due to advertising space that will be sold in the Public Sector Manager magazine.

The department's commission on insurance is projected to increase from R49 000 in 2011/12 to R57 000 in 2014/15, at an average annual rate of 5.2 per cent, due to an increase in insurance deducted from employees' salaries and wages.

Programme 1: Administration

Expenditure estimates

Table 9.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Departmental Management	5.1	5.6	10.9	7.2	6.1	6.6	6.9
Corporate Services	34.3	36.2	38.1	46.6	47.6	50.1	52.5
Financial Administration	16.6	20.0	18.8	28.8	74.1	25.3	26.6
Internal Audit	4.6	5.3	5.6	6.0	6.2	6.6	6.9
Legal Services	0.8	0.2	–	–	–	–	–
Office Accommodation	12.2	12.7	15.9	34.0	36.8	38.9	42.8
Total	73.5	80.1	89.3	122.5	170.8	127.5	135.8
Change to 2011 Budget estimate				9.3	49.9	0.3	1.5

Economic classification

Current payments	71.5	78.4	87.2	122.2	170.2	126.8	135.1
Compensation of employees	33.1	39.7	40.0	47.9	48.3	50.8	53.7
Goods and services	38.4	38.7	47.3	74.3	122.0	76.0	81.4
<i>of which:</i>							
Computer services	6.3	5.6	7.2	10.4	11.4	12.0	12.1
Lease payments	11.8	11.9	15.2	30.7	36.2	38.2	42.2
Travel and subsistence	4.3	5.6	3.2	3.6	4.2	4.4	4.7
Operating expenditure	1.8	2.8	3.0	3.1	3.2	3.3	3.5
Transfers and subsidies	0.0	0.1	0.1	–	–	–	–
Households	0.0	0.1	0.1	–	–	–	–
Payments for capital assets	2.0	1.6	2.0	0.3	0.6	0.7	0.7
Machinery and equipment	2.0	1.6	2.0	0.3	0.6	0.7	0.7
Payments for financial assets	0.1	0.0	0.0	–	–	–	–
Total	73.5	80.1	89.3	122.5	170.8	127.5	135.8

Expenditure trends

Expenditure increased from R73.5 million in 2008/09 million to R122.5 million in 2011/12, at an average annual rate of 18.5 per cent. The increase was mainly due to spending on compensation of employees, which grew from R33.1 million to R47.9 million, at an average annual rate of 13.1 per cent, due to additional allocations for improved conditions of service.

Spending in the *Office Accommodation* increased from R12.2 million to R34 million between 2008/09 and 2011/12, due to increased lease costs in respect of the department's new head office building, while spending in the *Corporate Services* subprogramme increased from R34.3 million to R46.6 million, due to increased spending on information management and technology, as well as the expansion of the strategic planning and programme management office.

Over the medium term, expenditure is expected to increase to R135.8 million, at an average annual rate of 3.5 per cent, mainly as a result of spending on compensation of employees, which increased due to an additional R11.6 million allocated over the medium term for improved conditions of service. The programme has a budget of R2.1 million for consultants between 2012/13 and 2014/15, which is mainly a contingency allocation to assist the department in the resolution of legal disputes.

Programme 2: Communication and Content Management

Objectives and measures

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

- Intensify the provision of government information to the general public, specifically through promoting greater application of public socioeconomic programmes, by repositioning Vuk'uzenzele magazine as a monthly newspaper that produces and distributes 20.4 million copies per year.
- Improve unmediated and direct communication by government to the public by:
 - maintaining the print run and distribution of Vuk'uzenzele newspaper at 1.7 million per month
 - updating the electronic version of Vuk'uzenzele newspaper every second month
 - disseminating the Braille version of Vuk'uzenzele newspaper to visually impaired individuals and organisations every second month.
- Explore the professionalism of government communicators through a qualification course in government communication that will be developed over the medium term, in conjunction with academic institutions working with the Public Administration Leadership and Management Academy.
- Increase the knowledge base of Cabinet ministers by producing analytical reports that highlight issues and trends in national and international media on a fortnightly basis.
- Inform the public of government's programmes and developments in the country by producing 45 000 copies of the South Africa Yearbook and 20 000 copies of the Pocket Guide to South Africa annually.

Subprogrammes

- *Programme Management for Communication and Content Management* coordinates communication strategic planning in the department and government departments. The subprogramme has a strategic function, which includes ensuring adherence to government communication standards. This subprogramme had a staff complement of 5 and a total budget of R2.6 million in 2011/12, of which 78.5 per cent was used for compensation of employees. Activities carried out in 2011/12 include communication strategic leadership, development, and coordinating a training programme, which covers all aspects of government communication. In line with departmental policy, the subprogramme is reducing expenditure on daily running costs such as catering, stationery, and telephones and mobile phones, and is limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.
- *Policy and Research* conducts research to assess public opinion on a wide range of communication issues, and monitors media coverage of government programmes and policies. This subprogramme had a staff complement of 52 and a total budget of R33.9 million in 2011/12, of which 57.5 per cent was used for compensation of employees. The subprogramme's outputs include fortnightly communication environment reports, weekend analysis reports, policy analysis reports, monthly communication environment analysis reports, highlights of good news research findings, annual qualitative and quantitative research projects, and research reports for political principals. In line with departmental policy, the subprogramme is reducing expenditure on daily running costs such as catering, stationery, and telephones and mobile phones, and is limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.
- *Content and Writing* develops content for the department's products, which include the South Africa Yearbook, Pocket Guide to South Africa, Vuk'uzenzele newspaper and the Public Sector Manager magazine. Key functions include the development of information products and communication platforms that enable government to communicate directly with citizens and public servants. The subprogramme manages: the coverage of stories and the production of the Vuk'uzenzele newspaper, the annual South Africa Yearbook and the partner Pocket Guide to South Africa, including the design, layout, editing and proofreading, and the updating of these publications. The subprogramme is also responsible for the editorial production of the Public Sector Manager magazine and the GovComms newsletter, which focuses on trends and developments in the communication profession that are of interest to government communicators. This subprogramme also generates content for the website of the government news agency, BuaNews, and its Facebook and Twitter pages. This subprogramme had a staff complement of 49 and a total budget of R63 million in 2011/12, of which 72.2 per cent was used for goods and services. In 2010/11, the budget for the Vuk'uzenzele magazine was reallocated to the repackaged monthly government newspaper. The department changed the quality of the paper used to print from magazine to newspaper quality, which has reduced costs. This has allowed the department to produce the Vuk'uzenzele monthly, instead of every

second month, at the same cost. In line with departmental policy, the subprogramme is reducing expenditure on daily running costs such as catering, stationery, and telephones and mobile phones, and is limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.

- *2010 Government Communication Project Management* focused on producing marketing and communication material for the 2010 FIFA World Cup project. The activities of this subprogramme were concluded in 2010/11 after the country's successful hosting of the 2010 FIFA World Cup event.

Expenditure estimates

Table 9.6 Communication and Content Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Communication and Content Management	1.6	2.3	2.3	2.6	5.2	4.6	4.8
Policy and Research	26.6	34.4	33.0	33.9	35.0	36.8	39.1
Content and Writing	58.2	62.6	60.5	63.0	68.9	72.5	76.7
2010 Government Communication Project Management	11.7	14.2	7.5	–	–	–	–
Total	98.1	113.5	103.3	99.5	109.1	113.9	120.7
Change to 2011 Budget estimate				(156.6)	(161.9)	(169.5)	0.9

Economic classification

Current payments	97.5	113.2	101.8	99.2	108.2	113.1	119.8
Compensation of employees	26.5	35.4	38.2	38.9	44.4	45.6	48.6
Goods and services	71.0	77.8	63.6	60.3	63.8	67.4	71.2
of which:							
Computer services	7.3	9.5	9.9	2.6	2.8	3.0	3.2
Lease payments	0.1	0.7	1.0	1.1	1.1	1.2	1.2
Travel and subsistence	2.6	2.3	1.9	2.0	2.4	2.5	2.7
Operating expenditure	32.8	38.0	35.1	35.3	36.3	38.3	40.5
Payments for capital assets	0.6	0.3	1.5	0.3	0.9	0.9	0.9
Machinery and equipment	0.6	0.3	1.5	0.3	0.3	0.9	0.9
Software and other intangible assets	–	–	–	–	0.6	–	–
Total	98.1	113.5	103.3	99.5	109.1	113.9	120.7

Expenditure trends

Expenditure increased from R98.1 million in 2008/09 to R99.5 million in 2011/12, at an average annual rate of 0.5 per cent, and is expected to increase to R120.7 million over the medium term, at an average annual rate of 6.6 per cent. The bulk of the increase over the medium term is concentrated in spending on compensation of employees, and goods and services costs related to the increased print run of the Vuk'uzenzele newspaper and research projects related to public opinion on government activities. This is mainly reflected in the increased spending on operating expenses, and travel and subsistence costs incurred during the research conducted to ascertain public opinion. The programme receives an additional allocation of R2.5 million over the medium term for improved conditions of service.

Repositioning the Vuk'uzenzele magazine as a monthly newspaper is expected to increase the production run from 10 million copies in 2008/09 to 21.4 million copies each year over the medium term. Each print run of Vuk'uzenzele as a glossy magazine used to cost R3.2 million. Once it has been converted to a monthly newspaper, each print run will cost much less, at R1.2 million. The programme has a budget of R4.3 million for consultants between 2012/13 and 2014/15. Consultants are mainly used to provide skills related to the translation and transcription of the Vuk'uzenzele newspaper and the South African Year Book publication.

Programme 3: Government and Stakeholder Engagement

Objectives and measures

- Ensure the centrality of government's voice in the media by driving and participating in daily rapid response teleconferences that analyse and recommend proactive and reactive communication on issues in the national and international environment.
- Provide strategic leadership in the development of departmental and provincial communication strategies that are aligned to the government communication strategy framework and driven by the priorities of government's programme of action, through the continuous development and review of national communication programmes that will serve as a benchmark to provide feedback to departments on a quarterly basis.
- Ensure the effective communication of government policies and programmes by building and strengthening relations with the media on an ongoing basis.
- Ensure a consistent, coherent and seamless approach to messaging among government departments by driving government communicators' forums on an ongoing basis.
- Provide communication support in the Parliament precinct by distributing parliamentary questions and programmes and providing support for media briefings weekly.
- Address the communication and information needs of communities through monthly community and stakeholder liaison visits, information sessions and communication interventions.
- Improve access to government services and information by implementing 4 promotion drives per Thusong service centre per year.

Subprogrammes

- *Programme Management for Government and Stakeholder Engagement* ensures a well functioning communication system that proactively informs and engages the public. This entails providing strategic leadership and coordination of communication clusters. This subprogramme had a staff complement of 12 and a total budget of R3.6 million in 2011/12, of which 72.9 per cent was used for compensation of employees. This subprogramme's main outputs in 2011/12 included the development of the government communication programme, advice and leadership on key cluster programmes and the development of communication strategies. In line with departmental policy, the subprogramme is reducing expenditure by 5 per cent each year on daily running costs such as catering, stationery, and telephone and mobile phones, as well as limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.
- *Provincial and Local Liaison* ensures that the government communication strategy is presented to all provinces for alignment and that various media channels, contracted human resources, platforms and materials are in place to promote government messages to the public at the local level. Its function is to cascade the national communication strategic framework to provincial and local stakeholders and partners as well as to implement development communication campaigns and programmes aligned with the government communication programme. It also provides administration capacity to ensure the consolidation of provincial activities and ensures uniform reporting standards to provinces. This subprogramme had a staff complement of 159 and a total budget of R83.1 million in 2011/12, of which 67.2 per cent was used for compensation of employees. The activities carried out in 2012/13 will include coordinating communication campaigns through community media and outreach platforms, including town hall meetings, the distribution of government communication material, public participation programme events and stakeholder engagements aligned with key priorities in line with departmental policy. The subprogramme has brought 170 Thusong service centres into operation in the years up to 2011/12 and intends to market their services to members of the public. The subprogramme is reducing expenditure by 5 per cent each year on daily running costs such as catering, stationery and telephone and mobile phones as well as limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.
- *Media Engagement* leads and drives interaction and communication between government and the media. Its function is to facilitate the communication of government policies and programmes of action by building,

maintaining and improving relations with the media. The subprogramme is also responsible for coordinating forums for government communicators to allow planning for consistent and coherent messaging across the three spheres of government. This subprogramme had a staff complement of 21 and a total budget of R8 million in 2011/12, of which 75.9 per cent was used for compensation of employees. In 2012/13, the subprogramme will hold regular post-Cabinet briefings following Cabinet meetings, bi-weekly communication planning meetings, government communicators' forum meetings, cluster content meetings, meetings with the South African National Editors' Forum, and foster relationships with the Office of the Leader of Government Business in the National Assembly to develop guidelines for responding to parliamentary questions. In October 2011, the subprogramme hosted an annual 2-day meeting involving Cabinet and the South African National Editors' Forum to strengthen relationships and discuss issues of mutual interest and concern. R300 000 was budgeted for this event.

- *Media Development and Diversity Agency* funds the Media Development and Diversity Agency in the form of a transfer payment to allow it to carry out operations in promoting local media development and diversity. This subprogramme had a staff complement of 23 and a total budget of R19.1 million in 2011/12, all of which was transferred to the Media Development and Diversity Agency.

Expenditure estimates

Table 9.7 Government and Stakeholder Engagement

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Government and Stakeholder Engagement	1.4	1.6	1.6	3.6	10.7	11.3	11.9
Provincial and Local Liaison	55.6	62.1	69.5	83.1	75.2	74.0	78.1
Media Engagement	7.6	11.8	9.7	8.0	10.6	11.3	11.9
Media Development and Diversity Agency	14.6	16.6	17.3	19.1	20.0	21.0	22.3
Total	79.1	92.1	98.0	113.8	116.5	117.6	124.2
Change to 2011 Budget estimate				15.3	14.6	9.1	1.4

Economic classification

Current payments	63.7	74.8	79.7	94.2	95.7	95.8	101.0
Compensation of employees	43.9	51.5	55.3	64.6	64.8	68.6	72.3
Goods and services	19.8	23.3	24.4	29.7	31.0	27.1	28.7
<i>of which:</i>							
Lease payments	0.2	0.3	0.3	0.4	0.4	0.4	0.4
Travel and subsistence	9.4	8.8	9.5	9.5	10.4	11.0	11.8
Operating expenditure	0.6	0.8	0.7	1.7	2.2	2.3	2.4
Transfers and subsidies	14.8	16.8	17.4	19.1	20.0	21.0	22.3
Departmental agencies and accounts	14.6	16.6	17.3	19.1	20.0	21.0	22.3
Households	0.2	0.2	0.1	–	–	–	–
Payments for capital assets	0.6	0.5	0.7	0.5	0.8	0.8	0.9
Machinery and equipment	0.6	0.5	0.7	0.5	0.8	0.8	0.9
Payments for financial assets	0.0	0.1	0.2	–	–	–	–
Total	79.1	92.1	98.0	113.8	116.5	117.6	124.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	14.6	16.6	17.3	19.1	20.0	21.0	22.3
Media Development and Diversity Agency	14.6	16.6	17.3	19.1	20.0	21.0	22.3

Expenditure trends

Expenditure increased from R79.1 million in 2008/09 to R113.8 million in 2011/12, at an average annual rate of 12.9 per cent. The bulk of the budget went to compensation of employees, due to the incorporation of the *Media Engagement* subprogramme from the *Communication and Content Management* programme into this programme in 2011/12, following the organisational review.

Expenditure is expected to increase to R124.2 million over the medium term, at an average annual rate of 2.9 per cent, mainly in spending on compensation of employees and the transfer payment to the Media Development and Diversity Agency. An additional R4 million is allocated to this programme over the medium term for improved conditions of service.

R282 000 between 2012/13 and 2014/15 is allocated for spending on consultants mainly for translation and transcription for support services provided to Parliament and contingency allocations to assist the department in the resolution of legal disputes.

Programme 4: Communication Service Agency

Objectives and measures

- Ensure that government's communication products reach the intended audience in a timely manner by providing distribution services as and when needed.
- Inform the public of government's programmes and development in the country by continuously:
 - providing photographic, video and graphic design services to government
 - conducting phone-in radio programmes on government's programmes, documenting the public programmes of the Presidency, both domestically and internationally, on video and in photographs to profile the work of government.

Subprogrammes

- *Programme Management for Communication Service Agency* provides strategic leadership in development and production. Its function is of a strategic nature, with outputs including the management and strategic direction of media buying, marketing, distribution and media production services provided to government. It also manages the corporate identity of national government.
- *Marketing, Advertising and Media Buying* provides marketing and advertising expertise to government communication programmes, both for the department as well as for other government departments. The outputs contributing to the subprogramme include media buying, and marketing and distribution services provided to government. It also manages government's corporate identity. This subprogramme had a staff complement of 16 and a total budget of R11.3 million in 2011/12, of which 59.8 per cent was used for compensation of employees. In line with departmental policy, the subprogramme is reducing expenditure on daily running costs such as catering, stationery, and telephones and mobile phones, and is limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.
- *Media Production* provides for the production of videos, photographs and radio programmes in support of government communication programmes. The subprogramme's function is to provide product development services to government. This subprogramme had a staff complement of 31 and a total budget of R17.1 million in 2011/12, of which 51.7 per cent was used for compensation of employees. In line with departmental policy, the subprogramme is reducing expenditure on daily running costs such as catering, stationery, and telephones and mobile phones, and is limiting the hiring of venues and facilities. These cost reduction measures will not hamper service delivery.

Expenditure estimates

Table 9.8 Communication Service Agency

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Communication Service Agency	-	-	-	-	-	-	-
Marketing, Advertising and Media Buying	24.6	33.5	46.5	11.3	13.3	13.9	14.8
Media Production	12.4	14.8	15.2	17.1	19.4	20.4	21.6
Total	37.0	48.3	61.6	28.5	32.6	34.4	36.5
Change to 2011 Budget estimate				-	2.2	1.4	0.5

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	36.3	47.8	60.7	27.2	31.5	33.1	35.2
Compensation of employees	10.4	12.2	13.8	15.6	19.0	19.9	21.2
Goods and services	25.8	35.6	46.9	11.6	12.5	13.2	13.9
<i>of which:</i>							
Computer services	0.5	0.7	0.3	0.1	0.1	0.1	0.1
Lease payments	0.0	0.0	0.0	0.1	0.2	0.2	0.2
Travel and subsistence	2.3	2.2	3.7	4.5	4.3	4.5	4.8
Operating expenditure	0.3	0.5	0.4	0.0	0.2	0.2	0.2
Transfers and subsidies	0.0	0.1	-	-	-	-	-
Households	0.0	0.1	-	-	-	-	-
Payments for capital assets	0.7	0.4	0.9	1.3	1.2	1.2	1.3
Machinery and equipment	0.7	0.3	0.9	0.9	1.0	1.0	1.1
Software and other intangible assets	-	0.1	-	0.4	0.2	0.2	0.2
Total	37.0	48.3	61.6	28.5	32.6	34.4	36.5

Expenditure trends

Expenditure decreased from R37 million in 2008/09 to R28.5 million in 2011/12, at an average annual rate of 8.3 per cent, mainly in spending on advertising due to the 2010/11 cancellation of the energy efficiency campaign, which is now under the control of the Department of Energy, and the discontinuation of support services provided to CNBC Africa for communication programmes. Over the medium term, expenditure is expected to increase to R36.5 million, at an average annual rate of 8.6 per cent, mainly in spending on compensation of employees due to allocations for improved conditions of service and inflation related adjustments. This programme receives an additional allocation of R1.3 million for the improvement of conditions to service.

The increase in spending on goods and services between 2011/12 and 2014/15 is mainly in advertising, in line with projections for inflation, and for training and development for the training of officials in video and photographic software.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Media Development and Diversity Agency** promotes media development and diversity to ensure that all citizens can access information in a language of their choice and to transform media access, ownership and control patterns in South Africa. The entity's total budget is R52.2 million in 2012/13.

Vote 10

National Treasury

Budget summary

R million	2012/13					2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	318.3	294.5	2.0	21.8	–	320.3	332.7
Economic Policy, Tax, Financial Regulation and Research	149.0	122.3	26.0	0.7	–	148.9	155.9
Public Finance and Budget Management	227.5	188.8	37.3	1.4	–	242.1	254.7
Asset and Liability Management	286.6	85.9	–	0.7	200.0	390.3	590.3
Financial Systems and Accounting	686.3	279.9	71.9	334.5	–	749.5	780.6
International Financial Relations	1 038.2	35.6	1 002.5	0.1	–	1 113.3	1 209.3
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 348.3	46.3	3 302.0	–	–	3 517.2	3 728.2
Technical Support and Development Finance	2 404.8	145.3	2 258.5	1.0	–	3 981.8	3 526.6
Revenue Administration	9 194.4	–	9 194.4	–	–	9 682.2	10 242.6
Financial Intelligence and State Security	3 897.8	–	3 897.8	–	–	4 170.3	4 391.9
Subtotal	21 551.1	1 198.6	19 792.4	360.2	200.0	24 315.9	25 212.7
Direct charge against the National Revenue Fund							
Provincial Equitable Share	309 057.4	–	309 057.4	–	–	328 920.7	349 351.0
State Debt Costs	89 388.1	89 388.1	–	–	–	100 806.0	109 039.3
General Fuel Levy Sharing with Metros	9 039.7	–	9 039.7	–	–	9 613.4	10 190.2
Total expenditure estimates	429 036.3	90 586.6	337 889.4	360.2	200.0	463 656.0	493 793.2
Executive authority	Minister of Finance						
Accounting officer	Director General of the National Treasury						
Website address	www.treasury.gov.za						

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

Aim

Support economic growth and development, good governance, social progress and rising living standards through the accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy.

Programme purposes

Programme 1: Administration

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

Programme 2: Economic Policy, Tax, Financial Regulation and Research

Purpose: Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector, and regulatory reform.

Programme 3: Public Finance and Budget Management

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

Programme 4: Asset and Liability Management

Purpose: Manage government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

Programme 5: Financial Systems and Accounting

Purpose: Facilitate accountability, governance and oversight by promoting transparent, economical, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.

Programme 6: International Financial Relations

Purpose: Manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

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

Programme 8: Technical Support and Development Finance

Purpose: Provide specialised infrastructure development planning and implementation support and technical assistance to aid capacity building in the public sector.

Programme 9: Revenue Administration

Purpose: Administer an efficient tax system, provide tax education to the public, ensure maximum compliance with tax and customs legislation, provide a customs service to maximise revenue collection and facilitate trade.

Programme 10: Financial Intelligence and State Security

Purpose: Combat financial crime including money laundering and terror financing activities. Gather intelligence for purposes of national security, defence and combating crime.

Strategic overview: 2008/09 – 2014/15

Mandate and goals

The legislative mandate of National Treasury is documented in chapter 2 of the Public Finance Management Act (1999). Chapter 13 of the Constitution defines the role of National Treasury as that of ensuring transparency, accountability and sound financial controls in the management of the country's public finances.

As the custodian of public funds, National Treasury continues to: promote government's fiscal policy framework; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process which includes revenue, expenditure, assets and liability management; exercise control over the implementation of the national budget, including any adjustment budgets; facilitate the implementation of the Division of Revenue Act; monitor the implementation of provincial budgets, enforce effective financial management; and contribute to employment creation.

The department intends to achieve its strategic mandate and priorities by meeting the following goals: preparing an annual national budget that gives effect to government's economic, fiscal, social and development goals; publishing the annual Appropriation Bill, Division of Revenue Bill, Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement and appropriation legislation containing relevant, accurate and clear financial information and associated indicators of service delivery and performance;

contributing to public policy and programme development, and to sound planning, budgeting and project management, including increased support to public finance reform in provinces and municipalities; promoting public private partnerships where feasible, as a financing alternative for municipal development; supporting improved monitoring and analysis of public expenditure, to ensure the appropriate use of public and private financial resources for social and economic development and infrastructure investment.

Strategic priorities over the medium term

Facilitating economic growth

The national development plan (Visions for 2030) and the new growth path identifies high unemployment as a key challenge for the South African economy and outlines proposals to accelerate growth and employment. National Treasury will continue to undertake and make available the relevant analysis to frame the economic discourse appropriately and assist other departments in making interventions that will promote faster yet sustainable economic growth. National Treasury will also continue to focus on identifying a series of microeconomic reforms required to change the pace of growth, increase productivity and improve the competitiveness of the economy. In this regard, work will be undertaken with relevant government departments to design appropriate policy instruments. Ongoing monitoring of global economic conditions will also provide valuable inputs through which government will be better equipped to pre-empt likely impacts on the South African economy.

Contributing to employment creation

Leveraging existing capacity in both the public and private sector, and co-financing initiatives that have the potential to create sustainable employment are some of the ways the department has identified for stimulating employment creation. Particular emphasis will be placed on opportunities for young people to acquire skills and improve their long term employment prospects. The department will have oversight of the administration of the Jobs Fund, which uses a competitive and transparent process to select projects that have demonstrable potential for self-sustaining job creation and promoting economic development. The Jobs Fund is expected to create 100 000 job opportunities by 2015.

Capacity building

Financial management improvement is a key enabler to improving value derived from public funds spent and good governance of public funds. Activities to build capacity in financial management and to transfer knowledge and skills to provincial and municipal officials on all aspects of financial management will be undertaken. In this manner, the National Treasury will continue to contribute to sound financial management and financial sustainability. A particular focus on municipalities will be maintained and enhanced through the infrastructure skills development grant to build capacity and create jobs in municipalities. This supports the rollout of an internship programme initiative that will deliver a pool of skilled professionals in the infrastructure sector.

Infrastructure development

National Treasury continues to contribute to improving the general state of infrastructure provision in government. Implementation support and the formulation of long term township regeneration programmes are being made available from the neighbourhood development partnership programme. The institutionalisation of good practices in the management of infrastructure delivery is a key focal area in government, as demonstrated by the infrastructure delivery management system and the Training for Township Renewal initiative. The grant's strategy comprises grant management, innovation and mainstreaming.

Grant management comprises the conceptualisation of long term township regeneration programmes and the implementation thereof through targeted catalytic development projects and leveraged third party investment. This is aimed at strengthening prioritised township nodes, and both internal and external development corridors and sectoral linkages. Innovation consists of the identification and packaging of good practices related to township regeneration, the built environment and grant management, and the mainstreaming of these, to municipalities and other entities involved in similar activities.

The grant aligns with four of government's 12 outcomes: decent employment through inclusive economic growth (outcome 4); vibrant, equitable and sustainable rural communities and food security for all (outcome 7); sustainable human settlements and improved quality of household life (outcome 8); and a responsive,

accountable, effective and efficient local government system (outcome 9). Municipalities are supported through the Training for Township Renewal initiative and through the technical assistance grant.

The conceptualisation of long term township regeneration programmes and their implementation by means of targeted catalytic development projects and leveraged third party investment contributes towards sustainable livelihoods. This will improve the sustainability of infrastructure development over the medium term. On the ground, this will result in 58 township regeneration programmes and 95 projects under construction being supported over the medium term, with a positive impact on the creation of jobs.

Strengthening intergovernmental financial relations

The Treasury has focused on improving financial management and deriving greater value from public funds spent across all spheres of government. The coordination of intergovernmental budgeting, budget execution, monitoring and reporting is crucial to government's effectiveness. Emphasis in the period ahead remains on reprioritising budgets towards key government programmes and improving the capacity of provinces and municipalities to deliver infrastructure. The differentiated approach to local government funding will be strengthened to ensure that rural municipalities are adequately supported and urban issues addressed. The Treasury will also continue to contribute towards improving financial management in each sphere of government by implementing a capacity development strategy for financial management. This strategy encompasses disciplines of budgeting, supply chain management, internal audits, risk management and reporting to enhance institutional, organisational and individual capacity. The municipal finance recovery service will continue to monitor the performance of municipalities and respond to municipalities that request assistance in developing financial recovery plans.

Development finance institutions

Development finance institutions have continued to play a constructive role in broadening economic participation, providing access to development funds and supporting government's development agenda. In line with recommendations arising from the 2008 review of their performance, the department will continue with this oversight function aimed at resolving challenges related to their cost, efficacy in promoting development and financial stability. Support will also be provided to the development finance institutions regarding the implementation of mandates. In line with the review's recommendations on rationalisation, Cabinet in 2011 endorsed the merger of Khula Enterprise Finance, the South African Micro-Finance Apex Fund and the Independent Development Corporation of South Africa's small business activities. This step supports the policy objectives of the new growth path and efforts to grow small business. Government is also considering rationalising the National Housing Finance Corporation, the National Urban Reconstruction and Housing Agency and the Rural Loan Housing Fund.

Cost effective procurement

In its drive to reduce wastage and improve the effectiveness of public funds spent, National Treasury has placed greater emphasis on ensuring that supply chain principles and practices are being implemented as intended in government's supply chain management framework. The Multi-Agency Working Group on procurement, which is led by the Treasury and includes the newly established special audit services unit, the South African Revenue Service and the Financial Intelligence Centre, is reviewing the entire state procurement system to ensure better value for money from state spending.

National Treasury will begin the second phase of the comprehensive review of procurement legislation by 2012/13. The department facilitates and manages 53 transversal term contracts with an estimated annual value of R14 billion.

Selected performance indicators

Table 10.1 National Treasury

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of training courses and workshops presented on the implementation of financial management reforms per year	Financial Systems and Accounting	128	80	100	150	90	100	100
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Systems and Accounting	3 200	1 600	2 000	3 000	2 500	2 750	2 900
Value of government gross annual borrowing	Asset and Liability Management	R49.7bn	R183bn	R156.6bn	R170.9bn	R211.9bn	R192.9bn	R176.5bn
Cost to service debt as a percentage of GDP	Asset and Liability Management	2.3% (R54.4bn)	2.3% (R57.1bn)	2.4% (R66.2bn)	2.6% (R76.9bn)	2.7% (R89.4bn)	2.9% (R100.8bn)	2.9% (R109.0bn)
Net loan debt as a percentage of GDP	Asset and Liability Management	22.7% (R525.7bn)	27.6% (R673.2bn)	29.7% (R817.1bn)	33.3% (R996.7bn)	36.4% (R1 188.7bn)	37.8% (R1 369.9bn)	38.5% (R1 536.9bn)
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Systems and Accounting	85% (35)	100% (20)	100% (20)	100% (32)	100% (35)	100% (19)	100% (34)
Total number of neighbourhood development partnership grant projects granted award status	Technical Support and Development Finance	80	90	90	90	90	90	0
Total number of neighbourhood development partnership grant projects under construction	Technical Support and Development Finance	7	15	67	75	85	90	95
Number of support programmes and projects related to government priorities to improve the efficacy of government institutions implemented per year ¹	Technical Support and Development Finance	–	–	–	–	90	100	100
Increased public private partnership oversight capacity per year ¹	Technical Support and Development Finance	–	–	–	–	100% (32)	100% (20)	–
Number of hospital public private partnership projects reaching financial close per year ¹	Technical Support and Development Finance	–	–	–	–	2	3	1
Percentage of support plans and Municipal Finance Management Act (2003) implementation plans implemented per year ¹	Technical Support and Development Finance	–	–	–	–	100% (278)	100% (278)	100% (278)
Number of long term township regeneration programmes implemented per year	Technical Support and Development Finance	14	27	35	50	52	55	58
Third party investment leverage per year ¹	Technical Support and Development Finance	–	–	–	–	R1.5bn	R2bn	R2.5bn
Number of jobs created per year ¹	Technical Support and Development Finance	–	–	–	–	25 000	25 000	50 000

¹. No past data such as measures as investments and projects are commencing over the medium term.

Expenditure estimates

Table 10.2 National Treasury

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	203.7	242.8	248.7	281.1	263.2	318.3	320.3	332.7
Economic Policy, Tax, Financial Regulation and Research	70.8	71.9	86.1	228.4	216.5	149.0	148.9	155.9
Public Finance and Budget Management	142.8	145.4	160.3	209.9	203.8	227.5	242.1	254.7
Asset and Liability Management	10 062.5	31 053.2	20 813.9	825.9	826.2	286.6	390.3	590.3
Financial Systems and Accounting	475.7	542.7	559.1	648.2	548.6	686.3	749.5	780.6
International Financial Relations	567.3	576.4	558.7	818.7	815.9	1 038.2	1 113.3	1 209.3
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 331.3	4 955.1	2 697.8	3 776.9	3 776.2	3 348.3	3 517.2	3 728.2
Technical Support and Development Finance	651.0	5 310.7	1 471.3	4 641.9	2 758.2	2 404.8	3 981.8	3 526.6
Revenue Administration	6 302.8	7 148.4	8 142.2	8 653.6	8 653.6	9 194.4	9 682.2	10 242.6
Financial Intelligence and State Security	2 955.1	3 193.9	3 488.2	3 755.0	3 755.0	3 897.8	4 170.3	4 391.9
Subtotal	23 762.8	53 240.6	38 226.2	23 839.5	21 817.3	21 551.1	24 315.9	25 212.7
Direct charge against the National Revenue Fund	256 189.3	300 820.1	338 908.7	377 172.7	376 953.5	407 485.1	439 340.1	468 580.5
Provincial Equitable Share	201 795.6	236 890.8	265 139.4	291 735.5	291 735.5	309 057.4	328 920.7	349 351.0
State Debt Costs	54 393.7	57 129.2	66 226.8	76 864.0	76 644.9	89 388.1	100 806.0	109 039.3
General Fuel Levy Sharing with Metros	–	6 800.1	7 542.4	8 573.1	8 573.1	9 039.7	9 613.4	10 190.2
Total	279 952.1	354 060.7	377 134.8	401 012.1	398 770.8	429 036.3	463 656.0	493 793.2
Change to 2011 Budget estimate				4 769.3	2 528.0	(5.7)	823.1	(5 579.7)
Economic classification								
Current payments	55 257.5	58 082.0	67 227.2	78 241.8	77 899.5	90 586.6	102 091.8	110 380.8
Compensation of employees	321.0	402.1	476.2	602.3	570.0	665.9	702.6	744.8
Goods and services	542.8	550.7	524.2	775.5	684.7	532.7	583.1	596.7
<i>of which:</i>								
Computer services	193.7	209.2	201.7	228.8	178.5	83.7	111.9	104.0
Consultants and professional services:	134.9	161.6	151.9	230.3	215.2	218.1	236.2	246.7
Business and advisory services								
Lease payments	19.6	30.7	42.4	33.3	33.0	36.2	37.8	39.5
Travel and subsistence	43.9	36.2	38.1	49.9	45.7	52.9	56.3	58.8
Interest and rent on land	54 393.7	57 129.2	66 226.8	76 864.0	76 644.9	89 388.1	100 806.0	109 039.3
Transfers and subsidies	214 625.0	264 789.2	288 982.1	321 835.1	319 965.2	337 889.4	360 910.4	382 543.3
Provinces and municipalities	202 157.1	248 699.1	273 878.2	302 572.0	302 572.0	319 153.4	339 656.9	360 687.5
Departmental agencies and accounts	9 518.4	10 511.0	11 804.4	12 688.0	12 658.0	13 358.3	14 125.9	14 922.3
Higher education institutions	5.5	5.5	–	–	–	8.0	10.0	12.0
Foreign governments and international organisations	550.5	555.2	533.7	786.4	786.5	1 004.7	1 077.7	1 170.1
Public corporations and private enterprises	82.0	88.5	106.0	2 060.0	220.0	1 063.6	2 569.8	2 073.2
Non-profit institutions	–	0.1	–	0.1	0.1	0.1	0.1	0.1
Households	2 311.5	4 930.0	2 659.8	3 728.6	3 728.6	3 301.3	3 470.0	3 678.1
Payments for capital assets	69.1	189.1	178.3	185.2	156.1	360.2	353.8	369.1
Buildings and other fixed structures	–	–	–	3.6	3.6	5.3	3.0	3.1
Machinery and equipment	9.4	11.7	8.6	17.0	16.6	189.1	182.9	188.2
Software and other intangible assets	59.7	177.5	169.7	164.6	135.9	165.8	167.9	177.7
Payments for financial assets	10 000.5	31 000.4	20 747.2	750.0	750.0	200.0	300.0	500.0
Total	279 952.1	354 060.7	377 134.8	401 012.1	398 770.8	429 036.3	463 656.0	493 793.2

Expenditure trends

Spending over the medium term will focus on: enhancing the infrastructure delivery improvement programme to provincial departments and supporting Jobs Fund initiatives through the Technical Support and Development Finance programme; supporting robust fiscal management and improving procurement management to reduce fraud and corruption through the Revenue Administration and Financial Intelligence and State Security programmes; and maintaining financial regulation stability by vigorously implementing the mandate of the Public Finance Management Act (1999) through the Public Finance and Budget Management and Economic Policy, Tax, Financial Regulation and Research programmes.

Between 2008/09 and 2011/12, non-statutory expenditure remained stable at around R23.8 billion. The bulk of this spending was on transfers and subsidies, which accounted for 56.6 per cent of total non-statutory spending over this period. The increase in spending on payments for financial assets over this period was mainly due to payments to Eskom of R10 billion in 2008/09, R30 billion in 2009/10 and R20 billion in 2010/11 for the subordinated loan. In addition, the R3.5 billion loan to the Land and Agricultural Development Bank of South Africa, of which R2.5 billion was allocated between 2008/09 and 2011/12, also increased payments for financial assets over this period. Spending on the operational budget increased from R1.1 billion in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 5.2 per cent, mainly due to the effects of annual adjustments to expenditure on compensation of employees, the enhancement of the infrastructure delivery implementation programme, the integrated financial management system, and the implementation of procurement management reforms and fraud prevention plans.

Expenditure on compensation of employees increased from R321 million in 2008/09 to R602.3 million in 2011/12, at an average annual rate of 23.3 per cent, as a result of filled posts increasing by 88 over the period, mainly in salary levels 7 to 10, and adjustments for improved conditions of service. Spending on goods and services increased from R542.8 million in 2008/09 to R775.5 million in 2011/12, at an average annual rate of 12.6 per cent, mainly in administrative services such as banking costs recovery mechanisms and charges, personnel agency fees and consultancy costs. Payments for capital assets increased from R69.1 million in 2008/09 to R185.2 million in 2011/12, at an average annual rate of 38.9 per cent, mainly in software and other intangible assets directly related to the increased spending for the integrated financial management system. The spending has allowed the department to develop and implement the system's procurement management module and asset management module and roll out the procurement management module as detailed in the infrastructure spending section.

Over the medium term, total non-statutory expenditure is expected to increase to R25.2 billion, at an average annual rate of 1.9 per cent. This increase is largely attributable to continued funding of the Land and Agricultural Development Bank of South Africa and allocations for the Employment Creation Facilitation Fund, which aims to create 100 000 job opportunities by 2015. In addition, the 2012 Budget sets out additional allocations of R238.5 million, R324.2 million and R350.8 million mainly as follows:

- R40.6 million, R40.8 million and R43.2 million to the Compensation Commissioner for payments for injuries on duty
- R107.3 million, R106.7 million and R113.1 million to the Political Office Bearers Pension Fund
- R60 million in 2013/14 and R70 million in 2014/15 to the State Security Agency.

Spending on compensation of employees is expected to increase to R744.8 million over the medium term, at an average annual rate of 7.3 per cent, mainly due to adjustments for improved conditions of service. Also contributing to the increase in spending on this item is the number of filled posts, which are expected to grow by 212 over the medium term in salary levels 7 and upwards, mainly to increase capacity to support the three spheres of government in fiscal matters.

Spending on consultants is expected to increase from R147.2 million in 2008/09 to R261.6 million in 2014/15, at an average annual rate of 10.1 per cent. The increase is due to the use of consultants in focused areas where there is a need for critical skills and technical expertise. This includes specialised audit services, economic research support, legal expertise, engineering capacity support for the infrastructure delivery implementation

programme, technical support for public private partnerships, and support for the development and implementation of the social reforms, retirement reforms and job fund initiatives.

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 2012 Budget Review and the 2012 Division of Revenue Bill. The National Treasury vote also includes 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).

Infrastructure spending

Neighbourhood development partnership grant projects

The neighbourhood development partnership is a mega project that facilitates the formulation of long term township regeneration programmes, which culminate in nodal and corridor development projects. The nodal and corridor development projects are a combination of neighbourhood development partnership funded catalytic projects and third party investments, which include those from the private sector. Many of these projects can be categorised as mostly large and mega projects. The national development programme's capital investment will have reached R1.5 billion by 31 March 2011. This has been allocated as follows to the catalytic project investments: 16 per cent to community facilities, 10 per cent to utility infrastructure, 2 per cent for greening, 40 per cent for nodal and corridor upgrading, 10 per cent for small and medium enterprise facilities, and 22 per cent for transport infrastructure.

R1.8 billion has been allocated over the medium term for spending on neighbourhood development partnership infrastructure grants. The budget has decreased from R850 million in 2011/12 to R658.1 million in 2012/13. While ensuring that the grant management planning and implementation of the neighbourhood development partnership grant continues, planning began in 2010/11 for an innovation and mainstreaming programme aimed at sharing best practices with municipalities and other built environment entities within the public sector. The neighbourhood development partnership also facilitates the employment of local labour and supports the expanded public works programmes in local government. In 2010/11, more than 4 000 jobs were created through neighbourhood development partnership projects.

In 2011/12, the neighbourhood development partnership had more than 220 approved project plans with a value of R4.3 billion. The partnership has completed 57 catalytic projects with a value of R606 million by 2011/12.

The Red Location Art and Culture Precinct established in New Brighton in the Nelson Mandela metropolitan municipality consists of a museum, art gallery, digital library, a backpackers' lodge, infrastructure upgrading and multi-storey housing units. The neighbourhood development partnership grant contribution to this project in 2011/12 was R30.6 million with R60 million coming from third party investors. A further R35 million in 2012/13 is expected from third party investors. The precinct is a major tourism attraction. During the 2010 FIFA World Cup, it received more visitors than Robben Island. At least three township tour operators have been established as a result of the intervention. It also serves as urban space for recreation and educational infrastructure for the community.

The Bridge City mixed-use development within the Inanda, Ntuzuma and KwaMashu node in the eThekweni metropolitan municipality consists of an intermodal (taxi, train and bus) transport facility, a regional shopping centre and several other developments in the precinct, such as a magistrate's court. The neighbourhood development partnership grant contributed R80 million for the intermodal transport facility, a link road and an interchange by 2011/12. Third party leverage investment was R2.2 billion by 2011/12, with the public sector and the municipality having committed a further R8 billion for the future.

The Ngangelizwe clinic extension in the King Sabata Dalinyebo municipality consists of the upgrade and extension of the existing municipal clinic, including a new maternity wing. The neighbourhood partnership development grant contributed R26 million while the Eastern Cape health department is to invest R5 million.

Large projects

Spending on integrated financial management system infrastructure increased from R59.7 million in 2008/09 to R164.6 million in 2011/12 and is expected to increase to R177.7 million over the medium term. The main purpose of the integrated financial management ICT system is to replace the existing government financial management system. The project has already spent R522.5 million on the development and implementation of

the procurement management module and asset management module by 2012. The rollout of the procurement management module at the lead sites, National Treasury and the Department of Defence, has progressed although there remain system integration issues at the Department of Defence. The procurement management module ensures that the procurement process is automated and has correct classification of commodities to ensure proper demand planning. The asset management modules have been successfully implemented at five Limpopo provincial departments by 2012. Since the implementation of the asset management module, these departments can account for all their assets. The cost of this rollout to March 2012 is R150.4 million, including software licenses and maintenance. Over the medium term, the development of the human resources, financial management, payroll management and inventory management modules is estimated to cost R511.4 million.

Small projects

National Treasury will be undertaking a once-off small project to refurbish the 32 Church Square building in Pretoria to create a better working environment for the department's staff. This includes refurbishing the building, upgrading ICT infrastructure and improving the security system. This project will have been completed in 2011/12 for R3.6 million.

Personnel information

Table 10.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 463	1 279	46	1 018	1 073	1 111	1 106	1 318	1 318	1 318
Salary level 1 – 6	71	75	9	150	72	69	69	81	81	81
Salary level 7 – 10	623	530	13	399	458	496	489	583	583	583
Salary level 11 – 12	441	365	11	224	285	277	288	342	342	342
Salary level 13 – 16	328	309	13	245	258	269	260	312	312	312
Administration	421	384	15	313	334	328	319	398	398	398
Salary level 1 – 6	51	55	6	119	51	49	49	57	57	57
Salary level 7 – 10	248	222	6	113	200	191	191	232	232	232
Salary level 11 – 12	69	60	1	36	44	45	44	59	59	59
Salary level 13 – 16	53	47	2	45	39	43	35	50	50	50
Economic Policy, Tax, Financial Regulation and Research	162	128	1	94	100	99	96	130	130	130
Salary level 1 – 6	1	1	–	2	–	1	1	1	1	1
Salary level 7 – 10	34	21	–	32	17	28	24	33	33	33
Salary level 11 – 12	70	56	1	24	47	35	35	48	48	48
Salary level 13 – 16	57	50	–	36	36	35	36	48	48	48
Public Finance and Budget Management	305	262	10	215	212	237	241	283	283	283
Salary level 1 – 6	2	2	–	2	2	3	2	3	3	3
Salary level 7 – 10	109	86	1	96	72	83	81	97	97	97
Salary level 11 – 12	109	89	5	54	73	80	82	92	92	92
Salary level 13 – 16	85	85	4	63	65	71	76	91	91	91
Asset and Liability Management	127	116	–	85	88	104	102	116	116	116
Salary level 1 – 6	5	4	–	5	5	3	4	6	6	6
Salary level 7 – 10	55	48	–	36	34	44	44	48	48	48
Salary level 11 – 12	42	40	–	30	28	33	32	38	38	38
Salary level 13 – 16	25	24	–	14	21	24	22	24	24	24

Table 10.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Financial Systems and Accounting	334	281	5	215	238	245	250	279	279	279
Salary level 1 – 6	8	9	3	19	10	9	9	10	10	10
Salary level 7 – 10	136	118	2	91	105	120	116	135	135	135
Salary level 11 – 12	111	87	–	50	62	55	66	72	72	72
Salary level 13 – 16	79	67	–	55	61	61	59	62	62	62
International Financial Relations	49	38	1	31	34	32	33	41	41	41
Salary level 1 – 6	2	2	–	2	2	2	2	2	2	2
Salary level 7 – 10	18	11	–	6	7	9	10	13	13	13
Salary level 11 – 12	19	13	–	14	14	9	10	12	12	12
Salary level 13 – 16	10	12	1	9	11	12	11	14	14	14
Civil and Military Pensions, Contributions to Funds and Other Benefits	3	3	–	–	–	–	3	3	3	3
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	1	1	–	–	–	–	1	1	1	1
Salary level 11 – 12	1	1	–	–	–	–	1	1	1	1
Salary level 13 – 16	1	1	–	–	–	–	1	1	1	1
Technical Support and Development Finance	62	67	14	65	67	66	62	68	68	68
Salary level 1 – 6	2	2	–	1	2	2	2	2	2	2
Salary level 7 – 10	22	23	4	25	23	21	22	24	24	24
Salary level 11 – 12	20	19	4	16	17	20	18	20	20	20
Salary level 13 – 16	18	23	6	23	25	23	20	22	22	22

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

2. As at 30 September 2011.

The department had an approved establishment of 1 463 posts as at 30 September 2011. The number of filled posts grew from 1 018 in 2008/09 to 1 106 in 2011/12. The growth was concentrated in the *Administration, Public Finance and Budget Management* and *Financial Systems and Accounting* programmes. This growth is due to structural changes to enhance performance and add capacity to specific focal areas, including support to government, social retirement reforms, financial management improvement, economic policies and capital projects. The increase has allowed the department to successfully deliver a budget that was awarded first place in the 2010 open budget survey. The increase in capacity also enabled further international engagements through the Brazil-Russia-India-China-South Africa group of countries as part of influential emerging market economies. This has improved South African influence in the global economy and will enable positive economic outcomes.

The department's vacancies increased from 29 to 176 between 2008/09 and 2011/12, and are mainly in the *Administration, Economic Policy, Tax, Financial Regulation and Research*, and *Financial Systems and Accounting* programmes due to the time taken to attract the appropriate people with the level of skills and experience required for these posts at the remuneration offered. The skill requirements for these vacant posts relate to IT, financial markets, banking, forensic and economic research. Of the 357 vacant positions in 2011/12, 173, mainly from level 6 to 12, remain unfunded due to budgetary constraints. The department will strive to fill all the critical funded posts over the medium term.

Over the medium term, filled posts are expected to increase from 1 106 to 1 318 as the department stabilises its activities and improves its capacity to support the three spheres of government, economic and financial skills for sustainable growth.

The department has a support staff to line staff ratio of 1:3. The ratio of consultants to total departmental employees is 1:4. The ratio of support staff to line staff over the medium term is expected to be 1:1.3, while that of consultant to total departmental personnel is expected to be at 1:4.

Departmental receipts

Table 10.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	5 270 354	2 543 597	3 340 611	2 445 287	2 959 989	2 732 399	4 009 216	3 482 852
Sales of goods and services produced by department	49 273	300 418	50 955	60 151	60 151	40 400	104 957	169 320
Sales by market establishments	86	85	92	139	139	200	180	90
of which:								
Rental parking: Covered and open	86	85	92	139	139	200	180	90
Administration fees	–	25	13	10	10	10	10	10
of which:								
Required information: Duplicate certificate	–	25	13	10	10	10	10	10
Other sales	49 187	300 308	50 850	60 002	60 002	40 190	104 767	169 220
of which:								
Commission: Insurance	40	46	55	120	120	80	10	70
Directors fees	12	175	196	81	81	50	10	200
Replacement of security cards	4	2	3	2	2	2	2	5
Fees for government guarantee insurance	49 131	299 987	50 529	59 799	59 799	40 058	104 745	168 945
Sales of assets less than R5 000	–	98	67	–	–	–	–	–
Sales of scrap, waste, arms and other used current goods	7	13	5	5	5	18	10	12
of which:								
Sales: Waste paper	7	3	5	5	5	18	10	12
Sales: Scrap	–	10	–	–	–	–	–	–
Interest, dividends and rent on land	4 953 175	2 085 054	2 609 482	2 112 454	2 627 156	2 441 481	2 823 709	2 243 520
Interest	4 834 170	2 006 143	2 456 183	2 112 454	2 500 500	2 305 500	2 681 070	2 090 820
Dividends	119 005	78 911	153 299	–	126 656	135 981	142 639	152 700
of which:								
South African Reserve Bank	119 005	–	–	–	–	–	–	–
Public Investment Corporation	–	78 911	–	–	–	–	–	–
SASRIA	–	–	153 299	–	126 656	135 981	142 639	152 700
Sales of capital assets	324	202	86	–	–	–	40	–
Transactions in financial assets and liabilities	267 575	157 910	680 083	272 677	272 677	250 500	1 080 500	1 070 000
Extraordinary receipts	7 497 975	1 948 093	1 947 457	3 381 000	4 435 000	1 200 000	1 500 000	1 500 000
of which:								
Revaluation profits on foreign currency transactions	–	212 136	86 526	500 000	660 000	–	–	–
Debt portfolio restructuring	4 822 562	–	131 113	300 000	695 000	–	–	–
Premiums on loan transactions	97 067	1 631 126	1 558 533	2 500 000	2 805 000	1 200 000	1 500 000	1 500 000
Liquidation of SASRIA investment	2 141 532	103 595	150 000	50 000	228 000	–	–	–
Saambou Bank liability	–	–	20 000	30 000	30 000	–	–	–
Winding up of Diabo Share Trust	435 462	–	–	–	–	–	–	–
Other	1 352	1 236	1 285	1 000	17 000	–	–	–
National Revenue Fund receipts	–	1 000 000	600 000	–	50 000	–	–	–
of which:								
Rand Block Levy Account	–	1 000 000	600 000	–	50 000	–	–	–
Total	12 768 329	5 491 690	5 888 068	5 826 287	7 444 989	3 932 399	5 509 216	4 982 852

The department generates receipts from interest on government deposits and the repayment of a loan provided to the Gauteng provincial government to finance part of the Gautrain project. In addition, the department also receives non-departmental receipts in the form of administrative fees which may include government guarantee issuance fees, and commission from insurance company discretionary deductions.

Departmental receipts decreased from R5.3 billion in 2008/09 to R2.4 billion in 2011/12, at an average annual rate of 22.6 per cent, and are expected to increase to R3.5 billion over the medium term, at an average annual rate of 12.5 per cent, mainly due to the receipt of interest and capital payment on the Gautrain loan. Non-departmental receipts are expected to decrease from R3.4 billion in 2011/12 to R1.5 billion in 2014/15, at an average annual rate of 23.7 per cent.

Programme 1: Administration

Expenditure estimates

Table 10.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	2.4	2.8	2.8	3.5	3.6	3.8	4.0
Departmental Management	26.2	28.1	29.7	34.7	38.1	39.9	41.1
Corporate Services	65.3	85.9	77.4	88.1	107.2	107.8	108.9
Enterprise Wide Risk Management	9.6	11.8	15.3	23.3	25.7	22.9	24.2
Financial Administration	22.6	25.3	28.7	32.7	36.3	38.1	39.6
Legal Services	14.2	11.9	11.7	12.8	15.4	17.0	18.9
Internal Audit	8.7	11.7	9.3	10.9	9.5	10.1	10.9
Communications	7.1	7.3	7.5	8.9	9.9	10.5	10.8
Office Accommodation	47.7	58.0	66.1	66.3	72.7	70.1	74.3
Total	203.7	242.8	248.7	281.1	318.3	320.3	332.7
Change to 2011 Budget estimate				–	11.4	(1.8)	(0.0)

Economic classification

Current payments	199.0	233.8	242.7	264.8	294.5	306.1	323.2
Compensation of employees	69.8	91.8	108.8	128.8	149.5	157.4	166.8
Goods and services	129.2	142.0	133.9	136.1	145.1	148.7	156.4
<i>of which:</i>							
Computer services	21.0	23.2	20.3	22.3	21.0	21.6	23.3
Consultants and professional services:	11.2	13.9	10.5	7.7	7.0	5.5	5.1
Business and advisory services							
Lease payments	18.2	29.5	41.2	32.0	34.7	36.3	37.9
Travel and subsistence	12.0	12.2	13.0	13.8	16.7	17.7	16.9
Transfers and subsidies	1.5	1.3	1.5	2.0	2.0	2.1	2.1
Departmental agencies and accounts	0.3	0.4	0.4	0.4	0.4	0.5	0.5
Households	1.2	1.0	1.1	1.6	1.6	1.6	1.6
Payments for capital assets	3.1	7.6	4.2	14.2	21.8	12.1	7.4
Buildings and other fixed structures	–	–	–	3.6	5.3	3.0	3.1
Machinery and equipment	3.1	7.6	4.2	10.6	16.5	9.1	4.2
Payments for financial assets	0.1	0.0	0.2	–	–	–	–
Total	203.7	242.8	248.7	281.1	318.3	320.3	332.7

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R203.7 million to R281.1 million, at an average annual rate of 11.3 per cent. The bulk of the increase was mainly in: spending on compensation of employees, which increased from R69.8 million to R128.8 million, at an average annual rate of 22.6 per cent; and payments for capital assets, which increased from R3.1 million to R14.2 million, at an average annual rate of

66.2 per cent. These increases are mainly due to building capacity in the enterprise risk management function, upgrading the security system and improving office accommodation where required. In 2011/12, the programme facilitated the development of a risk management framework at a cost of R797 000 with 53 per cent of the senior management team attending the leadership programme at a cost of R481 000.

Over the medium term, expenditure is expected to increase to R332.7 million, at an average annual rate of 5.8 per cent, mainly due to commitments for office accommodation and a planned IT system review, which will improve ICT governance, deploy approved technologies, and develop and support of approved business solutions. Spending on compensation of employees is projected to grow to R166.8 million over the medium term, at an average annual rate of 9 per cent, primarily due to an additional R8.7 million allocated over the medium term for improved conditions of service. Spending on goods and services is expected to increase from R136.1 million in 2011/12 to R156.4 million in 2014/15, at an average annual rate of 4.8 per cent, due to devolution of funds from the Department of Public Works and an increase in audit fees. Payments for capital assets is expected to decrease to R7.4 million over the medium term, at an average annual rate of 19.7 per cent, primarily due to the completion of the project to enhance IT infrastructure and the security system.

Spending on consultants decreased from R23.2 million in 2008/09 to R16.8 million in 2011/12, at an average annual rate of 10.1 per cent, and is expected to increase to R19.9 million over the medium term, at an average annual rate of 5.7 per cent, in line with inflationary projections. Consultants are mainly used for IT support and legal services.

Programme 2: Economic Policy, Tax, Financial Regulation and Research

Objectives and measures

- Improve South Africa's macroeconomic framework by:
 - continually conducting analytical work and research, and developing policy advisory pieces in support of promoting economic growth, macroeconomic stability and retirement reform
 - developing tax policy proposals and supporting legislation for the annual Budget
 - monitoring the collection of revenue through ongoing consultation with relevant stakeholders and consideration of contributing factors.

Subprogrammes

- *Programme Management for Economic Policy, Financial Regulation and Research* provides policy advice to government relating to the promotion of economic growth, employment and macroeconomic stability. This subprogramme had a staff complement of 8 and a total budget of R23 million in 2011/12, of which 29.1 per cent was used for compensation of employees and 27.3 per cent for goods and services mainly for travel and subsistence, operating expenditure and consultants. A key output in 2011/12 was the work undertaken by Economic Research Southern Africa, at a cost of R10 million. Transfers and subsidies in this subprogramme account for 43.4 per cent of the 2011/12 budget, with the bulk of the transfer payments allocated to Economic Research Southern Africa. Savings of R10.2 million over the medium term have been identified in this subprogramme, mainly in spending on consultants due to the reduction in the number of research projects undertaken. The savings have been reprioritised to the *Economic Policy* subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Research* funds the department's economic research programme and promotes the research capacity of local academic researchers in areas such as economic growth, job creation, macroeconomic stability, taxation, poverty alleviation, retirement reform and financial sector development. This subprogramme had no staff complement as all work was undertaken by consultants at a total cost of R12 million in 2011/12, which was used for economic research. Key outputs included conducting the firm level survey for the youth wage subsidy, and work undertaken by Economic Research Southern Africa and the Centre for Research into Economics and Finance in Southern Africa. There were no transfer payments in this subprogramme. No savings or budget reductions over the medium term have been identified or effected on this subprogramme.
- *Financial Sector Policy* is responsible for policy governing regulation over the financial sector in South Africa. The unit is also responsible for the development of policies to broaden access to financial services

by all South Africans, and for policies to improve the national savings rate, through reforms to the legislative framework governing the savings industry. This includes work being undertaken towards the development of retirement reform proposals. This subprogramme had a staff complement of 41 and a total budget of R134.9 million in 2011/12, of which 15 per cent was used for compensation of employees. 84.8 per cent was allocated in goods and services mainly in administrative fees, of which R111 million is allocated to the bank cost recovery mechanism and bank charges. In 2011/12, a document entitled *A Safer Financial Sector to Serve South Africa Better* was released with a proposal to introduce a mandatory preservation retirement fund over the medium term, which is intended to promote long term savings in South Africa. A public comment paper will be circulated in 2012/13 in this regard. Savings of R2 million in 2012/13 have been identified in this subprogramme, mainly on consultancy and travel costs due to the termination of the policy board for financial services unit. These funds have been reprioritised to the Economic Policy subprogramme. No budget reductions over the medium term have been effected on this subprogramme.

- *Tax Policy* is responsible for drafting annual tax proposals and legislation as part of the national budget as an effective, equitable and efficient tax policy framework and tax administrative system is important to ensure sustainable growth and delivery on government's mandate to address the needs of all South Africans. This subprogramme had a staff complement of 42 and a total budget of R26.2 million in 2011/12, of which 90.3 per cent was used for compensation of employees, while 9.4 per cent was used on goods and services mainly spent on travel and subsistence costs. The unit implemented tax policy reforms as announced in the 2011 Budget and began an initiative to close aggressive tax planning practices. In 2011/12, the administration and approval process for the research and development of tax incentives was revised to allow for enhanced monitoring and evaluation. In the same year, the subprogramme attempted to better clarify the difference between debt and equity and to limit the potential abuse with excessive debt financing. A discussion document on carbon taxes was also published for public comment and consultation on a proposed national gambling tax was undertaken at a cost of R608 000. No savings or budget reductions over the medium term have been identified or effected in this subprogramme.
- *Economic Policy* provides macroeconomic, microeconomic, forecasting, regulatory technical and policy analysis for the annual Budget and other government processes, and policy review. Work is focused on creating decent employment through inclusive economic growth (outcome 4). The subprogramme also provides analytical work and policy advice on a wide range of issues including inflation management, electricity pricing, economic growth, structural budget balances, employment creation and the exchange rate. This subprogramme had a staff complement of 40 and a total budget of R22.9 million in 2011/12, of which 88.5 per cent was used for compensation of employees, while 10.3 per cent was used for goods and services mainly for operating expenditure and travel and subsistence. R12.2 million in 2012/13 has been reprioritised to this subprogramme to augment the operating payments and travel and subsistence allocations, mainly to fund professional bodies and subscriptions, and for the additional travel requirements. No budget reductions over the medium term have been effected on this subprogramme.
- *Cooperative Banking Development Agency* facilitates the transfer payment to the agency and accounted for 4.1 per cent of this programme's 2011/12 budget allocation. The agency provides for the registration, supervision and regulation of deposit taking savings and credit cooperative banks, community banks, and village banks. The agency, which began operating from 2010/11, facilitates, promotes and funds the education and training of cooperative banks. Over the medium term, transfers are expected to increase to R17.2 million, at an average annual rate of 22.7 per cent, to support the agency's services. R11 million over the medium term is reprioritised to the agency to fund capacity on economic research and to provide for the deposit insurance fund, stabilisation fund, management information system and consultancy fees for financial and human resources management for the assessment of the cooperative financial institutions compliance with the Banks Act (1990). A budget reduction of R324 000 over the medium term has been effected in this subprogramme as a result of Cabinet's national cost cutting decision affecting all sphere's of government.

Expenditure estimates

Table 10.6 Economic Policy, Tax, Financial Regulation and Research

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Programme Management for Economic Policy, Financial Regulation and Research	14.0	13.3	12.1	23.0	19.3	20.2	21.4
Research	8.8	8.5	11.2	12.0	15.2	15.9	16.9
Financial Sector Policy	14.0	17.5	17.7	134.9	41.6	36.2	36.9
Tax Policy	15.3	17.3	19.2	26.2	27.9	29.5	31.4
Economic Policy	18.7	15.3	17.7	22.9	28.9	30.7	32.2
Cooperative Banking Development Agency	–	–	8.2	9.3	16.0	16.4	17.2
Total	70.8	71.9	86.1	228.4	149.0	148.9	155.9
Change to 2011 Budget estimate				108.0	21.6	13.4	–

Economic classification

Current payments	65.0	66.4	72.2	208.4	122.3	121.8	127.3
Compensation of employees	34.8	44.8	51.0	70.9	76.8	81.0	85.7
Goods and services	30.2	21.6	21.2	137.6	45.5	40.8	41.6
<i>of which:</i>							
Computer services	0.1	0.0	0.2	0.2	0.2	0.2	0.2
Consultants and professional services:	8.7	8.5	11.2	12.4	15.8	16.6	17.6
Business and advisory services							
Lease payments	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Travel and subsistence	7.8	4.4	4.4	6.4	5.6	6.0	6.6
Transfers and subsidies	5.0	5.0	13.5	19.3	26.0	26.4	27.9
Departmental agencies and accounts	–	–	8.2	9.3	16.0	16.4	17.2
Higher education institutions	5.0	5.0	–	–	–	–	–
Public corporations and private enterprises	–	–	5.3	10.0	10.0	10.0	10.7
Payments for capital assets	0.7	0.5	0.4	0.6	0.7	0.7	0.7
Machinery and equipment	0.7	0.5	0.4	0.6	0.7	0.7	0.7
Total	70.8	71.9	86.1	228.4	149.0	148.9	155.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	8.2	9.3	16.0	16.4	17.2
Cooperative Banking Development Agency	–	–	8.2	9.3	16.0	16.4	17.2
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	–	–	5.3	10.0	10.0	10.0	10.7
Economic Research Southern Africa	–	–	5.3	10.0	10.0	10.0	10.7
Higher education institutions							
Current	5.0	5.0	–	–	–	–	–
University of Cape Town	5.0	5.0	–	–	–	–	–

Expenditure trends

Expenditure increased from R70.8 million in 2008/09 to R228.4 million in 2011/12, at an average annual rate of 47.8 per cent, mainly due to a R111 million increase in administrative fees related to banking cost charges. The increase in spending was largely to support the department's mandate to ensure transparency in transactions relating to banking cost recovery mechanisms and charges. Over the same period, spending on agency and outsourced services was phased out as the department employed more permanent personnel instead of using external resources to conduct the work done by the programme. Spending on compensation of employees grew from R34.8 million to R70.9 million in this period, at an average annual rate of 26.7 per cent, mainly due to building capacity in the economic policy and financial banking stability unit.

In 2010/11 and 2011/12, the programme developed and published a policy document for financial sector regulatory reform, the prudential regulation of foreign exposure for South African institutional investors and a policy on confronting youth unemployment. This is to provide stability in the financial sector and provide decent economic growth to facilitate job opportunities. Over the medium term, the programme aims to achieve development and implementation of the twin peak regulatory reforms at a cost of R1 million.

Between 2011/12 and 2014/15, expenditure is expected to decrease from R228.4 million to R155.9 million, at an average annual rate of 12 per cent, mainly due to a R103.7 million reduction in administrative fees. This is mainly due to there being no allocation over the medium term for the banking cost recovery mechanism and related bank charges. Expenditure on compensation of employees is expected to increase from R70.9 million in 2011/12 to R85.7 million in 2014/15, at an average annual rate of 6.5 per cent, in line with inflation projections. An additional R4.8 million is allocated to this programme over the medium term for improved conditions of service.

The number of consultants used increased from 3 in 2008/09 to 6 in 2011/12. As a result, expenditure on consultants increased from R8.8 million in 2008/09 to R12.4 million in 2011/12, at an average annual rate of 12.3 per cent. Over the medium term, expenditure on consultants is expected to increase to R17.6 million, at an average annual rate of 12.3 per cent. The increased spending on consulting services is due to an increase in economic research support provided by the Centre for Research into Economics and Finance in Southern Africa, among others.

Transfers account for an average of 13.5 per cent of expenditure in this programme over the seven-year period. The main transfer payments are allocated to the Cooperative Banking Development Agency. Other transfer payments mainly support the programme's initiatives that provide policies to enable job opportunities through the Economic Research Southern Africa. Expenditure on transfers is expected to increase from R5 million to R27.9 million over the seven-year period, at an average annual rate of 33.1 per cent, due to an increase in the need for research papers to improve the South African economic outlook.

Programme 3: Public Finance and Budget Management

Objectives and measures

- Give effect to government's economic, fiscal, social and development goals by engaging in an ongoing rigorous analytical and consultative process to produce the national budget to be tabled annually in Parliament in February
- Promote accountability and transparency by:
 - publishing the Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement and appropriation legislation containing relevant, accurate and clear financial information and associated indicators of service delivery and performance on an annual basis
 - providing the Minister of Finance with ongoing advice in response to submissions and Cabinet memorandums
 - monitoring and analysing progress on these activities and processes on a quarterly and annual basis.
- Contribute to public policy and programme development by promoting sound planning, budgeting and project management, and increased support to public finance reform in provinces and municipalities on an ongoing basis.

- Promote public private partnerships, and provide a mechanism for accessing private sector finance and expertise to support the development and implementation of services infrastructure in all spheres of government by appropriately assessing all major infrastructure initiatives and employing the appropriate financing mechanism on an annual basis.
- Support the development and implementation of service infrastructure in all spheres of government and measure progress annually through completing assessments by:
 - promoting public private partnerships
 - providing a mechanism for accessing private sector finance and expertise
 - assessing major infrastructure initiatives in order to deploy appropriate financing mechanisms.
- Ensure appropriate use of public and private financial resources for social and economic development and infrastructure investment by improving monitoring and analysis of public expenditure monthly, quarterly and annually.

Subprogrammes

- *Programme Management for Public Finance and Budget Management* provides support to the planning, monitoring and delivering on the programme's strategy. This subprogramme had a staff complement of 14 and a total budget of R18.3 million in 2011/12, of which 37.2 per cent was used for compensation of employees, while 62.3 per cent was used for goods and services, mainly in consultants, stationery and printing and travel and subsistence. This subprogramme accounted for 8.7 per cent of this programme's 2011/12 budget allocation. In 2011/12, the mayors' induction course for local government was successfully conducted at a cost of R2 million. Savings of R6.2 million over the medium term have been identified in this subprogramme mainly in consultancy services related to the comprehensive expenditure review. These savings have been reprioritised to the *Budget Office and Coordination* subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages the Treasury's relations with other national departments. This subprogramme had a staff complement of 101 and a total budget of R65.8 million in 2011/12, of which 81.7 per cent was used for compensation of employees, while 17.9 per cent was used for goods and services mainly for consultants and travel and subsistence. Employment creation and social security reform, including the national health insurance scheme, are key priorities for the period ahead. In this regard, R4.5 million has been reprioritised over the medium term from travel costs within this subprogramme to fund the feasibility work on the national health insurance scheme and social security projects. No budget reductions over the medium term have been effected on this subprogramme.
- *Budget Office and Coordination* provides fiscal policy advice, oversees expenditure planning and the national budget process, leads the budget reform programme, coordinates international technical assistance and donor finance, and compiles public finance statistics. The office is also responsible for the regulatory framework to promote a consistent approach to governance, organisational and institutional design, financial management, human resources cost management and the governance of public entities, government agencies and departmental business enterprises. This subprogramme had a staff complement of 79 and a total budget of R42.5 million in 2011/12, of which 90.6 per cent was used for compensation of employees, while 8.9 per cent was used for goods and services mainly related to consultancy services and travel and subsistence. R15.3 million over the medium term has been reprioritised from the *International Financial Relations* programme to this subprogramme for compensation of employees in several positions that have been approved and added to the structure. No budget reductions over the medium term have been effected on this subprogramme.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government, and promotes sound provincial and municipal budgetary planning, reporting and financial management. A city budget forum has been established to facilitate the implementation of initiatives to support improvements in service delivery. This subprogramme had a staff complement of 66 and a total budget of R50.2 million in 2011/12, of which 83.9 per cent was used for compensation of employees, while 11.8 per cent was used for goods and services mainly relating to travel and subsistence, stationery and printing, and spending on consultancy services. Transfers and subsidies represented 4 per cent of this

subprogramme's 2011/12 budget for the once off allocation relating to the South African Local Government Association's training and induction activities for new municipal councillors that were appointed after the local government elections held in May 2011. R3.4 million over the medium term has been reprioritised from the International Financial Relations programme to this subprogramme to increase capacity due to the introduction of the Money Bills Amendments Procedures and Related Matters Act (2009), which has increased parliamentary oversight over the annual Division of Revenue Act. These additional responsibilities have substantially increased the responsibility of staff to travel to represent the department during hearings on the Division of Revenue Bill and attend in-year hearings on the provincial and local government fiscal systems. The local government budget analysis unit in this subprogramme has a total of 19 unfunded positions that they intend to activate over the medium term. No budget reductions over the medium term have been effected on this subprogramme.

- *Financial and Fiscal Commission* facilitates the transfer payment to the commission. The commission derives its mandate from chapter 13 of the Constitution's sections 220, 221 and 222; and related sections 214(2), 219(5), 228(2)(b), 229(5), 230(2) and 230A(2) provide for independent, objective, impartial and unbiased advice rendered to government with regard to division of revenue in the three spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. The transfer increases from R33 million in 2011/12 to R40.3 million in 2014/15, at an average annual rate of 6.8 per cent, mainly to fund the commission's operational activities. R8 million has been reprioritised over the medium term mainly from the International Financial Relations programme to fund audit fees, which increased from R792 000 in 2009/10 to R1.4 million in 2010/11, resulting in an increase in the deficit for the commission of R1.1 million in that year. The reprioritisation was also to fund increased spending on consultants due to a shortage of qualified and experienced staff. A budget reduction of R561 000 over the medium term has been effected on this subprogramme as a result of Cabinet's national cost cutting decision affecting all spheres of government.

Expenditure estimates

Table 10.7 Public Finance and Budget Management

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Public Finance and Budget Management	13.6	16.2	12.2	18.3	24.3	26.5	28.3
Public Finance	39.2	39.1	46.1	65.8	69.8	73.7	77.9
Budget Office and Coordination	29.8	32.8	36.1	42.5	50.8	54.2	57.3
Intergovernmental Relations	34.0	30.7	34.4	50.2	45.2	48.6	50.9
Financial and Fiscal Commission	26.1	26.6	31.4	33.0	37.3	39.2	40.3
Total	142.8	145.4	160.3	209.9	227.5	242.1	254.7
Change to 2011 Budget estimate				10.9	19.6	23.0	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	114.8	116.6	128.1	174.1	188.8	201.9	212.8
Compensation of employees	82.2	91.8	109.6	141.2	152.4	161.2	169.6
Goods and services	32.6	24.8	18.5	32.9	36.4	40.7	43.2
<i>of which:</i>							
Computer services	0.7	0.7	0.3	0.3	0.4	0.4	0.5
Consultants and professional services: Business and advisory services	4.6	8.3	4.7	15.5	15.7	17.1	17.9
Lease payments	0.4	0.3	0.2	0.4	0.4	0.4	0.4
Travel and subsistence	6.6	4.6	4.5	5.4	6.9	7.5	8.1
Transfers and subsidies	26.6	27.8	31.4	35.0	37.3	39.2	40.3
Departmental agencies and accounts	26.1	26.6	31.4	35.0	37.3	39.2	40.3
Higher education institutions	0.5	0.5	-	-	-	-	-
Households	-	0.8	-	-	-	-	-

Table 10.7 Public Finance and Budget Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Payments for capital assets	1.3	0.9	0.8	0.8	1.4	1.1	1.5
Machinery and equipment	1.3	0.9	0.8	0.8	1.4	1.1	1.5
Total	142.8	145.4	160.3	209.9	227.5	242.1	254.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	26.1	26.6	31.4	35.0	37.3	39.2	40.3
Financial and Fiscal Commission	26.1	26.6	31.4	33.0	37.3	39.2	40.3
South African Local Government Association	–	–	–	2.0	–	–	–

Expenditure trends

Expenditure increased from R142.8 million in 2008/09 to R209.9 million in 2011/12, at an average annual rate of 13.7 per cent. The bulk of the growth was mainly in spending on compensation of employees, which increased from R82.2 million to R141.2 million over the same period, at an average annual rate of 19.7 per cent. This growth is reflected in the establishment increase by 26 filled posts mainly at senior levels in line with structural changes effected to enhance performance and add capacity to specific focal areas such as support to national, provincial and local government, and to capacitate the units involved with social retirement reforms, and financial management improvement. Expenditure on goods and services over this period increased from R32.6 million to R32.9 million, at a marginal average annual rate of 0.3 per cent, with the bulk of this spending related to consultancy costs, stationery and printing, and travel and subsistence.

The programme through its allocation has continued to provide quality budget documentation, including the Appropriation Bill, Division of Revenue Bill, Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement. These annual documents resulted in South Africa being awarded first place in the 2010 open budget survey. This is a confirmation of the progress National Treasury has made since the introduction of the three-year forward planning framework for the planning and management of fiscal resources.

Over the medium term period, expenditure is expected to increase to R254.7 million, at an average annual rate of 6.7 per cent, mainly due to increased spending on compensation of employees, which is expected to increase from R141.2 million to R169.6 million, at an average annual rate of 6.3 per cent, in line with inflation projections. An additional R13 million is allocated to this programme over the medium term for improved conditions of service. Spending on goods and services is expected to increase from R32.9 million to R43.2 million, at an annual average rate of 9.5 per cent. This increase is mainly due to spending on consultants, which is expected to increase from R15.5 million for 10 consultants in 2011/12 to R18.1 million for 18 consultants in 2014/15. The consultants are used in the design of a standard chart of accounts for local government and work being undertaken for social security reforms. Consultants are also used to edit budget documents, including the Estimates of National Expenditure, Adjusted Estimates of National Expenditure, Budget Review, Medium Term Budget Policy Statement and Medium Term Expenditure Reporting Framework. Consultants also work on social retirement reforms and the multi-agent transport simulator project.

Transfers account for an average of 17.2 per cent of this programme's expenditure over the seven-year period, with the largest transfer payments allocated to the Financial and Fiscal Commission. The transfer payments to higher education institutions in 2008/09 and 2009/10 relate to the annual international public finance conference. The once-off transfer of R2 million to the South African Local Government Association in 2011/12 was made to train new councillors in the Municipal Finance Management Act (2003) budget reforms and municipal finances.

Programme 4: Asset and Liability Management

Objectives and measures

- Promote the maximisation of delivery on government's objectives through exercising oversight over schedule 2 and 3B entities by: reviewing corporate plans and annual reports; reviewing applications for guarantees and borrowing limits; coordinating state owned entities' borrowing programmes; monitoring progress; tracking progress on capital expenditure programmes; and monitoring guarantees and taking remedial action where necessary.
- Exercise shareholder oversight over the Development Bank of Southern Africa, the Public Investment Corporation, the Land and Agricultural Development Bank of South Africa, and the South African Special Risks Insurance Association to ensure that they promote government's policy objectives while remaining financially sound institutions by reviewing corporate plans; negotiating shareholder compacts for signature by the Minister of Finance; and reviewing quarterly and annual reports.
- Finance government's gross borrowing requirement of R211.9 billion by March 2013 by sourcing such funds from the domestic and international markets over the same period.
- Ensure that government's liquidity requirements are consistently met through effective cash management by sound cash forecasts on an ongoing basis.
- Enable government to manage financial risks and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks and by ensuring adherence to these standards on an ongoing basis.

Subprogrammes

- *Programme Management for Asset and Liability Management* provides support for planning, monitoring and delivering the programme's activities. This subprogramme had a staff complement of 5 and a total budget of R14.3 million in 2011/12, of which 59.4 per cent was used for consulting services for the delivery of a treasury management system and the development of an optimal capital structure and appropriate dividend policies for state owned entities, while 1 per cent was used for compensation of employees. Over the medium term, R2.1 million has been reprioritised from the *International Financial Relations* programme to computer services and consultancy in this subprogramme to finalise the development of a back office treasury management system. No budget reductions over the medium term have been effected on this subprogramme.
- *State Owned Entity Financial Management and Governance* promotes the optimal allocation and use of financial resources and sound corporate governance in state owned entities. This entails exercising financial oversight to ensure that financial resources are applied in accordance with government policy. This subprogramme had a staff complement of 45 and a total budget of R23.2 million in 2011/12, of which 96 per cent was used for compensation of employees, while 4 per cent was allocated to goods and services mainly for spending on travel and subsistence, bursaries for employees, and stationery and printing. R9.8 million over the medium term has been reprioritised mostly from the *International Financial Relations* programme to this subprogramme, mainly to fund consultancy services to assist the formulation and rollout of state owned capital structure and dividend policies. No budget reductions over the medium term have been effected on this subprogramme.
- *Government Debt Management* is responsible for government's long term funding needs, manages domestic and foreign debt, and contributes to the development of financial markets. This subprogramme had a staff complement of 31 and a total budget of R14.9 million in 2011/12, of which 91.8 per cent was used for compensation of employees, while 8.2 per cent was used for goods and services mainly in travel and subsistence. Government successfully financed its gross borrowing requirement of R185.3 billion in 2011/12, mainly in the domestic capital and money markets. Relatively small amounts were borrowed from international markets. To reduce refinancing risk, government entered into bond switch transactions whereby short term bonds were exchanged for long term bonds before their repayment dates. Investor relations were enhanced with the introduction of an investor relations website to augment the routine foreign and domestic road shows. R7.1 million was reprioritised over the medium term from the *International*

Financial Relations programme to this subprogramme, mainly for compensation of employees to improve debt management capacity. No budget reductions over the medium term have been effected on this subprogramme.

- *Financial Operations* provides for government's short term funding needs, manages cash in all spheres of government, invests government surplus cash, supplies reliable systems and provides information relating to the division's operations. This subprogramme had a staff complement of 21 and a total budget of R15.4 million in 2011/12, of which 67.6 per cent was used for compensation of employees, while 32.4 per cent was used for goods and services mainly in computer services for software packages for the administration of the RSA retail bonds transactions. The second module of a new treasury management system will be implemented early in 2012, and the remaining modules will be completed by 2013. In 2011/12, up to R40 billion of public sector cash was available for bridging finance for government and provinces. R4.9 million was reprioritised over the medium term from the *Financial Systems and Accounting* programme to for compensation of employees in this subprogramme to capacitate the treasury retail bonds unit. No budget reductions over the medium term have been effected on this subprogramme.
- *Strategy and Risk Management* develops and maintains a risk management framework for the debt and contingent liabilities of government and state owned entities, and implements debt management strategies. This subprogramme had a staff complement of 16 and a total budget of R8.1 million in 2011/12, of which 95.9 per cent was used for compensation of employees, while 4.1 per cent was used for goods and services such as travel and subsistence. In 2011/12, the domestic debt portfolio is projected to stabilise at 64 per cent fixed and 36 per cent non-fixed as government issues instruments that maximise cash, subject to market demand. Through active debt management strategies, the debt portfolio ratio will improve towards the risk benchmark of a 70:30 fixed to non-fixed rate over the medium term. Foreign debt as a percentage of total gross debt amounts to 8.7 per cent, well below the risk benchmark of 20 per cent. In line with government's countercyclical fiscal policy, net debt, provisions and contingent liabilities is estimated to reach 47 per cent of GDP compared to the risk benchmark of 50 per cent. In 2011/12, the country's sovereign rating outlook was changed to negative from stable by Moody's credit rating agency and Fitch Ratings. R2.8 million has been reprioritised over the medium term from the International Financial Relations programme for compensation of employees in this subprogramme to improve capacity within the market risk unit, which will lead to improvements in the management of government's overall debt portfolio. No budget reductions over the medium term have been effected on this subprogramme.
- *Financial Investments* provides funding mainly for the recapitalisation of Eskom and the Land and Agricultural Development Bank of South Africa. Allocations in this subprogramme are located in payments for financial assets. Eskom was provided a subordinated loan of R60 billion over the audited period of 2008/09 to 2010/11 to enable it to build energy renewal capacity. In 2009/10, the Land and Agricultural Development Bank of South Africa's balance sheet was augmented with a guarantee of R3.5 billion, which was converted into capital injections of R2.5 billion over the previous two years. The balance of R1 billion is allocated over the medium term with R200 million in 2012/13, R300 million in 2013/14 and R500 million in 2014/15. In 2010/11, the bank, together with the Department of Rural Development and Land Reform, completed an agreement for the implementation of the curatorship and emerging farmers support structures. The Land and Agricultural Development Bank of South Africa will provide Cabinet with a progress report in 2012. There are no transfer payments in this subprogramme. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.

Expenditure estimates

Table 10.8 Asset and Liability Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Asset and Liability Management	22.7	12.0	13.3	14.3	15.1	15.8	12.2
State Owned Entity Financial Management and Governance	11.9	13.9	19.1	23.2	26.7	28.1	29.6
Government Debt Management	10.5	11.2	13.7	14.9	17.8	18.7	19.6
Financial Operations	11.0	10.1	13.9	15.4	17.7	18.1	18.5
Strategy and Risk Management	6.4	6.0	7.3	8.1	9.3	9.7	10.3
Financial Investments	10 000.0	31 000.0	20 746.7	750.0	200.0	300.0	500.0
Total	10 062.5	31 053.2	20 813.9	825.9	286.6	390.3	590.3
Change to 2011 Budget estimate				3.3	210.4	312.0	500.0

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	61.9	53.1	66.5	75.3	85.9	89.7	90.1
Compensation of employees	33.4	38.1	47.5	56.6	65.8	69.1	72.9
Goods and services	28.5	15.0	19.1	18.7	20.1	20.6	17.2
<i>of which:</i>							
Computer services	2.5	2.1	6.6	5.2	6.2	6.7	4.7
Consultants and professional services:	17.0	6.5	7.7	8.5	7.5	7.2	5.3
Business and advisory services							
Lease payments	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Travel and subsistence	2.6	1.9	2.4	2.1	2.8	3.2	3.6
Payments for capital assets	0.6	0.1	0.6	0.6	0.7	0.6	0.2
Machinery and equipment	0.6	0.1	0.6	0.6	0.7	0.6	0.2
Payments for financial assets	10 000.0	31 000.0	20 746.7	750.0	200.0	300.0	500.0
Total	10 062.5	31 053.2	20 813.9	825.9	286.6	390.3	590.3

Expenditure trends

Expenditure decreased from R10.1 billion in 2008/09 to R825.9 million in 2011/12, at an average annual rate of 56.5 per cent, primarily in payments for financial assets. This is attributed to the phasing out of the allocation to Eskom. Excluding the Eskom and Land and Agricultural Development Bank of South Africa allocations, the programme's operational expenditure increased from R62.5 million in 2008/09 to R75.9 million in 2011/12, at an average annual rate of 6.7 per cent. The bulk of these increases were concentrated in spending on compensation of employees, which grew from R33.4 million in 2008/09 to R56.6 million in 2011/12, at an average annual rate of 19.2 per cent. This increase is mainly attributed to an additional 17 filled posts, whose personnel contributed to the formulation of state owned entities' capital structure and dividend policies, the reassessment of state owned entities' treasury operations and the development of a treasury management system. In contrast, expenditure on goods and services decreased from R28.5 million in 2008/09 to R18.7 million in 2011/12, at an average annual rate of 13.1 per cent, mainly in spending on consultants due to the finalisation of the entities capital structure and dividend policy project.

The programme is implementing a treasury management system to replace various spreadsheet and mainframe systems. The system's foreign debt module was implemented in September 2009 and ran in parallel with the spreadsheets until December 2010. The foreign debt module has reduced operational risk and improved previously cumbersome reporting by providing timelier, standardised and accurate system generated reports. The domestic debt module is due to be implemented in March 2012, the retail bonds module in the final quarter of 2012 and the money market module, which closes the project, by March 2013. Between 2009/10 to 2011/12, R6.3 million has been spent for the treasury management system project, mainly on consultants. The programme has also implemented an investor relations website in August 2011. The website contributes to the transparency of government's debt management and participation in financial markets and thus promotes investor confidence.

Over the medium term, expenditure is expected to decrease to R590.3 million, at an average annual rate of 10.6 per cent. The decrease is due to a R550 million decrease in the allocation relating to the Land and Agricultural Development Bank of South Africa in 2012/13. Excluding the Land and Agricultural Development Bank of South Africa allocation, the programme's operational expenditure is expected to increase from R75.9 million to R90.3 million, at an average annual rate of 6 per cent. The bulk of this growth is concentrated in spending on compensation of employees, which is expected to increase from R56.6 million to R72.9 million over the same period, at an average annual rate of 8.8 per cent. An additional R3 million is allocated to this programme over the medium term for improved conditions of service. Also contributing to the increase is filled posts, which are expected to increase by 14 mainly to provide sectoral oversight for state owned entities.

Spending on goods and services is expected to decrease from R28.5 million to R17.2 million in 2014/15, at an average annual rate of 8.1 per cent, mainly in spending on consultants due to the completion of the treasury management system in 2012/13. The number of consultants is expected to decrease from 7 to 3 over the seven-year period, with spending on this item expected to decrease from R17 million in 2008/09 to R5.3 million in 2014/15, at an average annual rate of 17.7 per cent as a result. The peak in spending on consultants in 2008/09 relates to the Pebble Bed Modular Reactor project that was concluded in the same year. Consultants in this programme are mostly used for the capital structure and dividend policy project.

Programme 5: Financial Systems and Accounting

Objectives and measures

- Improve supply chain management by:
 - enhancing supply chain management compliance monitoring and combating supply chain management related fraud and corruption on an ongoing basis, through a combination of regulatory and analytical approaches aimed at reducing the incidence of corrupt supply management activity
 - providing guidance and assistance to all organs of state in the implementation of the revised preferential procurement regulations in 2012/13
 - increasing capacity to 11 national departments, 3 provincial treasuries with their respective departments and 6 metros over the medium term, for the implementation of strategic sourcing principles through facilitating training through the Public Administration Leadership and Management Academy
 - facilitating a comprehensive review of the supply chain management legislation in government through completing technical analysis and producing draft legislation by March 2013
 - improving the value for money by quantifying the economic benefits on selected contracts and applying strategic sourcing on 35 transversal contracts in 2012/13
 - developing norms and standards, and monitoring compliance with prescribed procedures on an ongoing basis.
- Maintain government's current financial systems at a level of 98 per cent availability, including providing reliable, efficient and effective system support and user training over the medium term.
- Complete the development of the payroll, inventory management and financial management modules and implementing them at lead sites selected in collaboration with key stakeholders on an annual basis.

Subprogrammes

- *Programme Management for Financial Systems and Accounting* supports the planning, monitoring and coordinating deliverable on the programme plan. This subprogramme had a staff complement of 10 and a total budget of R11.3 million in 2011/12, of which 54.4 per cent was used for compensation of employees, while 40.4 per cent was used for goods and services such as travel and subsistence. Savings of R6 million over the medium term have been identified in this subprogramme on agency fees and venues and facilities due to the reduction on the use of external venues. These savings have been reprioritised to the *Supply Chain Management* subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Supply Chain Policy* comprises three sections: supply chain management policy, which regulates the supply chain management processes; norms and standards, which develops supply chain management norms and

standards, and monitors compliance with the prescribed procedures; and contract management, which facilitates and manages transversal term contracts in the public sector. This subprogramme had a staff complement of 64 and a total budget of R40 million in 2011/12, of which 72.9 per cent was used for compensation of employees, while 26.5 per cent was used for goods and services mainly in computer services. In 2011/12, the following outputs were achieved: confirmation of the user requirement statement for inventory management module; information sessions with government institutions in respect of the implementation of the new preferential procurement regulations; and the facilitation of transversal term contracts. These outputs were achieved at no additional costs as they were held in provincial treasuries and also National Treasury. R6 million was reprioritised over the medium term from savings in agency fees, and venues and facilities in the *Financial Systems and Accounting* programme to this subprogramme for compensation of employees for the absorption of interns. No budget reductions over the medium term have been effected on this subprogramme.

- *Financial Systems* maintains and supports existing financial management systems and the development and implementation of a new, integrated financial management system. This subprogramme had a staff complement of 42 and a total budget of R385.5 million in 2011/12, of which 4.7 per cent was used for compensation of employees, while 95.3 per cent was mainly used for the maintenance of transversal systems and development of the new integrated financial management system. In 2011/12, the following outputs were achieved: implementation of the new integrated financial management system for the asset management module; the procurement of a management module; and human resources management to lead sites, including National Treasury and the Department of Defence and Military Veterans, for the procurement management module and the Limpopo provincial treasury for the asset module. This will be done by March 2012 at a cost of R150.4 million. The development of the remaining modules of the integrated financial management system will be completed in 2012/13 and should be ready for implementation in 2013/14. Savings of R1.5 million over the medium term have been identified in this subprogramme on computer services for the transversal systems due to new service level agreements being signed. These savings have been reprioritised to the *Financial Reporting for National Accounts* subprogramme to mostly fund transfer payments to departmental agencies and accounts. A budget reduction of R7.1 million over the medium term has been effected on computer services, travel and subsistence, and stationery and printing in this subprogramme as a result of Cabinet's national cost cutting decision.
- *Financial Reporting for National Accounts* is responsible for: accounting for the National Revenue Fund, the Reconstruction and Development Programme Fund; providing banking services for national government; providing support for all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. This subprogramme had a staff complement of 52 and a total budget of R83.6 million in 2011/12, of which 32.4 per cent was used for compensation of employees, while 15.6 per cent was used on goods and services such as consultants, audit costs, and travel and subsistence. The unit developed accounting manuals for generally recognised accounting practice standards, and offered training to 1 024 officials to assist with implementing the standards in provincial treasuries, municipalities and public entities. Transfers and subsidies in this subprogramme accounted for 51.8 per cent of the 2011/12 budget, with the bulk of the transfer payments allocated to the Independent Regulatory Board for Auditors and the Accounting Standards Board. R3.4 million over the medium term has been reprioritised from savings mainly in computer services and travel and subsistence in the *Financial Systems* and the *Financial Management Policy and Compliance Improvement* subprogrammes to this subprogramme for the Independent Regulatory Board for Auditors transfer to enhance its IT database. These savings were also reprioritised to the Accounting Standards Board transfer in this subprogramme, mainly to fund 2 additional trainee accountant positions to assist senior management in setting standards. A budget reduction of R31 000 in 2012/13 has been effected on this subprogramme to the Accounting Standards Board transfer as a result of Cabinet's national cost cutting decision.
- *Financial Management Policy and Compliance 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. Financial management improvement includes developing the reporting frameworks in line with international and local best practice, developing and implementing accounting policies and improving the financial management, internal audit and risk management capacity within government. This

subprogramme had a staff complement of 114 and a total budget of R97.8 million in 2011/12, of which 59.1 per cent was used for compensation of employees, while 40.6 per cent was used for goods and services such as consultants, travel and subsistence, and training and development. In 2011/12, 20 investigations were conducted into supply chain practices, and continued development of fraud detection guidelines for the practice took place at a cost of R6 million. Savings of R1.6 million over the medium term have been identified in this subprogramme on travel due to monitored airfare, vehicle rental and accommodation costs. The savings have been reprioritised to the Financial Reporting for National Accounts subprogramme. No budget reductions over the medium term have been effected on this subprogramme.

- *Audit Statutory Bodies* is a transfer payment that provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor General Act (1995). This subprogramme had a budget of R29.9 million in 2011/12, which was used in full to fund municipalities unable to pay for audit services. No cost efficiency measures over the medium term have been effected on this subprogramme.
- *Service Charges* is a transfer payment that provides bank service charges for all departments' deposit accounts and has a total allocation of R170 000 in 2011/12. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.

Expenditure estimates

Table 10.9 Financial Systems and Accounting

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Financial Systems and Accounting	15.4	11.7	7.2	11.3	10.8	11.6	12.3
Supply Chain Policy	20.8	30.6	31.6	40.0	45.0	47.0	50.5
Financial Systems	250.5	373.4	362.0	385.5	405.9	437.5	450.7
Financial Reporting for National Accounts	53.2	64.8	71.1	83.6	85.0	87.8	93.1
Financial Management Policy and Compliance Improvement	29.3	42.4	65.7	97.8	109.3	116.1	121.5
Audit Statutory Bodies	106.4	19.6	21.4	29.9	30.2	49.3	52.3
Service Charges: Commercial Banks	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Total	475.7	542.7	559.1	648.2	686.3	749.5	780.6
Change to 2011 Budget estimate				(10.0)	(4.0)	9.3	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	279.0	310.2	325.1	407.2	279.9	320.0	325.8
Compensation of employees	64.1	90.4	108.5	138.2	151.5	159.2	169.1
Goods and services	214.9	219.8	216.6	269.0	128.3	160.8	156.8
<i>of which:</i>							
Computer services	168.9	183.1	173.5	200.6	55.2	82.2	74.5
Consultants and professional services: Business and advisory services	5.0	11.6	18.9	34.2	43.6	48.1	50.4
Lease payments	0.6	0.5	0.4	0.5	0.5	0.5	0.5
Travel and subsistence	6.3	5.6	6.2	9.3	8.1	8.3	8.8
Transfers and subsidies	134.1	52.8	62.2	73.6	71.9	90.9	96.3
Departmental agencies and accounts	134.1	52.8	61.7	73.2	71.9	90.9	96.3
Households	-	-	0.5	0.4	-	-	-

Table 10.9 Financial Systems and Accounting (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Payments for capital assets	62.6	179.7	171.9	167.4	334.5	338.6	358.5
Machinery and equipment	2.9	2.2	2.2	2.8	168.8	170.7	180.8
Software and other intangible assets	59.7	177.5	169.7	164.6	165.8	167.9	177.7
Total	475.7	542.7	559.1	648.2	686.3	749.5	780.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	134.1	52.8	61.7	73.2	71.9	90.9	96.3
Accounting Standards Board	7.4	7.2	7.5	8.6	9.5	9.9	10.5
Independent Regulatory Board for Auditors	20.3	22.0	29.3	34.7	32.2	31.6	33.5
Institute for Public Finance and Auditing	-	3.9	-	-	-	-	-
Public Administration Leadership and Management Academy	-	-	3.4	-	-	-	-
Auditor-General of South Africa	106.4	19.6	21.4	29.9	30.2	49.3	52.3

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R475.7 million to R648.2 million, at an average annual rate of 10.9 per cent, mainly due to the increase in the programme's establishment, the training outside public practice programme and costs for formulating the financial management capability maturity model. Also contributing to the increase is the phased implementation of the integrated financial management system project and the ongoing maintenance work on the legacy systems, such as the basic accounting system, Logis, Persal and Vulindlela. The rollout of the procurement management module of the integrated financial management system at the lead sites, National Treasury and the Department of Defence, has progressed, with R150.4 million having been spent on these activities in 2011/12. A once-off transfer payment to alleviate the growing funding difficulties caused by the legislative capping of audit fees not aligned with the market related professional fees and the inability by municipalities to pay for audit services resulted in a spending spike in 2008/09 in departmental agencies and accounts.

Between 2010/11 and 2011/12, the programme surveyed the financial management capacity of 96 government entities and developed a strategy to address the problems. R1.2 million was spent on this project.

Over the medium term, expenditure is expected to increase to R780.6 million, at an average annual rate of 6.4 per cent, mainly due to enhancing the capacity of the special audit services unit and the integrated financial management system project. Further governance aspects, which include measures to reduce corruption, are being supported through the specialised audit services unit which has a total allocation of R125.8 million mainly in consultant spending. An additional R8.1 million is allocated to this programme over the medium term for improved conditions of service.

The number of consultants used in this programme decreased from 11 in 2008/09 to 22 in 2011/12. This excludes transversal systems, which used 209 consultancy staff over the same period. Expenditure on consultants is expected to increase from R5 million in 2008/09 to R50.4 million in 2014/15, at an average annual rate of 46.7 per cent. Consultants will mainly be used to assist with the development of accounting standards, financial improvement, and investigations undertaken by special audit services to combat fraud and corruption. Travelling costs also drive costs due to the support the programme's staff provides to the three spheres of government for governance and financial management reforms. The programme also plans to hold 8 150 workshops and courses over the medium term at a cost of R13.1 million.

The programme makes transfers to the Independent Regulatory Board for Auditors, Accounting Standards Board and the Auditor General of South Africa. Transfers to the Independent Regulatory Board for Auditors increased from R20.3 million in 2008/09 to R34.7 million in 2011/12, at an average annual rate of 19.7 per cent, and are expected to decrease to R33.6 million in 2014/15, at an average annual rate of 1.1 per cent, due to the

fluctuations in unforeseen legal fees for disciplinary cases and practice reviews. The Accounting Standards Board's spending increased from R7.4 million in 2008/09 to R8.6 million in 2011/12 and is expected to increase to R10.5 million in 2014/15, at an average annual rate of 5.9 per cent over the seven year period, mainly in line with inflationary projections. The fluctuations in the audit statutory bodies transfer payments is attributable to the unpredictability of the number of statutory bodies and municipalities that will request assistance in the payment of audit services during any given period.

Programme 6: International Financial Relations

Objectives and measures

- Advance South Africa's national economic interests by undertaking regular strategic analyses, engagements and negotiations at global financial and economic forums through increased coordination at national and regional level towards the development of a common position.
- Increase sub-Saharan Africa's voice in the Bretton Woods institutions, which includes the International Monetary Fund and the World Bank Group, and other influential global financial and economic fora such as the G20 by advancing the reform of these institutions on an ongoing basis through lobbying regional groupings and securing the third International Monetary Fund board chair for the benefit of sub-Saharan Africa.
- Enhance South Africa's participation in strategic regional, continental and global governance institutions by seconding South Africans into strategic positions informed by government's secondment policy on an ongoing basis.
- Promote regional economic integration in the Southern African Development Community (SADC) and strengthen economic links within Africa by developing the policy on one-stop border posts by 2013 and providing ongoing support to the SADC committees dealing with economic and financial protocols and by supporting the Southern African Customs Union to meet regional challenges.

Subprogrammes

- *Programme Management for International Financial Relations* supports the planning, monitoring and delivering of the programme's activities. This subprogramme had a staff complement of 7 and a total budget of R10.5 million in 2011/12, of which 36.8 per cent was used for compensation of employees, while 62.8 per cent was used for goods and services such as for venue and facility hire, and for travel and subsistence related to annual international engagements through the Bretton Woods institutions and African institutions such as the African Development Bank. R4.5 million has been reprioritised over the medium term from the World Bank Group to fund the placement of staff for the Organisation for Economic Cooperation and Development in Paris, France. No budget reductions over the medium term have been effected on this subprogramme.
- *International Economic Cooperation* focuses on improving South Africa's participation in international and regional economic institutions, and also facilitates the deepening of South Africa's role in regional integration through the SADC region and the Southern African Customs Union. It works through key economic institutions and forums such as the African Development Bank, the United Nations Economic Commission for Africa and the New Partnership for Africa's Development, the G20, and the Brazil-Russia-India-China-South Africa economic groupings. This subprogramme had a staff complement of 33 and a total budget of R23.6 million in 2011/12, of which 78.4 per cent was used for compensation of employees, while 21.1 per cent was used for goods and services such as travel and subsistence, venues and facilities, and communication costs, which primarily relate to the annual co-hosting of the World Economic Forum for Africa, the annual G20 development working group meeting and the annual G24 technical working group meeting. R2.3 million has been reprioritised over the medium term from the *Commonwealth Fund for Technical Cooperation* subprogramme for building the subprogramme's capacity. No budget reductions have been effected on this subprogramme over the medium term.
- *Common Monetary Area Compensation* facilitates the transfer of funds to Lesotho, Namibia and Swaziland for the rand monetary area agreement. In this agreement, South Africa compensates the member countries

for the use of the rand currency within their respective borders. This subprogramme's allocation only consists of the transfer payment for the common monetary area compensation. The subprogramme's total budget increased from R397.8 million in 2010/11 to R403.8 million in 2011/12, due to the increased rand circulation in the SADC region. No cost efficiency measures or budget reductions over the medium term have been effected on this transfer.

- *Financial and Technical Support* caters for support of programmes specific to Africa, which includes participation in African Development Bank meetings. This subprogramme only makes transfer payments related to financial and technical support provided to qualifying African projects and initiatives and had a total budget of R4.5 million in 2011/12. This subprogramme will also fund South Africa's membership to the Infrastructure Consortium for Africa with a R1 million contribution per year starting in 2012/13. Over the medium term, savings of R39.8 million on the annual meetings previously budgeted for by South Africa for 2012 and 2013 have been identified in this subprogramme. These annual meetings will now be held in Tanzania and Morocco. These savings have been distributed across the department, with a focus on the *Asset and Liability Management* programme. No budget reductions over the medium term have been effected on this subprogramme.
- *African Development Bank and African Development Fund* transfers funds for the purpose of buying shares, paying subscriptions, and for accelerated encashment schedules to support African development. With a permanent seat on the board of directors of the African Development Bank, South Africa is in a position to shape the bank's policies. In 2011, the board nominated South Africa and Kenya to pilot 2 regional resource centres, to represent the southern and eastern regions of the continent. The centres will increase the efficiency and effectiveness of the bank's operations and will bring it closer to its clients. The centres, to be hosted by South Africa, will be located in Pretoria and will cover all the SADC countries but will not replace or result in the closure of the bank's field offices where they currently exist. The regional office established in South Africa in 2009 will now be upgraded to the regional resource centre. This subprogramme's allocation only consists of the transfer payments to the African Development Bank and the African Development Fund. The budget for this transfer payment increased from R55.1 million in 2010/11 to R225.4 million in 2011/12, due to the commitment to support African development. The fiscal transfer for this subprogramme may be adjusted in 2013/14 and 2014/15 due to the fact that South Africa will now bid to host the African Development Bank's annual meetings in 2014/15. No cost efficiency measures or budget reductions have been effected on this transfer over the medium term.
- *World Bank Group* transfers funds to the World Bank, including the International Development Association, which provides concessional loans and grants to low income countries and also includes South Africa's contribution to the general and selective capital increases of the authorised capital of the World Bank, as agreed on by World Bank members in 2010. This subprogramme's allocation only consists of the transfer payments to the World Bank Group. This transfer increased in 2011/12 to R135.5 million after establishing the value of the total donor contributions to the International Development Association and the required annual payments for the general and selective capital increases. Savings of R16.3 million over the medium term have been identified in this subprogramme as a result of the fluctuations in the rand value. These savings have been reprioritised to the *International Financial Relations* subprogramme. No budget reductions over the medium term have been effected on this transfer.
- *Collaborative Africa Budget Reform Initiative* transfers funds to the Collaborative Africa Budget Reform Initiative secretariat to provide capacity building in Africa's financial sector management, budget reform and governance through South Africa's contributions. This subprogramme's allocation only consists of the transfer payments for the Collaborative Africa Budget Reform Initiative. A transfer of R1.1 million began in 2010/11 and was revised to R1.2 million in 2011/12, due to the volatility in the exchange rate. No cost efficiency measures or budget reductions over the medium term have been effected on this transfer.
- *Commonwealth Fund for Technical Cooperation* transfers funds to the Commonwealth Fund for Technical Cooperation to assist developing member countries in acquiring the knowledge and institutional capacity needed to address development priorities. The contribution increased from R3 million in 2010/11 to R4.4 million in 2011/12, due to changes in the exchange rate. Savings of R5.1 million over the medium term have been identified in this subprogramme as a result of fluctuation in the rand value. No budget reductions over the medium term have been effected on this transfer.

- *International Funding Facility for Immunisation* transfers funds to the Global Alliance for Vaccines and Immunisation to support health care, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children in low income countries. This subprogramme's allocation only consists of the transfer payments to the International Funding Facility for Immunisation. The total allocated fiscal transfer from South Africa in 2011/12 was R9.7 million, and has been increased to R10 million in 2012/13 due to anticipated changes in the exchange rate. Savings of R782 000 over the medium term have been reprioritised to the *International Financial Relations* subprogramme. No budget reductions over the medium term have been effected on this transfer.
- *Investment Climate Facility* transfers funds to the investment climate facility to support initiatives on climate change. The last payment of R7.6 million was processed in 2009/10.
- *African Regional Technical Assistance Centre for Southern Africa* transfers funds to the Infrastructure Consortium for Africa to improve the generation of data and knowledge products related to infrastructure investment, and the coordination of development policies between the G20 and African countries. This subprogramme's allocation only consists of the transfer payments to the African Regional Technical Assistance Centre for Southern Africa. The transfer will commence over the medium term with an allocation of R350 000 per year.

Expenditure estimates

Table 10.10 International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for International Financial Relations	0.7	2.7	6.2	10.5	11.3	12.0	13.8
International Economic Cooperation	18.8	19.9	20.4	23.6	24.4	26.0	27.8
Common Monetary Area Compensation	362.5	409.9	397.8	403.8	602.1	653.9	693.2
Financial and Technical Support	–	–	–	4.5	6.7	6.7	29.0
African Development Bank and African Development Fund	93.8	57.3	55.1	225.4	241.9	268.6	284.7
World Bank Group	68.0	68.0	68.0	135.5	135.5	129.5	148.5
Collaborative Africa Budget Reform Initiative	–	–	1.1	1.2	1.3	1.3	1.4
Commonwealth Fund for Technical Cooperation	3.7	3.5	3.0	4.4	4.7	5.0	0.5
International Funding Facility for Immunisation	9.6	7.5	7.1	9.7	10.0	10.0	10.0
Investment Climate Facility	10.2	7.6	–	–	–	–	–
African Regional Technical Assistance Centre for Southern Africa	–	–	–	–	0.4	0.4	0.4
Total	567.3	576.4	558.7	818.7	1 038.2	1 113.3	1 209.3
Change to 2011 Budget estimate				6.3	(26.1)	(27.9)	0.4

Economic classification

Current payments	19.3	22.5	26.5	33.9	35.6	37.8	41.5
Compensation of employees	11.5	14.3	16.5	22.4	25.4	26.8	29.2
Goods and services	7.8	8.2	10.0	11.6	10.2	11.1	12.3
<i>of which:</i>							
Computer services	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Consultants and professional services:	0.1	0.5	0.5	0.3	0.3	0.4	0.5
Business and advisory services							
Travel and subsistence	5.4	4.8	5.3	7.4	5.1	5.8	7.0
Transfers and subsidies	547.8	553.8	532.1	784.5	1 002.5	1 075.3	1 167.6
Foreign governments and international organisations	547.8	553.8	532.1	784.5	1 002.5	1 075.3	1 167.6
Payments for capital assets	0.2	0.1	0.1	0.2	0.1	0.1	0.2
Machinery and equipment	0.2	0.1	0.1	0.2	0.1	0.1	0.2
Total	567.3	576.4	558.7	818.7	1 038.2	1 113.3	1 209.3

Table 10.10 International Financial Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	386.0	428.5	409.0	419.2	618.5	670.6	705.5
Common Monetary Area: Compensation	362.5	409.9	397.8	403.8	602.1	653.9	693.2
Collaborative Africa Budget Reform Initiative	–	–	1.1	1.2	1.3	1.3	1.4
Commonwealth Fund for Technical Cooperation	3.7	3.5	3.0	4.4	4.7	5.0	0.5
International Funding Facility for Immunisation	9.6	7.5	7.1	9.7	10.0	10.0	10.0
Investment Climate Facility	10.2	7.6	–	–	–	–	–
African Regional Technical Assistance Centre for Southern Africa	–	–	–	–	0.4	0.4	0.4
Capital	161.8	125.3	123.1	365.4	384.0	404.7	462.2
Financial and technical support	–	–	–	4.5	6.7	6.7	29.0
African Development Bank and African Development Fund	93.8	57.3	55.1	225.4	241.9	268.6	284.7
World Bank Group	68.0	68.0	68.0	135.5	135.5	129.5	148.5

Expenditure trends

Approximately 96.2 per cent of this programme's expenditure over the seven-year period goes to transfer payments to foreign governments and international organisations for international obligations. The transfers made include those for commitments to: the common monetary area compensation, which includes Lesotho, Namibia and Swaziland; the African Development Bank and African Development Fund; and the World Bank group. The significant operational cost driver for this programme is travel and subsistence due to international engagements mainly relating to the Bretton Woods institutions and the Brazil-Russia-India-China-South African group of countries. This programme expects to complete an evaluation of the World Bank country strategy paper in 2012/13 at a cost of R1 million.

Expenditure increased from R567.3 million in 2008/09 to R818.7 million in 2011/12, at an average annual rate of 13 per cent, mainly due to the impact of Rand circulation as per the common monetary area compensation, and the recapitalisation of African Development Bank and the World Bank. An increase in the personnel establishment mainly due to the greater role in international commitments has also contributed to this increase and as a result expenditure on compensation of employees increased from R11.5 million to R22.4 million, at an average annual rate of 24.8 per cent. Expenditure on goods and services increased from R7.8 million to R11.6 million, at an average annual rate of 14.1 per cent, mainly in venues and facilities and travel and subsistence costs related to the associated activities of meeting the programme's respective international obligations.

Over the medium term, expenditure is expected to increase to R1.2 billion, at an average annual rate of 13.9 per cent. This is mainly due to the international commitments for the recapitalisation of the African Development Bank and the expected increase in the Rand circulation related to the common monetary area compensation agreement. Expenditure on compensation of employees is expected to increase to R29.2 million over the medium term, at an average annual rate of 9.3 per cent, while goods and service spending is expected to increase, at an average annual rate of 1.9 per cent, from R11.6 million to R12.3 million, mainly in communication, consultancy and training and development costs.

Spending on consultancy services represents on average 3.8 per cent of the total goods and services budget over the seven-year period and relates mainly to short term assignments, including assessment of the research capacity. Consultancy spending grew from R108 000 in 2008/09 to R321 000 in 2011/12, at an average annual rate of 43.8 per cent, and is expected to increase to R500 000 in 2014/15, at an average annual rate of 15.9 per cent.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

Objectives and measures

- Provide policy analysis and advice to National Treasury by completing annual reviews and implementing outcomes in accordance with stakeholder agreements reached, on pension reforms, post-retirement medical benefits, political office bearers and pension legislation.
- Ensure customer satisfaction by:
 - processing post-retirement medical benefit applications within 60 days of receipt and paying all medical subsidies within 7 days of receiving a valid and correct claim
 - eliminating the backlog on implementing the Special Pensions Amendment Act (2008) by the end of March 2012/13 and ensure that thereafter administration only deals with applications that are not older than 3 months ensuring customer satisfaction through punctual and accurate payments of injury on duty benefits to civil servants within 45 days of receiving complete documentation
 - ensuring punctual and accurate payments of military pensions within 45 days of receipt, and medical accounts within 30 days of receipt while maintaining a zero backlog from receiving the claim.

Subprogrammes

- *Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits* provides policy analysis or advice and support to the planning, monitoring and deliverables of the programme's activities. Policy analysis or advice is also provided to the Government Employees Pension Fund, and public entity oversight is provided on the Government Pension Administration Agency. This subprogramme had a staff complement of 3 and a total budget of R2.3 million in 2011/12, all of which was used for compensation of employees. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.
- *Government Pensions Administration Agency* provides administrative services in accordance with the Temporary Pension Fund Act (1979), the Associated Institution Pension Fund Act (1963) on behalf of National Treasury, post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, the Military Pensions Act (1976), military pensions in terms of this act, injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), and special pensions in terms of the Special Pensions Act (1996) on behalf of National Treasury. This subprogramme is managed through a service level agreement between the Treasury and the Government Pensions Administration Agency, and spending is solely on consultancy services for operational support to ensure proper payments of post-retirement benefits to qualifying beneficiaries. This subprogramme's 2011/12 budget allocation amounted to R46 million. A budget reduction of R362 000 over the medium term has been effected on this subprogramme.
- *Civil Pensions and Contributions to Funds* provides for the processing and payment of pensions to members and their dependants in terms of various statutes, collective bargaining agreements and other commitments. This subprogramme does not incur compensation of employees or goods and services expenditure. The total allocation for this subprogramme is located in transfers and subsidies, primarily in transfer payments to households which account for 99.9 per cent of the subprogramme's total budget allocation. In 2011/12, this subprogramme's total budget allocation amounted to R3.5 billion. Medical aid monthly payments were made on behalf of 71 606 beneficiaries, 10 525 injury on duty beneficiaries were paid per month. Post-retirement medical subsidies were R1.9 billion in 2011/12, increasing to R2.2 billion in 2014/15, at an average annual rate of 6.2 per cent due to normal annual medical rate increases. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.
- *Military Pensions and Other Benefits* provides for the processing and payment of former members of the legislative assembly of the now redundant Venda, Transkei and Gazankulu governments; judges or their own widows in terms of Judges' Remuneration and Conditions of Employment Act (1989); and former state presidents, among other benefits. This subprogramme had a total budget of R190.6 million in 2011/12, of which was used for transfers for payment to beneficiaries. In 2011/12, 5 452 military pension beneficiaries

received monthly payments, while 1 435 beneficiaries received monthly payments for other benefits. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.

Expenditure estimates

Table 10.11 Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits	–	–	–	2.3	2.4	2.6	2.7
Government Pensions Administration Agency	18.2	25.5	38.0	46.0	43.9	43.8	46.4
Civil Pensions and Contributions to Funds	2 158.8	4 767.7	2 495.2	3 538.0	3 102.0	3 259.5	3 455.1
Military Pensions and Other Benefits	154.3	161.9	164.6	190.6	200.1	211.4	224.0
Total	2 331.3	4 955.1	2 697.8	3 776.9	3 348.3	3 517.2	3 728.2
Change to 2011 Budget estimate				637.1	150.2	149.9	–
Economic classification							
Current payments	17.9	25.3	37.9	48.3	46.3	46.4	49.1
Compensation of employees	–	–	–	2.3	2.4	2.6	2.7
Goods and services	17.9	25.3	37.9	46.0	43.9	43.8	46.4
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	17.9	25.3	37.9	46.0	43.9	43.8	46.4
Transfers and subsidies	2 313.0	4 929.6	2 659.8	3 728.6	3 302.0	3 470.9	3 679.1
Foreign governments and international organisations	2.7	1.4	1.6	1.9	2.2	2.4	2.5
Non-profit institutions	–	0.1	–	0.1	0.1	0.1	0.1
Households	2 310.4	4 928.2	2 658.2	3 726.6	3 299.7	3 468.4	3 676.5
Payments for financial assets	0.3	0.2	0.2	–	–	–	–
Total	2 331.3	4 955.1	2 697.8	3 776.9	3 348.3	3 517.2	3 728.2
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	2.7	1.4	1.6	1.9	2.2	2.4	2.5
United Kingdom tax	2.7	1.4	1.6	1.9	2.2	2.4	2.5
Households							
Social benefits							
Current	2 310.4	4 928.2	2 658.2	3 726.6	3 299.7	3 468.4	3 676.5
Other benefits	62.8	70.0	68.0	74.0	89.0	10.1	10.7
Injury on duty	349.3	376.2	399.1	496.9	493.0	522.6	553.9
Post-retirement medical scheme contributions	1 423.0	1 451.7	1 589.7	1 921.3	1 880.9	2 067.8	2 191.9
Special Pensions	296.9	337.4	402.1	678.1	404.7	396.6	420.4
Political Officer Bearers Pension Fund	21.3	2 525.8	29.5	358.9	223.2	250.5	265.5
Contribution to provident funds for associated institutions	0.7	0.6	0.5	0.5	0.8	0.9	0.9
Military pensions: Ex-servicemen	37.7	36.1	33.9	34.4	41.3	43.6	46.2
South African citizen force	96.9	103.5	109.1	128.0	128.6	135.7	143.9
Other benefits: Ex-servicemen	19.7	22.2	21.6	28.1	30.0	31.9	33.8
Pension benefits: President of South Africa	2.0	4.6	4.7	6.4	8.2	8.6	9.1

Expenditure trends

Approximately 98.8 per cent of this programme's expenditure over the seven-year period is in transfer payments to households mainly for the Political Office Bearers Pension Fund, injury on duty and the contributions for post-retirement medical benefits. The Government Pensions Administration Agency, which is contracted as a

consultant, provides administrative support to this programme. Expenditure on consultants, the only other significant cost driver, is expected to increase from R17.9 million in 2008/09 to R46.4 million in 2014/15, at an average annual rate of 17.2 per cent, to support the operations of the programme, including the work of the actuarial services and health risk assessments experts.

Government's contributions to pensions, military and other benefits on behalf of retired civil servants increased from R2.3 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 17.3 per cent. This is mainly due to the above average increase in contributions to the Political Office Bearers Pension Fund for post-retirement medical benefits and other benefit tariffs, and increased spending on injury on duty. The post-retirement benefit payments to 76 427 beneficiaries in 2012/13 will be processed at a cost of R1.9 billion.

Over the medium term, expenditure is expected to decrease marginally to R3.7 billion, at an average annual rate of 0.4 per cent, due to the eradication of the backlog on injury on duty claims. Spending on compensation of employees is expected to increase from R2.3 million to R2.7 million, at an average annual rate of 5.3 per cent, in line with inflation projections. An additional R459.4 million is allocated over the medium term for injury on duty and the Political Office Bearers Pension Fund.

Programme 8: Technical Support and Development Finance

Objectives and measures

- Promote public and private investment in infrastructure and public services by providing technical and advisory support for capital expenditure planning and other technical advice and support for all 9 provinces as and when required.
- Improve infrastructure delivery, through the continued implementation of the infrastructure delivery improvement programme over the medium term, mainly of the provincial departments of health, education and public works for all provinces.
- Support municipalities in planning and implementing integrated neighbourhood development programmes in townships, to catalyse public and private sector investment in community and economic infrastructure.
- Promote and catalyse public and private sector investment in community and economic infrastructure by supporting 62 municipalities to plan and implement integrated neighbourhood development programmes in 150 townships, over the medium term.
- Support employment creation by implementing the Jobs Fund and supporting project development over the medium term.
- Continue supporting municipalities to implement the financial management reforms, in support of the Municipal Finance Management Act (2003) compliance.
- Improve financial management in provincial and local government by developing and implementing financial recovery plans for technical assistance by 2013.
- Increase the technical sustainable skills base by appointing 382 interns and graduates in engineering, science, town planning and project management registered as professionals starting from 2012/13.

Subprogrammes

- *Programme Management for Technical Support and Development Finance* includes advisory and capacity building initiatives focused on public private partnerships, project management, infrastructure service delivery and public finance information systems. This subprogramme had a staff complement of 69 and a total budget of R178.6 million in 2011/12, of which 23.5 per cent was used for compensation of employees, while 64.3 per cent was allocated for goods and services such as consultancy services used for the infrastructure delivery improvement programme. In 2011/12, a dedicated unit supported budgetary planning related to the capital projects, 40 full time technical assistants were deployed to 9 provincial education, health and public works departments to support these departments in the infrastructure development improvement programme at a cost of R99.6 million. Project management support and technical assistance for capacity development is currently provided for 65 projects. In 2011/12, 90 awards were granted to 57 municipalities in neighbourhood development projects that attract private sector investments into townships,

with construction in 47 of these already under way. Technical assistance is being consolidated into a government component, and a review of the public private partnership advisory and regulatory functions was completed and is being fed into the process of establishing a government component for the provision of advisory services. Transfers and subsidies account for 12 per cent of this subprogramme's budget allocation and relate to the project development facility trading account, and the technical assistance unit's trading entity. A budget reduction of R18.8 million over the medium term on consultancy costs has been effected on this subprogramme as a result of Cabinet's national cost cutting decision. No cost efficiency measures over the medium term have been effected on this subprogramme.

- *Local Government Financial Management and Skills Development Grants* provides for transfers to municipalities and assists them in building financial management capacity regulated in terms of the Municipal Finance Management Act (2003). It augments municipal allocations towards implementation of financial reforms in local government. This subprogramme had no staff complement and a total budget of R423.6 million in 2011/12, which was mainly transferred to 283 municipalities. The subprogramme is administered by the act's implementation unit in the office of the accountant general, with 278 municipalities receiving support. R11 million in 2011/12 was also set aside to support the rollout of an internship programme in municipalities with the aim of increasing the pool of professionals in the infrastructure sector, targeting specifically the energy and water sectors. Government will bear the cost of the training, including the stipends and salaries of the mentors and coaches. Reprioritisation of R75.5 million in 2012/13, R100 million in 2013/14 and R106 million in 2014/15 is effected from the financial management grant for the establishment of the skills development grant within this subprogramme for the purposes of focusing provincial and building local government capacity efforts in infrastructure activities. A budget reduction of R4.9 million over the medium term has been effected in this subprogramme as a result of Cabinet's national cost cutting decision. No cost efficiency measures over the medium term have been effected on this subprogramme.
- *Neighbourhood Development Partnership Grant* aims to improve the quality of life of people living and working in townships through the creation of economically sustainable neighbourhoods. The subprogramme is administered by the neighbourhood development programme in the Treasury's budget office along with 62 municipalities receiving direct and indirect support through the grant. It is regulated in terms of the Division of Revenue Act. This subprogramme had a total budget of R850 million in 2011/12, which was transferred to the grant. Currently, approved projects total R4.3 billion in more than 150 townships countrywide. A budget reduction of R680.6 million over the medium term has been effected on this subprogramme as a result of Cabinet's national cost cutting decision. No other cost efficiency measures over the medium term have been effected on this subprogramme.
- *Gautrain Loan* provided for a once-off transfer of R4.2 billion in 2009/10 to fund the shortfall for the Gautrain rapid rail link project. There are no further allocations for this subprogramme.
- *Municipal Finance Improvement Programme* renders support to provincial treasuries and municipalities through the placement of financial experts to facilitate skills and capacity transfer to provincial and municipal officials in all aspects of the Municipal Finance Management Act (2003). Key outcomes include: improved capacity of provincial treasuries to undertake their responsibilities in terms of sections 5 and 6 of the act; improved capacity of municipalities and provincial treasuries to implement the act; and improved overall compliance with the act, and financial management performance in municipalities and provincial treasuries. The programme was established to align the legislative mandate with the focal area relating to implementation and support. This subprogramme had a total budget of R100 million in 2011/12, which was transferred in full to the Development Bank of Southern Africa. The Siyenza Manje programme, previously managed by the Development Bank of Southern Africa, was concluded on 31 March 2011 and a new multi-year programme of technical assistance commenced under the direct management of National Treasury from 1 April 2011. 64 municipalities and 8 provinces are currently receiving support and another 6 municipalities have requested assistance as at the end of December 2011. No cost efficiency measures or budget reductions in 2012/13 have been effected on this transfer payment.
- *Employment Creation Facilitation Fund*, including the Jobs Fund, aims to give effect to the new growth path policy and national development plan by facilitating and supporting innovative approaches and initiatives that contribute to the development of the South African economy, and provide enabling new job

opportunities. The Development Bank of Southern Africa is the implementing agency for the fund, which will co-finance successful proposals from government departments, municipalities, the private sector and non-governmental organisations. The fund has initially identified 4 broad funding windows: enterprise development, infrastructure development, support for work seekers and institutional capacity building. Support is being provided by the Development Bank of Southern Africa and the National Treasury for project preparation. In 2010/11, this subprogramme was allocated R9 billion to facilitate the achievement of the Jobs Fund's objectives over a 3-year period commencing 2011/12. Due to the intensive nature of the preliminary implementation activities, and the desired long term impact of the Jobs Fund initiative, this R9 billion has been rescheduled over a 5-year period ending 2015/16. The rescheduling resulted in a baseline reduction of R2 billion in 2012/13, R1.5 billion in 2013/14, while 2014/15 receives an injection of R2 billion. This equates to a R5.5 billion allocation over the medium term with an anticipated underspending on the 2011/12 R2 billion allocation of R1.8 billion. The medium term allocation is 96.6 per cent in transfer payments to the Development Bank of Southern Africa, which will execute the administrative function of the Jobs Fund, and 2.2 per cent in transfer payments to departmental agencies and accounts which will provide technical and research support to the department as it fulfils its oversight role over the Jobs Fund.

- *Infrastructure Grant to Provinces* provides for transfers to provinces and for monitoring them. The grant supports accelerated infrastructure development and maintenance of roads, schools, health facilities and rural development. Unspent funds were rolled over from 2010/11 to 2011/12 and a once-off transfer of R1.1 billion was made in 2011/12. This subprogramme accounted for 23.5 per cent of this programme's 2011/12 budget allocation.

Expenditure estimates

Table 10.12 Technical Support and Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Technical Support and Development Finance	127.4	144.1	124.2	178.6	158.5	182.4	193.2
Local Government Financial Management and Skills Development Grants	180.0	300.0	364.6	423.6	478.2	524.8	555.1
Neighbourhood Development Partnership Grant	261.6	578.1	881.8	850.0	658.1	653.0	649.5
Gautrain Loan	–	4 200.0	–	–	–	–	–
Municipal Finance Improvement Programme	82.0	88.5	100.7	100.0	110.0	121.5	128.8
Employment Creation Facilitation Fund	–	–	–	2 000.0	1 000.0	2 500.0	2 000.0
Infrastructure Grant to Provinces	–	–	–	1 089.7	–	–	–
Total	651.0	5 310.7	1 471.3	4 641.9	2 404.8	3 981.8	3 526.6
Change to 2011 Budget estimate				485.7	(2 251.0)	(1 725.9)	–

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	106.9	125.0	101.4	165.8	145.3	162.1	171.5
Compensation of employees	25.1	30.9	34.3	42.0	42.1	45.4	48.7
Goods and services	81.8	94.1	67.1	123.8	103.3	116.7	122.8
<i>of which:</i>							
Computer services	0.5	0.1	0.7	0.2	0.8	0.8	0.8

Table 10.12 Technical Support and Development Finance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
<i>Consultants and professional services:</i>	70.4	87.1	60.4	105.7	84.5	97.5	103.5
<i>Business and advisory services</i>							
<i>Lease payments</i>	0.2	0.2	0.2	0.1	0.1	0.1	0.1
<i>Travel and subsistence</i>	3.2	2.7	2.4	5.6	7.7	7.8	7.8
Transfers and subsidies	543.5	5 185.5	1 369.4	4 474.8	2 258.5	3 819.1	3 354.3
Provinces and municipalities	361.5	5 008.1	1 196.4	2 263.3	1 056.3	1 122.8	1 146.3
Departmental agencies and accounts	100.1	88.9	72.4	161.4	140.5	126.5	133.5
Higher education institutions	–	–	–	–	8.0	10.0	12.0
Public corporations and private enterprises	82.0	88.5	100.7	2 050.0	1 053.6	2 559.8	2 062.5
Payments for capital assets	0.6	0.2	0.3	1.4	1.0	0.6	0.7
Machinery and equipment	0.6	0.2	0.3	1.4	1.0	0.6	0.7
Payments for financial assets	0.0	0.0	0.1	–	–	–	–
Total	651.0	5 310.7	1 471.3	4 641.9	2 404.8	3 981.8	3 526.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	100.1	88.9	72.4	161.4	140.5	126.5	133.5
Project development facility trading account	–	–	3.0	23.0	21.0	21.9	23.0
Technical assistance unit trading entity	20.0	18.9	19.4	38.4	39.5	49.6	52.2
Neighbourhood development partnership grant	80.1	70.0	50.0	100.0	80.0	55.0	58.3
Higher education institutions							
Current	–	–	–	–	8.0	10.0	12.0
University of Cape Town	–	–	–	–	8.0	10.0	12.0
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	82.0	88.5	100.7	100.0	110.0	121.5	128.8
Development Bank of Southern Africa	82.0	88.5	100.7	100.0	110.0	121.5	128.8
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	–	–	–	1 950.0	943.6	2 438.3	1 933.8
Development Bank of Southern Africa	–	–	–	1 950.0	943.6	2 438.3	1 933.8
Provinces and municipalities							
Current	180.0	300.0	364.6	423.6	478.2	524.8	555.1
Local government financial management grant	180.0	300.0	364.6	423.6	402.8	424.8	449.1
Infrastructure skills development grant	–	–	–	–	75.5	100.0	106.0
Capital	181.5	508.1	831.8	750.0	578.1	598.0	591.2
Neighbourhood development partnership grant	181.5	508.1	831.8	750.0	578.1	598.0	591.2
Capital	–	4 200.0	–	1 089.7	–	–	–
Infrastructure grant to provinces	–	–	–	1 089.7	–	–	–
Gautrain loan	–	4 200.0	–	–	–	–	–

Expenditure trends

Expenditure increased significantly from R651 million in 2008/09 to R4.6 billion in 2011/12, at an average annual rate of 92.5 per cent, due to the implementation of the Jobs Fund through *the Employment Creation Facilitation Fund* subprogramme. The subprogramme is allocated R1 billion in 2012/13, R2.5 billion in 2013/14 and R2 billion 2014/15. Over the medium term, it is expected that 100 000 job opportunities will be created through the implementation of projects in this subprogramme.

The *Programme Management for Technical Support and Development Finance* subprogramme, which includes the operational budget, increased from R127.4 million in 2008/09 to R178.6 million in 2011/12, at an average annual rate of 11.9 per cent. This increase was broadly driven by the implementation of the infrastructure development improvement programme project, increase on project development facility and the technical assistance unit trading entity to support the job fund.

Over the medium term, expenditure is expected to decrease to R3.5 billion, at an average annual rate of 8.8 per cent, mainly due to the focused implementation of the neighbourhood development partnership grant, which has resulted in the reduction of allocations. The medium term reduction in the neighbourhood development partnership grant allocations amount to R221.9 million in 2012/13, R202 million in 2013/14 and R256.8 million in 2014/15 and took into account the lessons learned from the previous projects. The neighbourhood development partnership grant contributed R80 million to the intermodal transport facility, a link road and an interchange in eThekweni metropolitan municipality.

Spending on the *Local Government Financial Management and Skills Development Grants* subprogramme, includes expenditure on the financial management grant, and the new infrastructure skills development grant which was conceptualised in 2011. Expenditure on the financial management grant has increased from R180 million in 2008/09 to R423.6 million, at an average annual rate of 33 per cent. Over the medium term, the spending on the financial management grant is anticipated to increase to R555.1 million in 2014/15, at an average annual rate of 9.4 per cent. Meanwhile, the newly established infrastructure skills development grant is anticipated to increase at an average annual rate of 18.5 per cent over the medium term, with allocations of R75.5 million in 2012/13, R100 million in 2013/14 and R106 million in 2014/15. The infrastructure skills development grant aims to increase the pool of professionals in the infrastructure sector and it targets both the energy and water sector.

Spending on consultants is expected to decrease from R106.7 million in 2011/12 to R103.5 million in 2014/15, at an average annual rate of 1 per cent, due to the phasing out of critical skills in social retirement reforms and the Jobs Fund.

Programme 9: Revenue Administration

Objectives and measures

- Centralise registration, accreditation and licensing capabilities by improving the South African Revenue Service's registration database, and moving South African Customs Service into the unified trader and traveller master, using web-based registration and entity level risk assessment.
- Contribute to revenue generation and improved compliance over the medium term by:
 - ensuring that 90 per cent of all annual import declarations are submitted by 10 per cent of traders and South African Revenue Service targets
 - increasing annual trader declaration by 50 per cent
 - achieving an uptake in electronic declaration (Southern African Customs Union) of 95 per cent.
- Manage migration, customs and land borderline control services and efficiently coordinate other departments in the ports of entry by establishing a border management agency over the medium term. The target is 100 per cent success rate in investigative audits, seizures of counterfeit cigarettes, counterfeit CDs and DVDs, clothing, drug cases and medicament.
- Improve processing of payments and accuracy of payments referencing of incoming payments by achieving a percentage reduction in outstanding returns of 5 per cent over the medium term.

- Improve payment reconciliation and allocation of PAYE tax by achieving an average processing turnaround time for personal income tax returns of 2 working days within the medium term.
- Establish an integrated debt management solution that efficiently manages the South African Revenue Service's R60 billion plus debtors book. The South African Revenue Service expects to recover cash from the debt book of R11 billion per year over the medium term

Subprogrammes

- *South African Revenue Service* transfers funds to the South African Revenue Service to provide core tax administration services and maintain the IT services that support its operations. The entity's operational activities include branch operations, tax payer audits, call centre operations, processing operations, debt management and IT support. Expenditure reductions in 2012/13 of R50 million, in 2013/14 of R75 million and in 2014/15 of R100 million are as a result of Cabinet's national cost cutting decision affecting all spheres of government.

Expenditure estimates

Table 10.13 Revenue Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
South African Revenue Service	6 302.8	7 148.4	8 142.2	8 653.6	9 194.4	9 682.2	10 242.6
Total	6 302.8	7 148.4	8 142.2	8 653.6	9 194.4	9 682.2	10 242.6
Change to 2011 Budget estimate				-	(50.0)	(75.0)	-

Economic classification

Transfers and subsidies	6 302.8	7 148.4	8 142.2	8 653.6	9 194.4	9 682.2	10 242.6
Departmental agencies and accounts	6 302.8	7 148.4	8 142.2	8 653.6	9 194.4	9 682.2	10 242.6
Total	6 302.8	7 148.4	8 142.2	8 653.6	9 194.4	9 682.2	10 242.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6 021.1	6 996.5	7 972.0	7 855.0	8 344.7	8 839.9	9 349.8
South African Revenue Service	6 021.1	6 996.5	7 972.0	7 855.0	8 344.7	8 839.9	9 349.8
Capital	281.7	152.0	170.2	798.6	849.7	842.3	892.9
South African Revenue Service	281.7	152.0	170.2	798.6	849.7	842.3	892.9

Expenditure trends

This programme only makes transfer payment to the South African Revenue Service to fund the entity's spending on compensation of employees, goods and services and capital assets. Between 2008/09 and 2011/12, expenditure increased from R6.3 billion to R8.7 billion, at an average annual rate of 11.1 per cent, mainly due to heightened border control activities, the start of specific customs projects, the graduate recruitment programme and the modernisation of ICT systems. Over the medium term, expenditure is expected to increase to R10.2 billion, at an average annual rate of 5.8 per cent, due to the implementation of enforcement initiatives and continued IT enhancements.

Programme 10: Financial Intelligence and State Security

Objectives and measures

- Combat money laundering and terror financing activities by imposing certain duties on institutions and other persons who might be used for money laundering and terror financing.
- Combat crime and financial terrorism by:

- continuously providing services and products to law enforcement authorities such as the South African Revenue Service and the State Security Agency, contributing to compliance and crime prevention strategic objectives
- continue working closely with counterparts in African countries and in international organisations as part of a web of nodal points for information exchange
- coordinating through the financial intelligence centre the financial action task force which reports into the G20 processes and several standards setting bodies, contribution to compliance and crime prevention strategic objectives. Total number of requests from international counterparts is expected to increase to 220 over the medium term.

Subprogrammes

- *Financial Intelligence Centre* enhances the integrity of the South African financial system while creating new means for investigating authorities to combat criminal activity. The transfer payment decreased from R181.4 million in 2010/11 to R136.5 million in 2011/12 due to the completion of the development of the IT system. No cost efficiency measures or budget reductions have been effected on this transfer payment over the medium term.
- *Secret Services* provides government with accurate, topical, policy relevant and timeous foreign intelligence to promote, enhance and protect national security and the interests of South Africa and its citizens. Services also include providing support of the State Security Agency, the South African Secret Service and certain activities of the Crime Intelligence Division of the South African Police Service. No cost efficiency measures or budget reductions over the medium term have been effected on this transfer payment.

Expenditure estimates

Table 10.14 Financial Intelligence and State Security

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Financial Intelligence Centre	111.5	141.6	181.4	136.5	142.3	150.0	124.0
Secret Services	2 843.6	3 052.2	3 306.8	3 618.5	3 755.5	4 020.3	4 267.9
Total	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 170.3	4 391.9
Change to 2011 Budget estimate				–	–	60.0	–

Economic classification

Transfers and subsidies	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 170.3	4 391.9
Departmental agencies and accounts	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 170.3	4 391.9
Total	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 170.3	4 391.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 593.7	2 739.9	3 075.9	3 401.1	3 645.7	3 844.9	4 075.6
Financial Intelligence Centre	105.6	99.5	108.6	85.7	89.8	94.9	100.6
Secret Services	2 488.1	2 640.4	2 967.3	3 315.4	3 555.9	3 750.0	3 975.0
Capital	361.4	454.0	412.3	354.0	252.2	325.3	316.3
Financial Intelligence Centre	5.9	42.2	72.8	50.8	52.5	55.1	23.4
Secret Services	355.5	411.8	339.5	303.2	199.7	270.3	292.9

Expenditure trends

This programme makes transfer payments to the Financial Intelligence Centre, which accounts for 3.6 per cent of this programme's 2011/12 budget, and the Secret Services, which accounts for 96.4 per cent of this programme's 2011/12 budget.

Expenditure on the Financial Intelligence Centre transfer payment increased from R111.5 million in 2008/09 to R136.5 million in 2011/12, at an average annual rate of 7 per cent, mainly due to an enhancement of IT systems to improve the centre's capacity to monitor and detect money laundering and other activities. Over the same period, the Secret Services transfer payment grew from R2.8 billion to R3.6 billion, at an average annual rate of 8.4 per cent, mainly due to the expansion of its operations.

Over the medium term, expenditure on the Financial Intelligence Centre transfer payment is expected to decrease to R124 million, at an average annual rate of 3.1 per cent, mainly due to the completion of the IT enhancements. In contrast, the Secret Services transfer payment is anticipated to increase to R4.3 billion over the same period, at an average annual rate of 5.7 per cent. This increase is mainly due to allocations for improved conditions of service and the modernisation of systems. An additional R60 million in 2013/14 and R70 million in 2014/15 is allocated in this programme to the Secret Services transfer payment for capital assets.

Public entities and other agencies

Development Bank of Southern Africa

Overview: 2008/09 – 2014/15

The Development Bank of Southern Africa was reconstituted in terms of the Development Bank of Southern Africa Act (1997), as a Development Finance Institution. Its primary purpose is to promote economic development and growth, human resource development and institutional capacity building by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa and wider Southern Africa region.

The bank has adopted the following four strategic goals over the medium term: to catalyse, expand and enable delivery of basic and social services; provide and build human and institutional capacity; promote broad based economic growth, job creation, efficiency, fixed capital formation and regional integration; and engender sustainability in financial, environmental, institutional and social terms. The strategy continues to involve a strong focus on municipal support through the provision of infrastructure funding and capacity building support, especially to under-resourced municipalities, to increase delivery capacity and reduce implementation risks in under developed regions. The key capacity building initiatives for the bank include Siyenza Manje, the project implementation task force, sustainable communities and the Vulindlela Academy.

The bank seeks to: proactively generate investments in infrastructure and productive assets, with an emphasis on areas with high and latent potential, concentrations of poverty alleviation and opportunities for broad based wealth creation; mobilise, develop and deploy human capital as a key measure to building institutional capacity for accelerated and sustainable service delivery; apply, mobilise and manage knowledge in support of greater effectiveness, innovation and an enabling environment for shared socioeconomic development.

The bank concentrates its activities in terms of two programmes: infrastructure development funding provides funding for the development of infrastructure in Southern Africa, and capacity building and development programmes under the bank's development fund include a number of subprogrammes. These are: Siyenza Manje, which in the past provided hands-on capacity support to the government to accelerate service delivery at municipal level until the subprogramme unbundled and transferred finance deployees to National Treasury and technical deployees to the Department of Cooperative Governance and Traditional Affairs; the Vulindlela Academy, which is a platform for capacity building, knowledge sharing and skills transfer at local government level and is accredited by the local government sector education and training authority; project implementation and monitoring, which is concerned with implementing the management of the Jobs Fund and the accelerated schools infrastructure development initiative; and the sustainable communities and rural development subprogramme brings together different stakeholders to design a comprehensive plan to address the short, medium and long term developments.

Performance

Progress to date and planned activities in 2011/12 included: expedited municipal infrastructure grant, capital expenditure to the value of R2.8 billion with a target of R8 billion; 1 694 technical infrastructure projects facilitated with an estimated 8 765 temporary employment opportunities created, and 160 projects completed.

An estimated 63 878 households are benefiting from access to water, 20 223 households from new or upgrades in bulk water infrastructure, 19 147 households from access to sanitation and 36 114 households from new or upgrades in bulk sanitation infrastructure. The Vulindlela Academy has trained 4 285 learners in priority skills with 1 940 certified as competent. The sustainable communities programme is currently administering 12 geographic sites across South Africa. At these sites, 3 development models have been replicated, 1 site has been prepared for handover to development partners, and projects to the value of R320 million have been developed and referred for funding with a target of R375 million. Furthermore, the Jobs Fund has been operationalised and the accelerated schools infrastructure development initiative programme has seen establishment, scoping, facilitation and procurement take place. In 2011/12, the rural development programme will have targeted 55 rural municipalities, 5 comprehensive rural development programme pilots and the existing three regional economic development initiatives. In addition, plans were made to prepare 20 of the 55 rural municipalities for piloting the frontloading of municipal infrastructure grants and other conditional grants to fast track basic infrastructure delivery.

The bank's loan disbursement to infrastructure related projects increased from R9.3 billion in 2008/09 to R7.2 billion in 2014/15, attributed to the expanded public works programme for infrastructure development of road, bridges and sanitation in municipalities. The Vulindlela Academy of municipal officials training increased from 4 500 officials in 2008/09 to 7 500 officials in 2011/12, mainly on project management and financial management skills. Over the medium term, training will increase from 7 500 officials in 2008/09 to 9 075 in 2014/15.

Selected performance indicators

Table 10.15 Development Bank of Southern Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of disbursements (loans and equity) to infrastructure related projects per year	Infrastructure development funding	R9.3bn	R5.8bn	R5.8bn	R13.5bn	R15.7bn	R7.2bn	R7.2bn
Co-funding ratio (other funding as proportion of bank disbursements) ¹	Infrastructure development funding	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Number of learners not employed by the bank trained at Vulindlela Academy	Vulindlela Academy	5 259	7 483	7 483	10 000	11 000	12 000	12 000
Number of municipal officials trained at Vulindlela Academy per year	Vulindlela Academy	4 500	3 856	3 856	7 500	8 250	9 075	9 075
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects per year	Other	R4bn	R5bn	R5bn	R6bn	R6bn	R6bn	R6bn
Number of technical projects completed per year	Siyenza Manje	769	840	840	770	847	932	932

1. For every R1 the bank commits, other organisations commit R5.32 (2006/07).

Programmes/activities/objectives

Table 10.16 Development Bank of Southern Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Infrastructure development funding	3 325.4	3 243.4	3 453.3	3 411.1	3 906.7	4 181.3	4 622.8
Capacity building	120.0	340.9	257.0	300.0	200.0	175.0	150.0
Total expense	3 445.4	3 584.3	3 710.3	3 711.1	4 106.7	4 356.3	4 772.8

The Development Bank of Southern Africa had a total budget of R3.7 billion in 2011/12, of which 91.9 per cent was used for the infrastructure development.

Savings and cost effectiveness measures

There were no savings effected. However, the bank will continuously monitor expenditure on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 10.17 Development Bank of Southern Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome				2011/12	2012/13	2013/14
R million	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	4 871.7	4 118.6	3 785.4	4 067.0	4 517.2	4 999.1	5 756.1
Sale of goods and services other than capital assets <i>of which:</i>	84.1	88.6	114.1	88.0	199.0	218.8	240.7
<i>Sales by market establishments</i>	84.1	88.6	114.1	88.0	199.0	218.8	240.7
<i>Other non-tax revenue</i>	4 787.6	4 030.0	3 671.3	3 979.0	4 318.2	4 780.3	5 515.3
Transfers received	–	–	–	–	300.0	500.0	–
Total revenue	4 871.7	4 118.6	3 785.4	4 067.0	4 817.2	5 499.1	5 756.1
Expenses							
Current expenses	3 363.0	3 175.9	3 388.1	3 291.3	3 814.7	4 083.7	4 519.4
Compensation of employees	424.5	483.6	551.9	583.3	608.5	645.0	683.7
Goods and services	1 235.2	704.0	875.2	579.7	645.5	679.1	729.5
Depreciation	6.9	17.0	15.5	21.5	24.0	28.7	31.8
Interest, dividends and rent on land	1 696.3	1 971.3	1 945.5	2 106.7	2 536.8	2 730.9	3 074.4
Transfers and subsidies	82.5	408.4	322.2	419.8	292.0	272.5	253.4
Total expenses	3 445.4	3 584.3	3 710.3	3 711.1	4 106.7	4 356.3	4 772.8
Surplus / (Deficit)	1 426.3	534.3	75.1	356.0	710.0	1 143.0	983.0
Statement of financial position							
Carrying value of assets	389.0	471.2	546.6	689.4	792.9	1 053.2	1 115.0
<i>of which:</i>							
<i>Acquisition of assets</i>	75.6	91.6	51.5	164.4	127.4	289.0	93.7
Investments	7 931.6	8 770.4	7 717.8	8 840.4	9 132.5	9 463.3	9 826.0
Loans	29 465.5	32 968.5	37 845.1	40 075.4	44 256.4	51 059.4	59 496.2
Receivables and prepayments	120.5	139.0	108.0	108.0	108.0	108.0	108.0
Cash and cash equivalents	2 475.1	2 706.8	1 179.6	4 500.9	436.9	1 032.0	1 778.2
Total assets	40 381.6	45 056.0	47 397.1	54 214.0	54 726.7	62 715.8	72 323.4
Accumulated surplus / (deficit)	–	–	–	355.9	766.3	1 409.2	2 392.5
Capital and reserves	17 235.5	17 802.3	17 913.0	17 913.0	17 913.0	17 913.0	17 913.0
Borrowings	22 405.4	26 326.6	28 592.9	33 053.9	31 156.1	36 502.4	43 126.7
Deferred income	–	–	–	2 000.0	4 000.0	6 000.0	8 000.0
Trade and other payables	514.1	693.1	628.4	628.4	628.4	628.4	628.4
Provisions	226.6	233.9	262.8	262.8	262.8	262.8	262.8
Total equity and liabilities	40 381.6	45 056.0	47 397.1	54 214.0	54 726.7	62 715.8	72 323.4

Expenditure trends

The spending focus over the medium term will be on: expanding and enabling the delivery of basic and social services; providing and building human and institutional capacity; and promoting broad based economic growth, efficiency, fixed capital formation and regional integration.

Revenue is generated from interest income from loans and borrowing. The interest income is largely derived from the development loan book. Between 2008/09 and 2011/12, total revenue decreased from R4.9 billion to R4.1 billion, at an average annual rate of 5.8 per cent, mainly due to the effects of the economic downturn. Over the medium term, revenue is expected to increase to R5.8 billion, at an average annual rate of 12.3 per cent. The increase is mainly due to increased interest payments on the development loan book, increased payments on disbursement goals, funding for poorly resourced municipalities under the targeted infrastructure programme, research and advisory services, technical assistance grants, and grants to the development fund.

Expenditure increased from R3.4 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 2.5 per cent. Spending on compensation of employees increased from R424.5 million in 2008/09 to R583.3 million in 2011/12, at an average annual rate of 11.2 per cent, mainly due to the appointment of professional employees and advisory services to the government's infrastructure development objective and increased personnel in the risk management function to sustain growth in the loan book. Spending on goods and services declined from R1.2 billion in 2008/09 to R579.7 million in 2011/12, at an average annual rate of 22.3 per cent, mainly due cost saving initiatives. Spending on consultants declined from R60 million in 2008/09 to R39 million in 2011/12, due to the implementation of the expense management strategy.

Over the medium term, expenditure is expected to increase to R4.8 billion, at an average annual rate of 8.8 per cent, to increase capacity and fund infrastructure development. Expenditure on compensation of employees is projected to increase to R683.7 million over the medium term, at an average annual rate of 5.4 per cent, due to an increased establishment as a result of the increased focus on providing municipal support through infrastructure funding and capacity building support. Spending on goods and services is expected to increase to R729.5 million over the same period, at an average annual rate of 8 per cent, due to anticipated increases in lease payments, professional fees, computer services, and travel and subsistence costs. The main cost drivers in spending on goods and services over this period are lease payments, professional fees, computer services, and travel and subsistence. Spending on consultants is expected to increase from R41 million in 2012/13 to R46 million in 2014/15, mainly to expand and enable service delivery of basic and social services, provide capacity building and institutional capacity, and promote broad based economic growth, job creation, fixed capital formation and regional integration.

Personnel information

Table 10.18 Development Bank of Southern Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members		1	–	1	1	1	1	1	1	1
Executive management	13	12	–	9	9	9	12	13	13	13
Senior management	32	32	–	16	22	26	32	32	32	32
Middle management	52	51	–	45	38	51	51	52	52	52
Professionals	526	462	–	397	420	439	462	526	526	526
Semi-skilled	176	174	–	144	169	159	174	176	176	176
Total	800	732	–	612	659	685	732	800	800	800
Compensation (R thousand)				424 545	483 585	551 870	583 281	608 493	645 002	683 702
Unit cost (R thousand)				694	734	806	797	761	806	855

1. As at 30 September 2011.

As at 30 September 2011, the entity had 732 filled posts. The filled posts increased from 612 in 2008/09 to 732 in 2011/12. The bulk of the increase was at the professional level, as a result of positions that were vacant and are currently filled.

Over the medium term, the establishment is expected to grow from 732 funded posts in 2011/12 to 800 in 2014/15. This is mainly due to the strong focus on municipal support through the provision of infrastructure funding and capacity building support, especially for under-resourced municipalities, through the application of knowledge, skills and institutional resources to increase delivery capacity and reduce implementation risks in under-developed regions.

Public Investment Corporation Limited

Overview: 2008/09 – 2014/15

The Public Investment Corporation Limited manages assets for the Government Employees Pension Fund, and is one of the largest investment managers in Africa. The corporation's clients are public sector entities, most of which are pension, provident, social security, development and guardian funds. The corporation is registered as

a financial services provider. Its role is to invest funds on behalf of its clients, based on the investment mandates set by each and approved by the Financial Services Board.

The corporation's policy mandate includes amalgamating Advent Asset Management into the Public Investment Corporation properties division, and acquiring CBS Property Management's business to form a new properties division called PIC Real Estate Asset Managers. The Government Employees' Pension Fund's revised mandate allows for 5 per cent offshore investments and 5 per cent in Africa.

The corporation's goals over the medium term include: entrenching a culture of shareholder participation; corporate governance and a proxy voting policy to ensure consistency between the companies and shareholders; the organisation and fund managers that invest on the organisation's behalf. The focus is on social and economic infrastructure development, environmental sustainability, job creation, enterprise development and broad-based black economic empowerment while generating returns for the client. There have been no policy or practice changes affecting the Public Investment Corporation's strategic priorities.

Strategic priorities over the medium term include: growing the property assets under management; outperforming integrated development plan benchmarks; streamlining the property management business; enhancing management capabilities; and incorporating environmental social responsibility and governance into the property investment process.

The total investment portfolio of the corporation is R1 trillion. The Isibaya Fund provides finance for projects which are able to generate good financial returns while also supporting positive, long term, economic, social and environmental outcomes for South Africa. In 2010/11, the corporation invested R6 billion through the Isibaya Fund. Similarly, the corporation also purchased 50 per cent of the V&A Waterfront in Cape Town on behalf of the Government Employees' Pension Fund. In 2011/12, this investment was valued at approximately R4.9 billion. Over the medium term, R45 billion is earmarked for developmental investments through the Isibaya Fund.

Performance

The corporation manages assets in excess of R1 trillion and the corporation's received management fees decreased from R436.4 million in 2008/09 to R423.9 million mainly due to decreases in asset value. The corporation is expecting an increase in management fees to R553 million over the medium term as the asset value continues to increase. The corporation's net profit after tax has been fluctuating mainly due to the economic downturn. Total funds under its management are expected to increase to R1.5 trillion in 2014/15, mainly due to improved developmental investments, property division consolidation, foreign investment and good governance.

Funds under its management increased from R739.7 billion in 2008/09 to R1 trillion in 2010/11. Over the medium term, funds under management are expected to increase gradually from R1.3 trillion in 2012/13 to R1.5 trillion in 2014/15.

Selected performance indicators

Table 10.19 Public Investment Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of revenue per year	Incurred on investing funds on behalf of clients	R436m	R345m	R395m	R424m	R417m	R522m	R553m
Value of operating expenses per year	Incurred on investing funds on behalf of clients	R278m	R275m	R285m	R388m	R383m	R454m	R481m
Value of net profit after tax per year	Incurred on investing funds on behalf of clients	R158m	R72m	R110m	R36m	R34m	R68m	R72m
Total amount of funds under management	Incurred on investing funds on behalf of clients	R739.7bn	R910.9bn	R1 032bn	R1 132bn	R1 261bn	R1 396bn	R1 494bn
Number of clients per year	Incurred on investing funds on behalf of clients	38	38	38	40	43	45	48

Programmes/activities/objectives

Table 10.20 Public Investment Corporation

R million	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Incurred on investing funds on behalf of clients	278.2	275.3	285.4	387.5	383.4	453.7	481.0
Total expense	278.2	275.3	285.4	387.5	383.4	453.7	481.0

The Public Investment Corporation had a total budget of R387.5 million in 2011/12, of which 64.7 per cent was used for compensation of employees and 29.3 per cent for goods and services mainly in spending on computer services and consultants.

Savings and cost effectiveness measures

Due to the high reliance on skilled personnel and specialised information technology, the corporation has been through a process of increasing its capacity while maintaining its efficiency. The corporation has saved on performance and management fees by bringing the management of the structured investment products in house in 2011/12.

Expenditure estimates

Table 10.21 Public Investment Corporation

Statement of financial performance							
R million	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	436.4	347.0	395.1	423.9	417.3	522.1	553.4
Sale of goods and services other than capital assets	390.1	310.2	346.6	400.2	389.9	490.5	520.0
<i>of which:</i>							
<i>Sales by market establishments</i>	390.1	310.2	346.6	400.2	389.9	490.5	520.0
<i>Other non-tax revenue</i>	46.4	36.8	48.5	23.7	27.4	31.6	33.5
Total revenue	436.4	347.0	395.1	423.9	417.3	522.1	553.4
Expenses							
Current expenses	210.9	229.5	248.0	373.4	369.4	426.2	451.8
Compensation of employees	125.6	134.2	161.3	250.7	240.6	285.8	302.9
Goods and services	79.6	88.7	77.7	113.7	126.5	138.0	146.3
Depreciation	5.4	6.4	8.3	9.0	2.2	2.4	2.6
Interest, dividends and rent on land	0.2	0.2	0.7	–	–	–	–
Total expenses	278.2	275.3	285.4	387.5	383.4	453.7	481.0
Surplus / (Deficit)	158.3	71.7	109.7	36.0	34.0	68.0	72.0
Statement of financial position							
Carrying value of assets	19.6	31.4	30.3	35.0	33.6	32.1	30.5
<i>of which:</i>							
<i>Acquisition of assets</i>	8.9	20.9	9.3	13.7	0.8	0.9	1.0
Investments	41.2	260.5	286.3	286.3	282.7	282.7	282.7
Receivables and prepayments	43.5	34.5	41.0	50.5	116.8	110.1	120.2
Cash and cash equivalents	339.2	107.2	191.4	296.3	335.3	362.5	391.6
Non-current assets held for sale	–	–	–	40.1	30.5	21.8	23.1
Taxation	5.1	13.4	12.9	–	–	–	–
Derivatives financial instruments	3.1	8.8	1.6	–	–	–	–
Total assets	451.6	455.8	563.4	708.2	798.8	809.2	848.2

Table 10.21 Public Investment Corporation (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Accumulated surplus / (deficit)	418.0	136.0	234.7	271.1	305.0	373.4	445.9
Capital and reserves	0.0	278.0	278.0	370.3	413.0	327.4	287.6
Borrowings	1.1	1.6	0.8	0.8	0.8	0.8	0.7
Finance lease	–	–	–	10.7	24.7	52.2	55.4
Trade and other payables	19.7	22.2	17.5	49.0	49.0	49.0	51.9
Taxation	0.6	–	–	–	–	–	–
Provisions	9.1	9.2	30.7	6.4	6.4	6.4	6.8
Total equity and liabilities	448.5	447.0	561.8	708.2	798.8	809.2	848.2

Expenditure trends

The spending focus over the medium term will be on the acquisition of IT systems and related software licences and maintenance costs, and the leasing of a new building and long term incentives for staff. The strategic objectives of the corporation related to this spending focus are to increase the assets under management and deliver better performance on investments.

The corporation receives a management fee for managing the assets of its clients, including the Government Employees Pension Fund. Revenue decreased from R436.4 million in 2008/09 to R423.9 million in 2011/12, at an average annual rate of 1 per cent due to the economic downturn. Other non-tax revenue such as interest from the bank decreased from R46.4 million to R23.7 million, at an average annual rate of 20 per cent due to a decrease in the interest received. Over the medium term, revenue is expected to increase to R553.4 million, at an average annual rate of 9.3 per cent. This is mainly due to an increase in management fees received as a result of the anticipated increase in the market value of assets managed. Other non-tax revenue is expected to increase to R33.5 million, at an average annual rate of 12.2 per cent, due to adjustments to the fair value of assets.

Expenditure increased from R278.2 million in 2008/09 to R387.5 million in 2011/12, at an average annual rate of 11.7 per cent. The increase was due to the acquisition of IT systems in 2011/12 and related software licences and maintenance costs, and the leasing of a new building from 2009/10 to accommodate increases in staff. Over the medium term, expenditure is expected to increase to R481 million, at an average annual rate of 7.5 per cent. The growth is due to the increase in the number of employees, the introduction of the long term incentives and expenditure on IT systems.

The entity uses consultants mainly to implement information management projects. It also uses professional services for legal advice and certain investment requirements, such as specialised audits. Spending on consultants increased from R15.2 million in 2008/09 to R18 million in 2011/12, at an average annual rate of 5.8 per cent and is expected to decrease slightly to R17.8 million in 2014/15, at an average annual rate of 0.5 per cent, mainly due to less consultants being used.

Personnel information

Table 10.22 Public Investment Corporation

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	3	3	1	3	3	3	2	3	4	5
Senior management	7	7	3	5	5	6	4	7	8	8
Middle management	39	39	28	20	20	20	11	22	25	27
Professionals	55	55	–	30	40	48	55	58	60	62
Skilled	161	161	28	55	80	143	133	146	154	163
Semi-skilled	135	135	19	44	81	110	116	129	134	142
Very low skilled	19	19	–	5	5	8	19	22	23	23
Total	419	419	79	162	234	338	340	387	408	430
Compensation (R thousand)				125 619	134 219	161 323	250 684	240 621	285 772	302 918
Unit cost (R thousand)				775	574	477	737	622	700	704

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 419 all of which were funded. Filled posts increased from 162 in 2008/09 to 340 in 2011/12. The expansion was mainly at the skilled level and was concentrated in the properties and Isibaya divisions due to the expansion of business to improve efficiency. Over the medium term, filled posts are expected to grow to 430. The growth is concentrated mainly in the expansion at the skilled and semi-skilled levels in the properties and Isibaya divisions.

As at 30 September 2011, there were 79 vacancies, mainly at skilled and in semi-skilled levels. Some of these vacancies are the result of resignations. The ratio of support staff to line function personnel is 1:1.52.

South African Revenue Service

Overview: 2008/09 – 2014/15

The South African Revenue Service's mandate in terms of the South African Revenue Service Act (1997) is to collect all revenue due to the state and administer trade, to support government in meeting its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. The service's purpose is also to contribute to the economic and social development of our country through collecting the resources needed by government to meet its policy and delivery priorities. The service is also responsible for ensuring maximum compliance with tax and customs legislation and providing a customs service that maximises revenue collection, protects South Africa's borders and facilitates trade.

The service has identified a number of strategic priorities for the medium term: to ensure sustainability; to drive productivity, service quality and cost efficiency; to fully deliver on its customs mandate in a way that is aligned with government's stated intentions; to streamline governance and strengthen leadership; to fully implement taxpayer and trader segmentation to strengthen the business model; to maximise value creation by enabling employees to perform optimally; and to deepen key external relationships to enhance the service's reputation. The service is continuing with its modernisation strategy, in which core processes and systems are streamlined and routine tasks automated.

The service carries out its mandate through the following programmes: operations for the office of the chief financial officer, which provides core tax administration services and ICT services that support operations; strategy enablement and enforcement, which is responsible for the entity's strategic and risk management, anticorruption and security services, stakeholder management and national investigation services; customs and border management, which protects and manages the borders of South Africa to promote legal trade and restrict illegal trade, facilitate trade, and maximise customs revenue collections; and modernisation and impactful projects, which provides innovative strategies to improve the operations of the entity.

The entity is structured into means of four programmes: operations, which provides core tax administration services and IT services that support operations; enablement and enforcement, which is responsible for the entity's strategic and risk management, anticorruption and security services, and stakeholder management and national investigation services; customs and border management protects and manages the borders of South Africa to promote legal trade and restrict illegal trade, facilitates trade, and maximises customs revenue collections; and modernisation and impactful projects, which provides innovative strategies to improve the operations of the organisation by improving core processes and introducing systems that automate streamlined and routine tasks.

Performance

Revenue collection increased from R652 billion in 2008/09 to R728.6 billion in 2011/12, mainly due to increased custom revenue collection and increased electronic filing for personal income tax and corporate tax. Custom revenue collection as part of the total income tax collected by the service increased from R22.8 billion to R126.8 billion, mainly due to enhanced border control management systems. The South African Revenue Service expects to recover cash from the debt book of R11 billion per year over the medium term. With the modernisation and impact initiatives projects, the service expects to enhance over the medium term its average processing turnaround times for value added tax from 15 working days in 2011/12 to less than 5 days. The average processing turnaround time for corporate income tax is expected to be reduced from 3 working days to 2 working days over the medium term. Personal income tax average processing turnaround times are expected to remain at 2 working days over the seven-year period.

Selected performance indicators

Table 10.23 The South African Revenue Service

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of annual revenue collected ¹	Tax collection and assessment	R625.1bn	R589bn	R651bn	R728.6bn	–	–	–
Custom revenue collected ¹	Tax collection and assessment	R22.8bn	R19.6bn	R109.2bn	R126.8bn	–	–	–
Number of personal income tax returns per year	Tax collection and assessment	3 951 534	3 791 873	3 810 832	3 848 941	4 041 388	4 041 388	4 041 388
Number of corporate tax returns per year	Tax collection and assessment	587 719	638 026	641 216	647 628	680 009	680 009	680 009
Number of value added tax returns per year	Tax collection and assessment	4 272 620	3 821 856	3 840 965	3 879 375	4 073 343	4 073 343	4 073 343
Number of PAYE tax returns per year	Tax collection and assessment	4 273 038	4 029 279	4 049 425	4 089 920	4 294 416	4 294 416	4 294 416
Number of imports bill of entry per year	Tax collection and assessment	2 173 108	2 180 336	2 245 746	2 355 541	2 473 318	2 473 318	2 473 318
Number of exports per year	Tax collection and assessment	2 940 294	2 893 890	2 980 707	3 126 435	3 282 756	3 282 756	3 282 756
Percentage on time filing	Tax collection and assessment	–	78.6%	80%	83%	85%	87%	87%
Percentage reduction in outstanding returns	Tax collection and assessment	–	5%	8%	5%	5%	5%	5%
Revenue collected against staff cost incurred	Tax collection and assessment	–	134:1	133:1	136:1	141:1	156:1	156:1
Percentage of first contact resolution via contact centres	Tax collection and assessment	–	44%	50%	87.5%	90%	90%	90%
Uptake in electronic declaration (Southern African Customs Union)	Customs operations	–	36%	50%	75%	80%	85%	85%
Percentage of adherence to turnaround time for electronic declarations processing (2 hours)	Customs operations	–	72%	85%	95%	95%	95%	95%
Average processing turnaround time for corporate income tax returns	South African Revenue Service operations	–	–	3 working days	3 working days	3 working days	2 working days	2 working days
Average processing turnaround time for value added tax returns	Modernisation and impactful initiative	–	–	21 working days	15 working days	10 working days	Less than 5 working days	Less than 5 working days
Percentage of collection (uptake) through the customs electronic systems (electronic data interchange)	South African Revenue Service operations	–	–	70%	80%	90%	95%	95%
Percentage of collection (uptake) through the electronic filing systems, declaration and payment submission for all tax products	South African Revenue Service operations	–	–	80%	80%	81%	82%	82%

1. Targets will be as agreed upon with the Minister of Finance.

Programmes/activities/objectives

Table 10.24 South African Revenue Service

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Operations	3 662.3	3 983.8	4 321.1	4 426.5	4 799.0	5 191.7	5 612.9
Large business centre	183.9	208.5	231.3	281.7	326.1	352.9	383.6
Customs border management	150.9	132.9	209.4	517.5	565.0	611.4	661.1
African tax administration forum	–	–	3.9	10.7	11.6	12.6	13.6
Strategy enablement and enforcement	491.3	612.1	670.5	772.3	843.0	912.9	987.6
Support services	1 579.3	1 773.0	1 926.5	2 309.7	2 551.0	2 783.8	2 996.6
Modernisation and impactful initiatives	449.1	334.3	140.3	486.1	255.8	260.2	267.1
Total expense	6 516.9	7 044.7	7 503.0	8 804.4	9 351.6	10 125.6	10 922.4

The South African Revenue Service had a total budget of R8.8 billion in 2011/12, of which 63.1 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The entity has achieved significant savings of R225 million over the medium term in the following spending items: data and voice costs; support and maintenance costs for servers, desktop computers, laptop computers and printers; and support and maintenance costs for the wide area network and local area network. An automated telephone management system will be introduced during the medium term that will allow the entity to recover excessive personal telephone costs from employees.

Expenditure estimates

Table 10.25 South African Revenue Service

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	364.6	349.3	427.8	327.0	298.0	310.0	310.0
<i>Other non-tax revenue</i>	364.6	349.3	427.8	327.0	298.0	310.0	310.0
Transfers received	6 303.5	7 148.4	8 138.1	8 653.6	9 194.4	9 682.2	10 242.6
Total revenue	6 668.1	7 497.7	8 565.9	8 980.6	9 492.4	9 992.2	10 552.6
Expenses							
Current expenses	6 516.9	7 044.7	7 503.0	8 804.4	9 351.6	10 125.6	10 922.4
Compensation of employees	4 021.5	4 367.2	4 944.9	5 560.8	6 002.8	6 494.3	7 020.9
Goods and services	2 218.1	2 273.9	2 113.9	2 720.0	2 732.8	2 954.4	3 184.0
Depreciation	277.3	382.8	423.2	507.8	599.2	659.1	698.7
Interest, dividends and rent on land	–	20.8	21.1	15.8	16.8	17.8	18.8
Total expenses	6 516.9	7 044.7	7 503.0	8 804.4	9 351.6	10 125.6	10 922.4
Surplus / (Deficit)	151.3	453.1	1 062.9	176.0	141.0	(133.0)	(370.0)
Statement of financial position							
Carrying value of assets	1 123.8	1 276.4	1 641.0	2 073.2	2 207.9	2 289.3	2 323.3
<i>of which:</i>							
<i>Acquisition of assets</i>	647.2	536.5	758.4	940.0	733.9	740.5	732.7
Receivables and prepayments	94.4	81.7	190.7	205.7	212.0	222.0	232.8
Cash and cash equivalents	981.7	1 358.9	2 160.6	1 880.2	1 840.0	1 670.2	1 316.5
Total assets	2 199.9	2 717.1	3 992.3	4 159.1	4 260.0	4 181.5	3 872.6
Accumulated surplus / (deficit)	753.5	1 213.7	2 276.6	2 452.8	2 593.6	2 460.2	2 090.4
Capital and reserves	61.8	61.8	102.6	102.6	102.6	102.6	102.6
Finance lease	367.6	400.8	432.6	413.6	394.6	375.6	356.6
Deferred income	2.3	1.2	0.5	0.5	0.5	0.5	0.5
Trade and other payables	659.0	693.5	760.7	744.2	708.4	758.9	813.4
Provisions	355.6	346.1	419.3	445.3	460.2	483.7	509.1
Total equity and liabilities	2 199.9	2 717.1	3 992.3	4 159.1	4 260.0	4 181.5	3 872.6

Expenditure trends

The spending focus over the medium term will be on divisions that have the greatest impact on service delivery, including continuing with the modernisation programme, which has played a significant part in the South African Revenue Service's achievements to date such as electronic filing system for tax payers and companies. The entity's spending focus will continue with the modernisation for value added tax, corporate income tax and customs by providing security for borders and ports of entry, to protect our economy. The main spending items to achieve the medium term objectives are mainly compensation of employees, goods and services and the depreciation cost item.

The entity collects revenue on behalf of government from value added tax, customs and duties, and pay as you earn tax. The South African Revenue Service receives a transfer from National Treasury of approximately 96 per cent of total revenue generated by the entity. Other revenue consists of interest received from the bank and commission income from collecting funds on behalf of the Unemployment Insurance Fund. Revenue increases from R6.7 billion in 2008/09 to R9 billion in 2011/12, at an average annual rate of 10.4 per cent. Over the medium term, revenue is expected to increase to R10.6 billion, at an average annual rate of 5.5 per cent. The growth in revenue over both periods is mainly to provide for enforcement initiatives and the continued IT enhancements as part of the modernisation programme. Other non-tax revenue is expected to decrease from R364.6 million in 2008/09 to R310 million in 2014/15, at an average annual rate of 1.8 per cent mainly due to anticipated lower interest receivable from the bank.

Expenditure increased from R6.5 billion in 2008/09 to R8.8 billion in 2011/12, at an average annual rate of 10.5 per cent, due to increased spending on compensation of employees and the modernisation of the entity's tax collection operations. Over the medium term, spending is projected to increase to R10.9 billion, at an average annual rate of 7.5 per cent, due to the continuation of the modernisation projects for customs and corporate income tax. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase from R5.6 billion to R7 billion, at an average annual rate of 8.1 per cent. The entity is committed to managing staff growth against a backdrop of increasing transaction volumes. Apart from the strengthening of audit capacity and providing capacity for the border management function, the entity aims to maintain staff numbers at existing levels. Staff freed up as a result of the modernisation of its operations will be redirected, whenever possible, to strengthening the enforcement capacity. The entity is gradually transforming its skill base by recruiting more specialised and high level skills. This will lead to an increase in the average per unit cost of staff.

Over the medium term, expenditure on goods and services is expected to increase from R2.7 billion to R3.2 billion, at an average annual rate of 5.4 per cent, mainly due to the modernisation projects for customs and value added tax. The main cost drivers in spending on goods and services are IT costs, utilities costs and building lease costs. Consultancy expenditure over the seven-year period constitutes 1.8 per cent of total expenses, with a medium term allocation of R464.6 million for consultants for legal skills, and information technology related skills that will be used in the entity's modernisation programme.

Personnel information

Table 10.26 South African Revenue Service

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	8	8	–	–	–	8	8	8	8	8
Executive management	101	88	13	90	94	93	88	89	90	91
Senior management	317	259	58	225	246	250	259	262	264	267
Middle management	1 081	885	196	637	814	854	885	894	903	912
Professionals	2 186	1 981	205	1 744	1 838	1 911	1 981	2 001	2 021	2 041
Skilled	12 284	12 108	176	11 763	11 471	11 681	12 108	12 230	12 352	12 475
Semi-skilled	269	269	–	292	275	259	269	271	274	277
Total	16 246	15 598	648	14 751	14 738	15 056	15 598	15 755	15 912	16 071
Compensation (R thousand)				4 021 471	4 367 226	4 944 853	5 560 787	6 002 823	6 494 340	7 020 948
Unit cost (R thousand)				273	296	328	357	381	408	437

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 16 246 post, of which 15 598 were funded. The filled establishment increased from 14 751 in 2008/09 to 15 598 in 2011/12. The bulk of the growth in filled posts is at the skilled level. Over the medium term, filled posts are expected to grow to 16 071 mainly at the semi-skilled level. This is mainly to increase capacity in the forensic investigative units to combat the increasing sophistication in tax evasion and misdemeanours. The increases at the semi-skilled level are for employees working across the regions and tax districts to increase tax compliance.

Over the medium term, filled posts are expected to grow to 16 071. This is mainly for growing revenue collection operations by bringing in highly skilled specialists to focus on the specialised and complex tax transactions. The increase will also incorporate the border control and customs projects and the graduate recruitment programme.

As at 30 September 2011, the entity had a vacancy rate of 3.9 per cent as the entity is experiencing difficulty in filling auditing positions.

Land and Agricultural Development Bank of South Africa

Overview: 2008/09 – 2014/15

The mandate of the Land and Agricultural Development of South Africa, as a development finance institution, is to address agricultural and rural development in South Africa. The bank operates in the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act (2002) and the Public Finance Management Act (1999). The bank is keen to resume the development component of its mandate, and this should be evident in the projects that are moving through the pipeline.

Over the past three years, the bank has managed to maintain sound financial controls and build investor confidence as evidenced by clean audit reports and the diversification in the bank's investor profile. In the 2009 to 2011 financial period, the bank reported respectable profits. The Treasury's support through capital injections and the guarantee is assuring potential and existing investors that the bank is a stable institution. In the 2011 financial period, the bank successfully launched the domestic medium term note with success. The bank managed to raise R1.1 billion from the open market. The medium term paper will reduce refinancing risk to some extent and enhance the stability of the bank's lending operations. Over the medium term, the bank will focus on sharpening the development focus through support to emerging farmers, and strengthening the agriculture value chain.

The bank provides for the financing of development farmers and agricultural related businesses through the following programmes: business and corporate banking, which deals with corporate clients in agricultural related businesses; retail commercial banking services, which supports individuals and small companies that have graduated to the commercial stage; and retail emerging markets, which finances developing farmers.

Performance

Over the past three years the bank has managed to maintain sound financial controls and build investor confidence, as evidenced by the clean audit reports and the diversification in the bank's investor profile. Between 2009 and 2011, the bank reported respectable profits. The National Treasury's support through capital injections and the guarantee assures potential and existing investors that the bank is a stable institution. During the 2011 financial period, the bank successfully launched the domestic medium term note. The bank managed to raise R1.1billion from the open market. The medium term paper will reduce refinancing risk to some extent and enhance the stability of the bank's lending operations.

Over the medium term, the bank will sharpen its development focus through support to emerging farmers, and strengthening the agriculture value chain.

Selected performance indicators

Table 10.27 Land and Agricultural Development Bank of South Africa

Indicator	Programme/Activity/Objective//Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of cost efficiency (cost efficiency)	Financing of development farmers and agricultural related businesses	53%	59%	82%	81%	82%	75%	73%
Capital adequacy ratio	Financing of development farmers and agricultural related businesses	21%	42%	42.6%	43%	38%	35%	32%
Gross interest margin	Financing of development farmers and agricultural related businesses	36%	60%	43%	42%	41%	40%	39%

Programmes/activities/objectives

Table 10.28 Land and Agricultural Development Bank of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Financing of development farmers as well as agricultural related businesses	2 110.0	1 766.6	1 274.8	1 544.5	1 757.5	2 087.5	2 290.8
Total expense	2 110.0	1 766.6	1 274.8	1 544.5	1 757.5	2 087.5	2 290.8

The Land and Agricultural Development Bank of South Africa had a total budget of R1.5 billion in 2011/12, which was used in full to finance development farmers and agricultural related businesses.

Savings and cost effectiveness measures

Under its Fit for the Future project, the bank is reviewing its operational imperatives to identify areas where costs will be saved. The bank has since filled most of its critical vacancies with suitably skilled personnel. As a result, savings are expected on professional fees. The bank will strive to maintain its operating expenses within the budget limits.

Expenditure estimates

Table 10.29 Land and Agricultural Development Bank of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	2 278.1	2 145.7	1 560.9	1 668.6	1 799.0	2 150.2	2 410.5
Sale of goods and services other than capital assets	78.4	81.4	89.6	60.7	68.2	68.1	75.2
<i>of which:</i>							
Administration fees	26.6	61.9	33.8	49.6	54.6	60.0	66.1
Sales by market establishments	51.8	19.5	55.7	11.0	13.6	8.1	9.1
Other non-tax revenue	2 199.7	2 064.4	1 471.4	1 608.0	1 730.8	2 082.1	2 335.3
Total revenue	2 278.1	2 145.7	1 560.9	1 668.6	1 799.0	2 150.2	2 410.5
Expenses							
Current expenses	2 088.0	1 743.5	1 248.0	1 519.8	1 729.1	2 057.7	2 259.2
Compensation of employees	204.7	263.8	307.4	363.0	388.9	418.1	449.5
Goods and services	442.4	399.4	135.6	254.8	218.4	265.6	248.5
Depreciation	8.7	10.0	11.1	21.1	22.3	27.2	27.9
Interest, dividends and rent on land	1 432.3	1 070.2	793.9	880.9	1 099.5	1 346.7	1 533.3
Total expenses	2 110.0	1 766.6	1 274.8	1 544.5	1 757.5	2 087.5	2 290.8
Surplus / (Deficit)	168.1	379.1	286.1	124.0	42.0	63.0	120.0
Statement of financial position							
Carrying value of assets	239.0	231.7	214.3	230.9	326.9	292.8	284.0
<i>of which:</i>							
Acquisition of assets	1.3	20.5	29.5	37.8	118.8	13.0	18.8
Investments	868.6	1 073.9	1 199.3	1 199.3	1 240.0	1 322.1	1 375.5
Inventory	264.2	250.9	276.1	276.1	276.1	276.1	276.1
Accrued investment interest	105.1	15.1	7.2	39.0	–	–	–
Receivables and prepayments	11 892.6	12 294.4	14 299.2	17 361.1	19 036.0	20 755.8	22 056.5
Cash and cash equivalents	4 023.3	1 934.8	2 087.5	1 420.2	1 300.0	1 750.0	1 415.0
Non-current assets held for sale	171.2	153.9	214.1	137.6	129.9	118.6	108.6
Total assets	17 563.9	15 954.7	18 297.7	20 664.2	22 308.9	24 515.4	25 515.6
Accumulated surplus / (deficit)	2 221.2	3 585.2	4 632.2	4 756.4	4 797.9	4 860.6	4 980.3
Capital and reserves	106.6	121.7	107.5	121.7	122.9	124.2	125.4
Borrowings	13 161.0	10 661.9	11 855.0	14 379.5	15 958.0	17 753.3	18 955.6
Finance lease	671.7	705.5	885.4	596.1	619.4	320.4	21.5
Trade and other payables	165.4	273.9	199.3	201.6	205.7	209.8	214.4
Provisions	558.9	606.4	618.2	608.9	604.9	647.2	618.4
Managed funds (for example, the Poverty Alleviation Fund)	679.0	–	–	–	–	600.0	600.0
Total equity and liabilities	17 563.9	15 954.7	18 297.7	20 664.2	22 308.9	24 515.4	25 515.6

Expenditure trends

The spending focus over the medium term will be on growing the investment portfolio and delivering better performance from investments.

Revenue is mainly derived from interest on loans and supporting services. Interest revenue from loans declined from R2.2 billion in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 9.9 per cent, it is expected to increase to R2.3 billion over the medium term, at an average annual rate of 13.2 per cent. Income from support services rose from R78.4 million in 2008/09 to R89.6 million in 2010/11 but declined to R60.7 million in 2011/12 due to the turnaround strategy reduced sales by market establishments. Sales of support services are however, expected to increase to R75.2 million over the medium term, at an average annual rate of 7.4 per cent.

Expenditure decreased from R2.1 billion in 2008/09 to R1.5 billion in 2011/12, at an average annual rate of 9.9 per cent, due to the turnaround strategy and cost saving measures implemented by the bank. Expenditure on compensation of employees over this period increased from R204.7 million to R363 million, at an average annual rate of 21 per cent, due to an increasing number of professional employees hired to improve service delivery.

Operating expenses are expected to increase steadily as the bank expands its operations. Initially the cost to income will be high, however it will stabilise in the medium term as the bank grows its income base to better levels. The pressure in the preliminary stages is mainly due to set up costs as the Fit for the Future project is unpacked to see the Land and Agricultural Development Bank of South Africa become a stable and sustainable institution providing a robust service to its clients and stakeholders. Most of the expenditure relates to funding costs i.e. interest paid to fund the loan book. Interest on funding the loan book decreased from R1.4 billion in 2008/09 to R880.9 million in 2011/12, at an average annual rate of 15 per cent. This can be attributed to the general decline in interest rates in line with the repo rate and the settlement of the more expensive funding debt.

Over the medium term, expenditure is expected to increase from R1.5 billion in 2011/12 to R2.3 billion in 2014/15, at an average annual rate of 14 per cent, mainly due to expenditure on ICT systems. Expenditure on goods and services is expected to increase from R254.8 million in 2011/12 to R248.5 million in 2014/15, mainly driven by an increase in rentals to accommodate the increase in personnel numbers, and professional and legal fees. The entity uses consultants mainly for legal advice. Spending on consultants increased from R24 million in 2008/09 to R52.1 million in 2011/12, at an average annual rate of 29.4 per cent, and is expected to decrease to R30.6 million in 2014/15, at an average annual rate of 16.2 per cent, due to a decrease in the use of outsourced legal services.

Personnel information

Table 10.30 Land and Agricultural Development Bank of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	10	10	1	10	10	9	9	9	9	9
Senior management	27	27	3	14	23	22	24	25	25	25
Middle management	69	69	17	43	51	52	52	56	62	65
Professionals	318	318	13	263	280	306	305	308	313	318
Skilled	157	157	–	147	147	154	157	157	157	157
Semi-skilled	50	50	3	50	50	48	47	50	50	50
Very low skilled	7	7	1	8	4	7	6	5	6	6
Total	648	648	38	545	575	608	610	620	632	640
Compensation (R thousand)				204 675	263 822	307 370	362 982	388 948	418 119	449 477
Unit cost (R thousand)				376	459	506	595	627	662	702

1. As at 30 September 2011

As at 30 September 2011, the entity had an approved establishment of 648 posts of which 610 were filled. The filled establishment increased from 545 in 2008/09 to 610 in 2011/12. The establishment mainly consists of 69 middle management personnel, 318 professionals, 157 skilled, 50 semi-skilled and 7 very low-skilled personnel. Over the medium term, filled posts are expected to increase 640.

Vacancies decreased to 38 over the period. The high vacancy rate in 2008/09 was due to resignations of senior managers and executives that the entity had initiated legal proceedings against. The increase in the vacancy rate in 2011/12 is due to the creation of development unit. The majority of vacancies are in middle management and in the semi-skilled levels.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Accounting Standards Board** sets standards of generally recognised accounting practice for all spheres of government in terms section 216(1)(a) of the Constitution and the Public Finance Management Act (1999). It also promotes the effective management of revenue and expenditure, and the assets and liabilities of entities to which the standards apply, and ensures that there is transparent reporting on these. The total budget increased from R8.6 million in 2011/12 to R9.5 million 2012/13, mainly due to appointment of additional standard setters to assist the board to implements standards of generally recognised accounting practice in municipalities, national and provincial departments and other entities.
- The **Cooperative Banks Development Agency** provides for the registration of cooperative banks, supervises and regulates deposit-taking financial services co-operatives, savings and credit co-operatives, community banks and village banks as co-operative banks. The agency also facilitates, promotes and funds the education and training of cooperative banks personnel. The total allocated budget increased from R9.3 million in 2011/12 to R15.9 million 2012/13, mainly to setting up the Deposit Insurance Fund/Scheme, setting up an IT system and support to Secondary Intermediary Cooperatives.
- The **Financial and Fiscal Commission** provides advice to government on relevant legislative authorities regarding the financial and fiscal requirements for national, provincial and local spheres of government in terms of Section 220 of Constitution. The total budget allocated to the commission was increased from R33.2 million in 2011/12 to R34.4 million 2012/13, mainly for analysis of the public expenditure management system, which includes the budget process, policy process and institutional arrangements.
- The **Financial Intelligence Centre** combats financial crime such as money laundering and terror financing activities. The agency also ensures that the information it provides to the law enforcement authorities such as the South African Police Service and the South African Revenue Service, is used in a non-partisan manner, particularly where successful prosecution can have a high impact. The total budget allocated to the centre was increased from R137.8 million in 2011/12 to R143.7 million in 2012/13, mainly for implementing IT technology systems that will assist in collaboration with other governmental departments and agencies.
- The **Financial Service Board** supervises and regulates the non-banking financial services industry in the following: long term and short term insurance, retirement funds and friendly societies, financial service providers; collective investment schemes and capital markets. The board also advise the Minister of Finance through various advisory committees comprising of industry experts. The total budget allocated to the board for operational expenditure increases from R470.6 million in 2011/12 to R503.4 million in 2012/13, mainly for personnel and expenditure on office rentals, to accommodate additional staff, and ICT enhancements at the FSB's new offices and supervising the financial services sector.
- The **Independent Regulatory Board for Auditors** develops and maintains auditing and ethical standards that are internationally comparable, provide an appropriate framework for the education and training of properly qualified auditors, inspect and review the work of registered auditors, and investigate and take appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct. The total budget allocated to the board decreased from R72.4 million in 2011/12 to R71.4 million in 2012/13, mainly fund operations for delivering better performance on issuing auditing pronouncements within target dates, practice review, inspections, sand developing additional guidance on ethical issues from the Code of Professional Conduct.
- The **Office of the Pension Fund Adjudicator** investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of pension funds. The total budget allocated to the Office of the Pension Fund Adjudicator for operational expenditure increased from R40.1 million in 2011/12 to R43.4 million in 2012/13, mainly to resolve and adjudicate complaints in accordance with the Pension Funds Adjudicator Act.
- The **South African Special Risks Insurance Association** provides cover of the following risks such as riots, strikes, political unrest, terror attacks, civil commotion, public disorder and labour disturbances, as defined in the Reinsurance of Material Damages and Losses Act (1989). The total budget allocated to the

association for operational expenditure increased from R711.3 million in 2011/12 to R801.3 million 2012/13, mainly to cover claims related to strike activities.

- The **Financial Advisory and Intermediary Services Ombud** deals with complaints against financial institutions. The agency's role is to resolve disputes between financial service providers and their clients in a procedurally fair, informal, economical and expeditious manner. The total budget allocated to the Financial Advisory and Intermediary Services Ombud for operational expenditure increased from R27.4 million in 2011/12 to R29.1 million in 2012/13, mainly to resolve and adjudicate complaints within the Financial Advisory and Intermediary Services sector.
- The **Government Pensions Administration Agency** provides pensions administration services to the Government Employees Pension Fund in terms of the Government Employees Pension Act (1996) on behalf of the Government Employees' Pension Fund's board of trustees, and to National Treasury in terms of the Temporary Employees Pension Fund Act (1979), the Associated Institutions Pension Fund Act (1963) on post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, military pensions in terms of the Military Pensions Act (1976), injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), and special pensions in terms of the Special Pensions Act (1996). In 2011/12, the total budget allocated to the agency for operational expenditure related to pensions administration amounted to R604 million. The total budget allocated to the agency for operational expenditure related to pensions administration increased from R604 million to R666.7 million in 2012/13, mainly for administration and implementation of their modernisation of their processes.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Integrated financial management system	Replace outdated systems with those that comply with the Public Finance Management Act (1999)	Various	-	59.7	177.5	169.7	164.6	165.8	167.9	177.7
32 Church Square	Refurbishment of office accommodation to create a better working environment	Various	-	-	-	-	3.6	5.3	3.0	3.1
Infrastructure transfers to other spheres, agencies and departments										
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	-	181.5	508.1	831.8	750.0	578.1	598.0	591.2
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	-	80.1	70.0	50.0	100.0	80.0	55.0	58.3
Total			-	321.2	755.6	1 051.5	1 018.2	829.2	824.0	830.3

Vote 11

Public Enterprises

Budget summary

R million	2012/13					2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	104.4	102.8	0.1	1.5	–	110.6	116.4
Legal and Governance	26.9	26.9	–	–	–	31.0	32.9
Portfolio Management and Strategic Partnerships	1 117.7	67.7	–	–	1 050.0	69.2	73.8
Total expenditure estimates	1 249.1	197.5	0.1	1.5	1 050.0	210.7	223.2

Executive authority Minister of Public Enterprises
Accounting officer Director General of Public Enterprises
Website address www.dpe.gov.za

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

Aim

Drive investment, productivity and transformation in the department's portfolio of state owned companies, their customers and suppliers so as to unlock growth, drive industrialisation, create jobs and develop skills.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic management, direction and administrative support to the department which enables the department to meet its strategic objectives.

Programme 2: Legal and Governance

Purpose: Provide legal services and corporate governance systems, and facilitate the implementation of all legal aspects of transactions that are strategically important to the department, and the state owned companies, and ensure alignment with government's strategic intent by, among others, monitoring the state owned companies' indicators.

Programme 3: Portfolio Management and Strategic Partnerships

Purpose: Align the corporate strategies of state owned companies with government's strategic intent, and monitor and benchmark their financial and operational performance and capital investment plans. Align shareholder oversight with overarching government economic, social and environmental policies, and build focused strategic partnerships between state owned companies, strategic customers, suppliers and financial institutions.

Strategic overview: 2008/09 – 2014/15

The Department of Public Enterprises provides shareholder management over nine state owned companies: Alexkor, Broadband Infraco, Denel, Eskom, the Pebble Bed Modular Reactor, the South African Forestry Company, South African Airways, South African Express Airways and Transnet.

Revised vision statement and strategic plan for 2011 to 2014/15

The presidential review committee on state owned companies was established by the president in May 2010 to review the role of the companies. The committee will announce its findings in 2012 and the department will take these into account in its oversight function.

The department has revised its vision statement to reflect the impact of state owned companies' investment and operational activities on economic growth and development. The new vision is to drive investment, productivity and transformation in the portfolio of state owned companies, and in their customers and suppliers, to unlock growth, drive industrialisation, create jobs and develop skills.

To implement this vision, five key changes are required to the shareholder oversight process. State owned companies need to change their investment planning framework from one that was based on what their balance sheet can afford to one that is based on ascertaining what investments are required to unlock growth in their customers and create a stable demand platform for their suppliers. State owned companies also need to identify new sources of funding for the expanded investment plans to be mobilised. New sources of funding include country's development finance institutions, pension funds and the large customers of state owned companies. State owned companies need to procure from their suppliers in a way that promotes investment in national industrial capabilities by providing medium term demand information and entering into longer term relationships with key suppliers. The department needs to provide the minister with relevant support for bi-monthly meetings with the top management of state owned companies to monitor progress in the implementation of key efficiency enhancing initiatives. Coordination between the department, the state owned companies and all levels of government needs to be improved to ensure that their capabilities are fully leveraged and that implementation is accelerated and the impact of the programmes optimised.

Expanded role for state owned companies

These changes require that the department build new capabilities, expand the responsibilities of existing units and restructure the organogram to provide for these skills. It is anticipated that among the changes envisaged by the restructured organogram, departmental teams interacting with state owned companies will be required to develop a comprehensive understanding of how the companies' investment and operational plans impact on the growth of customers and suppliers to ensure that their planning cycles incorporate government's growth objectives.

The new *Strategic Partnerships* subprogramme will identify strategic initiatives where external funds can be mobilised for projects and associated governance arrangements. The unit will also need to identify and oversee fleet procurements to enable the development of industrial capabilities in state owned companies' suppliers. The department will need to keep track of the overarching national policy objectives and ensure that state owned companies develop the appropriate capabilities to deliver on these objectives.

The joint project facility unit, which previously provided programme management support, will become the *Economic Impact and Policy Alignment* subprogramme. Its function will be to build the capacity to monitor national economic policies to determine areas in which a state owned company can make strategic contributions. The unit will also manage the reporting processes of the state owned companies to their stakeholders. The department will need to keep track of the overarching national policy objectives, and ensure that state owned enterprises develop appropriate capabilities to deliver on these objectives so that they became effective instruments of the developmental state.

Given the limited resources available to build these additional capabilities, the department will have to implement this expanded scope in a phased manner and, where possible, raise funds for ringfenced projects from specialised facilities such as the employment creation fund and other donor funds.

Recapitalisation of state owned companies

Additional funding of R1.1 billion in 2012/13 has been allocated to Denel and Alexkor. R350 million is earmarked for transfer to Alexkor to settle any outstanding unfunded obligations under the Alexkor/Richtersveld community deed of settlement, including the tax obligation of R69.9 million. R700 million has been allocated to Denel for the recapitalisation of Denel Aerostructures.

Selected performance indicators

Table 11.1 Public Enterprises

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new shareholder compacts signed per year	Portfolio Management and Strategic Partnerships	3	9	8	8	8	8	8
Number of new corporate plans reviewed per year	Portfolio Management and Strategic Partnerships	5	9	8	8	8	8	8
Number of quarterly financial reviews per year	Portfolio Management and Strategic Partnerships	15	36	32	32	32	32	32
Number of departmental projects provided with technical and financial support per year ¹	Portfolio Management and Strategic Partnerships	11	8	5	6	–	–	–

1. This process will cease to exist from 2012/13 as the department's focus has changed.

Expenditure estimates

Table 11.2 Public Enterprises

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	70.7	79.2	88.2	101.5	101.5	104.4	110.6	116.4
Legal and Governance	17.3	16.6	14.7	23.7	23.7	26.9	31.0	32.9
Portfolio Management and Strategic Partnerships	3 177.2	3 887.5	437.2	228.2	228.2	1 117.7	69.2	73.8
Total	3 265.1	3 983.3	540.0	353.3	353.3	1 249.1	210.7	223.2
Change to 2011 Budget estimate				123.1	123.1	1 049.4	0.3	0.1

Economic classification

Current payments	163.7	165.0	160.1	194.1	194.1	197.5	208.8	220.5
Compensation of employees	70.4	75.2	83.1	100.0	100.0	105.8	111.3	118.1
Goods and services	93.2	89.8	77.1	94.1	94.1	91.8	97.5	102.4
<i>of which:</i>								
<i>Consultants and professional services:</i>								
<i>Business and advisory services</i>	48.2	40.8	26.8	36.5	36.5	26.5	26.4	27.6
<i>Consultants and professional services:</i>								
<i>Legal costs</i>	2.7	5.1	5.4	6.0	6.0	4.9	7.3	7.7
<i>Property payments</i>	5.8	5.9	5.4	7.1	7.1	7.7	8.1	8.6
<i>Travel and subsistence</i>	11.3	14.2	12.2	15.7	15.7	21.9	23.1	24.4
Transfers and subsidies	2 278.3	2 059.4	238.0	157.0	157.0	0.1	0.1	0.1
Public corporations and private enterprises	2 277.6	2 058.7	237.3	156.3	156.3	–	–	–
Households	0.7	0.7	0.7	0.8	0.8	0.1	0.1	0.1
Payments for capital assets	0.9	1.3	3.2	2.2	2.2	1.5	1.9	2.6
Machinery and equipment	0.8	1.3	3.2	2.2	2.2	1.5	1.9	2.6
Software and other intangible assets	0.0	0.0	–	–	–	–	–	–
Payments for financial assets	822.3	1 757.6	138.7	–	–	1 050.0	–	–
Total	3 265.1	3 983.3	540.0	353.3	353.3	1 249.1	210.7	223.2

Expenditure trends

Expenditure decreased significantly from R3.3 billion in 2008/09 to R353.3 million in 2011/12, at an average annual rate of 52.3 per cent, due mainly to a reduction in transfer payments to state owned companies in 2010/11. Transfer payments and payments to state owned companies of R7.4 billion between 2008/09 and 2011/12 were made as follows:

- R257.6 million in 2008/09, R191.9 million in 2009/10, R181.3 million in 2010/11 and R116.3 million in 2011/12 to Denel for claims under an indemnity agreement, which Denel paid to Airbus as production penalties

- R130 million in 2008/09, R129 million in 2009/10 and R36 million in 2010/11 to Alexkor to establish a joint venture with the community under the out-of-court settlement and R95 million to assist Alexkor with the strategy
- R1.8 billion in 2008/09 and R1.7 billion 2009/10, including value added tax, to the Pebble Bed Modular Reactor as capital for the development of the demonstration fuel plants and operating costs of the company
- R1.6 billion in 2009/10 to recapitalise South African Airways
- R377 million in 2008/09, R209 million in 2009/10, and R138.6 million in 2010/11 to establish Broadband Infracore and for capital and operational costs
- R140 million in 2008/09 to Transnet for the purchase and transfer to government of South African Express Airways
- R405 million in 2008/09 to South African Express Airways to purchase aircraft and R40 million for working capital.

Expenditure on compensation of employees increased from R70.4 million in 2008/09 to R100 million in 2011/12, at an average annual rate of 12.4 per cent, to provide for improved conditions of service, while spending on goods and services in this period increased marginally from R93.2 million to R94.1 million, at an average annual rate of 0.3 per cent, as a result of cost saving measures.

Over the medium term, expenditure is expected to decrease to R223.2 million, at an average annual rate of 14.2 per cent, as a result of a further reduction in transfer payments to state owned companies. Spending on compensation of employees is expected to increase to R118.1 million over the medium term, at an average annual rate of 5.7 per cent, due to adjustments for improved conditions of service and an increase in the department's staff complement. As a result, spending on goods and services is also expected to increase to R102.4 million over the medium term, at an average annual rate of 2.8 per cent, to provide support to the larger personnel establishment.

Spending on consultants decreased from R50.9 million in 2008/09 to R42.5 million in 2011/12, at an average annual rate of 5.8 per cent, and is expected to decrease further to R35.3 million over the medium term, at an average annual rate of 6 per cent, due to the increased capacity within the department. Consultants were used mainly for business and legal advisory, internal audit and IT services.

In addition to the above, payments for financial assets amounting to R1.1 billion in 2012/13 are allocated to Denel (R700 million) and Alexkor (R350 million).

Personnel information

Table 11.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	186	186	-	137	139	163	164	186	186	186
Salary level 1 – 6	16	16	-	11	11	15	15	15	15	15
Salary level 7 – 10	69	69	-	63	59	67	65	69	69	69
Salary level 11 – 12	33	33	-	23	25	24	29	30	30	30
Salary level 13 – 16	68	68	-	40	44	57	55	72	72	72
Administration	106	106	-	88	88	102	98	101	101	101
Salary level 1 – 6	16	16	-	11	11	15	15	15	15	15
Salary level 7 – 10	46	46	-	44	39	47	44	43	43	43
Salary level 11 – 12	20	20	-	17	18	15	19	17	17	17
Salary level 13 – 16	24	24	-	16	20	25	20	26	26	26
Legal and Governance	15	15	-	11	7	6	8	23	23	23
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	3	3	-	3	2	2	2	6	6	6
Salary level 11 – 12	3	3	-	1	1	1	-	3	3	3
Salary level 13 – 16	9	9	-	7	4	3	6	14	14	14

Table 11.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Portfolio Management and Strategic Partnerships	65	65	–	38	44	55	58	62	62	62
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	20	20	–	16	18	18	19	20	20	20
Salary level 11 – 12	10	10	–	5	6	8	10	10	10	10
Salary level 13 – 16	35	35	–	17	20	29	29	32	32	32

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 186 funded posts. Filled posts increased from 137 in 2008/09 to 164 in 2011/12 and are expected to increase to 186 over the medium term. The increases in both periods are driven mainly by the establishment of the office of the deputy minister in 2009/10 and the strengthening of capacity in priority sectors.

There were 22 vacancies within the department, mainly in salary levels 13 to 15, as at 30 September 2011 due to the skills scarcity in the market and lower public sector salaries. A number of support function posts were also vacant in the *Administration* programme. The department plans to fill the vacancies by the end of 2012/13. The ratio of support staff to line function staff is 1.18:1.

Departmental receipts

Table 11.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	818	1 168	266	99	99	92	96	100
Sales of goods and services produced by department	37	36	44	36	36	46	48	50
Other sales	37	36	44	36	36	46	48	50
<i>of which:</i>								
Garage rent	26	27	31	28	28	34	35	36
Commission insurance	11	9	13	8	8	12	13	14
Sales of scrap, waste, arms and other used current goods	1	–	1	2	2	2	2	2
<i>of which:</i>								
Sales of scrap paper	1	–	1	2	2	2	2	2
Interest, dividends and rent on land	595	7	77	6	6	18	19	20
Interest	595	7	77	6	6	18	19	20
Sales of capital assets	–	19	5	1	1	–	–	–
Transactions in financial assets and liabilities	185	1 106	139	54	54	26	27	28
Extraordinary receipts	435 462	–	–	–	–	–	–	–
<i>of which:</i>								
Diabo Trust	435 462	–	–	–	–	–	–	–
Total	436 280	1 168	266	99	99	92	96	100

Revenue is mainly generated from commissions on insurance premiums from insurance company stop order arrangements and staff parking fees. In 2008/09, R435.5 million was received from the Diabo Share Trust, made up of funds that had not yet been disbursed to beneficiaries. In 2009/10, the Department of Public Works refunded the department R1.1 million for an overcharge for office accommodation. Over the medium term, revenue is expected to increase from R99 000 in 2011/12 to R100 000, at an average annual rate of 0.3 per cent.

Programme 1: Administration

Expenditure estimates

Table 11.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	11.6	19.8	25.8	26.0	27.1	29.8	32.1
Management	6.0	6.4	5.2	9.7	8.9	9.4	10.0
Corporate Services	19.4	20.2	21.4	23.6	22.2	22.5	22.6
Chief Financial Officer	7.3	8.0	9.6	10.3	9.1	9.6	10.1
Human Resources	9.0	7.7	9.9	10.5	11.5	12.3	13.0
Communications	9.3	8.2	7.9	11.1	11.6	12.3	13.0
Strategic Planning, Monitoring and Evaluation	–	–	–	–	1.9	2.1	2.2
Inter Governmental Relations	–	–	–	–	0.9	1.0	1.0
Internal Audit	2.6	3.0	3.0	3.7	3.8	4.0	4.2
Office Accommodation	5.5	5.9	5.4	6.8	7.4	7.8	8.2
Total	70.7	79.2	88.2	101.5	104.4	110.6	116.4
Change to 2011 Budget estimate				6.6	4.0	5.1	4.6

Economic classification

Current payments	69.2	77.2	84.2	98.5	102.8	108.6	113.8
Compensation of employees	31.0	37.5	42.7	50.3	51.3	54.1	56.6
Goods and services	38.2	39.8	41.6	48.2	51.6	54.5	57.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	4.1	2.3	1.8	3.9	4.0	4.3	4.6
<i>Consultants and professional services:</i>							
<i>Legal costs</i>	–	0.1	0.7	2.2	–	–	–
<i>Property payments</i>	5.8	5.9	5.4	7.1	7.7	8.1	8.6
<i>Travel and subsistence</i>	6.0	8.9	8.6	9.1	12.7	13.4	14.1
Transfers and subsidies	0.7	0.7	0.7	0.8	0.1	0.1	0.1
Households	0.7	0.7	0.7	0.8	0.1	0.1	0.1
Payments for capital assets	0.9	1.3	3.2	2.2	1.5	1.9	2.6
Machinery and equipment	0.8	1.2	3.2	2.2	1.5	1.9	2.6
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	70.7	79.2	88.2	101.5	104.4	110.6	116.4

Expenditure trends

Expenditure increased from R70.7 million in 2008/09 to R101.5 million in 2011/12, at an average annual rate of 12.8 per cent. This growth was driven mainly by spending in the *Corporate Services* and *Management* subprogrammes as the department centralised operational expenditure, including IT licences and services, photocopying equipment, and training and communication into this programme. Establishing the deputy minister's office in 2009/10 and shifting the risk component from the *Legal and Governance* programme to this programme in the same year, also contributed to the increased spending between 2008/09 and 2011/12.

Spending on compensation of employees increased from R31 million in 2008/09 to R50.3 million in 2011/12, at an average annual rate of 17.6 per cent, and is mainly attributable to adjustments for improved conditions of service and an increase in the number of personnel in this programme. As a result, expenditure on goods and services also increased from R38.2 million in 2008/09 to R48.2 million in 2011/12, at an average annual rate of 8 per cent, to support the increased number of personnel.

Over the medium term, expenditure is expected to increase to R116.4 million, at an average annual rate of 4.7 per cent, mainly to provide for inflation related adjustments and the centralisation of services.

Programme 2: Legal and Governance

Objectives and measures

- Ensure effective shareholder oversight of all state owned companies by:
 - providing legal services, which include transaction and contract management support, to the department as and when required over the MTEF period
 - ensuring that risk management processes are embedded throughout the department as and when they are required over the MTEF period
 - addressing constraints on state owned companies' contract negotiations and management to improve commercial competence and contribute to economic growth and development on a regular basis
 - providing assistance on developing and negotiating shareholder compact frameworks annually in terms of the Public Finance Management Act (1999)
 - ensuring that state owned companies and the department comply with the relevant legislation governing their operations, and applicable laws such as the Public Finance Management Act (1999), the Public Audit Act (2004), Companies Act (2008), and environmental management, tax, labour, knowledge management, property, intellectual property, information security, procurement and other laws through establishing a structured compliance function within the unit
 - providing guidance on appropriate delegation frameworks between the boards and executive management of state owned companies on a regular basis
 - advising the minister regularly on the appointment of state owned companies' boards of directors and on the processes for their annual general meetings and preparation for these meetings, in compliance with the required statutes, reviewing on an annual basis: ownership policy, governance toolkit and guidelines, appointments, remuneration, and performance of the state owned companies' boards and executive management.

Subprogrammes

- *Management* comprises the office of the deputy director general, which provides strategic leadership and management of the programme personnel. This subprogramme had a staff complement of 2 and a total budget of R1.8 million in 2011/12, of which 82.1 per cent was used for compensation of employees.
- *Legal* provides internal legal services and support to state owned companies. The unit provides legal services, including transaction and contract management support to the department, and work specifically related to the commercial activities of the sector teams in respect of state owned companies within their oversight. This subprogramme had a staff complement of 12 and a total budget of R14.3 million in 2011/12, of which 62.5 per cent was used for compensation of employees.
- *Governance* develops and manages effective corporate governance and shareholder management systems for the department and its portfolio of state owned companies. These include: risk management, which identifies, reports on and monitors both the operational and shareholder risks; compliance, which ensures that the department establishes and implements systems and processes to ensure the department and its state owned companies comply with legislative, regulatory and supervisory requirements, in line with international best practice; and secretariat, which has the overarching responsibility of recording and tracking the department's operational and strategic activities to achieve coordination and compliance with decisions and resolutions. This subprogramme had a staff complement of 9 and a total budget of R7.6 million in 2011/12, of which 57.7 per cent was used for compensation of employees.

Expenditure estimates

Table 11.6 Legal and Governance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management	2.1	1.7	1.6	1.8	2.3	2.3	2.6
Legal	10.8	12.2	10.3	14.3	15.9	19.0	20.1
Governance	4.4	2.7	2.7	7.6	8.7	9.7	10.3
Total	17.3	16.6	14.7	23.7	26.9	31.0	32.9
Change to 2011 Budget estimate				1.4	2.7	5.2	15.3

Economic classification

Current payments	17.0	16.6	14.7	23.7	26.9	31.0	32.9
Compensation of employees	9.4	8.9	6.5	14.8	15.1	15.8	16.9
Goods and services	7.5	7.6	8.2	8.9	11.8	15.1	16.1
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	3.1	1.6	2.4	2.6	3.5	4.1	4.4
<i>Consultants and professional services:</i>							
<i>Legal costs</i>	2.7	4.8	4.6	3.8	4.9	7.3	7.7
<i>Travel and subsistence</i>	1.1	1.0	0.4	1.6	2.5	2.6	2.8
Payments for financial assets	0.3	-	-	-	-	-	-
Total	17.3	16.6	14.7	23.7	26.9	31.0	32.9

Expenditure trends

Expenditure increased from R17.3 million in 2008/09 to R23.7 million in 2011/12, at an average annual rate of 11.1 per cent, and is expected to increase to R32.9 million over the medium term, at an average annual rate of 11.6 per cent. The increase in both periods is driven by the centralisation of legal services from the sector units, and the shifting of the risk, compliance and secretariat functions from the *Administration* programme to this programme, as part of the realignment of the department for efficiency and costs saving purposes.

In 2011/12, spending on consultants comprised 72.3 per cent of expenditure on goods and services, and was expected to increase from R6.4 million in 2011/12 to R12.1 million in 2014/15, at an average annual rate of 23.4 per cent. The department appointed two service providers in June 2010: a tracing agent and a paying agent, to distribute the benefits in the Diabo share trust to beneficiaries. The trust had approximately 9 000 beneficiaries who were entitled to benefits. The trustees have surrendered all remaining funds to the department and are in the process of finalising the financial statements to be audited. Once completed, an application will be made to the Master of the Supreme Court to wind up the trust. It is anticipated that this will take place in 2012/13.

Programme 3: Portfolio Management and Strategic Partnerships

Objectives and measures

Energy and Broadband Enterprises

- Strengthen the department's oversight role by ensuring the alignment of shareholder strategic intent in relation to the state owned companies' role in achieving government objectives in the energy and ICT sectors on an ongoing basis.
- Contribute to the enhancement of performance of the state owned companies by:
 - evaluating corporate plans and providing advice to boards of directors annually
 - monitoring and benchmarking the implementation of corporate plans and shareholder compacts quarterly
 - assessing shareholder and enterprise risks quarterly, and advising boards on areas of concern.

Eskom

- Support the security of electricity supply by:
 - examining Eskom’s maintenance plans, operational practices, distribution efficiency, and the reserve margin
 - reviewing regular updates from and through interaction with Eskom and engaging with stakeholders in the energy sector.
- Monitor the capital investment programme in the public interest by developing and implementing a framework which emphasises creating value added benefits for the economy by the end of March 2013.
- Reduce Eskom’s dependence on funding from the fiscus by monitoring cost escalations for the capital investment programme, and developing innovative funding arrangements on an ongoing basis.
- Leverage off Eskom’s capital investment in the development of local supplier industries by monitoring the implementation of the competitive supplier development programme and evaluating quarterly reports.
- Support the effective operation of Eskom by regularly engaging with the Department of Energy and the National Energy Regulator of South Africa on new policies and regulations affecting Eskom.

Pebble Bed Modular Reactor

- Implement the pebble bed modular reactor care and maintenance programme by safeguarding state owned assets by monitoring both progress on the implementation, and use of cash through weekly status reports.

Broadband Infraco

- Ensure that the West Coast submarine cable system is ready for service in the third quarter of 2012 by monitoring Broadband Infraco’s participation in the West Coast submarine cable system consortium on a quarterly basis.
- Support increased access to broadband by:
 - monitoring Broadband Infraco’s price reports annually
 - increasing the number of broadband access points in major cities and under-serviced areas from 5 in 2011/12 to 18 in 2014/15 by rolling out the national long distance infrastructure.

Manufacturing Enterprises

- Ensure alignment in shareholder strategic intent in relation to state owned companies’ roles in achieving objectives in the defence, mining and forestry sectors, by annually reviewing enterprise strategies and mandates in the context of political and sectoral policy shifts and alerting the boards and enterprises to material deviations.
- Support state owned companies in delivering their outcomes as set out in the shareholder compacts and corporate plans by identifying appropriate benchmarks for the state owned companies’ target setting for key performance measures and analysing quarterly and annual reports.

Denel

- Define Denel’s future role and strategic mandate by:
 - developing Denel and the defence industry stakeholder framework with industry enablers to support Denel’s business sustainability by 2012/13
 - developing a business model to support Denel’s growth by 2012/13
 - reviewing the impact of current strategic equity partnerships on Denel sustainability by 2012/13.

Alexkor

- Contribute to the socioeconomic development of the region by implementing Alexkor’s strategy to ensure the company’s long term viability, and address its environmental rehabilitation and other liabilities by 2012/13.
- Maintain the sustainability of Alexkor by:
 - developing an evaluation framework and alternative funding mechanisms for Alexkor’s new mining ventures and beneficiation initiatives, to guide investment decisions by 2012/13

- reviewing Alexkor’s board composition to bring it to a full complement with the requisite skills, experience and expertise by 2012/13.
- Ensure the implementation of the Richtersveld deed of settlement by:
 - monitoring the performance of the pooling and sharing joint venture between Alexkor and the Richtersveld Mining Company, including the prospecting work programme and mining plans
 - monitoring the Alexander Bay township infrastructure upgrade, and transfer of outstanding assets to the Richtersveld community.

South African Forestry Company

- Strengthen the institutional form and operations of the South African Forestry Company by:
 - defining its role and its contributions to rural development and the forestry industry
 - reviewing the South African Forestry Company board to bring it to a full complement with the requisite skills, experience and expertise
 - reviewing the state owned companies’ and South African Forestry Company’s group structure to ensure company structure is optimal and creates value, achieving greater business efficiency, stronger functionality and effective accountability, while minimising cost and duplication
 - developing a settlement model to address land claims against Komatiland Forests by 2012/13.

Transport Enterprises

- Promote the alignment of the corporate strategies of the state owned companies with government’s objectives in relation to the transport and aviation sectors, by undertaking annual comprehensive reviews of corporate strategies, business plans, and annual and quarterly performance within two weeks of submission of the quarterly reports by Transnet, South African Airways and South African Express.
- Monitor the compliance of transport enterprises with the Public Finance Management Act (1999) and other legislative prescripts by conducting an annual review and specifying required improvements of the internal controls in Transnet, South African Airways and South African Express.
- Create an enabling environment for transport enterprises and ensure an appropriate balance between the enterprise’s interest, sustainability and developmental objectives by engaging with the policy departments and relevant regulators at least once every quarter to discuss areas of misalignment; and inform the boards of Transnet, Transnet, South African Airways and South African Express.
- Ensure Transnet achieves an efficient, competitive and responsive infrastructure by:
 - undertaking a detailed diagnostic analysis of the challenges facing Transnet Freight Rail and developing an integrated government response to growing rail market share by the end of the first quarter of 2012/13
 - developing a framework for private sector investment in rail by the end of 2012/13, to assist with the provision of necessary infrastructure where such investments are unaffordable on the Transnet balance sheet
 - overseeing the introduction of multiple private operators on the branch line network within the first quarter of 2012/13 to revitalise the network as a feeder to the core network and to realise socioeconomic benefits.
- Facilitate the introduction of competition for the management of container terminals through the licensing of an operator for the Ngqura container terminal by 2014.
- Ensure the global competitiveness of the South African freight logistics industry by implementing national corridor performance tools and indicators to quantify the operational efficiency of freight corridors in 2012/13.
- Optimise the economic impact of infrastructure investments on the economy by monitoring the rollout of Transnet’s capital expenditure programme on a quarterly and annual basis to assess any significant deviations from corporate plans, potential cost overruns, and time delays on major capital projects, and taking the necessary action.

- Monitor the implementation of the competitive supplier development programme to leverage Transnet's locomotive fleet procurement for the development of local railway supplier industries, by evaluating progress towards achieving localisation targets in the quarterly and annual Transnet reports.

South African Airways and South African Express

- Support South African Airways and South African Express to achieve sustainable levels of profitability and liquidity in 2012/13 by:
 - overseeing the implementation of the initiatives relating to the R1.6 billion guarantee to South African Airways
 - assessing the required levels of capitalisation of South African Airways and South African Express Airways
 - undertaking a comprehensive review of the South African Airways business model.
- Enhance government's airlift objectives by facilitating approval of the government strategy for South African Airways in Cabinet including key success factors to achieve a stronger brand by June 2012.
- Support South African Airways to establish South African Airways Technical as a regional maintenance, repair and operations centre of excellence, by facilitating the approval of the business case in Cabinet and enabling legislation if necessary in the second quarter of 2012/13.

Economic Impact and Policy Alignment

- Oversee processes to conduct macro-economic modelling, research and impact evaluation and ensure the contribution of state owned companies to the new growth path by establishing partnerships to provide the department with access to sustained modelling capability over the MTEF period.
- Supervise processes to enhance and advance alignment between national industrial policy, macroeconomic policy, the new growth path, and the role of state owned companies, by defining the role of state owned companies and monitoring implementation in line with national policy prescripts over the MTEF period.
- Oversee alignment of state owned companies and their suppliers by providing scarce and critical skills in support of the national skills agenda and the new growth path by ensuring that skills indicators are defined in shareholder compacts and monitored on the dashboard on a quarterly basis.
- Facilitate partnerships for artisan and technician development to optimise state owned companies' training facilities by training 1 751 new artisan learners for the national pool towards achievement of commitment one of the national skills accord in 2012/13.
- Ensure that state owned companies' infrastructure development is responsive to environmental conservation and climate change imperatives by monitoring environmental impact assessments for strategically important developments and assessing progress of plans of the climate change policy framework by the state owned companies over the MTEF period.

Strategic Partnerships

- Identify and oversee major investment projects that go beyond balance sheet capacity of state owned companies by defining at least one catalytic investment annually to be driven by the department, and overseeing the project implementation from pre-feasibility to completion, including the design of relevant compacts.
- Secure funding for major investment projects that go beyond the balance sheet capacity of state owned companies by developing innovative funding structures to support the catalytic investments that will be identified over the MTEF period.
- Leverage state owned companies' procurement programmes to drive industrialisation and create jobs by developing overarching procurement leverage policies, monitoring the implementation of Eskom's and Transnet's supplier development plans quarterly; monitoring the fleet procurement design and implementation and monitoring the implementation of collaborative procurement leverage programmes between state owned companies and the private sector.

Subprogrammes

- *Energy and Broadband Enterprises* manages the portfolio of energy and broadband state owned companies including Eskom, Pebble Bed Modular Reactor and Broadband Infracore. The subprogramme provides strategic leadership and management of its energy portfolio, and will review and sign new shareholder compacts and new corporate plans each year for each company. The subprogramme conducts quarterly financial reviews of each company. It has a staff complement of 20 and a total budget of R58.5 million in 2011/12, of which 21.1 per cent was used for compensation of employees, while 68.4 per cent was used for the decommissioning and dismantling costs of the Pebble Bed Modular Reactor fuel laboratory.
- *Manufacturing Enterprises* manages the portfolio of manufacturing state owned companies including Denel, Alexkor and the South African Forestry Company. The subprogramme is organised as follows: management, which provides strategic leadership and management of the subprogramme's personnel; Denel, which provides shareholder management and oversight of Denel's financial performance and strategy implementation; Alexkor, which provides shareholder management and oversight of Alexkor, and overseeing the implementation of the Richtersveld deed of settlement; and South African Forestry Company, which provides shareholder management and oversight, including forestry management, timber harvesting, timber processing and related activities domestically and internationally. This subprogramme had a staff complement of 11 in 2011/12 and a total budget of R126.4 million, of which 5 per cent is used for compensation of employees, while 92 per cent was allocated to: the transfer payment for an indemnity claim for Denel Aerostructures to Airbus under the indemnity agreement entered into with government in the equity partnership between the state, Denel and Saab; and Alexkor transfers as capital contribution to the pooling and sharing joint venture as agreed in the deed of settlement in the matter between Alexkor, the state and the Richtersveld community.
- *Transport Enterprises* manages the portfolio of transport in state owned companies, including South African Airways, South African Express and Transnet. The subprogramme is organised as follows: management, which provides strategic leadership and management of the programme personnel; Transnet, which provides shareholder management and oversight of Transnet including its capital expansion programme and the effective operation its business units; South African Airways and South African Express Airways, which provides shareholder management and oversight of the airlines as well as monitoring South African Airways' transformation into a commercially successful national carrier, and overseeing the establishment of South African Express as a regional carrier with a focus on the African market. This subprogramme had a staff complement of 16 and a budget of R22.8 million in 2011/12, of which 43 per cent was used for compensation of employees and the balance on goods and services. R1.6 billion was transferred in 2009/10 to recapitalise SAA, and R140 million in 2008/09 for purchase of and transfer of South African Express to government from Transnet.
- *Economic Impact and Policy Alignment* aligns state owned companies with overarching government economic, social and environmental policies, and has been realigned from functioning as a consulting facility to become a policy analysis and advisory facility. The subprogramme is organised as follows: management, which provides strategic leadership; environmental policy alignment, overseeing implementation of state owned entities' strategically important developments such as the Eskom and Transnet build programmes, and aligning the climate change policy framework for state owned companies to support national policies and the green economy; economic policy alignment, focused on appropriate macroeconomic modelling and research to enhance the links between industrial policy, macroeconomic policy and the role of state owned companies; and transformation, skills development and youth, which focuses on the provision of scarce and critical skills by state owned companies in support of the national skills agenda and the new growth path. This subprogramme had a staff complement of 10 and a budget of R13.1 million in 2011/12, of which 28.1 per cent was used for compensation of employees.
- *Strategic Partnerships* ensures that state owned companies maintain commercial sustainability and attain desired strategic outcomes and objectives. It comprises: management, which provides strategic leadership and management of the programme personnel; project oversight, which oversees work related to investment promotion and partnerships being driven by the department. This includes and oversight of projects, from

prefeasibility to completion. This subprogramme had a staff complement of 5 and a total budget of R7.4 million in 2011/12, of which 55 per cent was used for compensation of employees.

Expenditure estimates

Table 11.7 Portfolio Management and Strategic Partnerships

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Energy and Broadband Enterprises	2 136.8	1 958.8	170.9	58.5	16.6	17.6	18.6
Manufacturing Enterprises	397.0	327.2	225.6	126.4	1 062.8	13.2	14.9
Transport Enterprises	604.9	1 568.7	19.1	22.8	17.9	16.8	17.4
Economic Impact and Policy Alignment	30.6	25.0	10.1	13.1	15.1	16.0	16.9
Strategic Partnerships	7.8	7.9	11.5	7.4	5.4	5.7	6.0
Total	3 177.2	3 887.5	437.2	228.2	1 117.7	69.2	73.8
Change to 2011 Budget estimate				115.2	1 042.7	(10.0)	(19.8)

Economic classification

Current payments	77.5	71.2	61.3	71.9	67.7	69.2	73.8
Compensation of employees	30.1	28.8	33.9	34.9	39.4	41.4	44.6
Goods and services	47.5	42.4	27.3	37.0	28.4	27.9	29.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	40.9	36.9	22.6	29.9	19.0	18.0	18.7
<i>Consultants and professional services:</i>							
<i>Legal costs</i>	–	0.2	0.1	–	–	–	–
<i>Travel and subsistence</i>	4.2	4.3	3.2	5.0	6.7	7.1	7.5
Transfers and subsidies	2 277.6	2 058.7	237.3	156.3	–	–	–
Public corporations and private enterprises	2 277.6	2 058.7	237.3	156.3	–	–	–
Payments for financial assets	822.0	1 757.6	138.6	–	1 050.0	–	–
Total	3 177.2	3 887.5	437.2	228.2	1 117.7	69.2	73.8

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	2 277.6	2 058.7	237.3	156.3	–	–	–
Pebble Bed Modular Reactor	1 750.0	1 737.8	20.0	40.0	–	–	–
Denel	257.6	191.9	181.3	116.3	–	–	–
Alexkor	130.0	129.1	36.0	–	–	–	–
South African Express	140.0	–	–	–	–	–	–

Expenditure trends

Expenditure decreased significantly from R3.2 billion in 2008/09 to R228.2 million in 2011/12, at an average annual rate of 58.4 per cent, due to the reduction in transfer payments to the Pebble Bed Modular Reactor project and Broadband Infracore in 2010/11. As a result, expenditure in the *Energy and Broadband Enterprises* subprogramme decreased from R2.1 billion in 2008/09 to R58.5 million in 2011/12, at an average annual rate of 69.9 per cent.

Over the medium term, expenditure is expected to decrease to R73.8 million, at an average annual rate of 31.4 per cent, due to a further reduction in transfer payments to state owned companies, particularly the Pebble Bed Modular Reactor Project and Denel. Expenditure in the *Economic Impact and Policy Alignment* subprogramme is expected to increase from R13.1 million in 2011/12 to R16.9 million in 2014/15, at an average annual rate of 8.7 per cent, due to the unit being expanded to accommodate the newly created subprogramme.

Spending on consultants is equivalent to 67 per cent of spending on goods and services in 2012/13, and is expected to decrease from R29.9 million to R18.7 million over the medium term, at an average annual rate of 14.5 per cent, due to re-alignment of internal capacity within this programme.

Selected achievements and output of this programme with regard to the entities in the portfolios it manages and the related policies and partnerships it pursues are as follows:

The department, together with Eskom and National Treasury, has successfully negotiated and finalised loan agreements linked to the Clean Technology Fund for Eskom's renewable support projects. These projects will be used as a catalyst for government to achieve its renewable energy targets as set out in the integrated resource plan. Since the inception of the Eskom build programme, additional capacity of 5 381 megawatts has been added to the grid, 3 531 kilometres of transmission lines have been laid, and 17 920 megavolt amperes of transformer capacity installed. Further capacity will be obtained under the new independent power production arrangements.

All the suspended conditions for the pooling and sharing joint venture between Alexkor and the Richtersveld Mining Company have been fulfilled, and the joint venture came into effect in April 2011. Alexkor receives R350 million in 2012/13 to address liabilities in terms of the deed of settlement and other obligations.

An agreement was reached with Airbus over the renegotiation of prices and risk sharing on the A400M work package contract to make the contract more commercially sustainable. Confirmation of orders from the Department of Defence would assist Denel revenues. Denel receives R700 million in 2012/13 to recapitalise Denel Aerostructures.

In 2011, the department finalised phase 1 of the rail reform study to inform the emerging rail policy options of the Department of Transport. Under the auspices of the competitive supplier development programme, Transnet received the first 2 of 100 diesel electric locomotives arising from the General Electric transaction.

In aviation, the major achievements included the final approval of the airbus transaction and the delivery of the first A330-200 airplane to South Africa Airways in February 2011, completion of the South African Airways Technical business plan, and the feasibility of expanding South African Airways Technical as an effective regional maintenance and repair facility.

The department developed a policy for programmatic and transactional procurement, and a strategy and business plan for a proposed centre of excellence for complex capital procurements, with support interventions defined for locomotive fleet procurement. The department facilitated a parliamentary learning programme in August 2011 for both the portfolio committee on public enterprises, and the National Council of Provinces select committee for labour and public enterprises.

The department in 2011/12 developed standardised financial and risk reporting templates and dashboard, with enhanced analytical functionality. The department also prepared and presented, for the minister's review quarterly shareholder reports on state owned companies' performance assessments, and the detection, monitoring and mitigation of cross-cutting shareholder risk. In 2011/12, the department developed guarantee and share office guidelines outlining a framework for: issuing government guarantees; adequate monitoring and reporting of government guarantees, shareholder agreements, shareholder loans and share subscriptions; and provision of administrative practices for effective management of these instruments.

Public entities and other agencies

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

- **Alexkor** mines diamonds in the Alexander Bay area, including marine mining and land mining.
- **Broadband Infraco** was established in 2007 as a state led intervention to introduce competition in the telecommunications market and contribute to increasing access to broadband services including underserved areas.

- **Denel's** mandate is to supply South Africa's armed forces with strategic and sovereign capabilities. It also plays a major role in contributing to the development of South Africa's advanced manufacturing capability.
- The **Pebble Bed Modular Reactor** was a nuclear architect engineering company that was focused on the design and licensing of a standardised nuclear heat supply system and pebble fuel. The company's business model has been revised to focus on the preservation and maintenance of intellectual property and assets. R40 million will be allocated during 2012/13 for decommissioning and dismantling costs.
- **South African Airways** is South Africa's national air carrier. Owned by government, it is a full service network operating international, regional and domestic scheduled services, from its head office at OR Tambo International Airport.
- **South African Express** operates regional and domestic flights from OR Tambo International Airport in Johannesburg, serving secondary routes in South Africa and Africa. The airline was established in 1994.
- **South African Forestry Company** manages and develops commercial forests. The company's activities include forestry management and timber harvesting and processing.
- **Eskom** generates 95 per cent of the electricity used in South Africa and 45 per cent of the electricity used in Africa.
- **Transnet** is the largest and most crucial part of the freight logistics chain that delivers goods to every South African.

Vote 12

Public Service and Administration

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	181.1	177.4	–	3.7	195.0	205.6
Human Resource Management and Development	37.2	37.2	–	–	40.3	42.5
Labour Relations and Remuneration Management	22.5	22.5	–	–	25.8	27.1
Public Sector Information and Communication Technology Management	43.9	41.0	–	2.9	46.5	50.5
Service Delivery and Organisational Transformation	214.4	68.7	145.6	0.0	227.7	241.9
Governance and International Relations	232.4	73.4	159.0	0.0	245.5	260.4
Total expenditure estimates	731.5	420.1	304.6	6.7	780.8	828.0

Executive authority

Minister of Public Service and Administration

Accounting officer

Director General of Public Service and Administration

Website address

www.dpsa.gov.za

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

Aim

Lead the modernisation of the public service, through 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

Purpose: Develop, implement and monitor human resource management policies.

Programme 3: Labour Relations and Remuneration Management

Purpose: Develop, implement and maintain labour relations and compensation policies. Ensure coordinated engagement with organised labour.

Programme 4: Public Sector Information and Communication Technology

Management

Purpose: Develop, implement and monitor information communication technology policies and norms and standards that enable citizen centred services.

Programme 5: Service Delivery and Organisational Transformation

Purpose: Promote a service delivery and organisational transformation framework. Engage in interventions and partnerships to promote efficient and effective service delivery.

Programme 6: Governance and International Relations

Purpose: Improve participatory governance; strengthen the fight against corruption and engagement with international partners in the field of public administration.

Strategic overview: 2008/09 – 2014/15

The Department of Public Service and Administration draws its mandate from section 195(1) of the Constitution, which sets out basic values and principles that the public service should adhere to, and from the Public Service Act (1994). In terms of the act, the Minister for Public Service and Administration is responsible for: establishing norms and standards relating to the functions of the public service; organisational structures and establishments of departments, and other organisational and governance arrangements in the public service; labour relations within the public service; conditions of service and other employment practices for employees; the health and wellness of employees; information management including electronic government in the public service; integrity, ethics, conduct and anti-corruption; and transformation, reform, innovation and any other matters relating to the improvement of the effectiveness and efficiency of the public service and its service delivery to the public.

Government and departmental outcomes

In 2010, the minister was responsible for coordinating the drive for an effective, efficient and development oriented public service and a fair and inclusive citizenship (outcome 12), which has been translated into a delivery agreement for the period 2010 to 2014. The delivery agreement identifies interventions that should be implemented to fast-track the improvement of service delivery as specific outputs of the department: service delivery quality and access; effective systems, structures and processes; leveraging information and communication technology as a strategic resource; effective employment entry into public service and human resource development and cadre development; healthy, safe working environments for all public servants; appropriate governance structures and decision making; citizen engagement and public participation; as well as combating corruption in Africa and internationally.

The department will be working towards improved and more effective public sector accountability by ensuring that the Batho Pele principles are further entrenched in the public service.

The department continues to work closely with its entities, the State Information Technology Agency and Public Services Sector Education and Training Authority, to improve the effectiveness and efficiency of the public service and its service delivery to the public.

Medium term objectives

The department's medium term objectives are informed by the outputs of the delivery agreement for outcome 12, which represent its strategic objectives as well as government's overall agenda for delivery. The department's priorities in relation to the transformation and modernisation of the public service include: improving levels of compliance in departments; improving service delivery and ensuring more effective governance; fighting corruption in the public service; and contributing to the transformation of the public service internationally, especially in post-conflict countries, through lesson sharing and targeted interventions. In line with these objectives, specific interventions over the medium term include:

Performance management

The department will identify indicators for measuring the effectiveness of the performance management system, and use the data obtained to improve its efficiency. All senior managers will sign performance agreements and qualitative measures will be developed for assessing performance agreements.

Conditions of service

Conditions of service for public service employees will be improved through revising existing policies by March 2013. Home ownership will be promoted among public servants through the introduction of a housing scheme for government employees.

Service delivery quality and access

Service user satisfaction surveys will be conducted to assess the level of satisfaction with government services among citizens. A set of measures to assess whether the public service is being responsive to the needs of citizens will be developed to assist departments to improve waiting and turnaround times, especially at hospitals, offices of the Department of Home Affairs and vehicle licensing centres. Targets will be set and plans developed for a progressive reduction in the distances travelled by citizens to access government services.

Administration and resourcing in the public service

The capacity of national and provincial departments to improve the functionality, accuracy and reliability of the PERSAL system will be enhanced. A review of the financial, human resource and administrative delegations in departments and recommendations for appropriate levels of delegations will be submitted to Cabinet.

Tackling corruption

The capacity of the public service to effectively tackle corruption in its ranks will be increased by establishing a public sector anti-corruption unit and by training anti-corruption practitioners in a range of targeted programmes.

Aligning resources to support the department's hands-on approach

In terms of outcome 12, the department is required to ensure improved implementation of and compliance with public administration regulations by providing more hands-on technical support to departments and provinces. The department is therefore reconfiguring its service delivery approach, and reallocating its human and financial resources to support this.

Selected performance indicators

Table 12.1 Public Service and Administration

Indicator ¹	Programme	Past ¹			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of departments submitting annual human resource development implementation plans per year	Human Resource Management and Development	43	72	100	115	122	137	153
Number of departments equipped with tools and skills in employee health and wellness policies per year	Human Resource Management and Development	–	–	46	47	50	115	138
Number of provincial and national departments supported in the implementation of human resource management and development policies, directives and guidelines per year	Human Resource Management and Development	–	–	–	45	50	50	50
Number of expenditure review and research reports produced per year	Labour Relations and Remuneration management	–	–	–	1	2	2	2
Total number of Thusong service centres providing citizen focused services per year	Public Sector Information and Communication Technology Management	–	–	–	70	80	90	100
Total number of departments implementing ICT governance frameworks per year	Public Sector Information and Communication Technology Management	–	–	–	–	10	30	50
Number of departments in which quality methodologies on business process management have been rolled out per year	Service Delivery and Organisational Transformation	–	–	–	–	2	10	14
Number of national and provincial departments in which training in Batho Pele is conducted per year	Service Delivery and Organisational Transformation	–	–	–	20	40	40	40

Table 12.1 Public Service and Administration (continued)

Indicator ¹	Programme	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of departments assisted with organisational development interventions per year	Service Delivery and Organisational Transformation	12	6	20	20	20	15	15
Number of departments supported with capacity building and assistance with the development of delegations per year	Service Delivery and Organisational Transformation	–	–	–	–	60	60	10 ²
Number of national and provincial departments supported with the development of service delivery improvement plans per year	Service Delivery and Organisational Transformation	–	–	–	47	54	59	62
Number of departments in which employee satisfaction surveys are conducted per year	Governance and International Relations	–	2	4	4	4	5	10
Number of international governance and public administration projects implemented through departments and international agencies per year	Governance and International Relations	4	2	2	2	2	4	4
Number of continental bilateral and multilateral engagements facilitated and coordinated per year	Governance and International Relations	–	–	–	4	4	4	4
Number of international bilateral and multilateral engagements facilitated and coordinated per year	Governance and International Relations	2	4	2	2	4	4	4

1. The department has added new performance indicators to align departmental activities with outcome 12 and the minister's delivery agreement. No past information is available for these indicators.

2. The number for departments assisted with delegations principles is lower than in previous years because most departments should have implemented the delegation principles and templates in 2009/10 and 2010/11.

Expenditure estimates

Table 12.2 Public Service and Administration

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	96.2	125.4	137.2	169.7	169.7	181.1	195.0	205.6
Human Resource Management and Development	29.4	36.8	39.5	36.3	36.3	37.2	40.3	42.5
Labour Relations and Remuneration Management	107.1	88.0	19.3	26.0	26.0	22.5	25.8	27.1
Public Sector Information and Communication Technology Management	32.3	34.8	32.4	39.2	39.2	43.9	46.5	50.5
Service Delivery and Organisational Transformation	189.4	204.6	208.0	203.2	203.2	214.4	227.7	241.9
Governance and International Relations	176.1	181.1	191.7	215.9	215.9	232.4	245.5	260.4
Total	630.6	670.8	628.2	690.2	690.2	731.5	780.8	828.0
Change to 2011 Budget estimate				0.1	0.1	5.3	6.2	7.0

Economic classification

	396.8	407.0	364.9	395.1	395.1	420.1	453.5	481.7
Current payments								
Compensation of employees	129.1	156.8	175.4	200.3	200.3	234.1	255.7	271.4
Goods and services	267.7	250.0	189.2	194.7	194.7	185.8	197.5	209.9
<i>of which:</i>								
Computer services	27.4	24.3	33.5	40.5	40.5	38.0	40.7	43.6
Consultants and professional services: Business and advisory services	24.6	26.6	24.6	23.1	23.1	17.1	18.5	20.0
Lease payments	12.4	29.2	27.1	26.5	26.5	29.2	31.7	33.4
Travel and subsistence	33.5	29.1	29.1	38.9	38.9	39.2	41.6	44.1
Interest and rent on land	0.1	0.2	0.4	0.1	0.1	0.3	0.3	0.4

Table 12.2 Public Service and Administration (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Transfers and subsidies	223.0	254.3	256.2	291.1	291.1	304.6	321.2	340.4
Departmental agencies and accounts	219.0	252.9	253.0	290.4	290.4	304.0	320.5	339.7
Foreign governments and international organisations	0.7	0.6	0.5	0.5	0.5	0.6	0.6	0.7
Households	3.3	0.9	2.7	0.2	0.2	–	–	–
Payments for capital assets	10.6	9.4	6.9	4.0	4.0	6.7	6.1	5.9
Machinery and equipment	10.1	9.3	6.9	3.9	3.9	6.5	5.0	4.8
Software and other intangible assets	0.5	0.2	–	0.1	0.1	0.2	1.1	1.1
Payments for financial assets	0.2	0.0	0.1	–	–	–	–	–
Total	630.6	670.8	628.2	690.2	690.2	731.5	780.8	828.0

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R630.6 million to R690.2 million, at an average annual rate of 3.1 per cent, as a result of increased spending in the *Administration* programme to appoint a deputy minister and to create capacity for the office. Spending in the *Labour Relations and Remuneration Management* programme decreased by 78 per cent in 2010/11, as a result of expenditure for incapacity leave and ill health retirement shifting to other votes. Spending in the *Human Resource Management and Development* programme decreased by 8.2 per cent in 2011/12, due to the completion of the HR Connect project at the end of that year. Spending in the *Governance and International Relations* programme grew from R176.1 million in 2008/09 to R215.9 million in 2011/12, at an average annual rate of 7 per cent, due to additional funding provided in 2010/11 to establish an anti-corruption unit.

Over the medium term, expenditure is expected to grow from R690.2 million in 2011/12 to R828 million in 2014/15, at an average annual rate of 6.3 per cent. The vote receives additional allocations of R6.9 million in 2012/13, R7.6 million in 2013/14 and R8.4 million in 2014/15 in the 2012 Budget for improved conditions of service. A Cabinet approved baseline cut of R4.4 million was also made over the MTEF period (R1.6 million, R1.4 million and R1.4 million), details of which will be discussed in the subprogrammes where applicable.

Between 2008/09 and 2011/12, transfers to departmental agencies and accounts grew from R219 million to R290.4 million, at an average annual rate of 9.9 per cent, and these are expected to increase to R339.7 million over the medium term, at an average annual rate of 5.4 per cent. The growth in both periods is due to inflation related adjustments to salaries. The bulk of this expenditure goes to the Public Service Commission, which accounts for an average of 50.4 per cent of total transfers and subsidies over the medium term.

Spending on consultants decreased from R25 million in 2008/09 to R23.3 million in 2011/12, at an average annual rate of 2.4 per cent, due mainly to the filling of vacancies, and is expected to decrease further to R22.3 million over the medium term, at an average annual rate of 1.5 per cent, due to the HR Connect project coming to an end in 2011/12. Consultants provide technical skills in projects such as the personnel expenditure review, change management, performance auditing and development of a revised housing scheme policy for the public service.

Personnel information

Table 12.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	491	469	30	385	435	466	491	491	501	506
Salary level 1 – 6	143	140	17	117	131	147	143	143	144	145
Salary level 7 – 10	126	122	9	110	118	125	126	126	126	127
Salary level 11 – 12	107	104	4	79	96	92	107	107	114	116
Salary level 13 – 16	115	103	–	79	90	102	115	115	117	118
Administration	229	229	23	190	193	220	229	229	231	232
Salary level 1 – 6	99	99	11	93	87	97	99	99	100	101
Salary level 7 – 10	62	62	8	58	58	64	62	62	62	62
Salary level 11 – 12	34	34	4	22	28	29	34	34	35	35
Salary level 13 – 16	34	34	–	17	20	30	34	34	34	34
Human Resource Management and Development	52	52	2	68	78	49	52	52	54	54
Salary level 1 – 6	7	7	1	10	19	6	7	7	7	7
Salary level 7 – 10	12	12	1	12	12	11	12	12	12	12
Salary level 11 – 12	19	19	–	29	30	19	19	19	21	21
Salary level 13 – 16	14	14	–	17	17	13	14	14	14	14
Labour Relations and Remuneration Management	31	31	1	42	47	27	31	31	34	34
Salary level 1 – 6	4	4	1	4	4	3	4	4	4	4
Salary level 7 – 10	10	10	–	15	18	10	10	10	10	10
Salary level 11 – 12	9	9	–	12	12	8	9	9	11	11
Salary level 13 – 16	8	8	–	11	13	6	8	8	9	9
Public Sector Information and Communication Technology Management	22	–	–	21	22	16	22	22	22	24
Salary level 1 – 6	3	–	–	2	3	2	3	3	3	3
Salary level 7 – 10	4	–	–	3	3	3	4	4	4	4
Salary level 11 – 12	3	–	–	3	3	2	3	3	3	4
Salary level 13 – 16	12	–	–	13	13	9	12	12	12	13
Service Delivery and Organisational Transformation	95	95	1	32	53	107	95	95	97	98
Salary level 1 – 6	18	18	1	4	9	30	18	18	18	18
Salary level 7 – 10	19	19	–	13	16	23	19	19	19	20
Salary level 11 – 12	29	29	–	5	13	27	29	29	30	30
Salary level 13 – 16	29	29	–	10	15	27	29	29	30	30
Governance and International Relations	62	62	3	32	42	47	62	62	63	64
Salary level 1 – 6	12	12	3	4	9	9	12	12	12	12
Salary level 7 – 10	19	19	–	9	11	14	19	19	19	19
Salary level 11 – 12	13	13	–	8	10	7	13	13	14	15
Salary level 13 – 16	18	18	–	11	12	17	18	18	18	18

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an approved establishment of 491 posts and 30 posts created that were additional to the establishment. There were 59 vacant posts due to staff turnover. The number of filled posts grew from 385 in 2008/09 to 491 in 2011/12. Over the MTEF period, the number of filled posts is expected to increase to 506, due to the department's expansion to accommodate the minister's broader mandate in line with the delivery agreement. The ratio of support staff to line function staff is 1:2.

Departmental receipts

Table 12.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	962	2 242	2 098	740	740	766	801	831
Sales of goods and services produced by department	197	223	247	270	270	286	301	316
Sales by market establishments	147	178	194	220	220	230	240	250
<i>of which:</i>								
<i>Rental of open and covered parking</i>	147	178	194	220	220	230	240	250
Administration fees	50	45	53	50	50	56	61	66
<i>of which:</i>								
<i>Commission insurance</i>	50	45	53	50	50	55	60	65
<i>Replacement of security cards</i>	-	-	-	-	-	1	1	1
Interest, dividends and rent on land	23	8	21	40	40	35	40	40
Interest	23	8	21	40	40	35	40	40
Sales of capital assets	-	1 064	-	-	-	-	-	-
Transactions in financial assets and liabilities	742	947	1 830	430	430	445	460	475
Total	962	2 242	2 098	740	740	766	801	831

The department generates revenue mainly from parking fees, interest on bursary debt, commissions and the recovery of previous years' expenditure. Between 2008/09 and 2011/12, receipts decreased from R962 000 to R740 000, at an average annual rate of 8.4 per cent, and are expected to increase to R831 000 over the medium term, at an average annual rate of 3.9 per cent. The 2008/09 and 2009/10 receipts are inclusive of receipts for the Public Administration Leadership and Management Academy and the Public Service Commission while figures for subsequent years capture only receipts for the Department of Public Service and Administration. In 2009/10, the department sold two ministerial vehicles for R1.1 million, which explains the increase in sales of capital assets in that year.

Programme 1: Administration

Expenditure estimates

Table 12.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	19.4	28.8	32.1	41.0	41.9	46.7	49.2
Departmental Management	8.6	7.5	4.7	12.0	9.5	10.1	10.5
Corporate Services	40.4	47.3	56.1	68.6	78.2	83.2	87.7
Finance Administration	15.6	14.3	16.5	20.5	22.9	24.8	26.2
Internal Audit	2.4	4.8	4.6	5.1	4.5	4.8	5.0
Office Accommodation	9.9	22.8	23.2	22.4	24.1	25.4	26.9
Total	96.2	125.4	137.2	169.7	181.1	195.0	205.6
Change to 2011 Budget estimate				4.4	6.3	8.6	8.2

Table 12.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	91.5	120.8	133.7	166.0	177.4	191.9	202.8
Compensation of employees	47.4	57.9	65.7	85.2	98.8	107.7	113.1
Goods and services	44.1	62.7	67.8	80.7	78.5	84.0	89.6
<i>of which:</i>							
Computer services	3.7	5.6	10.7	13.3	11.4	12.6	13.8
Consultants and professional services:	1.1	2.5	0.5	2.4	1.1	1.1	1.2
Business and advisory services							
Lease payments	8.4	22.1	20.4	20.8	22.1	23.6	25.0
Travel and subsistence	10.4	11.7	10.1	16.2	16.3	17.2	18.1
Interest and rent on land	0.0	0.2	0.2	0.1	0.1	0.2	0.2
Transfers and subsidies	1.1	0.2	0.1	0.1	-	-	-
Households	1.1	0.2	0.1	0.1	-	-	-
Payments for capital assets	3.6	4.4	3.5	3.6	3.7	3.1	2.8
Machinery and equipment	3.5	4.4	3.5	3.6	3.6	3.0	2.6
Software and other intangible assets	0.1	-	-	-	0.1	0.2	0.2
Total	96.2	125.4	137.2	169.7	181.1	195.0	205.6

Expenditure trends

Expenditure increased from R96.2 million in 2008/09 to R169.7 million in 2011/12, at an average annual rate of 20.8 per cent. This was due to increased spending in the *Ministry* subprogramme, which grew from R19.4 million to R41 million, at an average annual rate of 28.3 per cent over this period, due to the appointment of a deputy minister and for creating capacity for ministerial support services. This, along with filling vacant posts, mostly at the senior management level, increased spending on compensation of employees between 2008/09 and 2011/12. Expenditure in the *Office Accommodation* subprogramme increased from R9.9 million in 2008/09 to R22.4 million in 2011/12, at an average annual rate of 31.3 per cent, due to the devolution of accommodation funds from the Department of Public Works.

Over the medium term, expenditure is expected to increase to R205.6 million in 2014/15, at an average annual rate of 6.6 per cent, due to additional funding for improved conditions of service. Spending in the *Internal Audit* subprogramme is expected to decrease from R5.1 million in 2011/12 to R4.5 million in 2012/13, due to the contract for the co-sourcing of the internal audit function with an external service provider coming to an end in 2011/12. This also explains the decrease in spending on consultants from R2.6 million in 2011/12 to R1.4 million in 2014/15, at an average annual rate of 18.1 per cent.

Programme 2: Human Resource Management and Development

Objectives and measures

- Provide support to departments in planning for human resource development and monitoring against set targets through a strategy to coordinate efforts initiated by various state organs on internships and learnerships aimed at providing work experience to youth and unemployed graduates.
- Promote the use of efficient human resource management policies, practices, norms and standards by developing a policy on compulsory capacity development and mandatory training days for senior management services by March 2013.
- Reduce the vacancy rate from the estimated baseline of 11 per cent to 5 per cent by March 2014 and improve the recruitment process by conducting research on current practices and best practices, developing appropriate interventions, identifying categories where special recruitment measures should be introduced, and developing guidelines on improving the practice of career management by March 2013.

- Strengthen the performance management development system for senior management services by reviewing and redrafting the performance management development system policy to align it with the outcome of the institutional performance assessment of the Department of Performance Monitoring and Evaluation by 2013.
- Strengthen, support and improve the human resource management practices for senior management services members to achieve a highly competent, dedicated, responsive and productive leadership cadre for enhanced service delivery by rendering ongoing support to departments on competency based assessments by March 2013.
- Increase the number of government departments implementing employee health and wellness policies from 46 in 2011/12 to 86 by March 2013 by developing the capacity to implement these policies through workshops, policy advocacy and communication sessions, organisational systems and governance initiatives as and when required over the MTEF period.
- Contribute to Cabinet's target to increase the representation of women at senior management levels from 37.4 per cent as at March 2011 to 50 per cent by March 2014, and of disabled persons from 0.3 per cent as at March 2011 to 2 per cent by March 2014 by developing and communicating diversity management related strategies by March 2013.
- Produce 2 reports based on the analysis of the implementation of gender, disability and youth frameworks by all departments by March 2013 with the view to developing and communicating strategies to improve the recruitment and retention of women, persons living with disabilities and youth in the public service.
- Improve disability and gender mainstreaming and the implementation of strategies to facilitate the transformation of departments within the public service by capacitating gender and disability focal points through 1 national and 9 provincial workshops by March 2013.
- Modernise and enhance the effectiveness of public service human resource and financial systems by continually enhancing the human resource module of the integrated financial management system and finalising its implementation in 2 lead sites, starting with the rollout to the rest of the public service by March 2013.

Subprogrammes

- *Management: Human Resource Management* provides for administrative support and management of the programme. This subprogramme had a staff complement of 3 and a total budget of R2.8 million in 2011/12, of which 67 per cent was used for compensation of employees. In 2011/12, support was provided in the form of a performance assessment tool to measure organisational performance linked to the performance evaluation of heads of departments. Departments were also supported in the implementation of the human resource planning strategic framework. The implementation of the HR Connect skills database in the outstanding 55 departments will be completed by March 2012.
- *Senior Management Services* ensures that there is a professional management service in the public service. This is done by establishing and implementing competency based management through developing transversal employment policies, prescripts and guidelines, and other career practices for senior management service members. This subprogramme had a staff complement of 7 and a total budget of R4.6 million in 2011/12, of which 67.1 per cent was used for compensation of employees. In 2011/12, skills gaps of senior management services members were analysed in 46 departments. The senior management services handbook is currently being reviewed. The use of competency assessment results has been workshopped in 45 departments, and site visits were conducted in 2011/12 to support departments in implementing the assessments for senior management services. The cost of the project is estimated at R200 000. An expenditure cut of R5 000 will be implemented in 2012/13 on the use of venues and facilities.
- *Human Resource Planning, Performance and Practice* develops policies, prescripts, processes and systems that provide advice and implementation support to improve human resource planning, employment practices and employee performance management. This subprogramme had a staff complement of 15 and a total budget of R10.2 million in 2011/12, of which 63.6 per cent was used for compensation of employees. The original contract value to the department of the work for these 55 departments was R724 470. An expenditure cut of R27 000 will be implemented in the allocation for venues and facilities in 2012/13.

- *Diversity Management* develops policies and guidelines on employment equity in the public service that are intended to remove access barriers into and within the workplace for designated groups, and prevent direct and indirect discrimination against the designated groups. This subprogramme had a staff complement of 9 and a total budget of R4.8 million in 2011/12, of which 83 per cent was used for compensation of employees. In 2011/12: a template was developed and distributed to collect information on the status of gender mainstreaming in each department; a mid-year statistical report on gender representation at senior management services level based on PERSAL data was completed; the half-yearly report for the representation of race and gender in the public service was developed; and the employment equity guide was launched in September 2011. The activities were funded from the normal operational budget of the department. An expenditure cut of R13 000 will be implemented in 2012/13 on venues and facilities.
- *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. This subprogramme had a staff complement of 6 and a total budget of R5.5 million in 2011/12, of which 61 per cent was used for compensation of employees. The following outputs were achieved in 2011/12: the steering committee on the development of a comprehensive integrated health risk assessment tool was reformed; 41 national departments and 6 provincial structures were supported on the implementation of employment, health and wellness policies; support was provided to KwaZulu-Natal, Gauteng and Mpumalanga on the implementation of sex-related HIV prevention programmes and the pilot phases on the implementation of a sex related HIV public expenditure tracking survey; and the quality of service delivery survey in KwaZulu-Natal was completed. R29 000 will be cut in 2012/13 on venues and facilities.
- *Human Resource Development* aims to improve the competency levels of public servants through capacity development activities such as internships, learnerships and skills programmes designed to ensure a constant pool of productive and contributing employees. This subprogramme had a staff complement of 7 and a total budget of R5.5 million in 2011/12, of which 67.2 per cent was used for compensation of employees. In 2011/12, the subprogramme participated in human resources development forums throughout the public service in an effort to support departments in their implementation of the human resources development strategic framework. A draft policy for the optimum use of training budgets was developed and presented at the human resources development management steering committee. Draft guidelines on e-learning were developed and will be presented at the Government Information Technology Officers' Council. The allocated amount to venues and facilities will be cut by R4 000 in 2012/13.
- *Integrated Financial Management Systems* develops, implements and manages the human resources component of the integrated financial management system project. This subprogramme had a staff complement of 4 and a total budget of R2.8 million in 2011/12, of which 79.5 per cent was used for compensation of employees. In 2010/11, the development of the human resources management module of the integrated financial management system was completed and implemented in the Department of Public Service and Administration. The development and implementation cost of this project resides in National Treasury's budget. No savings were identified in this subprogramme.

Expenditure estimates

Table 12.6 Human Resource Management and Development

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management: Human Resource Management	3.5	3.8	2.7	2.8	2.9	3.1	3.2
Senior Management Services	3.0	2.5	3.5	4.6	4.8	5.0	5.2
Human Resource Planning, Performances and Practice	9.6	16.1	18.3	10.2	10.3	11.2	12.1
Diversity Management	3.6	4.6	4.8	4.8	5.4	5.8	6.1
Employee Health and Wellness	4.5	5.1	4.0	5.5	5.7	6.0	6.4
Human Resource Development	4.3	3.3	4.3	5.5	4.9	5.4	5.4
Integrated Financial Management Systems	0.9	1.5	1.9	2.8	3.2	3.8	4.1
Total	29.4	36.8	39.5	36.3	37.2	40.3	42.5
Change to 2011 Budget estimate				2.3	(0.4)	(0.8)	(1.1)

Table 12.6 Human Resource Management and Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	29.1	36.7	39.3	36.1	37.2	40.3	42.5
Compensation of employees	17.3	18.1	22.1	25.1	27.3	30.0	31.6
Goods and services	11.8	18.6	17.1	11.0	9.8	10.2	10.9
<i>of which:</i>							
Computer services	0.9	1.1	0.1	0.1	0.2	0.2	0.2
Consultants and professional services: Business and advisory services	2.9	10.3	11.7	1.7	0.2	0.1	0.1
Lease payments	0.2	0.1	–	0.1	0.1	0.2	0.2
Travel and subsistence	3.3	2.6	2.6	3.8	4.0	4.7	4.8
Transfers and subsidies	0.0	0.0	0.1	0.1	–	–	–
Households	0.0	0.0	0.1	0.1	–	–	–
Payments for capital assets	0.3	0.1	0.1	0.0	–	–	–
Machinery and equipment	0.3	0.1	0.1	0.0	–	–	–
Total	29.4	36.8	39.5	36.3	37.2	40.3	42.5

Expenditure trends

Expenditure increased from R29.4 million in 2008/09 to R36.3 million in 2011/12, at an average annual rate of 7.2 per cent. This is due mainly to allocations of R8.9 million to the *Human Resource Planning* subprogramme in 2009/10 and 2010/11 for the rollout of the HR Connect project to departments. The HR Connect project will be completed by the end of 2011/12, which explains the significant decline in spending on consultants and professional services in this period. Between 2008/09 and 2011/12, spending in the *Integrated Financial Management Systems* subprogramme increased from R892 000 to R2.8 million, at an average annual rate of 46.7 per cent, as a result of the development and implementation of the human resources management module of the integrated financial management system.

Over the medium term, expenditure is expected to increase to R42.5 million, at an average annual rate of 5.4 per cent, due to higher spending on compensation of employees to provide for improved conditions of service. The rising expenditure trend over the medium term is in line with performance projections for the programme over the same period. The funds will be used to increase the number of departments supported to implement employee health and wellness policies per year, from 25 in 2011/12 to 138 in 2014/15.

Programme 3: Labour Relations and Remuneration Management

Objectives and measures

- Advance and promote the achievement of stable multi-term remuneration arrangements in the public service by March 2013 through regular strategic analysis, engagement and negotiations with public sector trade unions at negotiation forums, including the Public Service Coordinating Bargaining Council, sector councils, and the National Economic Development and Labour Council, on an ongoing basis in 2012/13.
- Improve the personnel expenditure framework in support of promoting the effectiveness and efficiencies of personnel expenditure and sustainability of the wage bill by March 2013 through quarterly analysis of personnel expenditure, research and provision of policy advisory services on an ongoing basis in 2012/13.
- Improve the conditions of service for public service employees through the revision of existing policies such as the housing policy, long service recognition and the rearrangement of working time by March 2013.
- Improve efficiency in spending in the public service by reviewing the current remuneration policy framework in the Public Service Coordinating Bargaining Council by March 2013.
- Develop the Government Employees Housing Scheme and institutional framework with the objective of promoting home ownership in the public service by March 2015.

Subprogrammes

- *Management: Labour Relations and Remuneration* provides administrative support and management for the programme. This subprogramme had a staff complement of 3 and a total budget of R2.2 million in 2011/12, of which 67.8 per cent was used for compensation of employees. No savings were identified in this subprogramme.
- *Remuneration and Market Analysis* develops, implements and maintains policies, practices and systems on remuneration, including implementing the occupation specific dispensation. This subprogramme had a staff complement of 8 and a total budget of R9.2 million in 2011/12, of which 40.5 per cent was used for compensation of employees. The bid process for the appointment of a service provider to assist with the personnel expenditure review has been finalised and development work began in the fourth quarter of 2011/12. The personnel expenditure review is expected to begin in 2012/13, and expenditure on this is projected to be R4.5 million. No savings were identified in this subprogramme.
- *Conditions of Service* focuses on the development, implementation and maintenance of policies and practices on general and macro benefits, including the implementation of the occupation specific dispensation. This subprogramme had a staff complement of 12 and a total budget of R8.8 million in 2011/12, of which 57.9 per cent was used for compensation of employees. The performance audit on ill health managers will start in early 2012. The projected cost of the audit is R2.9 million. An expenditure cut of R10 000 will be implemented in 2012/13 on the use of venues and facilities.
- *Labour Relations and Negotiations* is responsible for the development, implementation and maintenance of policies and systems on labour relations issues for the public service and to ensure coordinated collective bargaining in the Public Service Coordinating Bargaining Council and the General Public Service Sectoral Bargaining Council. This subprogramme had a staff complement of 9 and a total budget of R5.7 million in 2011/12, of which 75.3 per cent was used for compensation of employees. An expenditure cut of R46 000 will be implemented in 2012/13 on venues and facilities.

Expenditure estimates

Table 12.7 Labour Relations and Remuneration Management

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management: Labour Relations and Remuneration	3.6	3.1	1.3	2.2	2.6	2.7	2.9
Remuneration and Market Analysis	4.2	4.7	4.2	9.2	5.6	6.8	7.2
Conditions of Service	94.1	75.2	5.9	8.8	8.9	10.1	10.5
Labour Relations and Negotiations	5.2	5.1	7.8	5.7	5.4	6.2	6.6
Total	107.1	88.0	19.3	26.0	22.5	25.8	27.1
Change to 2011 Budget estimate				2.7	(0.9)	(0.0)	(0.3)

Economic classification

Current payments	107.0	88.0	17.5	25.9	22.5	25.8	27.1
Compensation of employees	12.4	13.2	11.6	14.6	16.5	19.6	20.4
Goods and services	94.6	74.8	5.9	11.3	6.0	6.2	6.7
<i>of which:</i>							
Computer services	0.7	0.8	0.1	0.1	0.1	0.1	0.1
Consultants and professional services: Business and advisory services	1.1	0.2	1.0	8.3	2.7	3.0	3.2
Lease payments	0.0	0.1	–	0.1	0.1	0.1	0.1
Travel and subsistence	1.8	1.3	0.9	1.7	1.9	1.8	1.9
Transfers and subsidies	–	–	1.7	–	–	–	–
Households	–	–	1.7	–	–	–	–
Payments for capital assets	0.1	0.0	0.1	0.0	–	–	–
Machinery and equipment	0.1	0.0	0.1	0.0	–	–	–
Total	107.1	88.0	19.3	26.0	22.5	25.8	27.1

Expenditure trends

Expenditure decreased significantly from R107.1 million in 2008/09 to R26 million in 2011/12, at an average annual rate of 37.6 per cent. The decrease in expenditure was mainly in the *Conditions of Service* subprogramme, where spending decreased by R69.2 million over this period, due to the decentralisation of provisions for incapacity leave and ill health retirement to individual national departments.

Over the medium term, expenditure is expected to grow to R27.1 million, at an average annual rate of 1.4 per cent. The increase is mainly due to higher spending on compensation of employees to provide for improved conditions of service. The slower growth in expenditure is in line with performance projections for the programme over the same period. The targets for the programme are projected to remain constant over the medium term.

Over the medium term, R9 million is allocated for spending on consultants to assist with developing policies on improving conditions of service.

Programme 4: Public Sector Information and Communication Technology Management

Objectives and measures

- Contribute to the improvement of service delivery by:
 - validating ICT infrastructure at 100 connected Thusong service centres by March 2013
 - completing the connectivity blueprint for connecting schools to ICT Infrastructure by March 2013
 - implementing the next generation e-government platform by revising e-government policy and strategic framework by March 2013
 - conducting an audit of e-government and mobile government services by March 2013.
- Enhance IT governance by developing an ICT management framework and draft implementation guidelines for the public service by March 2013.
- Improve government's IT security by:
 - developing the minimum information security standards framework by March 2013
 - conducting research on the identity management framework by March 2013.
- Reduce government ICT costs over the MTEF period by:
 - consolidating and optimising IT infrastructure and service management through the development of a government wide ICT strategy and a shared services blueprint to assist departments and municipalities to improve security and reduce the costs of ICT by March 2013
 - optimising network infrastructure, improving on the way software is being procured through a software transversal contract, and implementing a software licence audit by 2013.
- Connect government institutions and enable more effective service delivery by developing a broadband strategy for the public service by March 2013.

Subprogrammes

- *Management: Public Sector Information and Communication Technology* provides administrative support and management for the programme. This subprogramme had a staff complement of 3 and a total budget of R4.8 million in 2011/12, of which 78 per cent is used for goods and services. No savings were identified in this subprogramme.
- *E-Government* provides support and leadership to national and provincial departments and the State Information Technology Agency in the development of a government wide architecture and system integration plan. This subprogramme had a staff complement of 5 and a total budget of R4.1 million in 2011/12, of which 50.4 per cent was used for goods and services. In 2010/11, the Government Information Technology Officers' Council was assisted to develop an ICT strategy for the public service, and terms of reference were developed and published for the development of an e-government policy, strategy and

implementation. The development of the strategy is estimated to cost R500 000. No expenditure cuts were implemented in this subprogramme.

- *Information and Communication Technology Policy and Planning* 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. This subprogramme had a staff complement of 6 and a total budget of R5.4 million in 2011/12, of which 56.1 per cent was used for compensation of employees. The following outputs were achieved in 2011: workshops were conducted for all Government Information Technology Officers' Council members on strengthening IT functions in the public service and on COBIT, an IT governance framework and toolset. No savings were identified in this subprogramme.
- *Information and Communication Technology Infrastructure and Operations* supports all national and provincial departments on significant transversal projects and e-government projects. This subprogramme had a staff complement of 8 and a total budget of R24.9 million in 2011/12, of which 85.3 per cent was used for goods and services. The draft pre-consultative governance of ICT framework in the public service was developed in 2010/11. In the same year, the local area network cabling of all Thusong service centres in Gauteng was completed. In the Gauteng centres, post-development care of the infrastructure was completed and a very small aperture terminal was deployed. A cut of R506 000 in 2012/13 in computer services has been implemented in this subprogramme.

Expenditure estimates

Table 12.8 Public Sector Information and Communication Technology Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management: Public Sector Information and Communication Technology	4.6	4.0	2.8	4.8	5.8	6.1	6.5
E-Government	2.3	5.1	4.0	4.1	5.0	5.2	5.5
Information and Communication Technology Policy and Planning	6.0	6.1	3.7	5.4	5.5	5.8	6.9
Information and Communication Technology Infrastructure and Operations	19.3	19.6	22.0	24.9	27.6	29.3	31.5
Total	32.3	34.8	32.4	39.2	43.9	46.5	50.5
Change to 2011 Budget estimate				(1.7)	(0.5)	(1.8)	(0.7)

Economic classification

Current payments	30.2	32.8	32.1	39.0	41.0	43.6	47.4
Compensation of employees	8.1	9.5	9.6	9.6	13.6	14.3	16.4
Goods and services	22.1	23.4	22.6	29.4	27.4	29.2	31.0
<i>of which:</i>							
Computer services	16.6	13.7	16.8	21.4	19.7	21.2	22.5
Consultants and professional services: Business and advisory services	0.7	5.9	2.3	2.4	2.5	2.6	2.8
Lease payments	0.1	0.0	–	0.1	0.1	0.1	0.1
Travel and subsistence	2.1	1.4	0.9	2.7	2.8	2.8	3.0
Payments for capital assets	2.1	2.0	0.2	0.2	2.9	2.9	3.1
Machinery and equipment	2.1	2.0	0.2	0.0	2.8	2.0	2.1
Software and other intangible assets	–	–	–	0.1	0.1	0.9	1.0
Total	32.3	34.8	32.4	39.2	43.9	46.5	50.5

Expenditure trends

Between 2008/09 and 2011/12, expenditure grew from R32.3 million to R39.2 million, at an average annual rate of 6.7 per cent, and is expected to increase to R50.5 million over the medium term, at an average annual rate of 8.8 per cent. The increase in both periods is due to additional funding for improved conditions of service. The

department's target for the number of Thusong service centres providing citizen focused services per year increases from 70 in 2011/12 to 100 in 2014/15. Thus, over the medium term, 10 new Thusong service centres per year will be established, at an estimated total cost of R19 million per year. Over the medium term, R64 million is allocated to maintain existing centres.

This programme makes use of consultants to provide technical expertise related to ICT. In 2011/12, R2.4 million was provided for work related to the renewal and review of IT transversal tenders and a specialist technical architect was contracted to support the execution of the e-government project, government wide enterprise architecture and government wide IT plan. R8 million is allocated for consultants between 2012/13 and 2014/15 to assist with the development of a broadband policy for the public service, and audits on software licences, identity management and mobile government services.

Programme 5: Service Delivery and Organisational Transformation

Objectives and measures

- Contribute to the implementation of service delivery quality improvement initiatives by developing and assisting departments with the implementation of business process management frameworks and methodologies on service delivery planning, service delivery models, standard operating procedures, unit costing, service standards and service charters by March 2013.
- Institutionalise knowledge management in the public service by assisting 5 national departments to implement the knowledge management framework and coordinating the development of service delivery improvement plans for 40 national and 7 provincial departments by March 2013.
- Contribute to the improvement in the working culture of public servants by coordinating the implementation of change management interventions in national departments by March 2013.
- Empower managers to bring about change within their own area of operational control through the ongoing promotion of the deployment of senior managers to service delivery points through the Khaedu programme.

Subprogrammes

- *Management: Service Delivery and Organisational Transformation* provides administrative support to and management of the programme. This subprogramme had a staff complement of 3 and a total budget of R3 million in 2011/12, of which 61.2 per cent was used for compensation of employees. No savings were identified in this subprogramme.
- *Service Delivery Planning* coordinates and facilitates short term service delivery improvement initiatives. This subprogramme had a staff complement of 3 and a total budget of R1.6 million in 2011/12, of which 76.2 per cent was used for compensation of employees. In 2011/12, guidelines on determining unit costing were developed and consultations with other public service departments were held, and a framework and methodologies for unit costing were presented to the governance and administration cluster for discussion and further submission to Cabinet. In 2012/13, an expenditure cut of R28 000 was implemented on venues and facilities.
- *Service Delivery Improvement Mechanisms* supports interventions and partnerships which improve efficiency and effectiveness. This subprogramme had a staff complement of 14 and a total budget of R10.4 million in 2011/12, of which 62.4 per cent was used for compensation of employees. In 2011/12, the Batho Pele impact assessment concept document was developed and rolled out during the public service week, and a report with findings was compiled for approval and implementation. The draft national knowledge management framework has been finalised and the second edition of the journal, Service Delivery Review, was printed and published. An expenditure cut of R129 000 in 2012/13 on venues and facilities has been implemented.
- *Organisational Development of the Public Sector* focuses on the organisational development of the public sector. This subprogramme had a staff complement of 17 and a total budget of R13.1 million in 2011/12, of which 64.6 per cent was used for compensation of employees. In 2011/12, the following outputs were achieved: a Cabinet memorandum on delegation principles was completed and submitted to the Minister of Public Service and Administration for approval; the first draft of the functional analysis framework was

consulted; a job evaluation rule base was finalised; a draft policy and procedures to support the updated Equate job evaluation system were developed; 36 national departments were assisted in aligning their organisational structures with their strategic objective, in line with the ministerial directive, and 36 requests from departments on changes of organisational structure were addressed; national training for mentor and training-the-trainer training for public service organisational structures development practitioners was conducted across the public service; and 8 out of 9 provincial executive committees were engaged on organisational development. An expenditure cut of R145 000 in 2012/13 on venues and facilities has been implemented.

- *Community Development and Participation* ensures the smooth coordination and implementation of the community development workers programme in the public service, and the promotion of citizen participation. This subprogramme had a staff complement of 7 and a total budget of R5 million in 2011/12, of which 58.1 per cent was used for compensation of employees. In 2011/12, the draft strategy for community development was completed and is to be submitted for approval, the analysis tool on policy on community participation in 3 key departments was completed and sent to 3 departments for consideration, a concept document on refocusing of community development was submitted to the minister for approval, a pilot survey and training on analysing capacity building of community development workers was undertaken in 2 provinces, a resource book on community development workers was developed in collaboration with the Public Administration Leadership and Management Academy, and a concept paper brochure on volunteerism in the public service was developed and submitted for approval. An expenditure cut of R149 000 in 2012/13 has been implemented in this subprogramme.
- *Change Management Process and Systems* promotes cultural change in the public service and coordinates the dissemination of lessons for improving service delivery. This subprogramme had a staff complement of 7 and a total budget of R8.3 million in 2011/12, of which 54.9 per cent was used for compensation of employees. In 2011/12, revisions to the draft standard on waiting time for pensions, hospital queues and vehicle licensing centres began. The estimated cost of this project is R3 million. No savings over the medium term were identified in this subprogramme.
- *Integrated Access Mechanisms* facilitates community development through access to government services. This subprogramme had a staff complement of 3 and a total budget of R4 million in 2011/12, of which 66.1 per cent was used for compensation of employees. In 2011/12, a draft framework on branding and signage for public service outlets was completed, and a draft framework on the development of a queue management system to improve the speed at which government services are provided was finalised. An expenditure cut of R7 000 on venues and facilities will be implemented in 2012/13.
- *Public Administration Leadership and Management Academy* aims to enhance the quality, extent and impact of public sector management and leadership development through collaboration with other training service providers, compulsory training programmes, and the facilitation of training for all spheres of government. R188.3 million was transferred to the academy in 2011/12. No savings have been identified in this subprogramme.
- *Centre for Public Service Innovation* unlocks innovation in the public sector and creates an enabling environment for improved and innovative service delivery through capacity development activities. This subprogramme had a staff complement of 18 and a total budget of R14.8 million in 2011/12, of which 53.7 per cent was used for compensation of employees. In 2011, the Centre for Public Service Innovation successfully hosted the annual public sector innovation conference, finalised the All Africa public sector innovation awards and hosted the award ceremony in Nairobi, Kenya. The first edition of Ideas That Work: The Public Sector Innovation Journal was published and disseminated. No savings have been identified in this subprogramme.
- *Public Service Education and Training Authority* develops a coordinated framework for providing public service education and training. The Public Service Education and Training Authority had a staff complement of 46 in 2011/12 and R21 million was transferred. No savings were identified in this subprogramme.

- *Batho Pele* manages and promotes Batho Pele programmes in the public service. This subprogramme had a staff complement of 7 and a total budget of R3.7 million in 2011/12, of which 56.2 per cent was used for compensation of employees. A cut of R13 000 in 2012/13 on venues and facilities has been implemented.

Expenditure estimates

Table 12.9 Service Delivery and Organisational Transformation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Management: Service Delivery and Organisational Transformation	3.0	2.2	2.8	3.0	3.1	3.3	3.5
Service Delivery Planning	5.9	2.2	2.4	1.6	2.1	2.9	3.1
Service Delivery Improvement Mechanisms	11.6	10.6	10.2	10.4	11.1	11.4	12.0
Organisational Development of the Public Sector	13.9	10.2	11.4	13.1	14.5	15.2	16.9
Community Development and Participation	3.0	5.9	4.4	5.0	5.1	5.4	5.7
Change Management Process and Systems	12.0	13.1	5.1	8.3	5.5	6.3	6.6
Integrated Access Mechanisms	1.1	2.1	2.7	4.0	5.5	5.9	6.2
Public Administration Leadership and Management Academy	105.4	121.1	118.4	118.3	123.5	130.3	138.1
Centre for Public Service Innovation	18.7	16.1	17.9	14.8	16.0	17.2	18.3
Public Service Education and Training Authority	14.7	21.0	27.5	21.0	22.1	23.3	24.7
Batho Pele	–	–	5.2	3.7	5.9	6.5	6.9
Total	189.4	204.6	208.0	203.2	214.4	227.7	241.9
Change to 2011 Budget estimate				(1.6)	(0.9)	(1.3)	(1.0)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	79.0	80.7	88.2	63.7	68.7	74.0	79.0
Compensation of employees	29.4	39.5	44.8	38.1	42.8	46.5	49.8
Goods and services	49.7	41.2	43.4	25.6	25.8	27.5	29.1
<i>of which:</i>							
Computer services	4.9	1.5	3.8	2.8	2.9	2.9	3.1
Consultants and professional services:	8.6	5.2	5.2	6.7	6.2	7.0	7.4
Business and advisory services							
Lease payments	1.9	3.1	3.0	1.4	1.5	1.6	1.7
Travel and subsistence	9.1	7.5	7.6	4.3	4.8	5.1	5.4
Interest and rent on land	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Transfers and subsidies	107.6	121.8	119.3	139.4	145.6	153.6	162.8
Departmental agencies and accounts	105.4	121.1	118.4	139.4	145.6	153.6	162.8
Households	2.2	0.6	0.9	0.0	–	–	–
Payments for capital assets	2.7	2.2	0.4	0.1	0.0	0.1	0.1
Machinery and equipment	2.7	2.0	0.4	0.1	0.0	0.1	0.1
Software and other intangible assets	0.1	0.1	–	–	–	–	–
Total	189.4	204.6	208.0	203.2	214.4	227.7	241.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Public Administration Leadership and Management Academy	105.4	121.1	118.4	118.3	123.5	130.3	138.1
Public Sector Education Training Authority	–	–	–	21.0	22.1	23.3	24.7
Households							
Other transfers to households							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Claims against the state	0.7	–	–	–	–	–	–
Employee social benefits	1.5	0.6	0.9	0.0	–	–	–
Provinces and municipalities							

Expenditure trends

Expenditure increased from R189.4 million in 2008/09 to R203.2 million in 2011/12, at an average annual rate of 2.4 per cent. The increase in expenditure was mainly in the *Integrated Access Mechanisms* subprogramme, due to expenditure relating to the geographic information systems project and funding provided for the completion of the community development indaba. Between 2008/09 and 2009/10, expenditure in the *Public Administration Leadership and Management Academy* subprogramme increased by R15.8 million, due to a once-off allocation for purchasing furniture and equipment for the new building of the academy in 2009/10. Expenditure in the *Public Service Education and Training Authority* subprogramme grew from R14.7 million in 2008/09 to R21 million in 2011/12, at an average annual rate of 12.6 per cent, to increase capacity required for the establishment of the Public Service Education and Training Authority.

Over the medium term, expenditure is expected to increase from R203.2 million to R241.9 million, at an average annual rate of 6 per cent. This is mainly due to allocations for improved conditions of service. The targets for the number of national and provincial departments that will be supported with the development of service delivery improvement plans are expected to increase from 47 in 2011/12 to 62 in 2014/15. The targets for the number of national and provincial departments in which training in Batho Pele is conducted per year are also projected to increase from 20 in 2011/12 to 40 in 2014/15, at a projected cost of R953 000 in 2011/12.

R20.6 million is allocated for the use of consultants between 2012/13 and 2014/15 to provide advisory services relating to the geographic information systems project and change management interventions.

Programme 6: Governance and International Relations

Objectives and measures

- Improve accountability and transparency in public sector programmes, policies and projects by implementing a monitoring and evaluation framework in selected national and provincial departments by March 2013.
- Contribute to the African Agenda and international best practices on the transformation of the public service and public administration by implementing the continental governance and public administration programme by March 2013.
- Tackle corruption in the public service and monitor compliance with national and international anti-corruption instruments across the public service by:
 - developing and implementing the public sector integrity management framework by March 2013
 - rolling out training to law enforcement officials and anti-corruption practitioners by March 2013
 - investigating corruption related misconduct cases and ensuring disciplinary processes are instituted by March 2013.
- Ensure that South Africa complies with the African Peer Review Mechanism by submitting the third progress implementation report to the African Union by July 2013.
- Contribute to the African public service and administration transformation agenda and access to international best practices by facilitating and coordinating South Africa's participation in and contribution to continental and international governance and public administration forums over the MTEF period.

Subprogrammes

- *Management: Governance and International Relations* provides administrative support to and management of the programme. This subprogramme had a staff complement of 4 and a total budget of R4.9 million in 2011/12, of which 67.6 per cent was used for goods and services. The projected allocation to venues and facilities in 2012/13 has been cut by R10 000.
- *Integrity and Ethics Management* is responsible for establishing and implementing strategies for fighting corruption and improving ethical conduct in the public service. This subprogramme had a staff complement of 14 and a total budget of R13.3 million in 2011/12, of which 50 per cent was used for compensation of employees. In 2009/10 and 2010/11, the following outputs were achieved: the ethics and integrity

framework was presented during Public Service week and will be submitted to Cabinet for approval; an anti-corruption e-learning programme was launched and 77 learners were enrolled on the programme, the department attended the second quarterly meeting of the Organisation for Economic Cooperation and Development working group and presented a progress report on the implementation of the action plan; and the department participated in the G20 anti-corruption working group and provided inputs on implementing the plan. The department is currently engaging with the Public Administration Leadership and Management Academy to develop an anti-corruption training curriculum. Expenditure for 2011/12 was lower than anticipated, due to capacity constraints and delays in finalising the organisational form of the Public Sector Anti-Corruption Unit. R13 000 has been cut from expenditure on venues and facilities in 2012/13.

- *International Cooperation* 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. This subprogramme had a staff complement of 19 and a total budget of R10.5 million in 2011/12, of which 69.3 per cent was used for compensation of employees. In 2011/12, the department: facilitated a study tour for a delegation from the Kenyan constitution implementation committee; participated in the conference on repositioning administration in Kenya; and facilitated the deputy minister's participation at the Open Governance Partnership annual forum in Washington DC in the United States. R12 000 in 2012/13 has been cut from the projected allocation for venues and facilities.
- *Monitoring and Evaluation* manages a system for planning, monitoring and evaluating programmes that enable transformation in the public sector. This subprogramme had a staff complement of 12 and a total budget of R8.2 million in 2011/12, of which 73.6 per cent was used for compensation of employees. The department is currently conducting satisfaction surveys at an estimated cost of R400 000. The projected allocation for venues and facilities in 2012/13 has been cut by R2 000.
- *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. This is done by sharing experiences and reinforcing best practices, including identifying deficiencies and assessing capacity building needs. This subprogramme had a staff complement of 4 and a total budget of R7.4 million in 2011/12, of which 61.6 per cent was used for goods and services. R56 000 in 2012/13 has been cut from expenditure on venues and facilities.
- *Integrated Public Administration Reforms* supports the minister and director general in working towards greater public administration integration through facilitating the introduction of enabling frameworks, stakeholder liaison and programme coordination. This subprogramme had a staff complement of 10 and a total budget of R20.6 million in 2011/12, of which 83.2 per cent was used for goods and services, mainly for the urban Thusong service centre project. In 2011/12, focus was placed on making the urban Thusong centre in Soweto fully functional and operational, and finalising memoranda of agreement with existing and prospective tenant departments. The project is estimated to cost R17 million. A cut of R2 000 in 2012/13 has been made from the projected expenditure on venues and facilities.
- *Public Service Commission* transfers funds to the Public Service Commission, which oversees and evaluates the functioning of the public service with a view to establishing good governance and best practice principles. R151.1 million was transferred to the commission in 2011/12. No savings have been identified under this subprogramme.

Expenditure estimates

Table 12.10 Governance and International Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management: Governance and International Relations	4.1	3.1	2.5	4.9	5.5	5.9	6.2
Integrity and Ethics Management	7.2	5.7	5.9	13.3	17.8	18.7	19.8
International Cooperation	21.3	10.7	10.2	10.5	11.5	12.7	13.9
Monitoring and Evaluation	5.8	5.3	7.8	8.2	8.4	8.9	9.4
African Peer Review Mechanism	3.9	6.7	12.4	7.4	8.3	8.8	9.3
Integrated Public Administration Reforms	20.2	17.8	18.4	20.6	22.3	23.5	24.9
Public Service Commission	113.7	131.8	134.6	151.1	158.5	167.0	177.0
Total	176.1	181.1	191.7	215.9	232.4	245.5	260.4
Change to 2011 Budget estimate				(6.0)	1.6	1.5	1.8

Economic classification

Current payments	60.0	47.9	54.0	64.3	73.4	78.0	82.9
Compensation of employees	14.6	18.6	21.7	27.6	35.1	37.7	40.1
Goods and services	45.4	29.3	32.4	36.7	38.3	40.3	42.7
<i>of which:</i>							
Computer services	0.6	1.5	2.0	2.7	3.8	3.7	3.9
Consultants and professional services:	10.3	2.5	3.9	1.7	4.5	4.5	5.2
Business and advisory services							
Lease payments	1.7	3.7	3.7	3.9	5.3	6.2	6.4
Travel and subsistence	6.8	4.4	6.9	10.2	9.4	10.0	10.9
Transfers and subsidies	114.3	132.3	135.1	151.5	159.0	167.5	177.6
Departmental agencies and accounts	113.7	131.8	134.6	151.1	158.5	167.0	177.0
Foreign governments and international organisations	0.7	0.5	0.5	0.4	0.6	0.6	0.6
Payments for capital assets	1.7	0.8	2.6	0.1	0.0	-	-
Machinery and equipment	1.3	0.8	2.6	0.1	0.0	-	-
Software and other intangible assets	0.3	0.0	-	-	-	-	-
Payments for financial assets	0.1	0.0	0.0	-	-	-	-
Total	176.1	181.1	191.7	215.9	232.4	245.5	260.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	113.7	131.8	134.6	151.1	158.5	167.0	177.0
Public Service Commission	113.7	131.8	134.6	151.1	158.5	167.0	177.0
Foreign governments and international organisations							
Current	0.7	0.5	0.5	0.4	0.6	0.6	0.6
Organisation for Economic Cooperation and Development	0.2	0.2	0.1	0.2	0.3	0.3	0.3
African Association for Public Administration and Management	0.1	0.1	-	0.1	0.1	0.1	0.1
Centre for Training and Research in Administration for Development	0.3	0.3	0.3	0.1	0.1	0.1	0.1

Expenditure trends

Expenditure increased from R176.1 million in 2008/09 to R215.9 million in 2011/12, at an average annual rate of 7 per cent. This was mainly due to additional funding in 2010/11 in the *African Peer Review Mechanism* subprogramme provided to conclude the African Peer Review Mechanism country assessment report, as well as *Integrated Public Administration Reforms* subprogramme to implement the single public service project. Transfer payments to the *Public Service Commission* subprogramme increased from R113.7 million in 2008/09

to R151.1 million in 2011/12, at an average annual rate of 9.9 per cent, due to additional funds received for capacity building for the integrity and anti-corruption branch.

Over the medium term, expenditure is projected to grow to R260.4 million, at an average annual rate of 6.5 per cent, due to additional allocations for establishing a special anti-corruption unit. The programme will intensify its fight against corruption by investigating corruption related misconduct cases and ensuring disciplinary processes are instituted by March 2013.

R20.4 million is projected over the medium term for use on consultants to provide legal and advisory services for the special anti-corruption unit.

Other departments within the vote

Public Service Commission

Strategic overview: 2008/09 – 2014/15

The Public Service Commission derives its mandate from sections 195 and 196 of the Constitution, which sets out its powers and functions, and the values and principles governing public administration that it should promote in order to entrench good governance and best practice principles.

The commission plays a significant role in dispute resolution and promoting sound labour relations and labour peace in the public service, including considering grievances lodged by employees and heads of department. The commission is seen as a body of appeal and is a final arbiter within the public service.

Medium term focus

Recognising the importance of an efficient and effective administrative leadership, the commission will continue to focus on management practices that strengthen public service leadership. This is being done through: implementing the framework for the evaluation of heads of department, providing advice on the quality of the performance agreements of heads of department and reporting compliance trends to key stakeholders. The commission will also conduct human resource reviews that promote sound human resource management practices and contribute to creating a competent and productive workforce.

The fight against crime and corruption remains a priority area for government. The commission will give effect to its key medium term focus of strengthening measures to inculcate a culture of integrity in the public service by researching and evaluating professional ethics and corruption prevention, and research how to conduct lifestyle audits in the public service.

To promote professional ethics and contribute to creating an ethical public service, the commission will continue to investigate allegations of maladministration and corruption. The commission will also continue to manage senior managers' conflicts of interest through the financial disclosure framework. The commission has managed the national anti-corruption hotline since 2003. The hotline has become an important public participation mechanism for reporting cases of alleged corruption in the public service. The successful investigation and prosecution of cases has resulted, in some instances, in the dismissal of employees found guilty of misconduct, and recovery of R110 million from the perpetrators' large sums of money.

Performance

Additional staff capacity for the handling of grievances and speeding up the investigation of cases lodged with the integrity and anti-corruption branch resulted in 1 273 public officials being charged with misconduct for corrupt activities: 600 were at the provincial level and 673 at the national level. Action taken against officials found guilty of misconduct included 226 suspended, 603 dismissed, 134 fined, 16 demoted, 330 issued final written warnings, and 190 subjected to criminal prosecution.

Selected performance indicators

Table 12.11 Public Service Commission

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of grievances investigated and concluded per year	Leadership and Management Practices	654	614	572	700	750	800	850
Number of reports on the management of grievances in the public service per year	Leadership and Management Practices	1	2	3	1	1	1	1
Number of strategic human resource reviews per year	Leadership and Management Practices	1	1	2	4	2	2	2
Number of research reports on labour relations per year	Leadership and Management Practices	1	1	1	2	1	1	1
Percentage of 146 heads of department whose performance is evaluated	Leadership and Management Practices	8% (12)	52% (76)	20% (29)	100% (146)	100% (146)	100% (146)	100% (146)
Percentage of 146 heads of department whose performance agreements have been quality assured and filed	Leadership and Management Practices	73% (106)	59% (86)	70% (102)	100% (146)	100% (146)	100% (146)	100% (146)
Number of reports on public service leadership per year	Leadership and Management Practices	2	3	2	2	2	2	2
Number of reports on monitoring and evaluation per year	Monitoring and Evaluation	27	32	26	22	20	20	20
Number of reports on service delivery per year	Monitoring and Evaluation	8	4	12	10	14	14	14
Percentage of financial disclosure forms received and scrutinised	Integrity and Anti-Corruption	100% (8 700)	78% (7 099)	88% (7 587)	62% (5 786)	100% (9 000)	100% (9 100)	100% (9 100)
Number of public administration investigations successfully concluded per year	Integrity and Anti-Corruption	4	27	65	10	45	45	45

Objectives and measures

- Enhance the ability of departments to investigate grievances of employees in the public service through the monitoring of the resolution of grievances in all departments by investigating and finalising 90 per cent of all grievances lodged with the Public Service Commission over the MTEF period.
- Implement the performance management framework by evaluating 100 per cent of qualifying heads of department in 2012/13.
- Monitor and evaluate compliance with the principles governing public administration by evaluating the management practices and service delivery performance of at least 15 departments by March 2013 and undertaking at least 1 programme evaluation per year.
- Promote public service delivery through citizen focused evaluations and the monitoring of service delivery mechanisms, processes and organisational reviews by conducting 10 research projects, focused on citizen relations and the public service, by 2011/12.
- Investigate and improve public administration practices by conducting 20 audits and investigations into public administration practices per year by 2014/15, and making recommendations to departments on how to promote good governance.
- Monitor and raise awareness of potential conflicts of interest among managers by managing the financial disclosure framework through official correspondence and annual reporting on non-complying managers to increase compliance to 100 per cent by 2014/15.
- Contribute to the fight against corruption by ongoing management of the national anti-corruption hotline for the public service.

Programmes

- *Administration* manages the office of the commission and provides centralised support services. This programme had a staff complement of 110 and a budget of R78.5 million in 2011/12, of which 57.4 per cent was spent on compensation of employees. No savings were identified in this programme.
- *Leadership and Management Practices* promotes sound public service leadership, human resource management, labour relations and labour practices. The programme comprises two subprogrammes: *Labour Relations Improvements* and *Leadership and Human Resource Reviews*. The programme had a staff complement of 47 and a budget of R23.8 million in 2011/12, of which 87 per cent was spent on compensation of employees. The programme will investigate and finalise 90 per cent of all grievances lodged with the commission in 2012/13. No savings were identified in this programme.
- *Monitoring and Evaluation* enables the commission to establish a high standard of service delivery, monitoring and good governance in the public service. The programme comprises two subprogrammes: *Governance Monitoring and Service Delivery* and *Compliance Evaluations*. The programme had a staff complement of 47 and a budget of R23.2 million in 2011/12 of, which 83.9 per cent was spent on compensation of employees. The programme will monitor and evaluate at least 15 departments on management practices and service delivery performance per year. No savings were identified in this programme.
- *Integrity and Anti-Corruption* enables the commission to undertake public administration investigations, promote a high standard of ethical conduct among public servants and contribute to the drive to prevent and fight corruption. The programme comprises two subprogrammes: *Public Administration Investigations* and *Professional Ethics*. This programme had a staff complement of 49 and a budget of R25.5 million, of which 81.8 per cent was spent on compensation of employees. The programme will produce 1 report a year on professional ethics and corruption prevention. No savings were identified in this programme.

Expenditure estimates

Table 12.12 Public Service Commission

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	59.4	72.4	70.9	78.5	78.5	81.1	85.0	90.6
Leadership and Management Practices	14.6	16.4	20.2	23.8	23.8	25.6	27.2	28.6
Monitoring and Evaluation	19.0	19.7	20.6	23.2	23.2	24.4	25.9	27.2
Integrity and Anti-Corruption	20.7	23.3	22.4	25.5	25.5	27.3	29.0	30.5
Total	113.7	131.8	134.0	151.1	151.1	158.5	167.0	177.0
Change to 2011 Budget estimate				-	-	1.3	1.3	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15
Current payments	112.3	120.6	130.5	150.2	150.2	157.6	166.0	176.0
Compensation of employees	77.2	87.6	92.3	106.1	106.1	118.4	125.4	132.1
Goods and services	35.1	33.0	38.2	44.1	44.1	39.2	40.7	43.9
<i>of which:</i>								
Computer services	2.2	3.3	4.1	4.5	4.5	4.2	4.4	4.7
Consultants and professional services:	4.5	4.0	4.2	4.2	4.2	3.9	4.1	4.3
Business and advisory services								
Lease payments	7.3	7.4	9.2	9.4	9.4	11.2	11.8	12.5
Travel and subsistence	8.4	5.0	4.7	6.1	6.1	6.5	6.9	7.3
Transfers and subsidies	0.0	10.1	0.7	0.0	0.0	0.0	0.1	0.1
Foreign governments and international organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Public corporations and private enterprises	-	-	0.2	-	-	-	-	-
Households	-	10.1	0.5	-	-	-	-	-
Payments for capital assets	1.3	1.0	2.8	0.8	0.8	0.8	0.9	0.9
Machinery and equipment	1.3	1.0	2.4	0.8	0.8	0.8	0.9	0.9
Software and other intangible assets	-	-	0.3	-	-	-	-	-
Payments for financial assets	0.0	0.1	0.1	-	-	-	-	-
Total	113.7	131.8	134.0	151.1	151.1	158.5	167.0	177.0

Expenditure trends

The spending focus over the medium term will be on strengthening measures to inculcate a culture of integrity in the public service by researching and evaluating professional ethics and corruption prevention. The commission will also carry out research on how to conduct lifestyle audits in the public service.

Between 2008/09 and 2011/12, expenditure grew from R113.7 million to R151.1 million, at an average annual rate of 9.9 per cent. This is as a result of additional funds received in 2011/12 for the additional staff capacity for handling grievances and speeding up the investigation of cases lodged with the integrity and anti-corruption branch. The increase in expenditure is in line with the programme's performance in the same period. Between 2008/09 and 2011/12, the department focused its spending on improving its turnaround time with regard to cases lodged with it. As a result, the number of public administration investigations successfully concluded increased significantly in the same period.

Expenditure is expected to increase to R177 million in 2014/15, at an average annual rate of 5.4 per cent, due to additional funds received for improved conditions of service. The department has increased its target for the number of reports on service delivery per year from 10 in 2011/12 to 14 in 2014/15. The targets for the number of grievances investigated and concluded per year increase from 700 in 2011/12 to 850 in 2014/15. The department has budgeted R12.3 million between 2012/13 and 2014/15 for the use of consultants for internal auditing services.

Personnel information

Table 12.13 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Department	253	253	–	223	237	226	208	253	253	253
Salary level 1 – 6	75	75	–	67	73	70	62	75	75	75
Salary level 7 – 10	71	71	–	60	66	58	62	71	71	71
Salary level 11 – 12	48	48	–	48	45	45	43	48	48	48
Salary level 13 – 16	59	59	–	48	53	53	41	59	59	59
Administration	117	117	–	98	105	100	99	117	117	117
Salary level 1 – 6	40	40	–	36	39	38	35	40	40	40
Salary level 7 – 10	43	43	–	33	39	33	38	43	43	43
Salary level 11 – 12	8	8	–	7	8	7	7	8	8	8
Salary level 13 – 16	26	26	–	22	19	22	19	26	26	26
Leadership and Management Practices	45	45	–	35	44	42	39	45	45	45
Salary level 1 – 6	11	11	–	11	11	11	7	11	11	11
Salary level 7 – 10	8	8	–	4	9	7	8	8	8	8
Salary level 11 – 12	15	15	–	17	13	15	14	15	15	15
Salary level 13 – 16	11	11	–	3	11	9	10	11	11	11
Monitoring and Evaluation	45	45	–	45	44	43	31	45	45	45
Salary level 1 – 6	16	16	–	14	15	14	13	16	16	16
Salary level 7 – 10	6	6	–	8	5	5	5	6	6	6
Salary level 11 – 12	12	12	–	12	12	12	10	12	12	12
Salary level 13 – 16	11	11	–	11	12	12	3	11	11	11
Integrity and Anti-Corruption	46	46	–	45	44	41	39	46	46	46
Salary level 1 – 6	8	8	–	6	8	7	7	8	8	8
Salary level 7 – 10	14	14	–	15	13	13	11	14	14	14
Salary level 11 – 12	13	13	–	12	12	11	12	13	13	13
Salary level 13 – 16	11	11	–	12	11	10	9	11	11	11

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

2. As at 30 September 2011.

The number of filled posts grew from 223 in 2008/09 to 226 in 2010/11. As at the 30 September 2011, the department had an establishment of 253 posts, and 45 vacancies. The vacancies were due to staff turnover among line function personnel and at lower levels. Over the MTEF period, the number of filled posts is expected to increase to 253, due to additional staff capacity required for handling grievances and speeding up the investigation of cases lodged with the integrity and anti-corruption branch. The ratio of support staff to line staff was 1:3.

Public Administration Leadership and Management Academy

Strategic overview: 2008/09 – 2014/15

In terms of the Public Service Amendment Act (2007), the Public Administration Leadership and Management Academy is a legislated training institution, mandated to provide or facilitate the provision of training to public servants. The training trading account is a mechanism within the academy for the partial recovery of the costs of training programmes.

Changes to policy and practice

The calls for the further transformation of the academy seek to address the uncoordinated manner in which public sector training continues to be provided. The review and assessment of its performance and operations since its establishment in 2008 indicate that the academy will not achieve its expected results given its current organisational form and business model. A new strategic framework will address some of the significant shortcomings in the current organisational form and business model, including: the existing course fees tariff structure; the current over-reliance on outsourced training service providers; the need for a structured curriculum design and development process to better align training outcomes to the national developmental agenda; the need for structured relationships with institutions of higher learning and other public and private training

providers; and the need to revise the academy's mandate to enable it to provide training in the local government sphere without limitations.

It is envisaged that the academy's transformation process will be completed over the MTEF period. Consultations with the minister and other key stakeholders are ongoing.

Focus over the medium term

Over the medium term, the academy will continue to build leadership, management and administrative skills with a view to: improving service delivery quality and access; enhancing human resource management and promoting development; enhancing business processes, systems, decision rights and accountability; tackling corruption effectively; developing the academy into a high performance organisation. The first four objectives are related directly to the achievement of an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12).

New training model

In order to achieve the targets set for 2014/15, training and development interventions will have to be needs based, respond to government's priority skills areas, support the national developmental agenda and contribute to increased performance. To achieve this, the identification of mandatory programmes and minimum compulsory annual training days will be undertaken for each public servant. The development of a policy to support this new training and development model and trajectory will be initiated, and all departments will be engaged on its implementation and effective monitoring measures.

New measures to be taken to achieve skills and cadre development include ensuring that all departments budget appropriately for their skills development activities, as well as providing a framework for the use of departmental training budgets in accordance with government priorities. These measures will be implemented over the medium term, in tandem with the completion of the academy's further transformation process. The further transformation agenda calls for: a mandatory, more focused and better resourced training institution; curriculum focus on the political and philosophical content of government's developmental agenda; and developing public service cadres who will acquire the requisite know-how and competencies for the effective implementation of government programmes

Objectives and measures

- Improve the capacity of the state to deliver services by raising the skills levels of civil servants through the competency based training of 38 000 persons trained per year by 2014/15.
- Improve the quality of training by accrediting 6 courses per year on a rolling schedule between 2012/13 and 2014/15.

Programmes

- *Administration* facilitates the overall management of the academy and provides support services for its organisational functions. The programme has a staff complement of 59 and a total budget of R69.3million in 2011/12, of which 50.9 per cent will be used on goods and services.
- *Public Sector Organisational and Staff Development* facilitates transfer payment to the training trading account for management development and training public sector employees.

Expenditure estimates

Table 12.14 Public Administration Leadership and Management Academy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	62.8	63.6	54.3	69.3	69.3	72.3	76.2	69.9
Public Sector Organisational and Staff Development	42.6	57.5	61.1	49.0	49.0	51.2	54.0	68.2
Total	105.4	121.1	115.5	118.3	118.3	123.5	130.3	138.1
Change to 2011 Budget estimate				-	-	1.0	1.1	-
Economic classification								
Current payments	56.3	57.4	52.2	67.2	67.2	70.2	74.0	67.5
Compensation of employees	11.8	18.3	21.1	32.0	32.0	39.1	41.4	42.3
Goods and services	44.5	39.1	31.0	35.3	35.3	31.0	32.5	25.2
<i>of which:</i>								
<i>Consultants and professional services:</i>								
<i>Business and advisory services</i>	9.0	6.9	1.2	4.7	4.7	3.2	3.4	2.5
<i>Agency and support / outsourced services</i>	6.7	8.2	13.4	5.9	5.9	5.6	5.8	4.2
<i>Lease payments</i>	2.2	5.0	0.7	4.4	4.4	2.4	2.6	1.0
<i>Travel and subsistence</i>	1.6	2.3	2.4	4.3	4.3	3.4	3.4	2.0
<i>Interest and rent on land</i>	-	0.1	0.0	-	-	-	-	-
Transfers and subsidies	42.6	57.6	61.2	49.0	49.0	51.2	54.0	68.2
Departmental agencies and accounts	42.6	57.5	61.1	49.0	49.0	51.2	54.0	68.2
Payments for capital assets	6.5	5.9	2.1	2.0	2.0	2.1	2.3	2.4
Machinery and equipment	5.9	5.2	1.9	2.0	2.0	2.1	2.2	2.3
Software and other intangible assets	0.5	0.7	0.2	0.1	0.1	0.1	0.1	0.1
Payments for financial assets	-	0.2	0.0	-	-	-	-	-
Total	105.4	121.1	115.5	118.3	118.3	123.5	130.3	138.1

Expenditure trends

The spending focus over the medium term will be on the further transformation of the academy, which seeks to address the uncoordinated manner in which public sector training continues to be provided.

Expenditure increased from R105.4 million in 2008/09 to R118.3 million in 2011/12, at an average annual rate of 3.9 per cent, and is expected to increase to R138.1 million over the medium term, at an average annual rate of 5.3 per cent. The increases in both periods are due to additional funds received for improved conditions of service. Between 2011/12 and 2014/15, the transfer to the training trading account is expected to grow from R49 million to R68.2 million, at an average annual rate of 11.7 per cent, due to inflation related salary adjustments.

The department has increased its target for the number of employees trained and developed in accordance with the workplace skills plan, from 150 in 2011/12 to 190 in 2014/15. Expenditure on the training related activities increases from R53.8 million in 2011/12 to R72.2 million in 2014/15, in line with the increase in performance targets. The department has budgeted R17.3 million over the MTEF period for the use of contractors, consultants and professional services. Consultants are used to support the department in designing and developing course material.

Personnel information

Table 12.15 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Department	86	86	–	46	44	54	59	70	70	70
Salary level 1 – 6	20	20	–	17	14	15	14	15	15	15
Salary level 7 – 10	33	33	–	19	19	24	23	26	26	26
Salary level 11 – 12	13	13	–	4	2	5	8	14	14	14
Salary level 13 – 16	20	20	–	6	9	10	14	15	15	15
Administration	86	86	–	46	44	54	59	70	70	70
Salary level 1 – 6	20	20	–	17	14	15	14	15	15	15
Salary level 7 – 10	33	33	–	19	19	24	23	26	26	26
Salary level 11 – 12	13	13	–	4	2	5	8	14	14	14
Salary level 13 – 16	20	20	–	6	9	10	14	15	15	15

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

2. As at 30 September 2011.

The number of filled posts grew from 46 in 2008/09 to 59 in 2011/12. This was due to the movement of positions from the training trading account to the department. Over the MTEF period, the number of filled posts is expected to grow to 70 in 2014/15, as the department implements its new organisational form. There were 27 vacancies within the department due to staff turnover.

Public entities and other agencies

State Information Technology Agency

Overview: 2008/09 – 2014/15

The State Information Technology Agency was established in 1999 to consolidate and coordinate the state's IT resources, save costs through economies of scale, increase delivery capabilities and improve interoperability. The agency was established in terms of the State Information Technology Agency Act (1998), and is funded on a cost recovery basis through its provision of services such as infrastructure, hosting, data centres and procurement.

In March 2010, in response to the crisis the organisation found itself in Cabinet approved a turnaround framework, to be implemented between 2010/11 and 2013/2014. The strategy was developed to address significant problems of poor governance and procurement practices and weak execution of regulatory functions. The strategy also seeks to address the concerns raised by client departments about poor service delivery and the high costs of the agency's services and products. The agency will focus on improving revenue growth as part of its cost recovery initiative.

The biggest challenge in the implementation of the strategy in its turnaround year was that the agency had to strike a balance between fixing the organisation internally and improving customers' experience. The processes that were initiated as part of the strategy are to continue and in 2012/13, the agency will try to build on the successes achieved in the strategy's foundation year. The re-engineering of the agency's supply chain management capability has started to pay off through the systematic reduction of backlogs. The agency is now better placed to become an efficient and effective acquirer of information products and services on behalf of government. As the primary partner for the implementation of an integrated financial management system, the agency is also able to gain better insight into the business of government, and the role and use of IT in government.

The entity generates revenue by charging departments and other government institutions a fee for services rendered and does not receive any appropriated funding. Using its revenues, the agency has financed its own turnaround and developed and maintained its service offerings, such as server hosting, service centre management, the presidential and anti-corruption hotlines, ICT related supply chain management services for government departments, and internet network services. The entity's revenues have funded the development of

software and information financial management systems, such as the integrated financial management system. It has also administered transversal systems such as the BAS basic accounting system, the LOGIS logistical information system, and the PERSAL personnel and salary system.

Over the medium term, the agency will continue to focus on: 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 service centres and that can be used as a model to roll out ICT to clinics, schools and community radio stations; deploying a shared services platform to support ICTs deployed within these communities; establishing an open source programme office that will create an open source laboratory, and an implementation roadmap for open source deployment throughout government; contributing to the development of a catalytic next generation e-government prototype; developing the framework for a new enterprise resource planning system in government's integrated financial management systems; developing a government wide enterprise architecture framework; and developing a framework for adopting a service orientated architecture within government.

Performance

In 2010/11, the agency achieved a liquidity ratio of 2.2:1 and a solvency ratio of 2.4:1, in line with its targets. The agency will focus on revenue generation over the medium term and has added new indicators to measure its performance. With regard to the turnaround strategy, the agency has been able to appoint new executives, establish governance structures and review policies and framework documents to address issues raised by the auditor general relating to governance. The agency is undergoing an organisational change process, which is expected to re-orientate the strategic and business plans of the entity to enhance performance.

Selected performance indicators

Table 12.16 State Information Technology Agency

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage revenue growth per year	All	- ¹	- ¹	- ¹	13%	15%	19.7%	14.8%
Net surplus percentage	All	- ¹	- ¹	- ¹	1%	2%	1%	1%
Percentage of operating profit margin	All	6%	6%	6%	6%	6%	6%	6%
Liquidity ratio	All	2:1	2:1	1.5:1	1.5:1	1.5:1	1.5:1	1.5:1
Value of debtors balances per year	All	R692.4m	R768m	R770m	R769m	R791m	R831m	R840m
Solvency ratio	All	2:1	2:1	0	2:1	2:1	2:1	2:1
Percentage of external customer satisfaction according to satisfaction index	All	70	70	75	79	79	79	79
Percentage turnover rate of personnel with critical skills	All	7	6	0	7	7	7	7
Average employee satisfaction according to satisfaction index (1 to 5, with 1 as poor and 5 as excellent)	All	2.8	3.0	3.5	3.7	3.9	3.9	3.9

1. As this is a new indicator, no historical performance information exists.

Programmes/activities/objectives

Table 12.17 State Information Technology Agency

	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Chief operations	1 364.1	1 432.2	1 512.7	1 713.7	2 199.0	2 703.4	3 098.5
Corporate services	2 383.0	2 092.9	2 341.1	2 121.6	2 217.4	2 651.9	3 041.7
Office of the CEO	193.4	192.1	192.0	193.8	217.0	262.9	301.6
Finance	81.0	297.8	173.9	668.4	773.6	937.3	1 075.0
Board of directors	30.0	52.9	56.4	60.3	165.1	189.8	217.6
Total expense	4 051.0	4 068.0	4 276.0	4 758.0	5 572.0	6 745.0	7 734.0

The State Information Technology Agency had a total budget of R4.8 billion in 2011/12, of which 55.8 per cent was used for goods and services.

Savings and cost effectiveness measures

The agency aims to reduce costs by: creating a shared services centre that will reduce the duplication of administrative functions; adopting a standard operating environment to reduce costs and developing and implementing an IT asset management strategy to ensure the optimal use of assets; providing a syndicated disaster recovery capacity for government to ensure operating efficiency; ensuring preferential procurement pricing for equipment; and developing cost effective and flexible procurement practices, such as strategic sourcing and performance based contracts that will allow government to obtain greater value for its ICT expenditure. No material savings have been achieved to date.

Expenditure estimates

Table 12.18 State Information Technology Agency

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	4 162.0	4 099.7	4 461.8	4 856.3	5 683.0	6 804.4	7 814.3
Sale of goods and services other than capital assets	3 933.6	3 941.8	4 302.4	4 762.2	5 584.7	6 701.7	7 706.9
<i>of which:</i>							
IT services revenue	3 933.6	3 941.8	4 302.4	4 762.2	5 584.7	6 701.7	7 706.9
Infrastructure (mainframe, network)	228.4	157.9	159.4	94.1	98.3	102.7	107.3
Total revenue	4 162.0	4 099.7	4 461.8	4 856.3	5 683.0	6 804.4	7 814.3
Expenses							
Current expenses	4 006.0	4 050.1	4 198.3	4 719.6	5 528.9	6 722.3	7 703.4
Compensation of employees	1 432.4	1 709.6	1 695.5	1 902.8	2 179.8	2 639.3	2 993.3
Goods and services	2 327.5	2 105.2	2 328.8	2 656.5	3 167.5	3 863.0	4 460.5
Depreciation	172.4	177.5	135.5	160.3	181.5	220.0	249.6
Interest, dividends and rent on land	73.7	57.7	38.5	–	–	–	–
Total expenses	4 051.5	4 067.9	4 276.1	4 757.9	5 572.0	6 745.3	7 734.4
Surplus / (Deficit)	110.5	31.7	185.7	98.0	111.0	59.0	80.0
Statement of financial position							
Carrying value of assets	616.0	517.2	408.6	1 148.1	1 888.2	1 858.6	2 075.4
<i>of which:</i>							
Inventory	19.6	67.6	58.4	60.0	60.0	60.0	60.0
Receivables and prepayments	918.4	854.5	765.4	775.0	815.0	968.0	1 105.7
Cash and cash equivalents	984.7	1 085.2	1 577.9	813.0	202.3	132.3	(20.9)
Taxation	73.3	144.6	99.4	79.0	50.0	50.0	50.0
Derivatives financial instruments	–	96.3	33.0	29.0	–	–	–
Total assets	2 612.0	2 765.4	2 942.7	2 904.1	3 015.5	3 069.0	3 270.2
Accumulated surplus/(deficit)	851.1	882.9	1 068.6	1 166.9	1 277.9	1 337.0	1 416.9
Capital and reserves	625.3	627.3	627.3	627.3	627.3	627.3	627.3
Borrowings	10.4	10.4	5.2	–	–	–	–
Trade and other payables	955.8	1 037.7	1 066.5	850.0	954.0	933.7	1 040.9
Taxation	–	–	–	–	14.2	23.0	31.1
Provisions	169.3	110.8	142.1	230.8	142.1	148.0	154.1
Total equity and liabilities	2 612.0	2 669.0	2 910.0	2 875.0	3 015.0	3 069.0	3 270.0

Expenditure trends

Over the MTEF period, the agency will continue to focus on implementing the turnaround strategy and operating plan that will address the challenges it faces.

The agency generates its revenue mainly from provision of IT infrastructure services, hosting and network support, commercial printing and procurement services to government departments. The main source of revenue is from sales by the market establishment, which includes revenue from IT services rendered. Between 2008/09 and 2011/12, total revenue grew from R4.2 billion to R4.9 billion, at an average annual rate of 5.3 per cent. The main contributor to this is an increase in sales by the market establishment. Over the medium term, revenue is expected to increase to R7.8 billion in 2014/15, at an average annual rate of 17.2 per cent, due to the anticipated increase in the agency's product offering and expansion of services to local government in response to the single public service policy.

Expenditure grew from R4.1 billion in 2008/09 to R4.8 billion in 2011/12, at an average annual rate of 5.5 per cent. The main contributor to the increase is the growth of the business intelligence and technology unit in 2008, due to its piloting of a performance management tool on the enterprise planning system. The major cost drivers are compensation of employees and capital expenditure. Compensation of employees accounts for 40 per cent of total expenditure in 2011/12, and is expected to grow from R1.9 billion in 2011/12 to R2.2 billion in 2014/15. Total expenditure is expected to increase from R4.8 billion in 2011/12 to R7.7 billion in 2014/15, at an average annual rate of 17.6 per cent, due to an expected increase in sales of goods and services. Over the medium term, capital expenditure is also expected to increase as the agency builds capacity to service local government.

Personnel information

Table 12.19 State Information Technology Agency

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	-	-	-	1	1	1	1	1
Executive management	7	7	-	5	3	7	7	7	7	7
Senior management	165	165	-	169	175	165	165	165	165	165
Middle management	589	589	-	519	576	589	589	589	589	589
Professionals	778	778	-	750	782	778	778	778	817	817
Skilled	928	928	-	889	969	928	928	1 028	1 235	1 235
Semi-skilled	446	446	-	64	59	56	446	576	776	775
Very low skilled	59	59	-	63	59	59	59	109	314	314
Total	2 973	2 973	-	2 459	2 623	2 583	2 973	3 253	3 904	3 903
Compensation (R thousand)				1 432 387	1 709 646	1 695 475	1 902 836	2 179 846	2 639 343	2 993 270
Unit cost (R thousand)				583	652	656	640	670	676	767

1. As at 30 September 2011.

The number of filled posts grew from 2 459 in 2008/09 to 2 973 in 2011/12. Over the medium term, filled posts are expected to increase to 3 903 in 2014/15, due to an expansion of the agency after the turnaround strategy has been finalised. Strict controls over the filling of vacancies for non critical posts within the agency are in place. This is due to the restructuring exercise informed by the turnaround strategy. This exercise will be finalised by 2012.

Other public entities

- The **Public Services Sector Education and Training Authority** implements sector skills plans to develop appropriate skills in the public sector, develops and registers public sector learning programmes, acts as an education and training quality assurance body for the public sector, and distributes skills development levy funds. The authority's total budget for 2012/13 is R26.3 million.
- The **training trading account for the Public Administration Leadership and Management Academy** functions within PALAMA as a mechanism for the partial recovery of the costs of training programmes. The branches of the trading account directly facilitate and monitor the provision of leadership development and management training at all three levels of government, in collaboration with provincial academies and local government training entities. The account's total budget for 2012/13 is R143.2 million.

Vote 13

Statistics South Africa

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	444.5	430.2	6.1	8.2	476.5	649.6
Economic Statistics	213.9	213.7	–	0.3	226.6	238.2
Population and Social Statistics	122.0	119.8	1.0	1.2	125.3	130.4
Methodology and Standards	80.2	78.8	–	1.4	85.6	91.9
Statistical Support and Informatics	200.3	178.3	–	22.0	214.2	225.5
Corporate Relations	454.6	453.3	–	1.3	480.3	509.9
Survey Operations	206.0	203.4	0.1	2.4	124.5	130.1
Total expenditure estimates	1 721.6	1 677.5	7.3	36.8	1 733.0	1 975.6
Executive authority	Minister in the Presidency: National Planning Commission					
Accounting officer	Statistician General of Statistics South Africa					
Website address	www.statssa.gov.za					

Aim

Provide a relevant and accurate body of 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: Enable service delivery programmes through 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 services.

Programme 7: Survey Operations

Purpose: Provide collection and processing support to produce official statistics.

Strategic overview: 2008/09 – 2014/15

Statistics South Africa is a national government department accountable to the Minister in the Presidency: National Planning Commission. The activities of the department are regulated by the Statistics Act (1999), which mandates the department to produce, coordinate and disseminate official and other statistics to assist organs of state, businesses, other organisations and the public in planning, monitoring, and decision making.

Statistics South Africa's overall strategic goal is to increase the supply of official statistics to better meet user needs. The department intends achieving this strategic goal primarily through: releasing the results of the Census 2011 survey in 2012, coordinating statistical production in the national statistics system and improving the current levels of statistical skills in the country by partnering with universities.

Key strategic priorities over the medium term

Transforming the national statistics system

In 2010, the department adopted a new strategic direction in response to government's national outcomes approach. This involves transforming the country's statistical system to address statistical information requirements, quality and skills gaps. It requires the organisation to lead and partner in statistical production systems for evidence based decision making.

The organisation is transforming its household survey methodology towards an integrated approach. The integrated approach was tested and will be implemented over the medium term.

The department conducts income and expenditure and living conditions surveys every five years on a rotational basis. The core module of these surveys is used to determine the basket of goods for the consumer price index. In addition, the results from these surveys are used to measure poverty from a multidimensional perspective. The next income and expenditure survey results are scheduled to be released in 2012. The next living conditions survey is scheduled to start in 2013/14. Over the medium term, the department plans to implement an integrated survey methodology for the living conditions survey and income and expenditure survey. The survey will have a questionnaire consisting of different modules, or topics. The core module that will be conducted every year will collect information on expenditure, while the other modules will rotate over a period of five years where a different topic will be selected to collect information on.

In 2010/11, the department embarked on a process to re-engineer the producer price index. The results of the re-engineered producer price index will be released in 2012/13. In line with international best practice, the basket of goods of the consumer price index has to be rebased and reweighted based on information collected through the income and expenditure survey. The results of the rebased and reweighted consumer price index will be released in 2012/13.

The department also intends to expand the statistical infrastructure at the provincial and district level in relation to data collection for household surveys and censuses, and rolling out statistical support to municipalities and other stakeholders.

Selected performance indicators

Table 13.1 Statistics South Africa

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of sectors reported on quarterly and annual GDP estimates per year	Economic Statistics ¹	34	34	–	–	–	–	–
Number of quarterly and annual GDP estimates released per year	Economic Statistics ¹	–	–	5	5	5	5	5
Number of economic sectors reported on industry and trade statistics per year	Economic Statistics ¹	9	9	–	–	–	–	–

Table 13.1 Statistics South Africa (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of releases on industry and trade statistics per year	Economic Statistics ¹	–	–	142	142	150	150	150
Number of economic sector reports on financial statistics per year	Economic Statistics ¹	8	8	–	–	–	–	–
Number of releases on financial statistics per year	Economic Statistics ¹	–	–	17	17	17	17	17
Number of commodity price movements collected per year on consumer price index	Economic Statistics ¹	1 100	400	–	–	–	–	–
Number of consumer price indices released per year	Economic Statistics ¹	–	–	12	12	12	12	12
Number of commodity price movements collected per year on producer price index	Economic Statistics ¹	1 645	1 645	–	–	–	–	–
Number of producer price indices releases per year	Economic Statistics ¹	–	–	12	12	12	12	12
Number of industries reported on labour market trends per year	Economic Statistics ¹	8	8	–	–	–	–	–
Number of releases on employment and earnings per year	Economic Statistics ¹	–	–	4	4	4	4	4
Number of releases on labour market dynamics per year	Population and Social Statistics	2	4	4	4	4	4	4
Number of releases on the changing profile of the population per year	Population and Social Statistics	18	18	18	17	17	17	17
Total number of municipalities demarcated	Statistical Support and Informatics	–	117	164	–	–	–	–
Number of operational offices in the districts/ regions per year	Corporate Relations	56	56	56	56	56	56	56
Number of census questionnaires collected during the pilot in 2009/10 and in 2011/12	Survey Operations	–	120 000	–	14 000 000	–	–	–

1. Performance indicators for all Economic Statistics series are changed for the medium term and are thus reflected separately from those of the preceding years.

Expenditure estimates

Table 13.2 Statistics South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	251.3	335.2	356.6	413.4	445.8	444.5	476.5	649.6
Economic Statistics	138.8	165.4	170.3	194.1	191.8	213.9	226.6	238.2
Population and Social Statistics	128.8	90.8	119.4	102.6	79.4	122.0	125.3	130.4
Methodology and Standards	44.8	53.5	55.4	72.3	62.7	80.2	85.6	91.9
Statistical Support and Informatics	267.0	250.8	195.4	192.6	177.2	200.3	214.2	225.5
Corporate Relations	327.1	380.1	371.0	445.2	463.3	454.6	480.3	509.9
Survey Operations	165.4	280.1	426.7	2 309.9	2 254.1	206.0	124.5	130.1
Total	1 323.1	1 555.8	1 694.9	3 730.1	3 674.3	1 721.6	1 733.0	1 975.6
Change to 2011 Budget estimate				489.2	433.4	23.3	15.3	–
Economic classification								
Current payments	1 267.4	1 471.2	1 625.0	3 596.6	3 556.5	1 677.5	1 690.6	1 940.0
Compensation of employees	700.7	879.2	976.3	1 361.6	1 250.4	1 201.2	1 257.1	1 281.4
Goods and services	566.2	591.6	648.0	2 234.0	2 305.1	475.9	433.2	658.4
of which:								
Computer services	52.5	72.6	78.8	89.9	89.3	81.0	80.4	91.2
Lease payments	39.1	31.7	116.4	11.0	23.1	69.2	54.9	210.2

Table 13.2 Statistics South Africa (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
<i>Property payments</i>	12.5	28.5	28.3	104.6	181.5	31.9	33.5	54.2
<i>Travel and subsistence</i>	227.0	225.9	176.6	412.9	370.5	111.3	93.1	112.3
Interest and rent on land	0.5	0.4	0.7	1.0	0.9	0.4	0.3	0.3
Transfers and subsidies	2.0	7.1	10.2	10.7	11.0	7.3	6.8	6.8
Higher education institutions	–	–	–	0.5	0.5	1.0	1.0	1.0
Non-profit institutions	0.1	0.2	0.3	0.1	0.1	1.1	0.1	0.1
Households	1.9	6.9	9.9	10.1	10.4	5.2	5.7	5.7
Payments for capital assets	53.8	46.9	56.5	122.8	106.9	36.8	35.6	28.7
Machinery and equipment	53.6	45.0	54.9	116.1	102.5	28.8	25.8	20.4
Software and other intangible assets	0.2	1.9	1.7	6.7	4.4	8.1	9.8	8.3
Payments for financial assets	–	30.7	3.1	–	–	–	–	–
Total	1 323.1	1 555.8	1 694.9	3 730.1	3 674.3	1 721.6	1 733.0	1 975.6

Expenditure trends

The spending focus over the medium term will be on: processing data and disseminating the results of Census 2011 from November 2012; maintaining the production of macroeconomic statistics on a monthly, quarterly, annual and periodic basis; improving the production of social and population statistics; transforming the national statistics system as a strategic priority; researching and implementing improved data collection methodologies and standards for statistical surveys; improving the coverage of frames; improving the accessibility of data; enhancing the department's information systems and IT infrastructure; and building capacity in programmes to address the shortage of specialised skills in the department.

Due to the labour intensive nature of survey activities, the department's main cost driver is spending on compensation of employees. The travel and subsistence budget to support these activities across the country is also a significant cost driver of the department's operations.

Expenditure increased significantly from R1.3 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 41.3 per cent, mainly due to the population census project that took place in October 2011. Baseline allocations in 2011/12 allowed the department to conduct the planned surveys with the aim of achieving a 2 per cent undercount. The results, which the department will release in 2012, will determine whether this target was achieved. Transfers to households grew from R2 million in 2008/09 to R10.7 million in 2011/12, at an average annual rate of 74.9 per cent, mainly in bursaries to non-employees as a result of a large intake of students.

Expenditure is expected to decrease from R3.7 billion in 2011/12 to R2 billion in 2014/15, at an average annual rate of 19.1 per cent. The decrease was mostly in the *Population Census* subprogramme, which decreases by 94.8 per cent in 2012/13 as Census 2011 activities wind down. Expenditure on transfers is expected to decrease from R11 million to R6.8 million over the medium term, at an average annual rate of 14.8 per cent, as a result of the reduction in the intake of foreign students.

The department receives additional allocations of R75.9 million over the medium term for improved conditions of service and R139 million for office accommodation in 2014/15. The department has identified savings of R21.5 million over the medium term from spending on compensation of employees.

Between 2012/13 and 2014/15, R44 million, R50 million and R52 million are allocated to consultants to provide technical expertise and support in the analysis and evaluation of census results including building internal capacity.

Personnel information

Table 13.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	11 244	11 235		4 041	2 700	4 079	9 490	3 678	4 100	3 469
Salary level 1 – 6	8 867	8 861	6	2 305	1 010	2 070	7 540	1 673	2 102	1 568
Salary level 7 – 10	1 627	1 625	2	1 242	1 142	1 415	1 341	1 358	1 371	1 274
Salary level 11 – 12	489	488	1	309	348	394	406	440	423	423
Salary level 13 – 16	261	261	–	185	200	200	203	207	204	204
Administration	751	748	3	524	569	561	623	625	625	625
Salary level 1 – 6	290	288	2	173	143	181	224	226	226	226
Salary level 7 – 10	307	306	1	238	305	252	266	266	266	266
Salary level 11 – 12	92	92	–	67	71	80	79	79	79	79
Salary level 13 – 16	62	62	–	46	50	48	54	54	54	54
Economic Statistics	707	707	–	668	668	665	632	632	632	632
Salary level 1 – 6	372	372	–	378	380	370	337	337	337	337
Salary level 7 – 10	249	249	–	214	212	220	218	218	218	218
Salary level 11 – 12	54	54	–	50	46	46	48	48	48	48
Salary level 13 – 16	32	32	–	26	30	29	29	29	29	29
Population and Social Statistics	266	266	–	1 381	253	277	173	109	109	109
Salary level 1 – 6	97	97	–	1 013	68	136	69	5	5	5
Salary level 7 – 10	75	75	–	275	114	79	48	48	48	48
Salary level 11 – 12	50	50	–	55	40	31	32	32	32	32
Salary level 13 – 16	44	44	–	38	31	31	24	24	24	24
Methodology and Standards	168	167	1	114	141	136	146	146	146	146
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	96	96	–	64	84	82	87	87	87	87
Salary level 11 – 12	48	47	1	36	39	39	41	41	41	41
Salary level 13 – 16	24	24	–	14	18	15	18	18	18	18
Statistical Support and Informatics	230	227	3	844	188	294	186	186	186	186
Salary level 1 – 6	47	45	2	618	45	147	43	43	43	43
Salary level 7 – 10	107	106	1	187	99	90	86	86	86	86
Salary level 11 – 12	49	49	–	22	25	38	39	39	39	39
Salary level 13 – 16	27	27	–	17	19	19	18	18	18	18
Corporate Relations	1 839	1 837	2	327	379	1 355	1 254	1 259	1 890	1 259
Salary level 1 – 6	1 197	1 195	2	39	57	807	711	707	1 241	707
Salary level 7 – 10	454	454	–	201	193	384	381	381	478	381
Salary level 11 – 12	141	141	–	53	91	123	122	131	131	131
Salary level 13 – 16	47	47	–	34	38	41	40	40	40	40
Survey Operations	7 283	7 283	–	183	502	791	6 476	721	512	512
Salary level 1 – 6	6 864	6 864	–	84	317	429	6 156	355	250	250
Salary level 7 – 10	339	339	–	63	135	308	255	272	188	188
Salary level 11 – 12	55	55	–	26	36	37	45	70	53	53
Salary level 13 – 16	25	25	–	10	14	17	20	24	21	21

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

2. As at 30 September 2011.

The department had an establishment of 11 244 approved posts as at 30 September 2011. 3 434 of these were permanent posts and 7 810 were contract posts. Filled posts grew from 4 041 to 9 490 between 2008/09 and 2011/12, with the growth concentrated in salary levels 1 to 5 in the *Survey Operations* and *Corporate Relations* programmes, mainly due to the creation of contract posts for enumerators for the Census 2011 project. Over the medium term, filled posts are expected to decrease to 3 469 due to the completion of the Census 2011 project and the processing and dissemination of the results in 2012/13. The decrease is mainly in salary levels 1 to 5 in the *Survey Operations* programme.

The department had 1 754 vacancies as at 30 September 2011, mainly in the *Corporate Relations* and *Survey Operations* programmes in salary levels 5 and 6 due to the periodic nature of surveys activities. The department's ratio of support staff to line staff was 1:3 and the department's ratio of consultants used to the total departmental personnel was 1:118.

Departmental receipts

Table 13.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	2 806	8 474	2 647	2 742	2 816	2 523	2 666	3 464
Sales of goods and services produced by department	1 115	1 230	1 280	1 306	1 360	1 384	1 464	1 631
Sales by market establishments	493	555	647	692	692	733	776	803
of which:								
Parking	493	555	647	692	692	733	776	803
Other sales	622	675	633	614	668	651	688	828
of which:								
Replacement of security cards	1	5	5	3	5	4	4	7
Maps	6	24	2	3	3	4	4	5
Commission insurance	204	259	302	310	362	328	347	422
Departmental publications	411	387	324	298	298	315	333	394
Sales of scrap, waste, arms and other used current goods	1	12	38	15	15	4	5	32
of which:								
Sale of waste paper	1	12	38	15	15	4	5	32
Interest, dividends and rent on land	184	253	61	121	121	128	135	142
Interest	184	253	61	121	121	128	135	142
Transactions in financial assets and liabilities	1 506	6 979	1 268	1 300	1 320	1 007	1 062	1 659
Total	2 806	8 474	2 647	2 742	2 816	2 523	2 666	3 464

Statistics South Africa products, most of which are available for free online, are disseminated at no cost to clients. Revenue is generated mainly from sales of publications and collections of staff debts. Other sources of revenue include parking tariffs for employees, commission on garnishee orders, and sales of scrap and waste papers. Departmental receipts increased by R5.7 million in 2009/10 mainly due to collection of outstanding debts mainly from staff, former employees or suppliers for double payments or payments to the wrong supplier. Departmental receipts are consistent in all the other years.

Revenue is expected to increase from R2.8 million in 2011/12 to R3.5 million in 2014/15, at an average annual rate of 8.1 per cent, mainly due to an anticipated increase in the demand for publications of the Census 2011 results and related products. In addition, steady increases in the sale of waste paper, the provision of parking facilities for employees and increased debt recovery are anticipated.

Programme 1: Administration

Expenditure estimates

Table 13.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Departmental Management	21.9	28.3	26.7	38.6	31.7	34.6	36.8
Corporate Services	134.2	192.4	207.2	200.8	216.8	232.7	259.0
Financial Administration	47.8	55.6	53.9	70.6	82.5	88.2	86.6
Internal Audit	5.1	6.3	8.0	9.3	10.0	10.7	11.2
National Statistics System	6.8	10.3	16.0	22.9	28.3	30.2	32.2
Office Accommodation	35.5	42.3	44.9	71.2	75.1	80.0	223.8
Total	251.3	335.2	356.6	413.4	444.5	476.5	649.6
Change to 2011 Budget estimate				(1.1)	6.8	10.1	0.2

Table 13.5 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Economic classification							
Current payments	243.7	325.3	344.2	393.2	430.2	462.9	636.6
Compensation of employees	115.4	150.4	168.1	209.7	225.0	236.6	252.0
Goods and services	128.3	174.9	176.1	183.4	205.0	226.2	384.5
<i>of which:</i>							
Computer services	0.6	0.8	3.0	4.9	4.0	5.1	5.5
Lease payments	35.5	31.6	34.8	0.7	61.4	51.7	206.8
Property payments	5.6	13.7	17.5	76.6	16.2	33.5	33.7
Travel and subsistence	22.5	69.0	52.3	25.7	45.6	53.0	50.7
Interest and rent on land	0.0	0.1	0.1	0.2	0.1	0.1	0.1
Transfers and subsidies	1.8	4.5	8.7	10.0	6.1	6.6	6.6
Higher education institutions	–	–	–	0.5	1.0	1.0	1.0
Non-profit institutions	0.1	–	–	0.1	0.1	0.1	0.1
Households	1.7	4.5	8.7	9.4	5.0	5.5	5.5
Payments for capital assets	5.8	4.6	3.6	10.2	8.2	6.9	6.4
Machinery and equipment	5.8	4.6	3.6	9.8	8.2	6.9	6.4
Software and other intangible assets	–	–	–	0.4	0.0	–	–
Payments for financial assets	–	0.8	0.0	–	–	–	–
Total	251.3	335.2	356.6	413.4	444.5	476.5	649.6

Details of selected transfers and subsidies

Households							
Other transfers to households							
Current	1.7	4.5	8.3	8.9	5.0	5.5	5.5
Bursaries to households	1.7	4.5	8.3	8.9	5.0	5.5	5.5
Higher education institutions							
Current	–	–	–	0.5	1.0	1.0	1.0
University of KwaZulu-Natal	–	–	–	–	0.5	0.5	0.5
University of the Witwatersrand	–	–	–	0.5	0.5	0.5	0.5

Expenditure trends

The budget allocation in this programme has allowed the department to establish new district offices across the regions to successfully conduct Census 2011 and enhance data collection.

The main cost drivers for this programme are spending on compensation of employees for support personnel, which accounts for R713.6 million of the total allocation for this programme between 2012/13 and 2014/15. Payments for the rental costs of the department's head office and regional offices accommodation also increase costs over the medium term. This is also reflected in spending in the *Office Accommodation* subprogramme, which increased from R35.5 million in 2008/09 to R71.2 million in 2011/12, at an average annual rate of 26.1 per cent.

Spending increased from R251.3 million in 2008/09 to R413.4 million in 2011/12, at an average annual rate of 18 per cent, mainly due to the increased accommodation costs as a result of the establishment of new district offices and building capacity in the *Departmental Management* and the *National Statistics System* subprogrammes. Over the medium term, expenditure is expected to increase to R649.6 million, at an average annual rate of 16.3 per cent, mainly due to additional allocations of R75.9 million across the period for improved conditions of service and R139 million for rental on the department's new building in 2014/15. The baseline allocation decreases by R5.7 million over the medium term on compensation of employees due to positions that have been vacant for over two years.

Consultants mainly provide advisory services to top management, legal services and the transactional advisory services for the new office accommodation to be built. Consultants are also appointed to assist in designing the strategy for the development of statistics and the planned alignment of departmental plans to the new strategy. R70.2 million has been allocated between 2012/13 and 2014/15 for spending on consultants.

Programme 2: Economic Statistics

Objectives and measures

- Inform economic planning, monitoring and decision making to national, provincial and local government and public stakeholders by:
 - providing ongoing, accurate, relevant and timely economic statistical information through the application of internationally recognised practices
 - publishing quarterly and annual GDP estimates, providing information on 10 sectors of the economy
 - publishing regular statistical releases on employment and earnings; and on industry, trade and financial statistics.
- Provide information for inflation targeting and on the changing cost of living by improving the measurement of price changes in the economy through the application of internationally recognised practices, by publishing monthly statistical releases on the consumer price index and on the producer price index.

Subprogrammes

- *Programme Management for Economic Statistics* provides strategic direction and leadership for the programme. This subprogramme had a staff complement of 3 and a total budget of R2.8 million in 2011/12, of which 81.6 per cent was used for compensation of employees. Savings of R40 000 over the medium term have been identified in this subprogramme.
- *Short Term Indicators* provides information on turnover and volumes in 6 economic sectors on a monthly and quarterly basis through the publication of statistical releases. Key outputs include the respective collection and release of monthly statistical information. This subprogramme had a staff complement of 103 and a total budget of R28.7 million in 2011/12, of which 91.1 per cent was used for compensation of employees. In 2010/11, outputs included the publishing of 12 monthly, 1 quarterly and 2 annual series (150 releases) against a target of 142, at a cost of R22.6 million. The suite of monthly indicators covers the following industries: mining and quarrying; manufacturing; electricity, gas and water; construction; trade; and transport. Savings of R413 000 over the medium term have been identified in this subprogramme. These funds will be reprioritised within the programme to accommodate the national accounts project and the producer price index reengineering.
- *Large Sample Surveys* provides periodic information on turnover and volumes in 8 economic sectors. Key outputs include the release of turnover information on the economic sectors. This subprogramme had a staff complement of 128 and a total budget of R32.3 million in 2011/12, of which 87.8 per cent was used for compensation of employees. In 2010/11, 5 statistical releases were published against a target of 12, at a cost of R25.6 million. Savings of R503 000 over the medium term have been identified in this subprogramme as a result of vacant positions not being filled.
- *Producer Price Index and Employment Statistics* provides information on the producer price index and on employment levels in the formal, non-agricultural sector. This subprogramme had a staff complement of 115 and a total budget of R27 million in 2011/12, of which 91.6 per cent was used for compensation of employees. In 2010/11, 12 statistical releases on producer price changes and 4 statistical releases on employment and earnings were published as scheduled, at a cost of R25.3 million. Savings of R463 000 over the medium term have been identified in this subprogramme.
- *Consumer Price Index* provides information on the level of inflation by producing various consumer price indices. A key output is the monthly release of the consumer price index. This subprogramme had a staff complement of 227 and a total budget of R48.3 million in 2011/12, of which 91.6 per cent was used for compensation of employees. In 2010/11, 12 releases on consumer price changes were published as

scheduled, at a cost of R47.7 million. Savings of R1.5 million over the medium term have been identified in this subprogramme as a result of vacant positions not being filled.

- *Financial Statistics* tracks public sector spending and the financial performance of private sector organisations. This subprogramme had a staff complement of 128 and a total budget of R36.4 million in 2011/12, of which 90.4 per cent was used for compensation of employees. In 2010/11, 11 statistical releases were published, meeting the target of 11, at a cost of R33.5 million. Savings of R543 000 over the medium term have been identified in this subprogramme.
- *National Accounts* produces GDP data and other integrative statistical products. Key outputs include producing quarterly and annual GDP estimates. This subprogramme had a staff complement of 17 and a total budget of R10.6 million in 2011/12, of which 76.4 per cent was used for compensation of employees. In 2010/11, outputs included the publishing of quarterly, annual and regional GDP estimates and the compilation of 5 research documents, at a cost of R7.8 million. Savings of R173 000 over the medium term have been identified in this subprogramme as a result of vacant positions not being filled.
- *Economic Analysis and Research* integrates and analyses information from various data sources. Key outputs include research reports for the improvement of economic data collection. This subprogramme had a staff complement of 9 and a total budget of R8 million in 2011/12, of which 75.8 per cent was used for compensation of employees. In 2010/11, 11 research reports were compiled against a target of 12, at a cost of R5.5 million. Savings of R111 000 over the medium have been identified in this subprogramme on compensation of employees.

Expenditure estimates

Table 13.6 Economic Statistics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Economic Statistics	2.1	2.2	2.2	2.8	3.0	2.9	3.3
Short Term Indicators	18.6	22.0	22.6	28.7	29.5	31.2	33.3
Large Sample Surveys	20.3	27.6	25.6	32.3	35.0	37.2	39.2
Producer Price Index and Employment Statistics	18.7	22.8	25.3	27.0	30.3	32.0	33.2
Consumer Price Index	43.1	48.7	47.7	48.3	50.9	53.8	56.2
Financial Statistics	25.8	30.3	33.5	36.4	38.5	41.1	43.0
National Accounts	8.8	7.6	7.8	10.6	17.0	18.3	19.4
Economic Analysis and Research	1.5	4.2	5.5	8.0	9.8	10.2	10.6
Total	138.8	165.4	170.3	194.1	213.9	226.6	238.2
Change to 2011 Budget estimate				(2.2)	6.6	5.7	–
Economic classification							
Current payments	138.8	164.0	168.9	193.6	213.7	226.4	238.0
Compensation of employees	118.9	144.9	153.6	172.9	186.2	195.0	208.8
Goods and services	19.8	19.0	15.2	20.6	27.4	31.4	29.2
<i>of which:</i>							
Computer services	–	–	0.1	–	–	–	–
Lease payments	0.4	0.0	–	0.6	0.9	0.6	0.9
Property payments	0.3	0.2	0.1	0.0	–	–	–
Travel and subsistence	7.7	7.9	6.5	7.2	8.5	10.4	8.3
Interest and rent on land	0.0	0.0	0.1	0.1	0.1	0.0	0.1
Transfers and subsidies	0.0	0.3	0.2	0.0	–	–	–
Non-profit institutions	–	0.2	–	–	–	–	–
Households	0.0	0.1	0.2	0.0	–	–	–
Payments for capital assets	–	0.6	1.2	0.5	0.3	0.2	0.2
Machinery and equipment	–	0.6	1.2	0.5	0.3	0.2	0.2
Payments for financial assets	–	0.6	0.0	–	–	–	–
Total	138.8	165.4	170.3	194.1	213.9	226.6	238.2

Expenditure trends

Expenditure increased from R138.8 million in 2008/09 to R194.1 million in 2011/12, at an average annual rate of 11.8 per cent, mainly due to the establishment of a permanent fieldwork force. This is also reflected in spending on compensation of employees, which increased from R118.9 million in 2008/09 to R172.9 million in 2011/12, at an average annual rate of 13.3 per cent.

Over the medium term, expenditure is expected to increase to R238.2 million, at an average annual rate of 7.1 per cent, mainly as a result of an increase of 60.1 per cent in the *National Accounts* subprogramme in 2012/13 to provide for increased capacity through research, training and a special graduate programme. An additional R13.2 million is also allocated for improved conditions of service over the medium term. The baseline allocation decreases by R3.7 million over the medium term. This reduction is on compensation of employees due to positions that have been vacant for over two years.

Consultants are mainly used to assist with the continuous review of economic statistics activities, data analysis, and capacity building for the national accountants. R5.9 million has been allocated between 2012/13 and 2014/15 for spending on consultants.

Programme 3: Population and Social Statistics

Objectives and measures

- Inform social and economic development planning, monitoring and decision making for use by both public and private sector by:
 - providing accurate, relevant and timely statistical information through the application of internationally recognised practices on an ongoing basis
 - publishing regular information on the labour market, vital registrations, poverty levels, living conditions and service delivery, as well as population dynamics and demographic trends.

Subprogrammes

- *Programme Management for Population and Social Statistics* provides strategic direction and leadership for the programme. Key outputs include the strategy and work programme. This subprogramme had a staff complement of 7 and a total budget of R5 million in 2011/12, of which 88.4 per cent was used for compensation of employees. R42 000 and R45 000 are allocated to transfers in 2012/13 and 2013/14 for leave gratuities. Savings of R85 000 over the medium term have been identified in this subprogramme.
- *Population Statistics* publishes population statistics collected through population censuses and surveys. Key outputs include content development and related research. This subprogramme had a staff complement of 22 and a total budget of R15.2 million in 2011/12, of which 64.2 per cent was used for compensation of employees. In 2010/11, Census 2011 was finalised along with tabulation and product plans. In 2012/13, R3.4 million has been reprioritised to this subprogramme to enable the department to build capacity for the Census permanent structure. Savings of R827 000 over the medium term have been identified in this subprogramme.
- *Health and Vital Statistics* publishes statistics on births, deaths, marriages, divorces, and tourism and migration based on administrative records. Key outputs include the release of data related to health, deaths, birth and marriages, among others. This subprogramme had a staff complement of 16 and a total budget of R10.8 million in 2011/12, of which 61.5 per cent was used for compensation of employees. In 2010/11, the following statistical information publications were released as scheduled at a total cost of R22.1 million: mortality and causes of death, recorded live births, marriages and divorces, and tourism and migration. Over the medium term, consultants will be used for training doctors in death certification to improve causes of death data. This training commenced in 2011/12 and will continue into the medium term. R1.3 million over the medium term is also allocated for consultants to develop a new health survey and to support the development of the continuous population survey and in-depth analysis of data collected in censuses and administrative records. R1 million will be transferred to the Population Association of Southern Africa for the development of demographers in 2012/13 for capacity building. Savings of R1.2 million over the

medium term have been identified in this subprogramme as a result of dissolving posts that have been vacant for over 2 years.

- *Social Statistics* provides information on living conditions and service delivery through the general household survey, information on domestic tourism for compiling the tourism satellite accounts and other users through the domestic tourism survey, and information on safety and security through the victims of crime survey. This subprogramme had a staff complement of 15 and a total budget of R9 million in 2011/12, of which 57.1 per cent was used for compensation of employees, while 41.4 per cent was used for goods and services, mainly on travel and subsistence. In 2011/12, annual releases about the findings of the domestic tourism survey, general household survey and the victims of crime survey were published at the cost of R7.3 million. Savings of R178 000 over the medium term have been identified in this subprogramme.
- *Demographic Analysis* collates and analyses data from censuses, surveys and administrative data. Key outputs include the release of population estimates. This subprogramme had a staff complement of 12 and a total budget of R5.9 million in 2011/12, of which 99.7 per cent was used for compensation of employees. In 2010/11, the annual report on projected population estimates was compiled, at a cost of R5 million. Savings of R86 000 over the medium term have been identified in this subprogramme.
- *Survey Coordination, Monitoring and Evaluation* monitors and assures the quality of field operations of household surveys and censuses. Key outputs include reports on household surveys. This subprogramme had a staff complement of 31 and a total budget of R15.2 million in 2011/12, of which 62.3 per cent was used for compensation of employees. In 2010/11, 9 reports on household surveys were compiled as scheduled, at a cost of R8.1 million. To improve productivity and integrity of information, a separate division was created for the monitoring and evaluation functions, which were previously done by the various surveys. Savings of R239 000 over the medium term have been identified in this subprogramme.
- *Labour Statistics* provides information on labour market trends in South Africa through the labour force survey. Key outputs include the release of the quarterly labour force survey. This subprogramme had a staff complement of 23 and a total budget of R14.8 million in 2011/12, of which 60.7 per cent was used for compensation of employees. In 2010/11, the following outputs were achieved as scheduled, at a cost of R15.8 million: 4 statistical releases were published, a child labour supplementary module was developed and tested, the time use supplementary module was developed and tested, data collection for the time use survey was collected, and a report on survey of employers and self-employed was completed. Over the medium term, initiatives to expand the labour market statistical information base include providing panel data for longitudinal analysis and implementing supplementary modules on activities of young people and time use, at a cost of R7.5 million. Savings of R268 000 over the medium term have been identified on compensation of employees in this subprogramme.
- *Poverty and Inequality Statistics* provides information on poverty levels as well as income and expenditure trends. Key outputs include the income and expenditure survey report for the update of the consumer price index basket. This subprogramme had a staff complement of 36 and a total budget of R26.7 million in 2011/12, of which 69 per cent was used for compensation of employees. In 2010/11, at a cost of R47.4 million, the income and expenditure survey report and survey instruments were finalised as scheduled, and the living conditions survey data collection and report were completed. Over the medium term, research projects will be undertaken to expand the statistical information base as well as to improve processes and methodologies, at an average estimated cost of R15 million. These research projects include conceptualising a continuous survey with a core of detailed expenditure information that will provide the necessary data for measuring living conditions and updating the consumer price index basket of goods and services; and improving data quality for income and financial data. Savings of R521 000 in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 13.7 Population and Social Statistics

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Population and Social Statistics	4.0	3.5	4.0	5.0	5.9	6.3	6.8
Population Statistics	20.9	15.1	9.6	15.2	14.7	8.7	9.2
Health and Vital Statistics	19.4	21.2	22.1	10.8	11.0	13.0	13.8
Social Statistics	6.6	1.4	7.3	9.0	12.4	13.0	14.1
Demographic Analysis	4.1	3.9	5.1	5.9	7.4	7.6	8.4
Survey Coordination, Monitoring and Evaluation	5.4	5.8	8.1	15.2	16.9	19.3	20.7
Labour Statistics	39.5	14.5	15.8	14.8	17.9	19.2	20.4
Poverty and Inequality Statistics	28.9	25.3	47.4	26.7	35.9	38.3	37.0
Total	128.8	90.8	119.4	102.6	122.0	125.3	130.4
Change to 2011 Budget estimate				(19.2)	4.1	(0.3)	–
Economic classification							
Current payments	128.8	89.2	117.0	102.2	119.8	125.1	130.3
Compensation of employees	90.4	68.4	85.0	68.7	86.8	86.3	92.4
Goods and services	38.3	20.8	32.1	33.5	33.0	38.8	37.9
<i>of which:</i>							
Computer services	0.2	0.0	–	0.8	–	–	–
Lease payments	0.0	–	–	0.1	0.3	0.3	0.3
Property payments	0.8	0.0	0.2	0.2	–	–	–
Travel and subsistence	23.5	8.0	14.1	13.9	11.8	12.1	12.7
Transfers and subsidies	0.0	0.1	0.4	–	1.0	0.0	–
Non-profit institutions	–	–	0.3	–	1.0	–	–
Households	0.0	0.1	0.0	–	0.0	0.0	–
Payments for capital assets	0.0	0.1	1.2	0.4	1.2	0.1	0.1
Machinery and equipment	0.0	0.1	1.2	0.4	1.2	0.1	0.1
Payments for financial assets	–	1.4	0.8	–	–	–	–
Total	128.8	90.8	119.4	102.6	122.0	125.3	130.4

Expenditure trends

Expenditure decreased from R128.8 million in 2008/09 to R102.6 million in 2011/12, at an average annual rate of 7.3 per cent, mainly due to a 51.4 per cent decrease in spending in the *Health and Vital Statistics* subprogramme in 2011/12 as a result of shifting personnel costs related to the processing of the causes of death survey from this programme to the *Corporate Data Processing* subprogramme in the *Survey Operations* programme. Spending in the *Labour Statistics* subprogramme also decreased from R39.5 million in 2008/09 to R14.8 million in 2011/12, at an average annual rate of 27.9 per cent, for the same reason. This is also reflected in spending on compensation of employees, which decreased from R90.4 million in 2008/09 to R68.7 million in 2011/12, at an average annual rate of 8.7 per cent.

Over the medium term, expenditure is expected to increase to R130.4 million, at an average annual rate of 8.3 per cent, mainly as a result of an additional R4.8 million allocated to this programme over the medium term for improved conditions of service. This increase is reflected in spending on compensation of employees, which is expected to grow from R68.7 million to R92.4 million over the medium term, an average annual rate of 10.4 per cent. The programme's baseline allocation decreases by R3.4 million over the medium term. This reduction is in compensation of employees, mainly due to positions that have been vacant for over two years. The department has decided to do away with these posts.

The budget allocation in this programme has allowed the department to release the quarterly labour force survey, conduct a living conditions survey, compile an annual report on the projected population estimates and publish other statistical information.

R15.8 million is allocated for spending on consultants between 2012/13 and 2014/15. Consultants are used to train doctors in death certification to improve causes of death data, develop a new health survey, support the development of the continuous population survey, conduct in-depth analysis of data collected in censuses and administrative records, and review the strategy and framework for the *Survey Coordination Monitoring and Evaluation* subprogramme.

Programme 4: Methodology and Standards

Objectives and measures

- Improve the comparability and accuracy of statistical information for users by annually reviewing and evaluating methodological compliance in survey areas and applying appropriate quality criteria, standards, classifications and procedures to the statistical value chain.
- Ensure accurate and reliable statistical information for users by regular use of a sound business sampling frame to draw annual samples for all economic surveys.

Subprogrammes

- *Programme Management for Methodology and Standards* provides strategic direction and leadership to the programme. This subprogramme had a staff complement 3 and a total budget of R6.4 million in 2011/12, of which 88 per cent was used for compensation of employees. Savings of R105 000 over the medium term have been identified in this subprogramme.
- *Methodology and Evaluation* provides technical expertise on methodologies and technical solutions for producing official statistics and conducting reviews of surveys. Key outputs include technical expertise and the post enumeration survey for Census 2011. This subprogramme had a staff complement of 65 and a total budget of R37.7 million in 2012/11, of which 77.1 per cent was used for compensation of employees. Expenditure on machinery and equipment accounted for 16.8 per cent of the budget. In 2010/11, at a cost of R28 million, 100 per cent technical solutions (22) were developed, against a target of 90 per cent; the post-enumeration survey pilot report was finalised; a post-enumeration survey mini-test fieldwork was completed as scheduled; post-enumeration survey methodologies were reviewed as scheduled; and matching and reconciliation visits for the post-enumeration survey were conducted as scheduled. Savings of R610 000 over the medium term have been identified in this subprogramme.
- *Survey Standards* develops standards, classifications, and definitions for surveys undertaken by the department. Key outputs include development and review of statistical standards. This subprogramme had a staff complement of 8 and a total budget of R3 million in 2011/12, of which 77.2 per cent was used for compensation of employees. In 2010/11, the following outputs were achieved as scheduled, at a cost of R1.8 million: the standardisation of classifications, concepts and definitions for the department were reviewed; questionnaire design was completed; and the generic operational manual for household and social surveys was completed. Savings of R54 000 over the medium term have been identified in this subprogramme.
- *Business Register* maintains and improves the sampling frame for economic statistics. Key outputs include maintenance of the business register. This subprogramme had a staff complement of 74 and a total budget of R25.2 million in 2011/12, of which 93.8 per cent was used for compensation of employees. In 2010/11, the maintenance of the business register as well as the common sampling frame was achieved as scheduled, at a cost of R23.1 million. Savings of R395 000 over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 13.8 Methodology and Standards

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Methodology and Standards	1.9	2.2	2.5	6.4	7.0	7.5	8.0
Methodology and Evaluation	24.2	27.1	28.0	37.7	41.8	44.8	48.4
Survey Standards	0.7	2.5	1.8	3.0	3.6	3.8	4.0
Business Register	18.0	21.7	23.1	25.2	27.9	29.5	31.5
Total	44.8	53.5	55.4	72.3	80.2	85.6	91.9
Change to 2011 Budget estimate				(3.3)	0.4	0.5	-

Economic classification

Current payments	44.8	53.3	54.3	65.7	78.8	83.6	90.4
Compensation of employees	38.7	47.2	50.5	60.7	72.9	76.7	82.1
Goods and services	6.1	6.1	3.8	5.0	5.9	6.9	8.2
<i>of which:</i>							
Computer services	2.8	-	-	0.1	-	-	-
Lease payments	0.1	-	-	0.1	0.2	0.3	0.3
Property payments	0.1	0.0	-	0.0	-	-	-
Travel and subsistence	1.4	1.6	0.9	1.2	2.3	2.7	2.9
Transfers and subsidies	-	0.0	0.1	0.1	-	-	-
Households	-	0.0	0.1	0.1	-	-	-
Payments for capital assets	-	0.1	1.1	6.6	1.4	2.0	1.5
Machinery and equipment	-	0.1	1.1	6.6	0.6	1.7	0.3
Software and other intangible assets	-	-	-	-	0.8	0.3	1.2
Total	44.8	53.5	55.4	72.3	80.2	85.6	91.9

Expenditure trends

Expenditure increased from R44.8 million in 2008/09 to R72.3 million in 2011/12, at an average annual rate of 17.3 per cent, mainly due to the use of technical and methodological experts to analyse and consult on the statistical value chain, and the audit of methodological standards against the South African statistical quality assessment framework. Spending on the *Survey Standards* subprogramme increased from R716 000 in 2008/09 to R3 million in 2011/12, at an average annual rate of 60.9 per cent, as a result of increased capacity to improve the quality of the post-enumeration survey for Census 2011.

Over the medium term, expenditure is expected to increase to R91.9 million, at an average annual rate of 8.3 per cent, mainly due to capacity building in the *Methodology and Evaluation* subprogramme to increase methodological support provided to surveys. This increase is also due to capacity building in the *Survey Standards* subprogramme to develop and implement standards that will improve the quality of statistical data produced. An additional R2.9 million over the medium term is also allocated for improved conditions of service. The increased capacity sees spending on compensation of employees grow from R60.7 million to R82.1 million over the medium term, at an average annual rate of 10.6 per cent. The programme's baseline is reduced by R1.2 million over the medium term, mainly due to positions that have been vacant for over two years. The department has decided to do away with these positions.

The budget allocation in this programme has allowed the department to complete the review of the post-enumeration survey methodologies, the maintenance of the business register and the revision of the Census 2011 post-enumeration survey samples.

Between 2012/13 and 2014/15, R1.5 million is allocated for spending on consultants who will be used for the procurement of servers and systems. 53.7 per cent of this allocation will be used to provide technical solutions support to ensure: system integration; the application of appropriate quality criteria, standards, classifications and procedures; and methodological support to the organisation and national statistics systems partners. 41.7 per cent will be used to improve the accuracy of a business sampling frame, which serves as a foundation

of economic statistics and allows results of surveys to mirror the economic reality on the ground as much as possible.

Programme 5: Statistical Support and Informatics

Objectives and measures

- Ensure a reliable sampling frame for household surveys for the department by updating the spatial frame and database annually.
- Support the production of official statistics by the department by upgrading ICT infrastructure and ensuring 90 per cent network availability for users at all times.

Subprogrammes

- *Programme Management for Statistical Support and Informatics* provides strategic direction and leadership to the programme. This subprogramme had a staff complement of 3 and a total budget of R2.6 million in 2011/12, of which 81.4 per cent was used for compensation of employees. Savings of R35 000 over the medium term have been identified in this subprogramme.
- *Geography Services* provides a mapping and spatial information service to the department and other users. Key outputs include provisioning of demarcated maps and summary books. This subprogramme had a staff complement of 55 and a total budget of R24.5 million in 2011/12, of which 68.7 per cent was used for compensation of employees. In 2010/11, at a cost of R27.9 million, enumeration areas validation was completed, maps were created as scheduled and enumeration area summary books were produced. Savings of R1.6 million over the medium term have been identified in this subprogramme.
- *Geography Frames* provides a sampling frame for household surveys and censuses. Key outputs include demarcation of enumeration areas and municipalities. This subprogramme had a staff complement of 44 and a total budget of R30.5 million in 2011/12, of which 57.4 per cent was used for compensation of employees, while 34.4 per cent was used for goods and services, mainly on travel and subsistence. In 2010/11, 10.6 million dwelling frame points were completed against a target of 9.9 million, 850 000 dwellings addresses were displayed against a target of 600 000, a 100 per cent representation of municipalities place names (234) and enumeration area demarcation were completed as scheduled, 103 000 enumeration areas were validated against a target of 120 000, and 9 900 metro enumerator areas were verified against a target of 30 000, at a cost of R47.1 million. Savings of R1 million in 2012/13 have been identified in this subprogramme.
- *Publication Services* provides editing, publishing and distribution services to survey areas. Key outputs include editing, design and production of publications. This subprogramme had a staff complement of 45 and a total budget of R19.5 million in 2011/12, of which 72.8 per cent was used for compensation of employees. In 2010/11, at a cost of R16.7 million, 260 publications were printed against a target of 225, quarterly reports on publications were compiled, edited and published as scheduled; and statistical products were made available electronically or in time series based on user needs. Savings of R301 000 over the medium term have been identified in this subprogramme.
- *Data Management and Technology* provides technology infrastructure for the department and supports data management across statistical series. Key outputs include providing IT infrastructure for the department and systems applications development. This subprogramme had a staff complement of 48 and a total budget of R108.3 million in 2011/12, of which 62.8 per cent was used for computer services. In 2010/11, the following outputs were achieved, at a cost of R100.9 million: a business continuity management plan was completed as scheduled, 40 per cent of the systems development lifecycle strategy was completed, an electronic documents and records management system was developed and rolled out in the department against a target of 80 per cent completion, 50 per cent of workflow processes were automated, 80 per cent of IT infrastructure implementation was completed, IT infrastructure was upgraded at provincial and district offices in preparation for Census 2011, and 98.5 per cent server availability was achieved. Savings of R2.1 million over the medium term have been identified in this subprogramme as a result of dissolving posts that have been vacant for over two years.

- *Business Modernisation* improves data and information management in the department by modernising the way business is conducted and supported by technology. This subprogramme had a staff complement of 12 and a total budget of R7.1 million in 2011/12, of which 84.9 per cent was used for compensation of employees. In 2010/11, there was no spending in this subprogramme due to vacancies. However, a business modernisation strategy, policies and standards were drafted. Recruitment of staff began in 2011/12 and is still in progress. Savings of R109 000 over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 13.9 Statistical Support and Informatics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Programme Management for Statistical Support and Informatics	1.8	2.3	2.7	2.6	2.5	2.5	2.7
Geography Services	60.6	22.5	27.9	24.5	35.3	38.5	43.3
Geography Frames	74.8	114.9	47.1	30.5	22.7	23.6	22.3
Publication Services	14.8	15.6	16.7	19.5	18.8	20.3	21.5
Data Management and Technology	110.6	92.9	100.9	108.3	113.5	121.2	127.2
Business Modernisation	4.3	2.5	–	7.1	7.5	8.0	8.5
Total	267.0	250.8	195.4	192.6	200.3	214.2	225.5
Change to 2011 Budget estimate				(2.5)	(5.7)	(5.3)	–

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	219.1	221.2	174.0	169.9	178.3	189.4	205.4
Compensation of employees	97.8	124.4	64.0	77.0	83.2	87.3	92.7
Goods and services	121.0	96.6	109.9	92.8	95.0	102.0	112.7
<i>of which:</i>							
Computer services	48.9	53.2	58.9	63.1	72.4	73.6	84.1
Lease payments	1.8	0.0	22.9	0.1	1.0	0.9	0.1
Property payments	0.0	0.0	0.1	–	–	–	–
Travel and subsistence	32.1	28.3	2.5	6.0	5.0	4.8	3.3
Interest and rent on land	0.2	0.2	0.2	0.1	0.1	0.1	0.0
Payments for capital assets	47.9	25.4	20.8	22.7	22.0	24.8	20.0
Machinery and equipment	47.7	23.5	19.2	16.4	14.8	15.3	12.9
Software and other intangible assets	0.2	1.9	1.6	6.3	7.2	9.5	7.2
Payments for financial assets	–	4.2	0.6	–	–	–	–
Total	267.0	250.8	195.4	192.6	200.3	214.2	225.5

Expenditure trends

Expenditure decreased from R267 million in 2008/09 to R192.6 million in 2011/12, at an average annual rate of 10.3 per cent. This was due to a significant decrease in spending in the *Geographic Frames* subprogramme as a result of the movement of some of its functions to the provinces and changing the approach for compiling the dwelling frame. Expenditure on software and other intangible assets increased from R187 000 in 2008/09 to R6.3 million in 2011/12, at an average annual rate of 223 per cent, as a result of the acquisition of data imagery software to support survey functions within the department.

Over the medium term, expenditure is expected to increase to R225.5 million, at an average annual rate of 5.4 per cent, mainly due to the geography address place project, updating IT infrastructure and delivering on a new ICT strategy. An additional R5.1 million is also allocated for improved conditions of service over the medium term. This programme's baseline is reduced by R5.2 million in compensation of employees over the medium term, mainly due to positions that have been vacant for over two years.

The budget allocation in this programme has allowed the department to complete the demarcation of enumerator areas for the Census 2011 project, create maps for the enumerators in 2010/11 and provide IT support internally.

Between 2012/13 and 2014/15, R47 million is allocated for spending on consultants for strategy and application development, and collaborative web mapping services. R29.9 million of these consultancy allocations relate to legal costs. Consultants will also be used for language translation and advisory services related to electronic products research, business continuity, application development, and ICT and enterprise architecture development.

Programme 6: Corporate Relations

Objectives and measures

- Increase awareness and the use of official statistics by government and the public by maintaining and improving stakeholder relations and managing external and internal communications through annually conducting stakeholder workshops at a provincial level to inform and consult with stakeholders on statistical matters, and improving website visitor sessions through ongoing publicity campaigns and interactions with stakeholders.
- Provide an integrated data collection service and disseminate quality statistics to provincial and local stakeholders and the public. Provide statistical technical support services to provincial and local stakeholders.
- Improve the department's corporate communications through the publication of daily and monthly newsletters.
- Improve the department's relations with the media through regular interaction and by providing training on the use of statistical information to members of the media on an ongoing basis.
- Ensure alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives on an ongoing basis.

Subprogrammes

- *Programme Management for Corporate Relations* provides strategic direction and leadership to the programme. This subprogramme had a staff complement of 5 and a total budget of R8.6 million in 2011/12, of which 55.4 per cent was used for compensation of employees, while 38.9 per cent was used for goods and services, mainly on travel and subsistence and consultants. No savings in 2012/13 have been identified in this subprogramme.
- *International Relations* manages the relations with international statistical agencies. Key outputs include international relations and statistical capacity building in Africa. This subprogramme had a staff complement of 13 and a total budget of R13.2 million in 2011/12, of which 44 per cent was used for compensation of employees, while 56 per cent was used for goods and services, mainly on travel and subsistence as well as venues and facilities. In 2010/11, at a cost of R8.2 million, the department hosted the second biannual Young Statisticians' Conference and participated in the 6th African Symposium on Statistical Development. In the same year, R918 000 was donated to the department by the United Nations Population Fund of Africa and R400 000 from Switzerland for the strengthening of statistical capacity on the continent. No savings in 2012/13 have been identified in this subprogramme.
- *Provincial Coordination* provides provincial capacity to support the collection and use of official statistics and statistical support to provincial and local stakeholders. Key outputs include data collection and dissemination. This subprogramme had a staff complement of 374 and a total budget of R396 million in 2011/12, of which 82.1 per cent was used for compensation of employees. In 2010/11, at a cost of R335.8 million, the following outputs were achieved: technical support to provincial and local stakeholders; support for Census 2011 activities in all provinces; support to data collection, which achieved response rates of over 85 per cent; and 173 Maths4Stats workshops were held in all provinces as scheduled. Savings of R33.2 million have been identified across all the department's programmes and reprioritised to this subprogramme for building capacity of the regional offices.
- *Stakeholder Relations and Marketing* maintains relations with stakeholders across the country. Key outputs include education on and marketing of statistical products. This subprogramme had a staff complement of 42 and a total budget of R16.3 million in 2011/12, of which 89 per cent was used for compensation of

employees. The budget allocated for 2011/12 is driven by planned communication, consultation workshops and training of stakeholders on products and services. In 2010/11, at a cost of R15.1 million, accessibility to the Statistics South Africa website increased to 6 million against a target of 2.5 million, 356 094 statistics products were downloaded against a target of 520 000, and Statistics South Africa's website was improved. No savings in 2012/13 have been identified in this subprogramme.

- *Corporate Communications* manages media relations and internal communications. Key outputs include communication campaigns, advertising and media liaison. This subprogramme had a staff complement of 8 and a total budget of R11.1 million in 2011/12, of which 67.5 per cent was used for compensation of employees. In 2010/11, the following outputs were achieved as scheduled at a total cost of R6.4 million: the weekly internal newsletter, Pulse, was issued; the daily electronic publication of Stats Today; 2 general staff meetings were held; 3 external newsletters were distributed against a target of 12 due to the prioritisation of Census 2011 activities; 2 South African National Editors Forum training sessions were conducted against a target of 4; 4 GDP and 4 quarterly labour force survey media conferences were held against a target of 4 each; 56 press statements were released for the monthly consumer price index and short term indicators; and the media launch for Census 2011 was held. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 13.10 Corporate Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management for Corporate Relations	3.0	5.0	5.6	8.6	9.3	8.8	9.0
International Relations	15.4	41.4	8.2	13.2	13.2	14.3	16.1
Provincial Coordination	295.5	317.2	335.8	396.0	402.9	426.4	452.1
Stakeholder Relations and Marketing	9.9	11.7	15.1	16.3	17.3	18.3	19.4
Corporate Communications	3.3	4.8	6.4	11.1	11.8	12.5	13.3
Total	327.1	380.1	371.0	445.2	454.6	480.3	509.9
Change to 2011 Budget estimate				30.5	16.7	13.8	(0.2)

Economic classification

Current payments	327.0	369.5	367.7	444.0	453.3	480.2	509.4
Compensation of employees	157.2	246.4	272.4	357.7	372.2	464.7	435.9
Goods and services	169.7	123.0	95.1	86.1	81.0	15.5	73.4
<i>of which:</i>							
Computer services	–	–	0.0	0.1	0.2	0.0	0.0
Lease payments	1.1	0.0	0.0	1.9	2.0	0.7	1.4
Property payments	5.5	4.3	8.1	8.9	15.7	–	20.6
Travel and subsistence	84.2	76.0	61.5	40.8	32.0	5.8	29.6
Interest and rent on land	0.1	0.1	0.2	0.3	0.1	0.0	0.0
Transfers and subsidies	0.0	0.1	0.3	0.6	–	–	–
Households	0.0	0.1	0.3	0.6	–	–	–
Payments for capital assets	0.1	2.4	3.1	0.6	1.3	0.2	0.5
Machinery and equipment	0.1	2.4	3.1	0.6	1.2	0.2	0.5
Software and other intangible assets	–	–	–	–	0.1	–	–
Payments for financial assets	–	8.1	0.0	–	–	–	–
Total	327.1	380.1	371.0	445.2	454.6	480.3	509.9

Expenditure trends

Expenditure increased from R327.1 million in 2008/09 to R445.2 million in 2011/12, at an average annual rate of 10.8 per cent. This increase was mainly due to the decentralisation of data collection and some corporate support functions to the provinces, improved conditions of service as well as capacity building in the district offices. Over the medium term, expenditure is expected to increase to R509.9 million, at an average annual rate of 4.6 per cent, mainly due to capacity building in district offices. An additional R25.1 million is also allocated for improved conditions of service over the medium term, mainly in the *Provincial Coordination* subprogramme.

The budget allocated for this programme has allowed the department to host the biannual Young Statisticians' Conference, participate in the 6th African Symposium on Statistical Development, support the census pilot in 2010/11 and the population census projects in the provinces in 2011/12, enable expansion of the department's services to district offices across the country from 2008/09 to 2010/11, and publish products continuously on the department website.

Between 2012/13 and 2014/15, R3.4 million is allocated for spending on consultants mainly in the *International Relations* and *Provincial Coordination* subprogrammes. Consultants provide advisory services to management regarding the development and implementation of provincial strategy, and play a leadership and supportive role to elevate the Africa Symposium on Statistical Development and Isibalo capacity building programme.

Programme 7: Survey Operations

Objectives and measures

- Increase the statistical information base for use by government, the private sector and the general public by conducting a population census every 5 years.
- Ensure the efficiency and effectiveness of survey operations conducted by the department by coordinating and integrating household survey operations within the department on an ongoing basis.
- Improve the quality of departmental editing and data processing by standardising and optimising the use of technology within the department on an ongoing basis.

Subprogrammes

- *Programme Management for Survey Operations* provides strategic direction and leadership to the programme. At the beginning of 2011/12, this subprogramme was allocated a budget of R2 million for a staff complement of 3 with compensation of employees accounting for 67.4 per cent of the allocation. However, these posts were not filled as planned and, as a result, the bulk of the funding was shifted to the *Household Survey Operations* subprogramme to accommodate shortfalls on travelling costs and operation expenditure. Savings of R732 000 over the medium term have been identified in this subprogramme.
- *Population Census* conducts periodic population censuses. Key outputs include data collection and processing for Census 2011. This subprogramme had a staff complement of 104 and a total budget of R2.2 billion in 2011/12, of which 80.7 per cent was used on goods and services, mainly to remunerate fieldworkers for the Census 2011, as well as cover their travelling costs. In 2010/11, the following outputs were achieved as scheduled, at a cost of R348.7 million: data processing of the Census 2011 dress rehearsal, development of data processing systems, and conducting of the census mini-test. Savings of R545 000 over the medium term have been identified in this subprogramme.
- *Household Survey Operations* coordinates and integrates collection activities across household surveys. Key outputs include coordination and monitoring of data collection. This subprogramme had a staff complement of 45 and a total budget of R26.2 million in 2011/12, of which 44.7 per cent was used for compensation of employees, while 55.3 per cent was used for goods and services, mainly on lease payments, operating costs, and travel and subsistence. In 2010/11, the following outputs were achieved, at a cost of R52.2 million: 121 887 dwelling units for the quarterly labour force survey against a target of 127 980 were covered; 31 027 dwelling units for the tourism survey, at a response rate of 96 per cent and against a target of 31 995, were sampled; 32 033 dwelling units for the general household survey, at a response rate of 85 per cent and against a target of 31 995 were sampled; 18 618 dwelling units for the income and expenditure survey, at a response rate of 91 per cent and against a target of 18 000, were sampled; and the master sample for 501 primary sampling units were updated and maintained. Savings of R372 000 over the medium term have been identified in this subprogramme.
- *Corporate Data Processing* manages the processing and editing of household surveys in the organisation. Key outputs include the processing of survey instruments such as questionnaires and diaries. This subprogramme had a staff complement of 226 and a total budget of R58.4 million in 2011/12, of which 78 per cent was used for compensation of employees. In 2010/11, questionnaires were processed as scheduled for the following surveys, at a cost of R25.7 million: 131 775 for the quarterly labour force

survey core data; 46 435 for the quarterly labour force survey supplementary data sets; 32 530 for the domestic tourism survey datasets; 33 367 for the general household survey datasets; 32 079 time use survey datasets; 10 931 for income and expenditure survey datasets; and 7 921 for master sample datasets. Savings of R801 000 over the medium term have been identified in this subprogramme, mainly due to the dissolving of posts that have been vacant for over two years.

Expenditure estimates

Table 13.11 Survey Operations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management for Survey Operations	–	0.5	0.0	0.0	1.8	1.9	2.0
Population Census	44.9	204.8	348.7	2 225.3	115.1	38.3	40.2
Household Survey Operations	116.6	54.4	52.2	26.2	33.5	28.3	30.0
Corporate Data Processing	3.9	20.5	25.7	58.4	55.6	56.1	57.8
Total	165.4	280.1	426.7	2 309.9	206.0	124.5	130.1
Change to 2011 Budget estimate				487.0	(5.6)	(9.2)	–

Economic classification

Current payments	165.2	248.6	398.9	2 228.0	203.4	122.9	129.9
Compensation of employees	82.3	97.4	182.8	415.0	174.9	110.5	117.4
Goods and services	82.9	151.2	216.0	1 812.7	28.5	12.4	12.4
<i>of which:</i>							
Computer services	–	18.6	16.9	21.0	4.4	1.6	1.6
Lease payments	0.2	0.0	58.6	7.4	3.6	0.4	0.4
Property payments	0.2	10.2	2.3	18.9	–	–	–
Travel and subsistence	55.5	35.1	38.8	318.0	6.2	4.4	4.7
Interest and rent on land	0.0	0.0	0.1	0.3	0.1	0.0	0.0
Transfers and subsidies	0.2	2.1	0.6	–	0.1	0.2	0.2
Households	0.2	2.1	0.6	–	0.1	0.2	0.2
Payments for capital assets	–	13.7	25.5	81.9	2.4	1.4	–
Machinery and equipment	–	13.7	25.5	81.9	2.4	1.4	–
Payments for financial assets	–	15.7	1.7	–	–	–	–
Total	165.4	280.1	426.7	2 309.9	206.0	124.5	130.1

Expenditure trends

Spending between 2008/09 and 2011/12 increased significantly from R165.4 million to R2.3 billion, at an average annual rate of 140.8 per cent, mainly due to spending on Census 2011. This increase is also reflected in the *Population Census* subprogramme, which increased from R44.9 million in 2008/09 to R2.2 billion in 2011/12, at an average annual rate of 267.3 per cent. This is also reflected in spending on goods and services, which increased from R82.9 million in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 179.6 per cent.

The *Corporate Data Processing* subprogramme was established in 2008/09, and all processing costs identified for prior years were allocated to this subprogramme. Expenditure increased from R3.9 million in 2008/09 to R58.4 million in 2011/12, at an average annual rate of 146.5 per cent, as a result of the movement of some of the functions from *Population and Social Statistics* to this subprogramme. Additional funding was also allocated over the same period to increase the capacity of the subprogramme, resulting in faster availability of data sets after the actual data collection.

Over the medium term, expenditure is expected to decrease to R130.1 million, at an average annual rate of 61.7 per cent, due to Census 2011 data collection being finalised. Between 2011/12 and 2014/15, spending in the Census 2011 project will mainly be on data processing and analysis, publishing and dissemination. An additional R12 million is also allocated for improved conditions of service over the medium term. This programme's baseline is reduced by of R2.5 million over the medium, mainly due to positions that have been vacant for over two years.

The budget allocation in this programme has allowed the department to conduct the census pilot project in October 2010 and the population census project in October 2011.

R67.6 million in 2011/12 was allocated for consultants used for the Census 2011 marketing campaign, and to facilitate the payment of field workers and audit census activities. Between 2012/13 and 2014/15, consultants will be used to analyse the census data and to assist in the improvement of surveys. R1.7 million in 2012/13, R218 000 in 2013/14 and R203 000 in 2014/15 is allocated for this.

Vote 14

Arts and Culture

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	209.7	206.1	–	3.6	223.9	236.5
Performing Arts	640.0	77.0	562.7	0.3	718.7	760.6
National Language Services	111.9	26.6	84.3	1.0	124.1	132.7
Cultural Development	180.4	162.0	17.9	0.5	227.8	281.1
Heritage Promotion	744.2	61.1	682.8	0.4	835.4	884.8
National Archives and Library Services	799.5	46.0	752.6	0.9	782.1	834.9
Total expenditure estimates	2 685.7	578.8	2 100.2	6.6	2 912.1	3 130.7

Executive authority Minister of Arts and Culture
Accounting officer Director General of Arts and Culture
Website address www.dac.gov.za

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

Aim

Develop and preserve South African arts and culture to ensure social cohesion and nation building.

Programme purposes

Programme 1: Administration

Purpose: Provides leadership, management and support functions of the department.

Programme 2: Performing Arts

Purpose: Promote the performing arts.

Programme 3: National Language Services

Purpose: Promote the official languages of South Africa and enhance the linguistic diversity of the country.

Programme 4: Cultural Development

Purpose: Promote and develop South African arts and culture.

Programme 5: Heritage Promotion

Purpose: Provide policy, legislation and strategic direction for identifying, conserving and promoting cultural heritage.

Programme 6: National Archives and Library Services

Purpose: Facilitate full and open access to the archival and information resources of South Africa.

Strategic overview: 2008/09 – 2014/15

The Department of Arts and Culture seeks to create better conditions for the production, distribution and consumption of art so that it yields greater economic and social benefits for communities and the country as a whole. It does this chiefly through ongoing policy development and reviews. In order to realise the economic value of arts and culture, it is crucial that the arts and culture value chain is managed holistically. Increasing the creative capacity of the arts, culture and heritage sector will stimulate creativity, demand, audience development and consumption of the products and services related to arts, culture and heritage.

Alignment with national outcomes

While the focus over the medium term will be on improving the economic competitiveness of arts and culture, the department will still uphold and pursue its developmental mission. In relation to government's 12 outcomes, the department's work relates to the broad outcome of an empowered, fair and inclusive citizenship, (outcome 12). Specifically, the department has been mandated to lead in the area of social cohesion, which includes the promotion of national cultural identity. This involves ensuring that culture and the arts are supported to play a meaningful role in the lives of citizens, and be a vehicle for them to achieve better awareness of their national identity, and experience and show national pride and a greater self-confidence.

The new Mzansi Golden Economy strategy was introduced in 2011/12 and aims to increase focus on unleashing the potential of the arts, culture and heritage sector to contribute to job creation and economic growth (outcome 4). Through this strategy, the department has outlined a detailed plan on how the arts, culture and heritage sector will contribute to the national goal of creating 5 million jobs within the next 10 years. The strategy redirects funds from the Investing in Culture programme to the Mzansi Golden Economy strategy to create employment and stimulate the economy on a broader scale in relation to arts, culture and heritage.

Changes in policy and practice

Between December 2010 and April 2011, the department conducted a rapid review of prior research and a status quo assessment, which culminated in high level conceptual proposals to reposition the arts, culture and heritage sector and introduce large scale, high impact programmes. Following a consultative conference in April 2011, 13 project teams were established to develop detailed concept documents and business plans for implementation of the Mzansi Golden Economy strategy. This strategy will work through existing institutions and is built on existing initiatives categorised into five areas: stimulation of demand, audience development and consumption, heritage, a cultural observatory, and human capital development. The implementation of these projects is estimated to create 16 000 work opportunities and 2 300 full time equivalent jobs between 2013/14 and 2014/15. The public art programme, which will focus on beautification and storytelling through art in communities and showcasing artistic talent, is one of the three projects aimed at stimulating demand in the sector. The programme is projected to create 5 000 work opportunities between 2013/14 and 2014/15. The heritage legacy projects include the national liberation heritage route and a marine heritage project. The latter is the establishment of a recreational underwater museum in Kosi Bay in KwaZulu-Natal, which will interpret aspects of the history of slavery, indentured labour and the South African Native Labour Corps with the potential to create 1 517 work opportunities with annual growth of between 200 and 968 work opportunities between 2013/14 and 2014/15.

Focus over the medium term

Promoting social cohesion through national symbols and events

The dissemination and popularisation of national symbols through education, publications, workshops, exhibitions and the distribution and installation of flags in schools, public buildings and households are some of the initiatives being undertaken to advance a national identity. Moreover, the department supports the commemoration of national events which bring people together to experience the wealth and diversity of South Africa's cultural offerings. An inaugural social cohesion summit is planned for 2012/13, which will coincide with the anniversary of the African National Congress' adoption of the Freedom Charter in 1955. The summit will be a significant historical event as it seeks to crystallise and achieve agreement on the social values and standards that underpin South Africa's democracy.

Language policy and archives

The implementation of the national language policy framework, approved by Cabinet in 2003, has gained momentum in the areas of language planning, translation and editing, terminology development and coordination of human language technologies. Moreover, as the custodian of government records, the department will continue to support and guide records and information management procedures across government to ensure that records of enduring value are permanently preserved in the archives. Over the medium term, the national automated archival information retrieval system will be upgraded to make access to information easier.

Strengthening public entities in the sector

The success of the arts and culture sector is reliant on good governance, infrastructure development, and establishing partnerships for greater impact. The department will conclude shareholder compacts with all its public entities to ensure better alignment of strategies and thus greater impact. Demand driven investment in cultural infrastructure will ensure the state's creative spaces remain accessible, functional and vibrant places for artists and communities.

Selected performance indicators

Table 14.1 Arts and Culture

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of jobs created through the public art programme per year	Performing Arts	- ¹	- ¹	- ¹	- ¹	2 000	2 500	2 500
Number of cultural programmes developed in support of arts and culture events, including in cultural precincts per year	Performing Arts	- ²	- ²	- ²	- ²	6	6	6
Number of art works procured through the establishment of the art bank per year	Cultural Development	- ¹	- ¹	- ¹	- ¹	1 500	1 700	1 900
Number of projects supported in Investing in Culture initiative per year	Cultural Development	501	520	41	28	Phased out	Phased out	Phased out
Number of jobs created through Investing in Culture projects per year	Cultural Development	10 020	11 000	352	1 391	Phased out	Phased out	Phased out
Number of jobs created through Touring Venture programme per year	Performing Arts	- ¹	- ¹	- ¹	- ¹	250	300	350
Number of community libraries upgraded per year	National Archives and Library Services	40	43	56	75	50	85	90
Number of new community libraries built per year	National Archives and Library Services	9	7	10	14	15	18	20
Number of national flags and poles installed in schools per year	National Archives and Library Services	14 000	6 000	350 000 ³	12 000	4 000	4 000	4 000

1. New indicator – the Mzansi Golden Economy strategy.

2. New indicator.

3. Flags distributed during 2010 FIFA World Cup.

Expenditure estimates

Table 14.2 Arts and Culture

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
R million								
Administration	182.4	162.9	190.8	197.0	192.4	209.7	223.9	236.5
Performing Arts	369.2	490.8	530.8	581.2	581.0	640.0	718.7	760.6
National Language Services	92.7	85.9	92.2	100.3	100.1	111.9	124.1	132.7
Cultural Development	150.5	119.4	138.9	171.8	151.6	180.4	227.8	281.1
Heritage Promotion	863.8	803.3	716.4	766.7	666.6	744.2	835.4	884.8
National Archives and Library Services	456.0	562.7	579.7	720.0	719.5	799.5	782.1	834.9
Total	2 114.5	2 224.9	2 248.8	2 536.9	2 411.2	2 685.7	2 912.1	3 130.7

Table 14.2 Arts and Culture (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14	2014/15
Economic classification								
Change to 2011 Budget estimate				68.4	(57.4)	60.5	127.3	178.8
Current payments	381.7	380.5	361.2	483.6	473.7	578.8	661.8	745.7
Compensation of employees	126.8	146.3	152.8	167.4	167.4	180.0	191.8	203.5
Goods and services	254.8	234.3	208.4	316.3	306.3	398.8	470.0	542.2
<i>of which:</i>								
Contractors	–	–	29.1	15.7	15.7	17.0	18.0	19.1
Agency and support / outsourced services	54.8	61.5	10.2	129.8	123.9	205.9	264.0	323.9
Lease payments	35.0	32.4	41.7	53.9	49.8	61.3	66.5	70.5
Travel and subsistence	81.6	58.3	41.5	24.7	24.7	22.3	23.5	25.0
Transfers and subsidies	1 726.4	1 839.2	1 885.2	2 046.9	1 932.8	2 100.2	2 243.3	2 377.5
Provinces and municipalities	344.6	440.6	462.4	569.9	569.9	564.6	597.8	631.6
Departmental agencies and accounts	1 185.1	1 210.0	1 235.6	1 317.4	1 217.4	1 435.8	1 538.2	1 632.7
Non-profit institutions	10.0	10.5	11.3	12.3	12.3	12.9	13.6	14.4
Households	186.6	178.1	175.8	147.3	133.3	87.0	93.7	98.9
Payments for capital assets	6.0	4.5	2.2	6.4	4.7	6.6	7.0	7.4
Machinery and equipment	6.0	4.5	2.2	6.4	4.7	6.6	7.0	7.4
Payments for financial assets	0.5	0.7	0.2	–	–	–	–	–
Total	2 114.5	2 224.9	2 248.8	2 536.9	2 411.2	2 685.7	2 912.1	3 130.7

Expenditure trends

Over the medium term, the spending focus will be on the community library services conditional grant to increase access to library services, transfers to various heritage and arts institutions and the Mzansi Golden Economy strategy.

Over the seven-year period, total expenditure grows from R2.1 billion to R3.1 billion, at an average annual rate of 6.8 per cent, due to inflation related increases. Spending on agency and support and outsourced services is expected to grow from R129.8 million in 2011/12 to R323.9 million in 2014/15, at an average annual rate of 35.6 per cent, driven largely by Mzansi Golden Economy job creation projects. Consultants are used to provide coordination and implementation support, project management services, and to monitor and evaluate the implementation of the projects.

The 2012 Budget provides additional allocations of R77 million in 2012/13, R143.9 million in 2013/14 and R198.9 million in 2014/15:

- R3.7 million in 2012/13, R6 million in 2013/14 and R6.5 million in 2014/15 for the department for improvement in conditions of service
- R50 million in 2012/13, R100 million in 2013/14 and R150 million in 2014/15 for the Mzansi Golden Economy strategy
- R13.3 million in 2012/13, R22.9 million in 2013/14 and R25.9 million in 2014/15 for the public entities for improvement in conditions of service
- R10 million in 2012/13, R15 million in 2013/14 and R16.5 million for the Pan South African Language Board to address operational shortfalls.

The department has reprioritised R94 million in 2012/13, R33 million in 2013/14 and R42.6 million in 2014/15 from capital works in the *Performing Arts* and *Cultural Development* programmes to capital works in the *National Archives and Library Services* programme for the building of libraries. Cabinet has approved baseline cuts of R10.3 million in 2012/13, R12.2 million in 2013/14 and R13.4 million in 2014/15 mainly from goods and services, and transfers to households.

Due to capacity constraints, 8 consultants have been appointed at an estimated cost of R46.7 million mainly to assist with the implementation of the Mzansi Golden Economy strategy, enhancing media liaison strategies and implementing heritage infrastructure policies. Details of consultants are discussed in each programme.

Infrastructure spending

Spending on infrastructure grows from R448.6 million in 2008/09 to R540.1 million in 2014/15. The earmarked infrastructure allocation will be used to build, upgrade, restore and maintain museums, performing art centres, libraries and archives. In 2008/09, the department entered into the planning phase of the new National English Literary Museum in Grahamstown and the construction of storage space at Iziko Museum in Cape Town. Both are scheduled for completion in 2013/14 at a total cost of R350 million, which includes R20 million that has already been spent on consultant fees.

Infrastructure spending for the national legacy projects will increase over the MTEF period due to the focus on the national liberation heritage route. The department will spend an estimated R168 million on the construction of the Sarah Bartmann Centre of Remembrance in the Eastern Cape and R44 million on the construction of the Matola Monument Museum.

The upgrade to the Craigelea building on Church Street, used as the headquarters of the National Film and Video Archives, was completed in 2011/12. Several other projects will be running from 2012/13, such as the upgrading of facilities for people with disabilities at the National Archives of South Africa.

Personnel information

Table 14.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Department	824	474	-	427	492	461	439	474	474	474
Salary level 1 – 6	240	107	-	111	126	118	103	107	107	107
Salary level 7 – 10	385	222	-	194	233	225	210	222	222	222
Salary level 11 – 12	123	83	-	80	90	78	77	83	83	83
Salary level 13 – 16	76	62	-	42	43	40	49	62	62	62
Administration	275	187	-	151	182	174	172	187	187	187
Salary level 1 – 6	77	36	-	36	43	43	33	36	36	36
Salary level 7 – 10	125	82	-	69	86	79	77	82	82	82
Salary level 11 – 12	45	35	-	28	34	31	34	35	35	35
Salary level 13 – 16	28	34	-	18	19	21	28	34	34	34
Performing Arts	52	22	-	20	24	24	18	22	22	22
Salary level 1 – 6	1	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	28	11	-	7	12	14	11	11	11	11
Salary level 11 – 12	13	6	-	9	9	8	5	6	6	6
Salary level 13 – 16	10	5	-	4	3	2	2	5	5	5
National Language Services	86	60	-	55	60	62	60	60	60	60
Salary level 1 – 6	5	3	-	3	4	3	3	3	3	3
Salary level 7 – 10	70	46	-	45	46	50	46	46	46	46
Salary level 11 – 12	6	6	-	3	6	5	6	6	6	6
Salary level 13 – 16	5	5	-	4	4	4	5	5	5	5
Cultural Development	88	48	-	54	59	44	43	48	48	48
Salary level 1 – 6	8	1	-	1	1	1	1	1	1	1
Salary level 7 – 10	35	20	-	20	24	20	18	20	20	20
Salary level 11 – 12	31	18	-	25	25	18	17	18	18	18
Salary level 13 – 16	14	9	-	8	9	5	7	9	9	9
Heritage Promotion	67	28	-	28	28	23	22	28	28	28
Salary level 1 – 6	6	1	-	4	4	1	1	1	1	1
Salary level 7 – 10	40	13	-	12	13	11	10	13	13	13
Salary level 11 – 12	13	9	-	8	7	7	7	9	9	9
Salary level 13 – 16	8	5	-	4	4	4	4	5	5	5

Table 14.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
National Archives and Library Services	256	129	–	119	139	134	124	129	129	129
Salary level 1 – 6	143	66	–	67	74	70	65	66	66	66
Salary level 7 – 10	87	50	–	41	52	51	48	50	50	50
Salary level 11 – 12	15	9	–	7	9	9	8	9	9	9
Salary level 13 – 16	11	4	–	4	4	4	3	4	4	4

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

2. As at 30 September 2011.

The department is reviewing its organisational structure following an organisational development exercise. The anticipated adjustments to the structure include eliminating duplication of responsibilities, introducing the sharing of resources, using the capacity of its entities and that of the department in joint projects, considering organising employees into teams to work on specific projects, and finding the optimal balance of core and support functions. The new structure is scheduled for implementation in April 2012. 439 posts of the funded established of 474 are filled as at 30 September 2011. The remaining 35 are expected to be filled over the medium term.

As at September 2011, the ratio of support staff to line staff in the department was 1:1. Consultants represent 1.8 per cent of total personnel.

Departmental receipts

Table 14.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Departmental receipts	3 554	1 097	2 087	1 040	1 925	2 020	2 042	2 167
Sales of goods and services produced by department	237	248	206	352	216	229	229	252
Sales by market establishments	9	12	12	1	12	14	14	16
of which:								
Rental parking: Covered and open	9	12	12	1	12	14	14	16
Administration fees	1	6	6	344	4	5	5	6
of which:								
Access to information act	1	6	5	344	3	4	4	5
Duplicate certificates	–	–	1	–	1	1	1	1
Other sales	227	230	188	7	200	210	210	230
of which:								
Coat of arms	227	230	93	7	97	99	99	107
Photocopy and faxes	–	–	33	–	36	40	40	46
Commission on insurance and gamishee	–	–	61	–	65	69	69	75
Traffic fines	–	–	1	–	2	2	2	2
Sales of scrap, waste, arms and other used current goods	1	1	1	–	1	1	1	1
of which:								
Waste paper	1	1	1	–	1	1	1	1
Fines, penalties and forfeits	1	–	2	–	–	–	–	–
Interest, dividends and rent on land	25	12	4	8	8	10	12	14
Interest	25	12	4	8	8	10	12	14
Transactions in financial assets and liabilities	3 290	836	1 874	680	1 700	1 780	1 800	1 900
Total	3 554	1 097	2 087	1 040	1 925	2 020	2 042	2 167

Departmental receipts include mainly miscellaneous items, such as debt repayments, revenue generated through service fees charged by the National Archives of South Africa for copying documents, registering coats of arms and parking fees. Receipts are projected to grow from R1 million in 2011/12 to R2.2 million in 2014/15, at an

average annual rate of 27.7 per cent. Receipts from transactions in financial assets and liabilities increased from R836 000 in 2009/10 to R1.9 million in 2010/11, due to the increased recovery of staff debt.

Programme 1: Administration

Expenditure estimates

Table 14.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	2.5	3.0	3.2	3.5	3.7	3.9	4.1
Management	102.3	39.7	38.8	80.2	51.0	53.2	56.4
Corporate Services	31.4	68.9	89.4	45.9	79.8	85.2	89.4
Office Accommodation	46.2	51.2	59.4	67.3	75.2	81.6	86.5
Total	182.4	162.9	190.8	197.0	209.7	223.9	236.5
Change to 2011 Budget estimate				18.2	16.7	17.6	17.8

Economic classification

Current payments	175.3	157.7	190.1	193.5	206.1	220.1	232.5
Compensation of employees	52.1	58.7	64.8	74.3	80.1	84.5	88.7
Goods and services	123.2	99.1	125.3	119.2	126.0	135.7	143.8
<i>of which:</i>							
Contractors	–	–	4.1	0.0	0.0	0.0	0.0
Agency and support / outsourced services	22.8	15.7	0.8	3.7	–	–	–
Lease payments	35.0	32.3	41.7	53.9	61.3	66.5	70.5
Travel and subsistence	17.0	15.9	15.6	8.4	8.9	9.4	9.9
Transfers and subsidies	2.9	2.7	0.3	–	–	–	–
Departmental agencies and accounts	0.1	0.4	0.2	–	–	–	–
Households	2.8	2.3	0.1	–	–	–	–
Payments for capital assets	4.1	2.2	0.4	3.5	3.6	3.7	4.0
Machinery and equipment	4.1	2.2	0.4	3.5	3.6	3.7	4.0
Payments for financial assets	0.1	0.2	0.0	–	–	–	–
Total	182.4	162.9	190.8	197.0	209.7	223.9	236.5

Details of selected transfers and subsidies

Households							
Other transfers to households							
Current	2.8	2.3	0.1	–	–	–	–
Households: Employees	2.8	2.3	0.1	–	–	–	–

Expenditure trends

Expenditure increased from R182.4 million in 2008/09 to R197 million in 2011/12, at an average annual rate of 2.6 per cent. Over the medium term, expenditure is expected to increase to R236.5 million, at an average annual rate of 6.3 per cent. The increase in both periods is due to inflation related adjustments to the baseline.

Spending in the *Corporate Services* subprogramme is projected to grow from R45.9 million in 2011/12 to R89.4 million in 2014/15, at an average annual rate of 24.9 per cent, due to the reprioritisation of funds to spending on compensation of employees to fund the revised establishment. Spending in the *Management* subprogramme is expected to decrease from R80.2 million in 2011/12 to R56.4 million in 2014/15, at an average annual rate of 11.1 per cent, due to a realignment between the corporate services and management subprogrammes.

In 2011/12 and 2012/13, this programme will spend R11 million on consultants. Due to the lack of capacity, a media strategy consultant has been appointed at a cost of R1.5 million to enhance the department's profile and manage communication on the new Mzansi Golden Economy strategy. This appointment was made in 2011/12 and will continue into 2012/13. A consultant was also appointed at a cost of R2.8 million to assist with the finalisation of the social cohesion policy and implementation plan over the same period.

Programme 2: Performing Arts

Objectives and measures

- Promote arts, culture and heritage in South Africa and mainstream its role in socioeconomic development by implementing at least 57 programmes and projects that improve the social and economic status of South African communities in 2012/13.
- Promote social enrichment, social cohesion and nation building through the arts, culture and heritage by improving the allocation of resources and ensuring that productions promoting social inclusion and nation building reach identified areas by using data collection tools that accurately capture the number of people accessing cultural facilities in 2012/13.
- Provide socioeconomic opportunities for women and vulnerable groups (children, youth, persons with disabilities and the aged) by implementing at least 6 arts, culture and heritage programmes by 2012/13.
- Foster good governance in all public entities to ensure compliance and efficiency in service delivery by signing shareholder compacts with all Department of Arts and Culture public entities by 1 April 2012.
- Stimulate the economy by creating 2 300 decent job opportunities through the implementation of the public art and touring venture programmes in 2012/13.
- Provide suitable infrastructure for the development and promotion of the arts, culture and heritage by undertaking an audit of infrastructure at 63 community arts centres to establish their suitability, condition and usage in 2012/13 for the purpose of improving access to arts, culture and heritage programmes and facilities by 2013/14.

Subprogrammes

- *Promotion of Performing Arts* promotes and develops the literary, visual and performing arts through policy development and providing financial assistance to performing arts institutions, organisations, community arts centres and individuals. It also supports the arts and social development through activities directed at: women, children and the youth; and persons with disabilities and the aged. It focuses on skills development through the improvement of basic education through the arts, culture and heritage. This subprogramme had a staff complement of 18 and a total budget of R102.9 million in 2011/12, of which 8.4 per cent is used for compensation of employees and 91.6 per cent was used to provide financial assistance to individuals and communities implementing visual or performing arts projects that promote social cohesion and the Mzansi Golden Economy projects. In 2010/11, 2 joint projects were implemented in collaboration with the Department of Basic Education (the My 2010 School Adventure competition and the South African Schools Choral Eisteddfod) at a cost of R2.3 million. Approved budget cuts of R1.8 million in 2012/13 have been identified in transfers to households.
- *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. This subprogramme had no staff complement and a total budget of R68.5 million in 2011/12, which was transferred in full to the council. No approved budget cuts in 2012/13 have been made in this subprogramme.
- *Arts Institutions* transfers funds to various performing arts institutions to promote the performing arts. This subprogramme had no staff complement and a total budget of R315.5 million in 2011/12, which was transferred in full to performing arts institutions for operations and capital works, and to Business and Arts South Africa for operations. No approved budget cuts in 2012/13 have been made in this subprogramme.
- *National Film and Video Foundation* transfers funds to the National Film and Video Foundation in support of skills, local content and local marketing development in South Africa's film and video industry. This subprogramme had no staff complement and a total budget of R84.9 million in 2011/12, which was transferred in full to the foundation. No approved budget cuts in 2012/13 have been made in this subprogramme.

- *Capital Works of Playhouses* funds and administers capital grants to playhouses for maintenance and other capital projects. This subprogramme had no staff complement and a total budget of R9.4 million in 2011/12, which was transferred in full to entities based on approved plans. In 2010/11, R123.5 million was transferred for maintenance and repairs. R9 million of this was transferred to the Playhouse Company, R22.9 million to the Windybrow Theatre, R11.6 million to the State Theatre, R36.7 million to the Artscape Theatre, R27.3 million to the Market Theatre and R16 million to the Performing Arts Centre of the Free State. R15 million has been reprioritised in 2012/13 from capital works to the *National Archives and Library Services* programme for the building of libraries.

Expenditure estimates

Table 14.6 Performing Arts

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Promotion of Performing Arts	98.5	136.9	82.5	102.9	119.0	135.6	147.9
National Arts Council	72.9	78.5	65.6	68.5	87.5	88.1	93.4
Arts Institutions	154.4	165.2	210.3	315.5	197.0	209.8	222.8
National Film and Video Foundation	37.9	39.1	48.9	84.9	86.4	105.2	111.6
Capital Works of Playhouses	5.6	71.0	123.5	9.4	150.0	180.0	185.0
Total	369.2	490.8	530.8	581.2	640.0	718.7	760.6
Change to 2011 Budget estimate				31.8	33.1	62.8	65.4

Economic classification

Current payments	53.3	38.9	31.4	61.4	77.0	91.6	101.5
Compensation of employees	8.2	10.5	12.1	8.7	9.4	10.0	10.7
Goods and services	45.1	28.4	19.3	52.7	67.7	81.6	90.9
<i>of which:</i>							
Contractors	–	–	9.1	9.7	10.0	10.6	11.2
Agency and support / outsourced services	15.1	9.3	1.5	35.0	50.0	62.8	71.0
Travel and subsistence	14.6	3.4	3.7	3.6	3.1	3.4	3.6
Transfers and subsidies	315.5	451.8	499.3	519.5	562.7	626.8	658.7
Departmental agencies and accounts	265.6	348.4	442.5	472.0	514.5	576.2	605.4
Non-profit institutions	5.2	5.5	5.9	6.2	6.5	6.9	7.3
Households	44.8	97.9	51.0	41.2	41.7	43.6	46.0
Payments for capital assets	0.2	0.1	0.1	0.3	0.3	0.3	0.3
Machinery and equipment	0.2	0.1	0.1	0.3	0.3	0.3	0.3
Payments for financial assets	0.2	0.0	0.0	–	–	–	–
Total	369.2	490.8	530.8	581.2	640.0	718.7	760.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	260.0	277.4	319.0	462.6	364.5	396.2	420.4
Artscape	35.5	37.7	56.4	69.0	45.0	47.8	50.8
Market Theatre	19.3	20.6	21.8	54.6	24.6	26.2	27.8
National Arts Council	72.9	78.5	65.6	68.5	87.5	88.1	93.4
Performing Arts Centre of the Free State	25.8	27.9	37.6	38.7	33.3	35.5	37.7
Playhouse Company	30.2	32.3	40.5	64.9	38.5	41.0	43.5
State Theatre	30.9	33.3	38.3	50.3	39.7	42.4	45.0
Windybrow Theatre	7.4	7.9	9.9	31.8	9.5	10.1	10.7
National Film and Video Foundation	37.9	39.1	48.9	84.9	86.4	105.2	111.6
Capital	5.6	71.0	123.5	9.4	150.0	180.0	185.0
Playhouses: Capital works	5.6	71.0	123.5	9.4	150.0	180.0	185.0

Table 14.6 Performing Arts (continued)

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Non-profit institutions							
Current	5.2	5.5	5.9	6.2	6.5	6.9	7.3
Business and Arts South Africa	5.2	5.5	5.9	6.2	6.5	6.9	7.3
Households							
Other transfers to households							
Current	44.8	97.9	51.0	41.2	41.7	43.6	46.0
Visual and performing arts projects	13.8	46.1	51.0	41.2	41.7	43.6	46.0
2010 FIFA World Cup projects	30.9	51.8	–	–	–	–	–

Expenditure trends

Expenditure grew from R369.2 million in 2008/09 to R581.2 million in 2011/12, at an average annual rate of 16.3 per cent. Over the medium term, expenditure is projected to grow to R760.6 million, at an average annual rate of 9.4 per cent. The increase in expenditure between 2008/09 and 2011/12 is due to the inclusion of the repairs, maintenance and upgrading of arts institutions in the *Capital Works of Playhouses* subprogramme. In 2010/11, the department collaborated with the Department of Basic Education to implement the My 2010 School Adventure competition and the South African Schools Choral Eisteddfod at a cost of R2.3 million.

Over the MTEF period, an additional R300 million has been allocated for the Mzansi Golden Economy strategy, which was established to create employment and stimulate the economy using arts and culture.

In 2011/12, 3 consultants were appointed for three years to manage the Mzansi Golden Economy strategy at a total cost of R5.6 million over the period.

Programme 3: National Language Services

Objectives and measures

- Promote access to services and information for all citizens in the official language of choice through the development and implementation of human language technologies by March 2013.
- Promote the use of all official languages by:
 - providing ongoing translation and editing services to all government departments
 - developing specialised terminologies in 10 official languages to facilitate communication in life orientation, mathematics and elections in March 2013.

Subprogrammes

- *National Language Services* promotes the national language policy and develops strategies for implementation. This subprogramme had a staff complement of 60 and a total budget of R44.2 million in 2011/12, of which 49 per cent was used for compensation of employees. The bulk of the budget was used for implementing language development programmes, such as the development of human language technologies, translation of government documents in all 11 official languages and foreign languages, and the development of specialised terminologies. In 2011/12, 39.8 per cent of the budget was transferred to households to fund postgraduate bursaries and projects such as the development of language literature, and the rollout of telephone based information services and machine translation tools. The department awarded 119 postgraduate bursaries in 2010/11 and established the South African Language Practitioners Council at a cost of R5.2 million. Approved budget cuts of R1.5 million have been identified from spending on goods and services, and transfers to households.
- *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, San and South African sign languages. This subprogramme had no staff complement and a total budget of R56.1 million in 2011/12, which was transferred in full to the board. No approved budget cuts in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 14.7 National Language Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
National Language Services	45.3	35.8	39.3	44.2	42.4	45.9	49.2
Pan South African Language Board	47.5	50.2	52.9	56.1	69.5	78.2	83.5
Total	92.7	85.9	92.2	100.3	111.9	124.1	132.7
Change to 2011 Budget estimate				(1.3)	6.7	13.0	14.9

Economic classification

Current payments	20.7	26.0	22.5	25.6	26.6	29.1	31.4
Compensation of employees	14.7	17.3	18.9	21.6	23.1	25.5	27.6
Goods and services	6.0	8.7	3.6	4.0	3.4	3.6	3.8
<i>of which:</i>							
Contractors	–	–	0.1	–	–	–	–
Agency and support / outsourced services	0.2	2.2	0.2	–	–	–	–
Travel and subsistence	2.9	2.4	1.1	0.5	0.9	1.1	1.1
Transfers and subsidies	71.1	59.8	69.7	73.7	84.3	94.0	100.2
Departmental agencies and accounts	47.5	50.2	52.9	56.1	69.5	78.2	83.5
Households	23.6	9.7	16.8	17.6	14.8	15.8	16.7
Payments for capital assets	0.9	0.1	0.0	0.9	1.0	1.0	1.1
Machinery and equipment	0.9	0.1	0.0	0.9	1.0	1.0	1.1
Total	92.7	85.9	92.2	100.3	111.9	124.1	132.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	47.5	50.2	52.9	56.1	69.5	78.2	83.5
Pan South African Language Board	47.5	50.2	52.9	56.1	69.5	78.2	83.5
Households							
Other transfers to households							
Current	23.6	9.7	16.8	17.6	14.8	15.8	16.7
Language development projects	23.6	9.7	16.8	17.6	14.8	15.8	16.7

Expenditure trends

Expenditure grew from R92.7 million in 2008/09 to R100.3 million in 2011/12, at an average annual rate of 2.7 per cent, and is expected to grow to R132.7 million over the medium term, at an average annual rate of 9.8 per cent. Growth over the MTEF period is attributed to the additional R41.5 million allocated for the transfer to the Pan South African Language Board to address operational shortfalls.

The department awarded 119 postgraduate bursaries in 2010/11 and established the South African Language Practitioners Council at a cost of R5.2 million.

R3.9 million has been allocated over the medium term for spending on consultants. The department has appointed consultants to develop and assist with the rollout of the telephone based information services and machine translation tools.

Programme 4: Cultural Development

Objectives and measures

- Conduct research and innovation and develop policies and strategies that will create and sustain an enabling environment and improve the regulatory framework of cultural industries by March 2013.

- Provide strategic support for the cultural industries value chain for human capital development and entrepreneurial economic opportunities by March 2013.
- Continue to promote the sector nationally and internationally through awareness, marketing and distribution of creative industry products annually.
- Increase access and participation by arts and culture practitioners in international cultural events by adding 10 more signed international agreements, programmes of cooperation and cultural exchanges by March 2013.
- Align the department's international programme with its domestic mandate through broad departmental and national consultations on a draft international relations policy by March 2013.
- Rationalise and consolidate the department's international relations programme by conducting an audit of 150 existing bilateral cultural agreements by March 2013.
- Increase job opportunities and stimulate the economy through running art exhibitions at national events and the procurement and curation of art works in 2012.
- Improve access to sustainable economic markets by driving and supporting initiatives aimed at moving 660 creative industry practitioners from the fringes of economic activity into the mainstream economy by March 2013.

Subprogrammes

- *Cultural Development* supports the creative industries by developing strategies, participating in various stakeholder forums, supporting projects in the various disciplines and providing training. This subprogramme had a staff complement of 19 and a total budget of R78.1 million in 2011/12, of which 10.8 per cent is used for compensation of employees and 64 per cent was used for creating employment and stimulating the economy through the establishment of the Art Bank, which will procure and curate 6 national artworks and 6 national events to be piloted, with an additional 26 events supported nationally. Focus is placed on craft, technical services, music, books and publishing as well as research and development, which is the cross-cutting function in the programme. Approved budget cuts in 2012/13 of R2.3 million have been identified from transfers to households.
- *Investing in Culture* promotes job creation, skills development and economic empowerment, and supports business start-ups and poverty alleviation projects. This subprogramme had a staff complement of 4 and a total budget in 2011/12 of R60.3 million. The bulk of the budget is used for transfers to poverty alleviation projects that provide empowerment opportunities in the second economy for unemployed people through training and job creation in arts, culture and heritage. The transfers are initially disbursed on the basis of business plans and agreements between the department and the individual or group contractors. This subprogramme has been absorbed into the Mzansi Golden Economy strategy from 2012/13 and is therefore included in the *Cultural Development* subprogramme. No approved budget cuts in 2012/13 have been made in this subprogramme.
- *International Cooperation* manages South Africa's cultural participation in bilateral and multilateral activities; secures official development assistance; promotes the national arts, culture and heritage presence in the international arena; and builds international partnerships. This subprogramme had a staff complement of 20 and a total budget of R33.4 million in 2011/12, of which 29.3 per cent was used on compensation of employees and 64.4 per cent was used for spending on goods and services, mainly travel and subsistence, and agency and outsourced service that will contribute to the Common Wealth Foundation and the United Nations Educational Scientific and Cultural Organisation bilateral activities. In 2010/11, focus was placed on the approval of the African Union (AU) and Southern African Development Community (SADC) common policies and directives on arts and culture. No approved budget cuts in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 14.8 Cultural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Cultural Development	38.9	44.5	21.8	78.1	143.5	188.4	239.1
Investing in Culture	55.6	39.1	88.6	60.3	–	–	–
International Cooperation	56.0	35.9	28.4	33.4	36.9	39.4	42.0
Total	150.5	119.4	138.9	171.8	180.4	227.8	281.1
Change to 2011 Budget estimate				(8.9)	(8.1)	28.7	70.0

Economic classification

Current payments	65.9	67.3	43.2	94.9	162.0	208.3	260.5
Compensation of employees	19.3	22.4	18.3	19.8	21.4	22.9	24.3
Goods and services	46.5	44.9	24.9	75.1	140.7	185.5	236.2
<i>of which:</i>							
Contractors	–	–	7.1	0.0	0.0	0.0	0.0
Agency and support / outsourced services	8.4	10.9	0.4	66.2	130.6	175.1	225.2
Travel and subsistence	32.5	21.6	13.0	4.8	3.2	3.4	3.6
Transfers and subsidies	84.0	51.5	95.4	76.5	17.9	19.0	20.0
Departmental agencies and accounts	–	–	0.1	–	–	–	–
Households	84.0	51.5	95.3	76.5	17.9	19.0	20.0
Payments for capital assets	0.5	0.5	0.1	0.5	0.5	0.5	0.6
Machinery and equipment	0.5	0.5	0.1	0.5	0.5	0.5	0.6
Payments for financial assets	0.2	0.1	0.2	–	–	–	–
Total	150.5	119.4	138.9	171.8	180.4	227.8	281.1

Details of selected transfers and subsidies

Households							
Other transfers to households							
Current	84.0	51.5	95.3	76.5	17.9	19.0	20.0
Cultural industries	30.4	29.1	11.6	18.7	16.1	17.2	18.1
Investing in culture	43.0	11.8	81.7	56.2	–	–	–
International promotion programme	10.6	10.7	2.0	1.6	1.7	1.8	1.9

Expenditure trends

Expenditure grew from R150.5 million in 2008/09 to R171.8 million in 2011/12, at an average annual rate of 4.5 per cent, driven largely by spending on transfers to households for the investing in culture projects.

In 2010/11, R81.7 million was spent on investing in culture projects like the performing arts project. R375 000 was transferred in the performing arts project to the BAT Centre project in Durban where groups of learners are taken through professionally facilitated training programmes in sound technology, music business management, performance, voice training and financial management.

Over the medium term, spending is projected to grow to R281.1 million, at an average annual rate of 17.8 per cent. The investing in culture programme has been absorbed in the Mzansi Golden Economy strategy and growth in this period is attributed to additional funds allocated for the strategy, which will create employment and stimulate the economy using arts and culture. This also accounts for the growth over the medium term in spending on agency and support/outsourced services as consultants are used to manage the implementation of the strategy. R4 million has been allocated for spending on consultants between 2012/13 and 2014/15.

Programme 5: Heritage Promotion

Objectives and measures

- Improve the effective management of the heritage sector by :
 - evaluating 15 draft strategic plans and 60 quarterly reports of national heritage institutions by March 2013
 - developing a new phased-in implementation framework for legacy projects by March 2013
 - developing a national museums policy by March 2013
 - finalising work plans and first research on the human remains policy and legacy project policy by 31 March 2013
 - approving and implementing 10 per cent of the digitisation policy and living heritage policy by March 2013.
- Preserve and promote South Africa's cultural heritage in aid of socioeconomic development by:
 - signing a memorandum of agreement with the national Department of Tourism by March 2013
 - supporting 9 historically significant foundations, including the Steve Biko Foundation, the LiliesLeaf Trust and the African World Heritage Fund
 - implementing 60 per cent of the United Nations Educational Scientific and Cultural Organisation and African world heritage fund agreement by 31 March 2013.
- Promote skills development through cultural projects by:
 - increasing the number of heritage practitioners by awarding 66 bursaries by 31 March 2013
 - finalising and approving the heritage human resources development strategy by March 2013.
- Promote South Africa's national cultural heritage and symbols through:
 - commemorating and celebrating 6 historic and national days as well as the popularisation of national symbols by March 2013
 - holding 4 national symbols exhibitions and 7 workshops by March 2013
 - co-hosting the annual national orders award ceremony.

Subprogrammes

- *Promotion of Heritage* funds a range of heritage initiatives and projects such as Heritage Month and the repatriation of South African culture and heritage objects. It also funds the Bureau of Heraldry, which registers symbols, popularises national symbols through public awareness campaigns, and coordinates the national orders awards ceremony. This subprogramme had a staff complement of 22 and a total budget of R56 million in 2011/12, of which 26 per cent was used for compensation of employees and 17.9 per cent was used on agency and outsourced services for Heritage Day celebrations and other heritage initiative programmes, projects and events. In 2010/11, a draft national digitisation policy was developed and the department co-hosted Heritage Day celebrations with the KwaZulu-Natal provincial government at a cost of R4.4 million. Approved budget cuts in 2012/13 of R2.5 million have been identified from goods and services and transfers to households.
- *Heritage Institutions* funds and determines policy for declared cultural institutions and heritage bodies by ensuring that funds to the institutions are used to preserve, protect and promote heritage. This subprogramme had no staff complement and a total budget of R380.5 million in 2011/12, which was transferred in full to the institutions for operations. No approved budget cuts in 2012/13 have been made in this subprogramme.
- *South African Heritage Resources Agency* transfers funds to the South African Heritage Resources Agency, whose key strategic objectives are developing and implementing norms and standards for managing heritage resources. This subprogramme had no staff complement and a total budget of R85.5 million in 2011/12, which was transferred in full to the South African Heritage Resources Agency for operations. No approved budget cuts in 2012/13 have been made in this subprogramme.
- *South African Geographical Names Council* transfers funds to the South African Geographical Names Council, which is an advisory body that facilitates name changes by consulting with communities to advise

the minister. This subprogramme had no staff complement and a total budget of R11 million in 2011/12, which was transferred in full to the council. No approved budget cuts in 2012/13 have been made in this subprogramme.

- *Capital Works of Heritage Institutions* is mainly used for the provision and administration of capital grants for constructing and maintaining heritage infrastructure and the construction of new commemorative structures under national legacy projects. Funds are awarded annually based on entity business plans. This subprogramme had no staff complement and a total budget of R233.8 million in 2011/12, which was transferred in full to heritage institutions. R79 million in 2012/13 has been reprioritised from capital works to the *National Archives and Library Services* programme for building libraries.

Expenditure estimates

Table 14.9 Heritage Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Promotion of Heritage	47.7	52.0	40.1	56.0	65.2	70.3	74.7
Heritage Institutions	480.6	533.1	496.1	380.5	397.4	423.9	450.1
South African Heritage Resources Agency	31.4	33.8	36.2	85.5	41.0	43.7	46.4
South African Geographical Names Council	5.1	5.6	1.8	11.0	7.7	8.1	8.6
Capital Works of Heritage Institutions	299.0	178.7	142.1	233.8	233.0	289.5	305.1
Total	863.8	803.3	716.4	766.7	744.2	835.4	884.8
Change to 2011 Budget estimate				3.0	(67.4)	(16.7)	(18.5)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	28.4	42.7	30.1	55.8	61.1	64.1	68.2
Compensation of employees	9.9	9.8	9.6	14.6	15.5	16.5	17.8
Goods and services	18.6	32.9	20.5	41.2	45.6	47.6	50.4
<i>of which:</i>							
Contractors	–	–	5.5	6.0	7.0	7.4	7.8
Agency and support / outsourced services	6.4	16.7	3.3	21.0	25.3	26.1	27.7
Travel and subsistence	6.1	7.5	4.2	5.9	4.5	4.7	5.0
Transfers and subsidies	835.1	760.4	686.3	710.5	682.8	770.9	816.2
Departmental agencies and accounts	810.7	745.4	674.2	699.5	671.1	756.8	801.3
Non-profit institutions	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Households	24.2	14.8	11.9	10.8	11.4	13.9	14.6
Payments for capital assets	0.2	0.1	0.0	0.4	0.4	0.4	0.4
Machinery and equipment	0.2	0.1	0.0	0.4	0.4	0.4	0.4
Total	863.8	803.3	716.4	766.7	744.2	835.4	884.8

Details of selected transfers and subsidies

Departmental agencies and accounts	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Departmental agencies (non-business entities)							
Current	511.8	566.8	532.1	465.7	438.1	467.3	496.2
Iziko Museums of Cape Town	44.6	48.4	50.8	61.9	57.7	61.5	65.3
National Heritage Council	46.2	48.4	46.7	47.3	50.1	53.0	56.3
South African Heritage Resources Agency	31.4	33.8	36.2	85.5	41.0	43.7	46.4
Transformation of Heritage Institutions	2.5	–	–	–	–	–	–
Northern Flagship Institution	45.0	49.0	51.2	54.4	58.4	62.5	66.4
Afrikaanse Taalmuseum: Paarl	3.2	3.5	4.0	4.2	4.5	4.8	5.1
Freedom Park: Pretoria	194.0	251.0	187.8	58.4	62.3	66.4	70.5
Luthuli Museum: Stanger	5.4	5.9	6.2	6.6	7.0	7.5	7.9
Natal Museum: Pietermaritzburg	11.4	12.9	13.5	14.3	15.3	16.4	17.4
National Museum : Bloemfontein	21.5	23.4	24.5	31.0	34.7	37.4	39.7
Nelson Mandela Museum : Mithatha	14.0	14.8	32.5	18.5	17.6	18.6	19.8
Robben Island Museum: Cape Town	69.1	49.9	51.8	55.0	58.9	62.8	66.7

Table 14.9 Heritage Promotion (continued)

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Economic classification							
National English Literary Museum: Grahamstown	5.8	6.4	6.7	7.1	7.6	8.1	8.7
Voortrekker Museum: Pietermaritzburg	8.2	8.8	9.3	9.8	10.5	11.2	11.9
War Museum of the Boer Republics: Bloemfontein	5.6	6.1	6.5	6.7	7.2	7.7	8.2
William Humphreys Art Gallery: Kimberley	4.1	4.4	4.7	4.9	5.3	5.6	6.0
Capital	299.0	178.7	142.1	233.8	233.0	289.5	305.1
Heritage Institutions: Capital works	299.0	178.7	142.1	233.8	233.0	289.5	305.1
Households							
Other transfers to households							
Current	24.2	14.8	11.9	10.8	11.4	13.9	14.6
Projects that promote heritage	24.2	14.8	11.9	9.3	8.4	9.4	9.8
Bursaries for non-employees	–	–	–	1.5	3.0	4.5	4.8

Expenditure trends

Expenditure decreased from R863.8 million in 2008/09 to R766.7 million in 2011/12, at an average annual rate of 3.9 per cent, due to the completion of the construction of Freedom Park and a once-off additional allocation in 2009/10 for capital works at the park.

In 2010/11, the department co-hosted Heritage Day celebrations with the KwaZulu–Natal provincial government at a cost of R4.4 million.

Over the medium term, expenditure is expected to increase to R884.8 million, at an average annual rate of 4.9 per cent, due to increased transfers to heritage institutions for operations and increased capital works spending from 2013/14.

This programme expects to appoint 2 consultants at a cost of R4.2 million between 2012/13 and 2014/15 to assist with the implementation of the heritage infrastructure projects.

Programme 6: National Archives and Library Services

Objectives and measures

- Provide efficient management of archival resources by:
 - empowering citizens and the state by improving access to information resources created in and about South Africa
 - increasing understanding, use and appreciation of the archival, library and information services
 - providing infrastructural facilities and tools in support of quality library and archival service
 - improving the regulatory framework for archives and libraries by 2012/13.
- Ensure more equitable access to library resources over the MTEF by:
 - developing a policy framework for norms and standards for community libraries
 - acquiring 25 per cent more reading material, including in indigenous languages, and hiring staff in libraries where there is insufficient stock and staff by 2014/15
 - building 53 additional libraries by 2014/15.

Subprogrammes

- *National Archive Services* acquires, preserves, manages and makes accessible public and non-public records with enduring value. This subprogramme had a staff complement of 124 and a total budget of R54.6 million in 2011/12, of which 52.1 per cent was used for compensation of employees. In 2010/11, 4 officials were trained on the access to information training framework, and the annual national oral history conference was

hosted in Mpumalanga. Approved budget cuts in 2012/13 of R2.1 million have been identified from goods and services, and transfers to households.

- *National Library Services* funds libraries and institutions, and develops related policy. This subprogramme had no staff complement and a total budget in 2011/12 of R87.5 million, 78.1 per cent of which was transferred to the National Library of South Africa, and 15.4 per cent to the South African Library for the Blind and Blind SA. No approved budget cuts in 2012/13 have been made in this subprogramme.
- *Community Library Services* transfers funds to provincial departments for the community library services conditional grant for constructing libraries, hiring personnel and purchasing library materials. This subprogramme had no staff complement and a total budget of R569.9 million in 2011/12, which was transferred in full to provinces based on business plans for the construction of new libraries. Approved budget cuts in 2012/13 of R6.2 million have been made to the community library services grant.
- *Capital Works of Libraries* provides and administers capital grants to libraries for maintenance and other capital projects. This subprogramme had no staff complement and a total budget in 2011/12 of R8 million, which was transferred in full to libraries based on business plans. No approved budget cuts in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 14.10 National Archives and Library Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
National Archive Services	45.4	51.6	46.3	54.6	48.0	50.9	54.0
National Library Services	65.9	70.4	65.6	87.5	86.9	93.4	99.3
Community Library Services	344.6	440.6	462.4	569.9	564.6	597.8	631.6
Capital Works of Libraries	–	–	5.4	8.0	100.0	40.0	50.0
Total	456.0	562.7	579.7	720.0	799.5	782.1	834.9
Change to 2011 Budget estimate				25.5	79.5	22.0	29.1

Economic classification

Current payments	38.0	47.9	44.0	52.5	46.0	48.6	51.5
Compensation of employees	22.6	27.6	29.2	28.4	30.6	32.4	34.4
Goods and services	15.4	20.3	14.8	24.1	15.4	16.1	17.1
<i>of which:</i>							
Contractors	–	–	3.2	0.0	0.0	0.0	0.0
Agency and support / outsourced services	1.7	6.5	3.9	4.0	–	–	–
Travel and subsistence	8.5	7.6	3.9	1.4	1.7	1.6	1.7
Transfers and subsidies	417.8	513.0	534.1	666.6	752.6	732.7	782.4
Provinces and municipalities	344.6	440.6	462.4	569.9	564.6	597.8	631.6
Departmental agencies and accounts	61.3	65.6	65.8	89.7	180.8	127.0	142.5
Non-profit institutions	4.7	4.8	5.2	5.8	6.1	6.4	6.8
Households	7.2	1.9	0.7	1.2	1.2	1.4	1.5
Payments for capital assets	0.1	1.5	1.6	0.8	0.9	0.9	1.0
Machinery and equipment	0.1	1.5	1.6	0.8	0.9	0.9	1.0
Payments for financial assets	0.0	0.4	0.0	–	–	–	–
Total	456.0	562.7	579.7	720.0	799.5	782.1	834.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	61.3	65.6	60.4	81.7	80.8	87.0	92.5
National Library of South Africa	39.6	42.3	45.1	65.4	63.1	68.1	72.4
South African Library for the Blind	10.6	11.3	12.0	13.5	14.6	15.6	16.6
National Library of South Africa: Community libraries	11.0	12.0	3.4	2.9	3.1	3.3	3.5
Capital	–	–	5.4	8.0	100.0	40.0	50.0
Libraries: Capital works	–	–	5.4	8.0	100.0	40.0	50.0
Non-profit institutions							

Table 14.10 National Archives and Library Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current	4.7	4.8	5.2	5.8	6.1	6.4	6.8
Blind South Africa	4.7	4.8	5.2	5.8	6.1	6.4	6.8
Households							
Other transfers to households							
Current	7.2	1.9	0.7	1.2	1.2	1.4	1.5
Projects that conserve archival material	7.2	1.9	0.7	1.2	1.2	1.4	1.5
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	344.6	440.6	462.4	569.9	564.6	597.8	631.6
Community library services grant	344.6	440.6	462.4	569.9	564.6	597.8	631.6

Expenditure trends

Expenditure increased from R456 million in 2008/09 to R720 million in 2011/12, at an average annual rate of 16.4 per cent, mainly due to increased spending on capital works of libraries. The bulk of this increase is reflected in transfers to the National Library of South Africa, which increased from R39.6 million in 2008/09 to R65.4 million in 2011/12, at an average annual rate of 18.1 per cent.

Over the medium term, expenditure is projected to grow to R834.9 million, at an average annual rate of 5.1 per cent, driven mainly by reprioritised funding within the department for libraries capital works. Spending on capital works for libraries is expected to increase from R8 million in 2011/12 to R50 million in 2014/15, at an average annual rate of 84.2 per cent, mainly for upgrading of the National Archives fire system and old library.

In 2010/11, 10 libraries were built and 56 upgraded at a cost of R302 million. In addition, R5.4 million was spent on capital works for libraries.

This programme expects to appoint consultants at a cost of R11 million between 2012/13 and 2014/15 to assist the department to investigate the production of Braille books for community libraries.

Public entities and other agencies

Freedom Park

Overview: 2008/09 – 2014/15

Freedom Park was declared a cultural institution by the Minister of Arts and Culture in terms of the Cultural Institutions Act (1998) in 2009. The park is situated on a 52ha site on Salvokop Hill in Pretoria. Freedom Park's role as a memorial and museum is to contribute to reconciliation, social cohesion and nation building. The objective of Freedom Park is to establish visible cultural structures that celebrate and commemorate diverse and important South African events, spanning pre-history to colonisation to the struggle for democracy, and ending with a vision for the future. It tells the story of South Africa's reconciliation process and the advancement of human rights entrenched in the Constitution.

The park has three elements: a garden of remembrance; commemorative spaces; and *//hapo*, which includes information resources and hospitality facilities. Phase 2 of the construction and development of the park was planned for completion in 2010/11. The *//hapo* phase will be completed in 2011/12, and will tell the history of Southern Africa in narrative and visual form, covering 3.6 billion years. The trust will continue to promote access to commemoratively diverse and important South African events relating to the struggle for democracy and providing a vision for the future.

Performance

In 2010/11, the park catalogued and accessioned 2 072 materials as part of the archival system on heritage collections, and captured 152 000 names of indentured Indians, 2 827 names on the Wall of Names and 13 names on the Gallery of Leaders with biographies on the database. The health and safety administration was completed in accordance with the Occupational Health and Safety Act (1993) in preparation to make the park 100 per cent functional. In 2011/12, the park implemented a ticketing system, developed an IT governance framework and established a registry office at //hapo. Over the medium term, the park will focus on the installation of exhibitions in //hapo as well as minor construction projects. R31 million of a total budget of R114 million has been spent to date on the installation of exhibitions in //hapo. The exhibition is scheduled for completion in 2012/13. The park intends to improve communication to the public through media alerts and developing and implementing a tourism marketing plan. The park also aims to improve visitors' experiences at the park. Additional income will be generated by opening a shop that sells arts, crafts and books, and a restaurant to coincide with the opening of //hapo.

The number of exhibitions and community gatherings planned and arranged per year are expected to grow from 10 in 2011/12 to 30 in 2014/15. The number of temporary exhibitions is expected to decrease from 4 in 2011/12 to 2 in 2014/15 as the park completes exhibitions in the various locations. The indicators that do not reflect growth over the medium term relate to research and educational activities, which are qualitative in nature. Research papers and articles relate to new projects and are not repeated over the medium term.

Selected performance indicators

Table 14.11 Freedom Park

Indicator	Programme/Activity/Objective	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of research articles on history, culture and spirituality conducted per year	Research articles on elements	–	–	–	4	4	4	4
Number of temporary exhibitions developed per year	Research papers and plans	–	–	–	4	2	2	2
Number of events planned and arranged at Freedom Park per year	Events per national holiday	–	–	–	5	7	7	7
Number of exhibitions and community gatherings planned and arranged per year	Community gatherings affected as identified	–	–	–	10	15	25	30
Number of indigenous knowledge systems research projects undertaken per year	Research products completed and available	–	–	–	5	5	5	5
Number of educational programmes and activities developed and presented per year	Educational activities developed and approved	–	–	–	48	48	48	48

1. The park was under construction and became fully operational from 2011/12.

Programmes/activities/objectives

Table 14.12 Freedom Park

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Events per national holiday	1.1	0.9	0.7	0.6	0.5	1.0	1.1
Research products completed and available	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Educational activities developed and approved	3.3	4.0	4.0	4.9	4.4	4.3	4.7
Administration/ Operations	55.7	56.2	55.7	55.7	61.3	64.6	69.3
Research papers and articles on elements	0.1	0.1	0.0	0.0	0.0	0.1	0.1
Community gatherings affected as identified	7.6	16.4	10.4	7.3	8.1	8.2	4.6
Total expense	68.0	77.6	70.9	68.6	74.5	78.3	80.0

Freedom Park had a total budget of R68.6 million in 2011/12, of which 61.1 per cent was used for compensation of employees.

Savings and cost effectiveness measures

Cost saving measures will be implemented over the MTEF period to ensure that available funds are used effectively to meet the institution's predetermined objectives. Some of these measures had been implemented between 2008/09 and 2011/12 to reduce spending on communication and consumables. Further measures were implemented in 2010/11 include: limit the number of people issued with and allowed to use company cell phones, keep catering for internal meetings and events to a minimum, and use the park's facilities instead of outside venues for internal events and meetings. This has resulted in savings on goods and services at an average of R5.2 million each year. Savings were mainly used to fund and maintain additional posts from 2007/08. In addition, the park's management accepted a 5 per cent annual salary increase in 2010/11, which was lower than that awarded in the public service. Measures implemented are expected to yield savings of R15.6 million are expected over the medium term.

Expenditure estimates

Table 14.13 Freedom Park

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome		2012/13		2013/14	2014/15	
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	15.0	9.6	11.0	3.0	4.1	3.7	4.9
Sale of goods and services other than capital assets	0.2	0.3	0.6	1.2	2.0	3.0	4.6
<i>of which:</i>							
Administration fees	0.2	0.3	0.6	1.2	2.0	3.0	4.6
Other non-tax revenue	14.8	9.3	10.4	1.8	2.1	0.7	0.3
Transfers received	178.9	205.0	191.4	215.7	101.8	75.8	73.5
Total revenue	193.8	214.6	202.4	218.6	105.8	79.5	78.3
Expenses							
Current expenses	68.0	77.6	70.9	68.6	74.5	78.3	80.0
Compensation of employees	25.3	32.0	38.0	41.9	44.5	47.9	51.1
Goods and services	35.0	29.3	22.5	19.4	21.9	22.2	24.2
Depreciation	7.6	16.4	10.4	7.3	8.1	8.2	4.6
Total expenses	68.0	77.6	70.9	68.6	74.5	78.3	80.0
Surplus / (Deficit)	125.9	137.0	131.5	150.0	31.0	1.0	(2.0)

Expenditure trends

The spending focus over the medium term will be on installing exhibitions in //hapo that would contribute to the emancipation of the African voice and minor construction works.

Freedom Park receives on average 95.2 per cent of its funding from a transfer for operations from the Department of Arts and Culture. In addition, the park generates its own revenue from entrance fees, renting its premises out for events and interest income. Transfers received increased from R178.9 million in 2008/09 to R215.7 million in 2011/12, at an average annual rate of 6.4 per cent, mainly due to increased allocations for construction, which also accounts for the 14.6 per cent increase in transfers received in 2009/10.

Transfers received between 2011/12 and 2014/15 include deferred revenue for capital works. Transfers received are projected to decrease from R215.7 million in 2011/12 to R73.5 million in 2014/15, at an average annual rate of 30.2 per cent. The amounts recorded as transfers received include deferred revenue released to income. Deferred revenue will reduce over the medium term as capital projects are completed, accounting for the 30.2 per cent decrease in transfers received over the medium term.

The parks' administration fees revenue grew from R200 000 in 2008/09 to R1.2 million in 2011/12, at an average annual rate of 81.7 per cent, as greater portions of the park become operational. Administration fee revenue is expected to increase to R4.6 million over the medium term, at an average annual rate of 56.5 per cent,

following the opening of the //hapo exhibition. The decrease in other non-tax revenue over the medium term relates to a decrease in interest revenue as the available capital funds are spent and most of the capital projects wind down in 2012/13.

Expenditure grows from R68 million in 2008/09 to R80 million in 2014/15, at an average annual rate of 2.7 per cent. This marginal growth is as a result of decreased spending on goods and services between 2008/09 and 2011/12 due to cost saving measures implemented by the park.

R484 000 in 2011/12 was spent on consultants, which is the equivalent of 1.2 per cent of the total spent on compensation of employees. Consultants are used on an ad hoc basis for at most three months per project to manage payroll systems.

By the end of 2012/13, the park will have assets valued at approximately R854.2 million and deferred revenue realised to income will decrease over the MTEF period. Depreciation expense will also increase over the same period. As a result, the park forecasts a deficit for 2014/15.

Personnel information

Table 14.14 Freedom Park

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	3	3	1	2	3	3	2	3	3	3
Senior management	7	7	1	8	7	6	6	7	7	7
Middle management	4	4	–	4	4	4	4	4	4	4
Skilled	37	37	1	23	27	35	36	37	37	37
Semi-skilled	25	25	2	12	26	25	23	25	25	25
Very low skilled	31	31	–	36	29	31	31	31	31	31
Total	107	107	5	85	96	104	102	107	107	107
Compensation (R thousand)				25 343	31 969	38 027	41 923	44 625	48 049	51 313
Unit cost (R thousand)				298	333	366	411	417	449	480

1. As at 30 September 2011.

The park had an approved establishment of 107 posts, all of which are funded. The number of filled posts increased from 85 in 2008/09 to 102 posts in 2011/12 as vacant posts were filled. The number of filled posts is expected to increase to 107 in 2012/13 and remain constant over the MTEF period as the park reaches optimal operations. Administration and support staff constitute more than half of the staff complement and are mostly in the skilled, semi-skilled and very low skilled levels. The park had five vacant positions spread across the semi-skilled to executive levels.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Heritage Resources Agency** is the national administrative management body for the protection of South Africa's cultural heritage. The agency's main functions include managing the national estate through partnerships with other bodies to promote an integrated heritage resources management system. The entity's total budget for 2012/13 is R47.1 million.
- The **National Arts Council** facilitates opportunities for people to practise and appreciate the arts. The council also promotes the general application of the arts in the community, fosters the expression of national identity by means of the arts, promotes freedom in the practice of the arts, and gives historically disadvantaged people greater access to the arts. Its total budget for 2012/13 is R90.9 million.
- The **National Film and Video Foundation** develops and promotes the film and video industry in South Africa. The foundation promotes local film and video products, supports the development of and access to the industry, and addresses historical imbalances in infrastructure, skills, and resources in the industry. Its total budget for 2012/13 is R88.1 million.
- The **Pan South African Language Board** is a constitutional institution that promotes an awareness of multilingualism as a national resource and supports previously marginalised languages. It is mandated to

investigate complaints about language rights violations from any individual, organisation or institution. Its total budget for 2012/13 is R69.6 million.

- The **National Heritage Council** engages heritage stakeholders in public and private institutions, including the various organs of civil society, mobilising debates and building awareness about heritage. Its total budget for 2012/13 is R50.7 million.
- The following **arts institutions** receive annual transfers from the Department of Arts and Culture: the State Theatre, the Playhouse Company, ArtsCape, the Market Theatre, the Performing Arts Council of the Free State and the Windybrow Theatre. In addition to the annual transfer from the department, these entities also generate their own revenue through entrance fees, donor assistance and sponsorships. The total amount of transfers in 2012/13 is R255.4 million, excluding capital works.
- The following officially declared **heritage institutions** are dependent on annual transfers from the Department of Arts and Culture: Northern Flagship Institutions, Pretoria; Iziko Museum, Cape Town; Natal Museum, Pietermaritzburg; Bloemfontein National Museum; Die Afrikaanse Taalmuseum, Paarl; The National English Literary Museum, Grahamstown; Voortrekker Museum, Pietermaritzburg; War Museum of the Boer Republics, Bloemfontein; Robben Island Museum, Cape Town; William Humphreys Art Gallery, Kimberley; Luthuli Museum, Stanger; and Nelson Mandela Museum, Mthatha. The total amount of transfers in 2012/13 is R288.4 million, excluding capital works.
- The Department of Arts and Culture oversees various **libraries**, including the National Library of South Africa, a statutory body, the South African Library for the Blind, and Blind South Africa. The total amount of transfers to the libraries in 2012/13 is R86.3 million, excluding capital works.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Infrastructure transfers to other spheres, agencies and departments										
Department of Arts and Culture public entities: Capital works	Building, maintenance and upgrading of infrastructure in various heritage institutions, playhouses, libraries and archives	Various	4 656.0	267.1	249.7	313.8	455.6	483.0	509.5	540.1
National Library of South Africa, Pretoria campus: Construction of new building	New building for the Pretoria campus of the National Library of South Africa	Handed over	374.0	14.5	-	-	-	-	-	-
Archives building: Expansion	Expanding the National Archives building	Design	503.2	23.0	-	-	-	-	-	-
Freedom Park	Freedom Park	Construction	700.0	144.0	200.0	134.0	-	-	-	-
Total			6 233.1	448.6	449.7	447.8	455.6	483.0	509.5	540.1

Vote 15

Basic Education

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	309.6	285.4	11.6	12.7	328.5	348.3
Curriculum Policy, Support and Monitoring	1 428.3	1 427.5	–	0.8	1 515.9	1 610.9
Teachers, Education Human Resources and Institutional Development	760.2	87.9	671.9	0.4	988.5	1 047.9
Planning, Information and Assessment	8 370.2	189.8	5 864.2	2 316.1	11 760.9	12 250.8
Educational Enrichment Services	5 475.3	50.8	5 424.2	0.2	5 779.6	6 108.9
Total expenditure estimates	16 343.6	2 041.3	11 972.0	2 330.3	20 373.5	21 366.8

Executive authority	Minister of Basic Education
Accounting officer	Director General of Basic Education
Website address	www.education.gov.za

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

Aim

Develop, maintain and support a South African school education system for the 21st century.

Programme purposes

Programme 1: Administration

Purpose: Manage the department and provide strategic and administrative support services.

Programme 2: Curriculum Policy, Support and Monitoring

Purpose: Develop curriculum and assessment policies and monitor and support their implementation.

Programme 3: Teachers, Education Human Resources and Institutional Development

Purpose: Promote quality teaching and institutional performance through the effective supply, development and utilisation of human resources.

Programme 4: Planning, Information and Assessment

Purpose: Promote quality and effective service delivery in the basic education system through planning, implementation and assessment.

Programme 5: Educational Enrichment Services

Purpose: Develop policies and programmes to improve the quality of learning in schools.

Strategic overview: 2008/09 – 2014/15

The key strategic objective of the Department of Basic Education over the medium term is to ensure that all learners in the South African schooling system access quality education through the effective implementation of

all policies and the approved curriculum, and by reviewing and refining the areas that do not contribute to quality education. In 2010/11, the department introduced the Action Plan to 2014: Towards the Realisation of Schooling 2025 to provide a more robust mechanism for the department to steer the education system. The plan sets out the goals for the education system and the activities required to achieve these goals by 2014, as part of the realisation of the greater, longer term vision of quality education in schools by 2025.

Outcomes and related outputs

The department is responsible for the improved quality of basic education (outcome 1). Outputs related to the achievement of this outcome include the improved quality of teaching and learning, regular assessment to track progress, improved early childhood development, and a credible outcomes focused planning and accountability system.

All these outputs are part of existing plans in the education sector, and include projects aimed at improving performance in literacy and numeracy, and in mathematics, science and technology.

Focus over the medium term

With the focus on the improvement of learning in the South African schooling system as its overall objective over the medium term, the department will focus on the following specific areas:

Curriculum and assessment policy statements

The curriculum and assessment policy statements for grades R to 12 were gazetted in September 2011 and will be phased in, starting with grades R to 3 and Grade 10 in 2012, then grades 4 to 6 and Grade 11 in 2013, and finally grades 7 to 9 and Grade 12 in 2014. The curriculum and assessment policy statements will reduce the administrative burden for teachers, provide clearer specifications for subject content, and provide stronger recommendations around teaching methods.

Learner performance improvement strategies

The results from the department's annual national assessments programme of 2011 for grades 3 and 6 indicate that learner performance is below what it should be by any measure. Over the medium term, improving literacy and numeracy skills in grades 1 to 6 will be a particular focus. This will be achieved by improving the tracking of curriculum coverage and focusing on reading, writing and developing numeracy skills in the foundation phase, including Grade R, where it is offered at public primary schools. Mathematics, science and technology will also receive particular attention to ensure that quality outputs can be achieved in these areas. To ensure full coverage across key points in the education system, the 2012 annual national assessments will include Grade 9. The detailed results of these assessments will allow provincial education departments to design appropriate interventions on a school-by-school basis.

The department will also continue to ensure credible and quality examinations and assessment practices for all subjects in the national senior certificate. The administration of question papers will be supported and monitored nationally to ensure that the examination and assessment processes are fair and do not disadvantage learners. School based assessments will be strengthened through the moderation and provision of exemplars.

Workbooks

The department has developed literacy and numeracy workbooks for 2011 for grades 1 to 6 to support and strengthen the development of these areas, the critical foundation skills for learning. Workbooks for languages and mathematics for grade 7 to 9 learners will also be developed and distributed to schools from 2012 onwards. The efficacy of the workbooks will be evaluated and revisions will be made where applicable.

Learning and teaching support materials

The department has started developing a national catalogue for textbooks. All new textbooks will be screened for compliance with the new curriculum and assessment policy statements, and only those meeting the set criteria will be included in the national catalogue. Schools will only be allowed to select books from this catalogue. Learners will be assured of quality support materials through an effective textbook retrieval system and the appropriate use of nationally developed workbooks.

Teacher development

The finalisation of the integrated strategic planning framework for teacher education and development in South Africa (2011-2025) will shape teacher capacity building in the coming years and introduce a more multi-pronged approach to training. The approach includes a points system to encourage teachers' ongoing professional development and is a departure from the traditional top-down mode of in-service teacher development.

Partnerships and social compacts

An accord on basic education and partnerships with schools was concluded in the National Economic Development and Labour Council in 2011 by organised labour, business, community constituencies represented in the council, and the Minister of Basic Education, representing government. The accord aims to rebuild dysfunctional parts of the education system through the Adopt a School campaign. The department's Quality Learning and Teaching campaign will coordinate the implementation of the accord and make citizens aware of the importance of education, and their associated roles, responsibilities and obligations.

Selected performance indicators**Table 15.1 Basic Education**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new learners enrolled in the Kha Ri Gude mass literacy campaign per year	Curriculum Policy, Support and Monitoring	360 000	613 643	609 199	660 000	678 000	687 000	692 000
Number of learners who completed the Kha Ri Gude course per year	Curriculum Policy, Support and Monitoring	342 000	545 666	486 000	520 000	542 400	550 000	553 600
Number of matric mathematics university (or equivalent) passes at the Dinaledi schools per year	Educational Enrichment Services	15 184	11 462	15 000	17 000	25 000	30 000	35 000
Number of matric science university (or equivalent) passes at the Dinaledi schools per year	Educational Enrichment Services	8 289	4 920	6 000	8 000	11 000	15 000	18 000
Number of public ordinary schools moderated through school based integrated quality management system evaluations per year	Teachers, Education Human Resources and Institutional Development	4 021	7 500	7 160	8 000	8 000	8 000	8 000
Number of Funza Lushaka bursaries awarded per year ¹	Teachers, Education Human Resources and Institutional Development	5 189	9 190	10 074	8 800	11 500	14 500	12 500
Total number of learners captured by the learner unit record information tracking system	Planning, Information and Assessment	4.2 million	7.2 million	10 million	10.5 million	11.8 million	12.3 million	12.5 million
Total number of public ordinary schools interacting with learner unit record information tracking system	Planning, Information and Assessment	7 400	17 000	24 000	25 000	25 600	25 850	26 000
Total number of schools and districts evaluated through the national education evaluation and development unit	Planning, Information and Assessment	–	–	–	174	1 700	1 700	1 700
Number of learners fed a meal each school day per year	Educational Enrichment Services	6.1 million	7.4 million	8.1 million	9 million	9.1 million	9.2 million	9.3 million

1. The unspent Funza Lushaka funds from 2007/08 and 2008/09 were spent in 2009/10 and 2010/11, thereby increasing the pool of funds available in those years and resulting in increased numbers of bursaries awarded in those years.

Expenditure estimates

Table 15.2 Basic Education

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	118.2	150.8	247.0	293.7	283.9	309.6	328.5	348.3
Curriculum Policy, Support and Monitoring	530.4	551.4	666.5	1 559.3	1 439.3	1 428.3	1 515.9	1 610.9
Teachers, Education Human Resources and Institutional Development	288.0	502.4	489.1	529.9	523.4	760.2	988.5	1 047.9
Planning, Information and Assessment	3 323.3	4 034.2	3 320.5	6 586.5	6 286.5	8 370.2	11 760.9	12 250.8
Educational Enrichment Services	2 124.0	2 615.5	3 954.7	5 111.1	5 106.5	5 475.3	5 779.6	6 108.9
Total	6 384.0	7 854.3	8 677.9	14 080.5	13 639.6	16 343.6	20 373.5	21 366.8
Change to 2011 Budget estimate				212.3	(228.5)	(214.4)	(36.1)	(267.4)
Economic classification								
Current payments	949.8	950.4	1 128.5	2 157.2	2 016.3	2 041.3	2 243.2	2 461.7
Compensation of employees	186.3	225.2	252.9	321.5	300.1	349.6	374.9	398.0
Goods and services	763.6	725.2	824.0	1 784.9	1 665.4	1 641.6	1 819.0	2 015.4
<i>of which:</i>								
<i>Inventory: Stationery and printing</i>	99.2	84.1	38.1	119.9	119.9	56.9	112.9	218.7
<i>Property payments</i>	10.9	10.8	66.4	70.5	70.5	77.2	84.6	93.1
<i>Travel and subsistence</i>	52.4	55.3	46.2	66.5	66.1	65.5	69.5	74.2
<i>Operating expenditure</i>	356.0	398.4	557.6	1 338.6	1 218.6	1 277.6	1 376.8	1 443.6
Interest and rent on land	–	–	51.5	50.9	50.9	50.1	49.3	48.3
Transfers and subsidies	5 421.3	6 895.5	7 536.6	11 215.8	11 215.8	11 972.0	12 925.4	13 387.4
Provinces and municipalities	5 215.6	6 460.1	7 078.6	10 736.9	10 736.9	11 246.6	11 922.9	12 321.1
Departmental agencies and accounts	196.2	419.6	448.4	468.0	468.0	713.9	990.5	1 053.4
Foreign governments and international organisations	8.7	11.1	9.4	10.9	10.9	11.4	12.0	12.8
Non-profit institutions	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Households	0.8	4.8	0.2	0.0	0.0	–	–	–
Payments for capital assets	12.8	8.2	12.8	707.4	407.4	2 330.3	5 204.8	5 517.7
Buildings and other fixed structures	–	–	5.9	700.0	400.0	2 322.4	5 197.2	5 509.5
Machinery and equipment	11.2	6.6	5.6	7.4	7.4	7.8	7.5	8.1
Software and other intangible assets	1.5	1.6	1.2	0.1	0.1	0.1	0.1	0.1
Payments for financial assets	0.1	0.2	–	–	–	–	–	–
Total	6 384.0	7 854.3	8 677.9	14 080.5	13 639.6	16 343.6	20 373.5	21 366.8

Expenditure trends

The spending focus over the MTEF period will be on infrastructure funding in the form of transfers to provinces, through the education infrastructure grant and payments for capital assets for the school infrastructure backlogs conditional grant, where the department will take responsibility for the delivery of projects. The Kha Ri Gude mass literacy project, aimed at reducing adult illiteracy by providing an additional 2 million adults an opportunity to become literate over the MTEF period, remains a key programme, as does the oversight and support provided for the national school nutrition programme grant to provinces.

Expenditure increased from R6.4 billion in 2008/09 to R14.1 billion in 2011/12, at an average annual rate of 30.2 per cent, mainly due to: increases in the education infrastructure conditional grant and the introduction of the school infrastructure backlogs grant in line with government's commitment to ensure that learning and teaching take place in safe and secure buildings; the expansion of the mass literacy campaign; and additional allocations for the workbooks project. The latter project aims to improve learner performance in the foundational learning areas of literacy and numeracy.

Over the medium term, expenditure is expected to grow to R21.4 billion, at an average annual rate of 14.9 per cent, mainly due to the additional allocations for the school infrastructure backlogs grant and the

shifting of the education infrastructure grant portion from the infrastructure grant to provinces, formerly on National Treasury's vote, to this vote. Over the medium term, expenditure on the school infrastructure backlogs conditional grant is projected to increase from R700 million in 2011/12 to R5.5 billion in 2014/15, at an average annual rate of 98.8 per cent, as reflected in payments for buildings and other fixed structures. Expanding the national school nutrition programme conditional grant to include all learners in quintile 1 to 3 schools supports government's poverty alleviation strategy. The education infrastructure and school nutrition programme grants are mainly responsible for the increase in transfers to provinces over the MTEF period, from R10.7 billion to R12.3 billion, growing at an average annual rate of 4.7 per cent. The department will also provide literacy and numeracy workbooks to learners and lesson plans to teachers to improve learner performance in these areas. These items are mainly responsible for the increased expenditure on goods and services from R763.6 million in 2008/09 to R1.8 billion in 2011/12, with expenditure on this item growing at an average annual rate of 32.7 per cent. This spending is projected to increase to R2 billion by 2014/15, at an average annual rate of 4.1 per cent.

The department spent R17.2 million on consultants in 2011/12, mainly to audit the payments for the printing and delivery of the workbooks project, to moderate and verify learner assessment portfolios for Kha Ri Gude, and to moderate and verify the annual national assessments. Expenditure on consultants will mainly be for the same purposes and is expected to increase to R19.7 million in 2014/15, at an average annual rate of 4.6 per cent over the MTEF period.

The 2012 Budget provides additional allocations over the MTEF period of R149.6 million, R322.1 million and R257.5 million for the following priority areas:

- improved conditions of service for department personnel (R7.2 million, R11.8 million and R12.9 million)
- transfers to Umalusi for increases to compensation of employees due to improvements in conditions of service (R859 000, R1.4 million and R1.6 million)
- transfers to Umalusi to cover its expanded mandate (R22 million, R75 million and R83 million)
- annual national assessments to strengthen the existing programme and expand assessments to include Grade 9 (R75 million in 2013/14 and R160 million in 2014/15)
- education infrastructure grant for disaster relief (R119.5 million in 2012/13 and R158.9 million in 2013/14).

The department realises savings and makes Cabinet approved baseline cuts of R160.5 million in 2012/13, R168.5 million in 2013/14 and R175 million in 2014/15 for the following:

- workbooks project (R156.8 million, R162.2 million and R167.5 million)
- efficiency savings on goods and services (R1.9 million, R2.4 million and R2.8 million)
- Kha Ri Gude incentive grant (R1.5 million, R3.5 million and R4.3 million)
- Umalusi transfer (R326 000, R350 000 and R442 000).

The following conditional grant allocations are reduced by R743 million (R203.4 million, R189.7 million, and R349.8 million):

- Dinaledi schools grant (R300 000, R332 000 and R648 000)
- technical secondary schools recapitalisation grant (R631 000, R698 000 and R1.4 million)
- HIV and AIDS lifeskills grant (R629 000, R695 000 and R1.4 million)
- national school nutrition programme grant (R21.6 million, R20.1 million and R37.2 million)
- education infrastructure grant (R180.2 million, R168 million and R309.3 million)

As far as is possible, the reductions will be made on the administrative portion of these grants.

Infrastructure spending

The infrastructure grant to provinces in the National Treasury vote was phased out in 2011/12 and the education portion of this grant became the education infrastructure grant. This grant is used to supplement the ongoing infrastructure programme in provinces, including the construction of new schools and additional spaces such as specialist rooms, and the maintenance programmes of the new and revamped structures built from the schools infrastructure backlogs conditional grant. R18.3 billion is allocated to this grant over the MTEF period.

R13 billion has been allocated over the MTEF period to the school infrastructure backlogs grant, a new grant introduced in 2011/12. The grant's purpose is to eradicate and replace inappropriate school infrastructure such as mud schools and other unsafe structures, and to ensure that all schools have basic services like water, sanitation and electricity. These funds will be used to replace 395 mud schools, provide water to 1 307 schools, sanitation to 536 schools and electricity to 1 434 schools. Provincial education departments will ensure that the ongoing maintenance costs of these schools form part of their infrastructure plans.

R663.7 million has been allocated over the MTEF for the technical secondary schools recapitalisation conditional grant to build, refurbish and resource new and existing teaching spaces such as technology workshops and classrooms. Under this grant, 35 new workshops will be built, 124 workshops will be refurbished, 128 workshops will be provided with equipment and 445 technology teachers will be trained.

Personnel information

Table 15.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	881	673	4	593	606	612	641	673	673	673
Salary level 1 – 6	202	163	2	153	156	157	159	163	163	163
Salary level 7 – 10	331	257	–	245	251	255	248	257	257	257
Salary level 11 – 12	226	170	–	105	109	110	160	170	170	170
Salary level 13 – 16	122	83	2	90	90	90	74	83	83	83
Administration	299	234	4	201	210	213	232	234	234	234
Salary level 1 – 6	104	91	2	81	84	85	91	91	91	91
Salary level 7 – 10	92	70	–	65	69	71	70	70	70	70
Salary level 11 – 12	48	36	–	30	32	32	34	36	36	36
Salary level 13 – 16	55	37	2	25	25	25	37	37	37	37
Curriculum Policy, Support and Monitoring	116	101	–	91	92	93	94	101	101	101
Salary level 1 – 6	14	13	–	21	21	21	12	13	13	13
Salary level 7 – 10	20	18	–	25	25	26	18	18	18	18
Salary level 11 – 12	67	55	–	28	29	29	53	55	55	55
Salary level 13 – 16	15	15	–	17	17	17	11	15	15	15
Teachers, Education Human Resources and Institutional Development	177	127	–	135	137	138	125	127	127	127
Salary level 1 – 6	12	7	–	15	15	15	7	7	7	7
Salary level 7 – 10	105	86	–	97	99	100	86	86	86	86
Salary level 11 – 12	44	25	–	12	12	12	24	25	25	25
Salary level 13 – 16	16	9	–	11	11	11	8	9	9	9
Planning, Information and Assessment	202	138	–	112	113	114	126	138	138	138
Salary level 1 – 6	53	37	–	27	27	27	36	37	37	37
Salary level 7 – 10	82	56	–	36	36	36	49	56	56	56
Salary level 11 – 12	43	34	–	22	23	24	32	34	34	34
Salary level 13 – 16	24	11	–	27	27	27	9	11	11	11

Table 15.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Educational Enrichment Services	87	73	–	54	54	54	64	73	73	73
Salary level 1 – 6	19	15	–	9	9	9	13	15	15	15
Salary level 7 – 10	32	27	–	22	22	22	25	27	27	27
Salary level 11 – 12	24	20	–	13	13	13	17	20	20	20
Salary level 13 – 16	12	11	–	10	10	10	9	11	11	11

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

2. As at 30 September 2011.

The department has an establishment of 881 posts, of which 673 are funded. The number of filled posts grew from 593 in 2008/09 to 641 in 2011/12. Over the MTEF period, the number of filled posts is expected to increase to 673, mainly due to the expansion of the department and the implementation of the reviewed organisational structure based on Action Plan to 2014: Towards the Realisation of Schooling 2025. The department has 4 posts additional to the establishment that are temporarily used in the ministry, mainly for project management.

The ratio of support staff to line function staff is 1:3. The ratio of consultants to the total number of department personnel is 1:53.4.

Departmental receipts

Table 15.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	1 452	705	1 660	9 253	9 253	9 741	10 660	6 247
Sales of goods and services produced by department	537	457	1 270	9 200	9 200	9 691	10 609	6 195
Sales by market establishments	–	–	214	120	120	120	120	120
<i>of which:</i>								
<i>Market establishment: Rental parking - covered and open</i>	–	–	214	120	120	120	120	120
Administration fees	460	363	980	9 000	9 000	9 487	10 395	5 971
<i>of which:</i>								
<i>Services rendered: Exam certificates</i>	460	363	980	1 170	1 170	900	950	1 000
<i>Academic services: Course material</i>	–	–	–	7 830	7 830	8 587	9 445	4 971
Other sales	77	94	76	80	80	84	94	104
<i>of which:</i>								
<i>Services rendered: Commission on insurance and garnishee orders</i>	77	94	76	78	78	82	92	102
<i>Replacement of security cards</i>	–	–	–	2	2	2	2	2
Sales of scrap, waste, arms and other used current goods	43	21	–	–	–	–	–	–
<i>of which:</i>								
<i>Waste paper</i>	43	21	–	–	–	–	–	–
Transfers received	50	15	–	–	–	–	–	–
Interest, dividends and rent on land	315	6	379	3	3	3	3	3
Interest	315	6	379	3	3	3	3	3
Sales of capital assets	–	5	–	–	–	–	–	–
Transactions in financial assets and liabilities	507	201	11	50	50	47	48	49
Total	1 452	705	1 660	9 253	9 253	9 741	10 660	6 247

Departmental receipts arise mainly from administrative fees for providing course material and exam certificates. The former item represents payments received for screening textbooks, which was introduced in 2011/12. It

accounts for the increase in administrative fees from R460 000 in 2008/09 to R9 million in 2011/12, with revenue from this item growing at an average annual rate of 169.5 per cent. Revenue from course material and administration fees is expected to increase in 2012/13 and 2013/14 as the number of books to be screened increases in line with the phased implementation of the revised curriculum, but decreases in 2014/15 to R5 million as the screening process becomes a top-up function, only adding new titles to the national textbook catalogue. Revenue from exam certificates and administration fees is for the re-issuing of exam certificates, and increased from R460 000 in 2008/09 to R1.2 million in 2011/12, at an average annual rate of 36.5 per cent. Over the medium term, revenue on this item is expected to decrease to R1 million, at an average annual rate of 5.1 per cent.

Programme 1: Administration

Expenditure estimates

Table 15.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	11.6	24.5	21.6	20.7	17.7	18.9	20.1
Department Management	15.6	16.1	23.2	46.4	48.3	51.4	54.6
Corporate Services	45.7	54.1	55.9	66.3	74.5	79.3	84.1
Office of the Chief Financial Officer	11.3	14.8	18.2	22.1	22.8	24.3	25.8
Internal Audit and Risk Management	1.6	1.6	1.5	3.5	4.3	4.6	4.9
Office Accommodation	32.4	39.6	126.7	134.7	142.1	149.8	158.8
Total	118.2	150.8	247.0	293.7	309.6	328.5	348.3
Change to 2011 Budget estimate				2.2	4.2	6.0	6.5
Economic classification							
Current payments	107.8	132.2	227.5	277.1	285.4	302.4	319.9
Compensation of employees	44.5	58.5	63.9	91.7	96.9	104.4	110.8
Goods and services	63.3	73.6	112.1	134.5	138.3	148.7	160.7
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	1.7	1.9	2.7	5.5	6.8	7.1	7.4
<i>Property payments</i>	10.8	10.8	66.4	70.5	77.2	84.6	93.1
<i>Travel and subsistence</i>	9.0	10.5	8.9	10.9	8.8	9.5	10.2
<i>Operating expenditure</i>	2.2	1.3	1.2	4.1	1.5	1.6	1.7
Interest and rent on land	–	–	51.5	50.9	50.1	49.3	48.3
Transfers and subsidies	9.1	14.8	9.5	11.0	11.6	12.2	12.9
Departmental agencies and accounts	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Foreign governments and international organisations	8.7	11.1	9.4	10.9	11.4	12.0	12.8
Households	0.4	3.7	0.0	0.0	–	–	–
Payments for capital assets	1.2	3.8	10.0	5.5	12.7	13.9	15.5
Buildings and other fixed structures	–	–	5.9	–	7.4	8.2	9.2
Machinery and equipment	1.2	3.4	3.9	5.5	5.2	5.5	6.2
Software and other intangible assets	0.0	0.4	0.2	0.1	0.1	0.1	0.1
Total	118.2	150.8	247.0	293.7	309.6	328.5	348.3

Table 15.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Foreign governments and international organisations							
Current	8.7	11.1	9.4	10.9	11.4	12.0	12.8
United Nations Educational, Scientific and Cultural Organisation	8.6	11.0	9.2	10.7	11.3	11.9	12.6
Guidance counselling and youth development centre, Malawi	0.1	–	0.1	0.1	0.1	0.1	0.1
Households							
Social benefits							
Current	0.4	3.7	0.0	0.0	–	–	–
Employee social benefits	0.4	3.7	0.0	0.0	–	–	–

Expenditure trends

Expenditure increased from R118.2 million in 2008/09 to R293.7 million in 2011/12, at an average annual rate of 35.4 per cent, and is expected to increase to R348.3 million over the medium term, at an average annual rate of 5.9 per cent. The increases in both periods are mainly in the *Office Accommodation* subprogramme and can largely be attributed to the increase in the public private partnership unitary fee for the new office building that the department took occupation of in February 2010. This also accounts for the high consultancy fees in 2008/09 and 2009/10, and the marked increase in property payments from 2009/10.

Expenditure on transfers to the United Nations Educational, Scientific and Cultural Organisation for membership fees increased from R8.6 million in 2008/09 to R10.7 million in 2011/12, at an average annual rate of 7.6 per cent and is expected to increase to R12.6 million in 2014/15, at an average annual rate of 5.6 per cent over the MTEF period. These increases are affected by currency fluctuations as payment is made in US dollars.

Spending in the *Department Management* subprogramme is expected to increase from R46.4 million in 2011/12 to R54.6 million in 2014/15, as a result of new project expenditure on the Action Plan to 2014: Towards the Realisation of Schooling 2025, which sets out the goals for the national education system.

Spending on consultants is equivalent to 2.2 per cent (or R2.3 million) of total expenditure on compensation of employees in 2011/12, and was mainly for the payment of members of the department's audit committee, payments for legal services provided by the state attorney and work relating to the action plan. Expenditure on consultants is expected to increase to R2.5 million by 2014/15, at an average annual rate of 3 per cent over the medium term. Consultants will be used for the same items as above.

Programme 2: Curriculum Policy, Support and Monitoring

Objectives and measures

- Reduce the number of illiterate adults in South Africa by 4.7 million by 2015/16 through the Kha Ri Gude mass literacy campaign, which will effectively halve the number of illiterate adults in South Africa.
- Contribute to job creation by recruiting and training 41 000 volunteer educators and coordinators for the Kha Ri Gude mass literacy campaign in 2012/13.
- Improve educational outcomes in the long term by increasing the number of five-year-old learners enrolled in publicly funded Grade R classes in public primary schools and community based early childhood development sites from 734 650 in 2011 to 950 000 learners by January 2013.
- Improve the performance of learners with special needs by:
 - adapting the curriculum and learner support materials for learners in special schools, in line with the curriculum and assessment policy statements

- providing and monitoring the training of all teachers from all schools for the visually and hearing impaired in 2012.
- Improve the learning and teaching of critical foundational skills by developing and distributing literacy/languages and numeracy/mathematics workbooks to all grades 1 to 9 learners in 2012.

Subprogrammes

- *Programme Management: Curriculum Policy, Support and Monitoring* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. The subprogramme had a staff complement of 3 and a total budget of R1.7 million in 2011/12, of which 82.9 per cent was used for compensation of employees. No approved baseline cut over the MTEF period could be made in the subprogramme.
- *Curriculum Implementation and Monitoring* supports and monitors the implementation of the national curriculum statement for grades R to 12, and the phasing in of the curriculum assessment policy statement. The subprogramme had a staff complement of 46 and a total budget of R24.7 million in 2011/12, of which 87.5 per cent was used for compensation of employees. In 2012/13, the focus will be on compiling exemplars for assessment, improving learner performance, with the focus on Grade 12, and providing support to registered early childhood development centres to increase the number of learners attending Grade R. This measure supports the department in its aim of providing access for all age appropriate children to Grade R by 2014. No approved baseline cuts over the MTEF period were made in the subprogramme.
- *Kha Ri Gude Literacy Project* expands the provision of basic literacy education for adults. There are currently 42 000 registered volunteer educators, supervisors, coordinators and monitors. The subprogramme had a staff complement of 22 and a total budget of R541.6 million in 2011/12, of which 70 per cent was used for the payment of stipends to volunteers. R1.9 billion has been used between 2008/09 and 2011/12 to help over 2.2 million adults gain literacy and numeracy skills. The R1.8 billion allocated over the MTEF period is projected to provide a further 2 million adults with these skills. The Kha Ri Gude incentive grant has been reduced by R9.4 million over the MTEF period.
- *Curriculum and Quality Enhancement Programmes* supports programmes that enhance curriculum outcomes in the basic education system. Activities in this subprogramme include curriculum enhancement programmes using ICT, the establishment of e-learning in schools, the enhancement of programmes, the evaluation of school performance, and workbooks and textbook policy development and implementation. The provisioning of viable ICT solutions to schools will also be undertaken. A key project within this subprogramme is the development of literacy and numeracy workbooks. The subprogramme had a staff complement of 45 and a total budget of R991.4 million in 2011/12, of which 98.4 per cent was used for the workbooks project. In 2010/11, workbooks were developed in all official languages for grades 1 to 6 and distributed to the 6 million learners in these grades at all primary schools. The development of these workbooks was undertaken by the department and not outsourced, which resulted in substantial savings on the projected costs. This allowed the department to extend this project to other grades over the MTEF period without requiring additional funding. In 2011/12, all workbooks for numeracy and literacy from grades 1 to 6 were adapted for braille and made available where applicable. In the same year, 196 provincial and district officials, and management teams of schools for the visual and hearing impaired, were trained in specialised skills in areas of special needs at a cost of R6 million. Savings of R156.8 million, R162.2 million and R167.5 million over the medium term have been identified, due to the in-house development of the workbooks.

Expenditure estimates

Table 15.6 Curriculum Policy, Support and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management: Curriculum Policy, Support and Monitoring	1.5	1.6	0.8	1.7	2.6	2.8	2.9
Curriculum Implementation and Monitoring	53.8	43.3	20.9	24.7	28.9	31.0	32.9
Kha Ri Gude Literacy Project	457.0	443.2	466.8	541.6	572.4	608.8	644.7
Curriculum and Quality Enhancement Programmes	18.1	63.2	178.1	991.4	824.5	873.4	930.3
Total	530.4	551.4	666.5	1 559.3	1 428.3	1 515.9	1 610.9
Change to 2011 Budget estimate				1.2	(153.9)	(160.6)	(166.2)

Economic classification

Current payments	528.1	550.2	666.0	1 558.9	1 427.5	1 515.1	1 610.0
Compensation of employees	31.6	36.8	47.0	52.6	60.4	64.8	68.8
Goods and services	496.5	513.4	619.0	1 506.3	1 367.1	1 450.3	1 541.3
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	89.2	69.8	31.9	92.9	31.7	35.2	39.0
<i>Travel and subsistence</i>	8.3	8.2	4.3	9.1	6.0	6.4	7.0
<i>Operating expenditure</i>	329.6	390.3	541.7	1 330.9	1 273.3	1 347.2	1 429.1
Transfers and subsidies	0.3	1.0	0.1	-	-	-	-
Households	0.3	1.0	0.1	-	-	-	-
Payments for capital assets	2.0	0.1	0.4	0.4	0.8	0.8	0.8
Machinery and equipment	2.0	0.1	0.4	0.3	0.8	0.8	0.8
Payments for financial assets	0.0	0.1	-	-	-	-	-
Total	530.4	551.4	666.5	1 559.3	1 428.3	1 515.9	1 610.9

Expenditure trends

The *Kha Ri Gude Literacy Project* subprogramme, which is allocated R1.8 billion over the MTEF period, has already provided 1.6 million adults with the opportunity to become numerate and literate in one of the eleven official languages between 2008/09 and 2010/11. In 2011/12, the project registered 660 924 learners and 41 000 volunteer facilitators. The project is expected to reach the initial target of 4.7 million adult learners by March 2016.

Expenditure increased from R530.4 million in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 43.3 per cent, mainly due to the Kha Ri Gude adult literacy campaign and the introduction of literacy and numeracy workbooks in 2010/11. The introduction of workbooks is a key element in the strategy to improve overall learner performance. Expenditure in the *Curriculum and Quality Enhancement Programmes* subprogramme increased from R18.1 million in 2008/09 to R991.4 million in 2011/12, at an average annual rate of 279.9 per cent, due to the introduction of literacy and numeracy workbooks in 2010/11. This intervention will provide 23 830 060 literacy and numeracy workbooks and lesson plans to learners in 2011/12. Expenditure on goods and services grew from R496.5 million in 2008/09 to R1.5 billion in 2011/12, at an average annual rate of 44.8 per cent, due to the introduction of the Kha Ri Gude mass literacy campaign in 2008/09. An additional allocation made in the 2009 adjustments budget for workbooks also increased expenditure by R524 million in 2009/10 and R750 million in 2010/11.

Over the medium term, total expenditure is expected to grow to R1.6 billion by 2014/15, at an average annual rate of 1.1 per cent. Expenditure is expected to remain relatively unchanged over the medium term, due to savings of R486 million identified from the department bringing the development of workbooks in-house. The impact of this saving is also reflected in the 16.8 per cent decrease in spending in the *Curriculum and Quality Enhancement Programmes* subprogramme in 2012/13. In addition, the once-off allocation for the printing and distribution of curriculum review documents in 2011/12 also contributed to the subprogramme's reduced expenditure in 2012/13.

Consultants are mainly used to adapt workbooks into Braille, audit the payments for the printing and delivery of the workbooks project, and moderate and verify learner assessment portfolios for the Kha Ri Gude campaign. R8.1 million (or 6.3 per cent of compensation of employees) was spent on consultants in 2011/12. Expenditure on consultants is expected to decrease to R5.4 million in 2014/15, at an average annual decline of 12.7 per cent over the medium term, in line with cost saving initiatives. Consultants will mainly be used for the same items as above.

Programme 3: Teachers, Education Human Resources and Institutional Development

Objectives and measures

- Improve the quality of teaching and learning by improving teaching practice through ensuring an adequate supply of young, inspired and qualified recruits in the system by:
 - implementing a teacher recruitment campaign
 - awarding 11 500 Funza Lushaka bursaries in 2012/13
 - meeting a target of 6 200 newly qualified teachers in 2012.
- Improve classroom management and teaching and learning over the medium term by supporting the implementation of the national framework for human resource planning to ensure that: the demand for teachers is accurately determined; there is a sufficient supply of teachers to meet a teacher learner ratio of 1:30 for secondary schools and 1:35 for primary schools; norms and standards are set and maintained for teacher distribution and utilisation; and strategies are in place to retain teachers.
- Implement a system for evaluating school based educators and strengthening teaching and learning by:
 - monitoring the implementation of the existing integrated quality management system through 6 400 first-time and 1 600 follow up external moderator visits to schools by 2014
 - targeting 4 school visits per week by moderators in all provinces and providing each of the schools visited with recommendations and a written report on their findings
 - monitoring the evaluation of 8 000 school principals by visits from circuit managers by 2014
 - providing additional support to schools where necessary.
- Improve overall school performance and effectiveness by 2014 by:
 - undertaking 128 school visits to monitor the implementation of whole school evaluation policies
 - reviewing the existing whole school evaluation policies
 - reviewing whole school evaluation instruments
 - training new supervisors as and when the need arises.

Subprogrammes

- *Programme Management: Teachers, Education Human Resources and Institutional Development* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. The subprogramme had a staff complement of 4 and a total budget of R3 million in 2011/12, of which 90.7 per cent was used for compensation of employees. No approved baseline cuts over the MTEF period could be made in the subprogramme.
- *Education Human Resources Management* is responsible for: education human resources planning, provisioning and monitoring; educator performance, management and development; whole school evaluation; and education labour relations and conditions of service. The subprogramme had a staff complement of 111 and a total budget of R50.6 million in 2011/12, of which 82.1 per cent was used for compensation of employees, while 73.9 per cent was used for the integrated quality management system project. In 2011/12, at a cost of R7.8 million, approximately 8 000 schools were visited by external moderators, of which 3 600 were first time visits and 4 400 follow up visits. No approved baseline cuts over the MTEF period could be made in the subprogramme.
- *Education Human Resources Development* oversees and translates the integrated strategic planning framework for teacher education and development in South Africa into a wide range of teacher development

materials and collaborative professional development activities; strengthens the teacher recruitment campaign and the management and governance capacities of public schools; and improves district support to schools for effective teaching and learning, in line with the Action Plan to 2014: Towards the Realisation of Schooling 2025. The subprogramme had a staff complement of 34 and a total budget of R468.7 million in 2011/12, of which 95.9 per cent was transferred to the National Student Financial Aid Scheme for the Funza Lushaka teacher bursaries. In 2011/12, R449.4 million was spent on the Funza Lushaka teacher bursaries scheme to provide bursaries to 8 861 students, of which approximately 2 500 will enter the teaching profession in 2012. No approved baseline cuts over the MTEF period could be made in the subprogramme.

- *Curriculum and Professional Development Unit* manages and develops an innovative and effective teacher development system and programmes. Activities in this subprogramme include curriculum research, teacher development research and teacher development implementation. The integrated strategic planning framework for teacher education and development in South Africa, which provides strategic direction for teacher education and development up to 2025, was developed and published in 2011 at a cost of R500 000. This subprogramme had a staff complement of 28 and a total budget of R7.5 million in 2011/12, of which 51.6 per cent was used for compensation of employees. No approved baseline cuts over the MTEF period could be made in the subprogramme.

Expenditure estimates

Table 15.7 Teachers, Education Human Resources and Institutional Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management: Teachers, Education Human Resources and Institutional Development	2.9	3.0	3.1	3.0	2.8	3.1	3.2
Education Human Resources Management	26.2	38.8	39.2	50.6	50.1	53.1	56.3
Education Human Resources Development	254.2	455.7	444.3	468.7	693.5	917.0	972.0
Curriculum and Professional Development Unit	4.8	4.9	2.5	7.5	13.8	15.4	16.3
Total	288.0	502.4	489.1	529.9	760.2	988.5	1 047.9
Change to 2011 Budget estimate				5.0	(2.6)	(2.1)	(2.2)

Economic classification

Current payments	107.3	100.5	63.7	80.0	87.9	94.3	100.0
Compensation of employees	32.5	48.0	48.8	61.7	67.0	71.6	75.9
Goods and services	74.9	52.6	14.9	18.3	20.8	22.8	24.1
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	2.3	2.3	0.9	2.8	2.1	2.2	2.4
<i>Travel and subsistence</i>	7.9	8.2	9.5	11.3	12.3	13.1	13.9
<i>Operating expenditure</i>	4.8	3.5	0.1	0.2	0.0	0.0	0.0
Transfers and subsidies	180.0	401.6	425.0	449.4	671.9	893.9	947.5
Departmental agencies and accounts	180.0	401.5	425.0	449.4	671.9	893.9	947.5
Households	–	0.1	–	–	–	–	–
Payments for capital assets	0.7	0.2	0.4	0.4	0.4	0.3	0.4
Machinery and equipment	0.7	0.2	0.4	0.4	0.4	0.3	0.4
Total	288.0	502.4	489.1	529.9	760.2	988.5	1 047.9

Table 15.7 Teachers, Education Human Resources and Institutional Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	180.0	401.5	425.0	449.4	671.9	893.9	947.5
South African Council for Educators	–	1.5	1.0	–	–	–	–
National Student Financial Aid Scheme	180.0	400.0	424.0	449.4	671.9	893.9	947.5

Expenditure trends

Expenditure increased from R288 million in 2008/09 to R529.9 million in 2011/12, at an average annual rate of 22.5 per cent, and is expected to increase to R1 billion over the medium term, at an average annual rate of 25.5 per cent. The growth in both periods is reflected in the increased expenditure in the *Education Human Resources Development* subprogramme. These increases are mainly due to additional funds allocated from 2007/08 for the Funza Lushaka bursary scheme, which aims to attract new teachers to the profession to address the shortage of teachers in specific areas like mathematics, science and technology. The increases are also due to additional funds allocated from 2008/09 for integrated quality management system, which aims to oversee the performance management system for educators.

The Funza Lushaka bursaries are administered by the National Student Financial Aid Scheme, which explains the increase in transfers and subsidies from R180 million in 2008/09, when 5 190 bursaries were awarded, to R449.4 million in 2011/12, when 8 800 bursaries were awarded. The average annual growth in expenditure over this period was 35.7 per cent. Projections indicate that more than 39 000 Funza Lushaka bursaries will be awarded over the MTEF period at a cost of R2.5 billion, as the allocation for this project grows at an average annual rate of 28.2 per cent over the medium term.

The department will have visited 8 000 schools in 2011/12 to monitor the implementation of the integrated quality management system. Moderators from the department provided support to teachers and principals at schools on the implementation of this system. The more than 26 000 visits between 2008/09 and 2011/12 suggest that schools have been closing the gaps in implementing the system as previously identified by moderators. Districts have also increased the level of monitoring and support they provide to schools on the system's implementation.

Spending on consultants is equivalent to 6.2 per cent of spending on compensation of employees in 2011/12. Consultants are mainly used to assist with the establishing of the curriculum and professional development unit. R2.1 million will have been spent on consultants in 2011/12 to develop courses for teacher professional development and tools to identify teacher development needs. Expenditure on consultants is projected to increase to R5 million in 2014/15, at an average annual rate of 34.8 per cent over the medium term, mainly to continue to develop courses for teacher professional development and for tools to identify teacher development needs.

Programme 4: Planning, Information and Assessment

Objectives and measures

- Improve the delivery of school infrastructure over the MTEF period by providing the necessary oversight and support to provinces.
- Improve literacy and numeracy by providing independently moderated literacy and numeracy tests and reports for all grades 3, 6 and 9 learners in September 2012, and using the results to direct appropriate support to schools in 2012/13, and to do the same in each year of the MTEF period.
- Improve learner performance in Grade 12 in 2012/13 by providing comprehensive Grade 12 subject reports based on the findings of Grade 12 markers of the 2011 examinations to all schools, and to do the same in each year of the MTEF period.

- Improve the quality of teaching and learning in public schools by:
 - evaluating a sample of 1 700 schools in 2012/13 to provide an accurate account of the status of teaching and learning in schools
 - drafting a formative (mid-term) and a summative (final) report on the findings of this study in which evidence based recommendations for the improvement of teaching and learning are provided.

Subprogrammes

- *Programme Management: Planning, Information and Assessment* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. The subprogramme had a staff complement of 3 and a total budget of R1.1 million in 2011/12, of which 72.8 per cent was used for compensation of employees. No approved baseline cuts over the MTEF period could be identified in the subprogramme.
- *Information Management Systems* develops systems and procedures to support and maintain the integrated education management systems based on individual learner records, and monitors and reports on the implementation of the education information policy in the basic education sector. The subprogramme had a staff complement of 25 and a total budget of R36 million in 2011/12, of which 50.5 per cent was used for the education management information system project, which provides accurate enrolment numbers and will track individual learner movement within the system between schools, provinces and grades. By the end of 2011/12, it is expected that approximately 25 000 public ordinary schools and 10.5 million learners will have been captured by the learner unit record information and tracking system. No approved baseline cuts over the MTEF period have been made in the subprogramme.
- *Financial and Physical Planning* focuses on cross-cutting aspects such as financial and physical resource planning, budgeting support and monitoring, and the coordination of the implementation of national policy with provincial education departments. The subprogramme had a staff complement of 35 and a total budget of R6.4 billion in 2011/12, of which 88.8 per cent was used for transfer payments to provinces for the education infrastructure grant, as well as the recently introduced school infrastructure backlogs grant. The latter grant is managed directly by the department. Between 1996 and 2010, the number of schools without electricity decreased from 15 263 to 3 544, the number of schools without water decreased from 8 823 to 1 307, and the number of schools without toilets decreased from 3 265 to 913. In 2011/12, the school infrastructure backlogs grant will have provided 188 schools with water, 231 schools with electricity and 354 with sanitation. Approved baseline cuts of R657.5 million over the MTEF period have been made to the education infrastructure grant.
- *National Assessments and Public Examinations* promotes the integrity of national school assessments and examinations by, among other things: setting and moderating all Grade 12 examination papers; moderating the Grade 12 life orientation and school based assessment; and monitoring the examination writing and marking processes in all provinces. Monitoring progress over time is also undertaken in this subprogramme by the publishing of performance trends in all national examinations and assessments each year. The subprogramme had a staff complement of 78 and a total budget of R131.8 million in 2011/12, of which 31 per cent was used for compensation of employees, while 38.2 per cent was used to compensate examiners and moderators for the national Grade 12 examinations. In February 2011, an annual national assessment was conducted for approximately 6 million learners in grades 3 and 6, as well as a pilot study in Grade 9, at a cost of R30 million. An annual national assessment report with guidelines for the interpretation and use of these results was published in June 2011. In September 2012, all learners from grades 1 to 6 and Grade 9 will write the annual national assessment tests, at an estimated cost of R224 million. Approved baseline cuts of R4.4 million over the MTEF period have been made to the integrated examinations and computer system project, as well as a saving of R1.1 million on the Umalusi transfer.
- *National Education Evaluation and Development Unit* evaluates the entire education system to establish the extent to which quality education is being provided to all learners in the education system. Activities include: developing monitoring, evaluation and support approaches; identifying standards against which the system will be evaluated and discussing them with key stakeholders; evaluating a national sample of high schools and feeder primary schools; and evaluating the nature of support provided to schools in selected

district, provincial and national offices. The subprogramme had a staff complement of 27 and a total budget of R11.9 million in 2011/12, of which 49.8 per cent was used for compensation of employees, while 21.4 per cent was used to contract professional support services and research. The unit will have evaluated 174 schools, and 18 additional evaluator posts will have been filled in 2011/12. Each evaluator will evaluate an average of 95 schools per year starting in 2012/13, resulting in 1 700 schools being evaluated per year. Over the MTEF period, 5 100 schools will be evaluated at an estimated cost of R30.6 million. No approved baseline cuts over the MTEF period could be made in the subprogramme.

- *Planning and Delivery Oversight Unit* oversees the department's programmes and will work with and through provinces to ensure that provincial initiatives are aligned with national priorities to provide institutional support for their effective delivery and to facilitate the sharing of best practices across provinces. The subprogramme had a staff complement of 34 and a total budget of R7.7 million in 2011/12, of which 71.8 per cent was used for compensation of employees. The unit will monitor the planning and delivery of selected priorities, such as ensuring that learner and teacher support materials are of the required quality, that they are delivered to schools on time and that they are used effectively, and assist provinces where the planning and delivery process experiences difficulties. No approved baseline cuts over the MTEF period were made in the subprogramme.

Expenditure estimates

Table 15.8 Planning, Information and Assessment

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management: Planning, Information and Assessment	1.0	0.7	0.2	1.1	2.1	2.2	2.4
Information Management Systems	34.3	32.1	25.0	36.0	31.3	33.2	35.3
Financial and Physical Planning	3 136.8	3 898.6	3 177.9	6 398.0	8 155.9	11 406.5	11 791.3
National Assessments and Public Examinations	148.0	98.0	109.2	131.8	155.2	291.5	392.8
National Education Evaluation and Development Unit	–	0.9	3.1	11.9	12.5	13.2	14.0
Planning and Delivery Oversight Unit	3.2	3.8	5.1	7.7	13.2	14.2	15.1
Total	3 323.3	4 034.2	3 320.5	6 586.5	8 370.2	11 760.9	12 250.8
Change to 2011 Budget estimate				186.0	(37.4)	143.7	(63.4)
Economic classification							
Current payments	175.0	127.7	133.0	189.1	189.8	277.3	374.4
Compensation of employees	60.2	60.6	66.4	80.6	90.5	97.0	102.9
Goods and services	114.8	67.1	66.6	108.5	99.3	180.3	271.5
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	5.1	7.6	1.4	16.5	14.1	66.0	167.4
<i>Travel and subsistence</i>	22.6	22.0	19.0	27.8	30.6	32.1	34.3
<i>Operating expenditure</i>	17.9	2.7	14.0	3.4	2.8	28.0	12.9
Transfers and subsidies	3 139.7	3 902.6	3 186.1	5 696.7	5 864.2	6 294.1	6 375.6
Provinces and municipalities	3 123.5	3 884.7	3 162.8	5 678.3	5 822.4	6 197.6	6 269.9
Departmental agencies and accounts	16.1	17.9	23.3	18.4	41.8	96.5	105.8
Households	0.1	0.0	0.1	0.0	–	–	–
Payments for capital assets	8.6	3.9	1.3	700.7	2 316.1	5 189.6	5 500.8
Buildings and other fixed structures	–	–	–	700.0	2 315.0	5 189.0	5 500.3
Machinery and equipment	7.2	2.6	0.4	0.7	1.1	0.6	0.5
Software and other intangible assets	1.4	1.3	0.9	–	–	–	–
Total	3 323.3	4 034.2	3 320.5	6 586.5	8 370.2	11 760.9	12 250.8

Table 15.8 Planning, Information and Assessment (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	16.1	17.9	23.3	18.4	41.8	96.5	105.8
Claims against the state	0.1	0.0	0.0	–	–	–	–
Umalusi Council for Quality Assurance in General and Further Education and Training	16.0	16.5	17.4	18.4	41.8	96.5	105.8
Human Sciences Research Council	–	1.4	5.9	–	–	–	–
Households							
Provinces							
Provincial revenue funds							
Current	22.0	–	–	–	–	–	–
Disaster management grant	22.0	–	–	–	–	–	–
Capital	3 101.5	3 884.7	3 162.8	5 678.3	5 822.4	6 197.6	6 269.9
Education infrastructure grant	3 101.5	3 884.7	3 162.8	5 678.3	5 822.4	6 197.6	6 269.9

Expenditure trends

Expenditure grew from R3.3 billion in 2008/09 to R6.6 billion in 2011/12, at an average annual rate of 25.6 per cent, mainly due to additional allocations for school infrastructure over the period. The 33.8 per cent decrease in expenditure in the *National Assessments and Public Examinations* subprogramme in 2009/10 was the result of a once-off allocation in 2008/09 to prepare and implement the first national curriculum statement examinations. This also accounts for the decrease in expenditure on compensation of employees and agency and support/outsourced services in 2009/10.

Over the medium term, expenditure is expected to increase to R12.3 billion in 2014/15, at an average annual rate of 23 per cent. Growth is mainly due to the introduction of the school infrastructure backlogs grant in 2011/12, and the transfer payment to provincial education departments for the education infrastructure conditional grant in the *Financial and Physical Planning* subprogramme. R18.3 billion will be transferred to provincial education departments and R13 billion will be managed by the department for this purpose over the MTEF period. An additional R235 million is allocated over the medium term to improve the administration of the annual national assessments for grades 1 to 6 and to extend it to Grade 9. The planned extension of the assessments is responsible for the increase in expenditure on stationery and printing, from R16.5 million in 2011/12 to R167.4 million in 2014/15. This expenditure increased at an average annual rate of 116.4 per cent over the MTEF period.

The department expects to have captured the details of approximately 10.5 million learners on the learner unit record information tracking system in 2011/12, up from 4.2 million in 2008/09. The department also expects that approximately 25 000 public ordinary schools will be interacting with the system in the same year, an increase of 17 600 since 2008/09. Expenditure in the *Information Management Systems* subprogramme grew from R34.3 million in 2008/09 to R36 million in 2011/12, at an average annual rate of 1.6 per cent, and is directly linked to the increases in learners and schools linked to this system over this period. The department expects all learners and schools to be included in this system from 2012/13 onwards and expenditure in this subprogramme is expected to decline at an average annual rate of 0.7 per cent, to R35.3 million in 2014/15.

The national education evaluation development unit will have evaluated 174 schools by the end of 2011/12, and 5 100 schools will be evaluated over the MTEF period. Expenditure on travel and subsistence increased from R22.6 million in 2008/09 to R27.8 million in 2011/12, at an average annual rate of 7.1 per cent, mainly due to the introduction of this unit. Expenditure on travel and subsistence is expected to increase to R34.3 million over the medium term, at an average annual rate of 7.3 per cent, to allow for the unit to visit schools.

Spending on consultants is equivalent to 6.1 per cent of spending on compensation of employees in 2011/12. Consultants are mainly used to verify data collected in the annual school survey by visiting between 2 per cent

and 4 per cent of schools to compare actual learner numbers to enrolments recorded in school registers and the information provided in the survey. Consultants are also used to provide technical assistance in the evaluation of the annual national assessments and to independently administer tests on representative samples of schools and learners for verification. Spending on consultants is expected to increase by 16.3 per cent over the MTEF period, from R4 million in 2011/12 to R6.3 million, mainly due to the services performed by consultants on the annual national assessments that are set to expand to Grade 9 in 2012/13.

Programme 5: Educational Enrichment Services

Objectives and measures

- Improve learner health and wellbeing by:
 - piloting the care and support for teacher and learning programmes in 25 schools per province
 - facilitating the implementation of the school health screening programme in partnership with the Department of Health and other partners, focusing on Grade 1 learners in all quintile 1 and 2 primary schools in 2012
 - monitoring the number of Grade 1 learners in quintile 1 and 2 primary schools undergoing health screening in 2012.
- Prevent HIV infection among learners and provide HIV and AIDS related care and support to infected and affected learners by continuously:
 - monitoring the number of educators trained in 2012 to implement sexual and reproductive health programmes for learners
 - monitoring the number of learning and teaching materials on sexual and reproductive health delivered to schools.
- Ensure that gender related barriers in the basic education system are reduced by:
 - implementing an advocacy programme to reduce sexual violence in schools in 2012/13
 - supporting provincial departments in training teachers by providing training materials and training their trainers on addressing sexual abuse in 2012/13.
- Improve learner and school safety by linking an additional 9 000 schools with their local police stations, establishing a database for linked schools and training safe school committees in these schools in 2012/13.
- Improve learner retention by ensuring that all children remain effectively enrolled in school up to the year in which they turn 15 through phased enrolment of schools in well organised school sport leagues, teacher development, physical education activities and music education programmes each year.
- Improve the quality of mathematics, science and technology education by providing support to and monitoring the performance and participation of 500 Dinaledi schools in these subjects over the MTEF period to increase the number of matric mathematics university passes from 17 000 in 2011 to 26 000 in 2013, and to 35 000 in 2015, and matric science university passes from 8 000 in 2011 to 14 000 in 2013 and to 18 000 by 2015.

Subprogrammes

- *Programme Management: Educational Enrichment Services* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. The subprogramme had a staff complement of 5 and a total budget of R3.3 million in 2011/12, of which 84.8 per cent was used for compensation of employees. No approved baseline cuts over the MTEF period were made in the subprogramme.
- *Partnerships in Education* manages policy, programmes and systems on the creation of a safe learning environment, and facilitates enrichment programmes in schools through collaborative programmes with organisations such as the South African Police Service, the United Nations Children's Fund, Boys Town and Girls Town schools, and provincial education departments. The subprogramme had a staff complement of 20 and a total budget of R13.7 million in 2011/12, of which 63.8 per cent was used for compensation of employees. Activities include: linking 9 000 schools to police stations and establishing safe schools

committees at these schools in 2011 and establishing these links in an additional 15 000 schools over the MTEF period; and developing a national database to track and monitor linked schools. A memorandum of understanding signed by the ministers of basic education and sport and recreation will ensure access to sporting activities by all schools. No approved baseline cuts over the MTEF period were made in the subprogramme.

- *Care and Support in Schools* manages policies on the overall wellness of educators and learners, and develops and monitors policies and programmes promoting gender equity, non-racism, non-sexism, democratic values in education, and an understanding of human rights in public schools. The subprogramme had a staff complement of 36 and a total budget of R18 million in 2011/12, of which 81.5 per cent was used for compensation of employees. Activities include running several social cohesion projects in schools and communities, such as the training of teachers and district officials on the Bill of Responsibilities and the Nkosi Albert Luthuli national oral history competition each year. No approved baseline cuts over the MTEF period were made in the subprogramme.
- *Grant Implementation, Monitoring and Reporting* manages and monitors the conditional grant transfers to provincial education departments. The subprogramme had a staff complement of 28 and a total budget of R5.1 billion in 2011/12, of which 99.7 per cent was used for the transfer of the national schools nutrition programme, HIV and AIDS, (conditional grants to provincial education departments), Dinaledi schools, and technical secondary schools recapitalisation. In 2011/12, R4.6 billion will have been used to feed 8 978 002 learners in quintile 1 to 3 primary and secondary schools on designated feeding days, as planned through the national school nutrition programme. Approved baseline cuts of R88.1 million over the MTEF period have been made to the Dinaledi schools grant (R1.3 million), the technical secondary schools recapitalisation grant (R2.7 million), the HIV and AIDS life skills education grant (R2.7 million), the national schools nutrition programme grant (R78.8 million) and the national schools nutrition programme's earmarked funds for oversight of the programme by the department (R2.7 million). These approved baseline cuts will be made on the administrative portions of these grants.

Expenditure estimates

Table 15.9 Educational Enrichment Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Programme Management: Educational Enrichment Services	1.7	2.3	3.5	3.3	2.5	2.7	2.9
Partnerships in Education	6.0	11.3	9.3	13.7	13.7	14.6	15.5
Care and Support in Schools	16.6	16.2	14.2	18.0	16.2	17.5	18.5
Grant Implementation, Monitoring and Reporting	2 099.7	2 585.7	3 927.6	5 076.2	5 442.8	5 744.8	6 071.9
Total	2 124.0	2 615.5	3 954.7	5 111.1	5 475.3	5 779.6	6 108.9
Change to 2011 Budget estimate				17.9	(24.7)	(23.1)	(42.0)
Economic classification							
Current payments	31.6	39.7	38.1	52.0	50.8	54.1	57.4
Compensation of employees	17.5	21.3	26.7	34.8	34.8	37.3	39.6
Goods and services	14.1	18.4	11.4	17.2	16.0	16.9	17.8
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	1.0	2.5	1.1	2.2	2.2	2.3	2.5
<i>Travel and subsistence</i>	4.6	6.4	4.6	7.4	7.9	8.4	8.9
<i>Operating expenditure</i>	1.5	0.6	0.5	0.1	0.0	0.0	0.0

Table 15.9 Educational Enrichment Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	2 092.2	2 575.5	3 915.9	5 058.6	5 424.2	5 725.3	6 051.3
Provinces and municipalities	2 092.1	2 575.4	3 915.8	5 058.6	5 424.2	5 725.2	6 051.3
Departmental agencies and accounts	0.0	0.1	0.0	–	–	–	–
Non-profit institutions	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	0.3	0.3	0.7	0.4	0.2	0.2	0.2
Machinery and equipment	0.3	0.3	0.7	0.4	0.2	0.2	0.2
Total	2 124.0	2 615.5	3 954.7	5 111.1	5 475.3	5 779.6	6 108.9
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	2 092.1	2 575.4	3 851.4	4 848.1	5 214.8	5 504.4	5 817.8
National school nutrition programme grant	1 927.1	2 394.5	3 663.3	4 578.8	4 906.5	5 179.1	5 473.9
HIV and AIDS (Life skills education) grant	165.0	180.9	188.0	199.3	208.7	220.1	232.7
Dinaledi schools grant	–	–	–	70.0	99.7	105.2	111.2
Capital	–	–	64.5	210.5	209.4	220.9	233.5
Technical secondary schools recapitalisation grant	–	–	64.5	210.5	209.4	220.9	233.5

Expenditure trends

Expenditure grew from R2.1 billion in 2008/09 to R5.1 billion in 2011/12, at an average annual rate of 34 per cent. This was due to increased allocations to expand the national school nutrition programme conditional grant in line with government's overall anti-poverty strategy, as well as the introduction of the Dinaledi schools grant in 2011/12 and the technical secondary recapitalisation grant in 2010/11. These measures explain the increase in transfers to provinces over the same period. The Dinaledi schools grant will provide assistance to the 500 Dinaledi schools, which aim to increase the number and quality of maths and science passes, while the technical secondary schools recapitalisation grant will improve facilities and equipment at these schools to help to address the skills shortage in South Africa. The expansion of the school nutrition programme to secondary schools began in 2009/10, and resulted in an increase in compensation of employees due to the additional oversight required to monitor this grant.

Over the medium term, expenditure is expected to increase to R6.1 billion in 2014/15, at an average annual rate of 6.1 per cent, as a result of an additional allocation to ensure that the same number of learners can continue to be fed the same quality meal despite the higher rate of food inflation. Expenditure in the *Partnerships in Education* and *Care and Support in Schools* subprogrammes fluctuates, depending on the number of projects and campaigns undertaken in each year. This is also the reason for the fluctuations in operating expenditure, agency and support/outsourced services, and consultants and professional services.

Expenditure on the national school nutrition programme grew at an average annual rate of 33.4 per cent from R1.9 billion in 2008/09, when 6.1 million learners were fed a meal, to R4.6 billion in 2011/12, when 8 978 002 learners in quintile 1 to 3 public primary and secondary schools were provided with healthy meals at school. Expanding the programme to quintile 3 secondary schools from April 2011 increased the number of learners provided with meals by about 900 000, which, together with the increased cost of food and gas, accounts for the R915.4 million increase in expenditure in 2011/12. Over the medium term, expenditure in this programme is projected to grow to R5.5 billion, at an average annual rate of 6.1 per cent. By 2014/15, 9.3 million learners are expected to be fed a meal on each school day.

R70 million was allocated for the Dinaledi schools grant when it was introduced in 2011/12. Expenditure on this grant is projected to grow by 16.7 per cent to R111.2 million over the medium term. This grant's objective is to increase the number and improve the quality of passes in mathematics and science. These funds will address

textbook shortages by ensuring that, starting from 2012, each learner in grades 8 to 12 at Dinaledi schools has seven textbooks. The grant also provides mobile science laboratories to 300 Dinaledi schools, mathematics kits for 500 Dinaledi schools, ICT laboratories in 300 Dinaledi schools, 50 computers in each of the 500 schools, and mathematics, physical science and English first additional language teaching and learning software to the 500 schools in 2011/12. In addition, 2 000 teachers will be trained on content knowledge in mathematics, physical science and English first additional language. Throughout 2011/12, principals in 90 Dinaledi schools that achieved a pass rate below 60 per cent in the 2010 grade 12 examinations will have been given additional support in managing their schools.

Consultants are used to conduct specific research, compile reports on the building of social cohesion in schools and communities, and coordinate the national Nkosi Albert Luthuli oral history competition. R755 000 was spent on consultants in 2011/12, which is the equivalent of 1.3 per cent of the total compensation of employees budget for that year. Expenditure on consultants is projected to decline at an average annual rate of 12.6 per cent to R504 000 in 2014/15, as the department reduces its reliance on consultants to implement these projects.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Council for Educators** is responsible for the registration, promotion and professional development of educators, and for setting, maintaining and protecting their ethical and professional standards. Its total budget in 2012/13 is R50.2 million.
- The **Education Labour Relations Council** promotes and maintains good relations between employer and employee. Its total budget in 2012/13 is R65.9 million.
- **Umalusi Council for Quality Assurance in General and Further Education and Training** sets and maintains standards in general and further education and training through the development and management of the general and further education and training qualifications framework. Its total budget in 2012/13 is R91.4 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
School infrastructure backlogs indirect grant	395 mud schools replaced, 536 schools provided with sanitation, 1 434 schools provided with electricity and 1 307 schools provided with water	Various	13 704.3	-	-	-	700.0	2 315.0	5 189.0	5 500.3
Infrastructure transfers to other spheres, agencies and departments										
Education infrastructure conditional grant	New schools and additional libraries and laboratories built, existing school infrastructure upgraded and rehabilitated, and new and existing schools maintained	Construction	34 117.1	3 101.5	3 884.7	3 162.8	5 678.3	5 822.4	6 197.6	6 269.9
Technical secondary schools recapitalisation conditional grant	35 new workshops built, 125 existing workshops refurbished, equipment delivered and installed at 128 workshops, and 445 technology teachers trained	Construction	954.2	-	-	80.0	210.5	209.4	220.9	233.5
Total			48 775.7	3 101.5	3 884.7	3 242.8	6 588.8	8 346.8	11 607.5	12 003.7

Vote 16

Health

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	357.9	350.9	0.5	6.4	382.1	397.6
National Health Insurance, Health Planning and Systems Enablement	315.5	162.9	150.5	2.2	526.3	670.2
HIV and AIDS, TB, Maternal and Child Health	9 292.5	340.9	8 950.2	1.5	11 081.2	12 816.3
Primary Health Care Services	87.4	84.0	2.2	1.3	92.9	97.1
Hospitals, Tertiary Health Services and Human Resource Development	16 927.9	135.2	16 778.8	14.0	18 016.5	19 232.2
Health Regulation and Compliance Management	575.8	192.6	379.8	3.4	614.4	645.2
Total expenditure estimates	27 557.0	1 266.4	26 261.9	28.7	30 713.6	33 858.6
Executive authority	Minister of Health					
Accounting officer	Director General of Health					
Website address	www.doh.gov.za					

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

Aim

Provide leadership and coordination of health services to promote the health of all people in South Africa through an accessible, caring and high quality health system based on the primary health care approach.

Programme purposes

Programme 1: Administration

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

Programme 2: National Health Insurance, Health Planning and Systems Enablement

Purpose: Improve access to quality health services through the development and implementation of policies to achieve universal coverage, health financing reform, integrated health systems planning, reporting, monitoring and evaluation, and research.

Programme 3: HIV and AIDS, TB, and Maternal and Child Health

Purpose: Develop national policy, coordinate and fund HIV and AIDS and sexually transmitted infections, tuberculosis, maternal and child health, and women's health programmes. Develop and oversee implementation of policies, strengthen systems, set norms and standards and monitor programme implementation.

Programme 4: Primary Health Care Services

Purpose: Develop and oversee implementation of legislation, policies, systems, and norms and standards for a uniform district health system, environmental health, communicable and non-communicable diseases, health promotion and nutrition.

Programme 5: Hospitals, Tertiary Health Services and Human Resource Development

Purpose: Develop policies, delivery models and clinical protocols for hospitals and emergency medical services. Ensure alignment of academic medical centres with health workforce programmes.

Programme 6: Health Regulation and Compliance Management

Purpose: Regulate procurement of medicines and pharmaceutical supplies, including food control, and trade in health products and health technology. Promote accountability and compliance by regulatory bodies for effective governance and quality of health care.

Strategic overview: 2008/09 – 2014/15

Outcomes based approach

Government has identified and adopted a set of priorities to guide the development and implementation of programmes and interventions aimed at 12 national outcomes. The health sector is responsible for contributing to a long and healthy life for all South Africans (outcome 2). A negotiated service delivery agreement to give effect to this has been signed between the Minister of Health and the President. The agreement covers for areas of output: increasing life expectancy, reducing maternal and child mortality, combating HIV and AIDS and tuberculosis, and enhancing the effectiveness of the health system. The agreement is one of the key policy priorities informing programmes and activities for the Department of Health.

The agreement is complemented by the health sector 10-point plan for 2009-2014, the overarching policy framework providing vision and stewardship for the health sector. Overhauling the health system to make it more responsive to the expectations of the population is an essential part of the re-engineered health sector. The plan and the service delivery agreement guide the national and provincial departments in delivering the desired outputs and outcomes, and progressing towards the realisation of the millennium development goals.

Transforming the health sector and the primary health care system

Transforming the health sector will specifically involve: improving the quality and management of health services; and reducing the burden of disease, focusing particularly on women and children who bear the brunt of the burden of disease. Other important interventions include intersectoral collaboration with government departments responsible for key determinants of health such as education, water, sanitation and housing, as well as community participation and partnerships with civil society and the private sector.

South Africa has historically had a fragmented health care system that focused on the curative approach. The process of re-engineering the primary health care system has been initiated, aimed at positioning it as the mainstay of the health sector in responding to the quadruple burden of disease, that is non-communicable diseases, communicable diseases, HIV and AIDS, and injuries. The new approach attempts to refocus from a mainly curative approach to a more preventative one that promotes health. This approach is rooted in a three-tiered model involving ward based primary health care, school health services, and district based clinical specialist teams.

National health insurance

The restructuring of primary health care and the health system reform are intended to improve the quality of care and prepare the health system for national health insurance. The department has produced a green paper on national health insurance and intends to pilot the implementation of the national health insurance over the medium term. The national health insurance will be implemented over a 14-year period, starting in 2012. In preparation for implementation, the department has taken steps to strengthen the health system to make it ready for the transition to the national health insurance. These include an audit of more than 4 000 public sector facilities, infrastructure upgrades, quality improvement activities and targeted interventions to fill gaps in human resources, such as increasing the number of doctors trained and recruiting mid-level workers in clinical and health management areas that have been identified as critical gaps.

New grants and changes to the budget structure

Changes to the department's budget structure include expanding the previous, *Health Planning and Systems Enablement* programme to include the development of the national health insurance, which will now become the *National Health Insurance, Health Planning and Systems Enablement* programme.

Two new conditional grants, the national health insurance grant and the nursing colleges grant, become operational in 2012/13. The forensic pathology grant ended in 2011/12 and has been phased into provincial funding streams from 2012/13.

Focus over the medium term

Significant progress is and has been made in increasing life expectancy (output 1), decreasing child and maternal mortality rates (output 2), and combating HIV and AIDS and sexually transmitted infections and decreasing the burden of disease from tuberculosis (output 3) in the negotiated service delivery agreement. The focus over the medium term will be on addressing major challenges in enhancing the performance and effectiveness of the health system (output 4). The department will thus place emphasis on infrastructure, human resources, improving the quality of care, re-engineering service delivery towards primary health care and curtailing exorbitant health care costs. These measures should have a significant impact on the entire health sector, and not only the public sector. The successful implementation of these programmes and targeted interventions will lay the foundation for a transformed, unitary health system, which is required to successfully implement national health insurance and improve the responsiveness of the health system and better meet the expectations of citizens.

Selected performance indicators

Table 15.1 Health

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of provinces with financial improvement plans per year	Administration	-	9	9	9	9	9	9
Bed utilisation rate in district hospitals per year ¹	Primary Health Care Services	67.8%	66.9%	54.4%	75%	75%	75%	75%
Average length of stay (in days) in district hospital per year	Primary Health Care Services	4.4	4.3	4.4	4	3.8	3.6	3.4
Primary health care utilisation rate: Average number of primary health care visits per person per year	Primary Health Care Services	2.4	2.5	2.5	2.6	2.9	3.2	3.4
Condom distribution rate: Number of condoms distributed per male older than 15 years per year	HIV and AIDS, TB and Maternal and Child Health	12.3	13	14	20	20	20	20
Tuberculosis cure rate ² per year	HIV and AIDS, TB and Maternal and, Child Health	60%	68%	70%	75%	80%	85%	85%
Tuberculosis treatment defaulter ³ rate per year	HIV and AIDS, TB and Maternal and Child Health	8.5%	7.9%	7%	6%	5%	5%	<5%
Number of new patients starting antiretroviral treatment per year	HIV and AIDS, TB and Maternal and Child Health	781 907	539 819	440 000	625 000	650 000	675 000	700 000
Antenatal care coverage per year	HIV and AIDS, TB and Maternal and Child Health	111.8%	109.4%	100%	100%	100%	100%	100%
National immunisation coverage rate ⁴ (children under the age of 1 year) per year	HIV and AIDS, TB and Maternal and Child Health	92.1% (926 168)	97.4% (955 485)	95% (1 066 401)	95% (1 066 401)	95% (1 066 401)	95% (1 066 401)	95%
Measles immunisation coverage rate (second dose) ⁵ per year	HIV and AIDS, TB and Maternal an, Child Health	78% (797 617)	90% (900 347)	95% (1 066 401)	95% (1 066 401)	95% (1 066 401)	95% (1 066 401)	95%

Table 15.1 Health (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of babies testing positive for polymerase chain reaction 6 weeks after birth, out of all babies tested ⁶ , per year	HIV and AIDS, TB and Maternal and Child Health	9.2%	10.9%	11.1%	7.5%	7%	6.5%	6%
Proportion of facilities assessed against the 6 priorities of the core standards per year ⁷	Health Regulation and Compliance Management	–	–	–	20% (866)	20% (867)	20% (867)	20% (867)

1. A measure of the number of beds that are occupied in district hospitals expressed as the proportion of all available bed days, which is calculated as the number of actual beds multiplied by the average days in a month (30.42).

2. New smear positive pulmonary tuberculosis cases that were cured as a proportion of all new smear positive pulmonary tuberculosis cases.

3. New smear positive tuberculosis cases that defaulted treatment as a proportion of all new smear positive tuberculosis cases.

4. Proportion of infants (defined as children under age 1) in the target area who completed their primary course of immunisation coverage. The denominator for this indicator is influenced by the estimates of the national population under the age of one, released by Statistics South Africa.

5. Proportion of children who received their second measles dose normally at 18 months, annualised.

6. The polymerase chain reaction test identifies the antigen of the HIV virus in the baby. This would give an indication of the rate of mother to child transmission during pregnancy.

7. No past data, as assessments only began in 2011/12.

Expenditure estimates

Table 16.2 Health

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	243.9	273.4	263.0	366.0	330.1	357.9	382.1	397.6
National Health Insurance, Health Planning and Systems Enablement	119.3	142.7	97.2	162.6	117.4	315.5	526.3	670.2
HIV and AIDS, TB, Maternal and Child Health	3 394.4	4 923.5	6 483.0	8 029.8	7 836.8	9 292.5	11 081.2	12 816.3
Primary Health Care Services	70.4	245.4	78.8	84.5	143.4	87.4	92.9	97.1
Hospitals, Tertiary Health Services and Human Resource Development	12 179.0	13 143.4	15 069.3	16 793.7	16 686.3	16 927.9	18 016.5	19 232.2
Health Regulation and Compliance Management	417.5	440.3	529.1	531.4	508.0	575.8	614.4	645.2
Total	16 424.5	19 168.6	22 520.3	25 968.0	25 622.1	27 557.0	30 713.6	33 858.6
Change to 2011 Budget estimate				236.4	(109.4)	(53.8)	576.9	1 913.7

Economic classification

Current payments	916.8	1 089.7	898.3	1 337.7	1 162.5	1 266.4	1 323.1	1 392.9
Compensation of employees	292.5	333.0	353.7	427.3	406.0	478.8	506.8	527.7
Goods and services	624.3	756.7	544.6	910.4	756.5	787.6	816.2	865.2
<i>of which:</i>								
Consultants and professional services: Business and advisory services	124.7	39.1	69.2	214.8	174.0	118.2	102.2	102.0
Inventory: Medical supplies	103.9	325.5	2.6	172.7	132.1	135.6	140.8	149.3
Lease payments	46.8	49.7	51.8	87.8	87.8	91.8	100.3	108.8
Travel and subsistence	127.7	69.8	74.1	130.0	76.8	125.1	131.6	135.9
Transfers and subsidies	15 466.1	18 065.8	21 604.0	24 594.7	24 436.8	26 261.9	29 359.9	32 435.1
Provinces and municipalities	14 988.7	17 523.8	21 042.0	24 034.8	23 876.9	25 691.6	28 749.7	31 794.0
Departmental agencies and accounts	315.9	335.9	409.0	361.2	361.2	372.5	400.0	420.6
Higher education institutions	0.7	0.5	2.0	14.1	14.1	3.0	3.0	3.0
Non-profit institutions	160.2	202.8	150.4	182.4	182.4	194.8	207.2	217.5
Households	0.6	2.9	0.6	2.2	2.2	–	–	–
Payments for capital assets	41.4	13.0	17.6	35.5	22.8	28.7	30.6	30.6
Machinery and equipment	41.4	11.7	17.6	35.5	22.8	28.7	30.6	30.6
Software and other intangible assets	–	1.3	–	–	–	–	–	–
Payments for financial assets	0.2	0.0	0.5	–	–	–	–	–
Total	16 424.5	19 168.6	22 520.3	25 968.0	25 622.1	27 557.0	30 713.6	33 858.6

Expenditure trends

Expenditure grew from R16.4 billion in 2008/09 to R26 billion in 2011/12, at an average annual rate of 16.5 per cent, and is expected to increase over the medium term to R33.9 billion, at an average annual rate of 9.2 per cent. The increase in both periods is driven largely by transfers to provinces, with the largest areas of spending comprising conditional grants to provinces in the *HIV/AIDS, TB, Maternal and Child Health, and Hospitals, Tertiary Health Services and Human Resource Development* programmes. Increasing from R117.4 million to R670.2 million over the medium term, at an average annual rate of 78.7 per cent, the *National Health Insurance, Health Planning and Systems Enablement* programme is expected to have the highest percentage growth due to a new conditional grant introduced in 2012/13 for the national health insurance scheme.

The 2012 Budget includes new allocations of R97.6 million in 2012/13, R618.4 million in 2013/14 and R1.9 billion in 2014/15 for the following policy priorities:

- R10 million in each year to purchase equipment and appoint staff to address backlogs at the forensic chemistry laboratories
- R20 million each year for higher accommodation costs of the department's renovated head office building
- R3 million each year for the Medical Research Council and R10 million each year for the department for annual wage increases
- R100 million, R150 million and R200 million to nursing colleges to plan and coordinate the upgrading, recapitalising and maintaining of nursing colleges following the infrastructure audit
- R834 million for the HIV and AIDS conditional grant for the rapidly growing treatment programme (lower threshold CD4 350) and to strengthen prevention programmes
- R128 million to provide for the first of five large hospital public private partnership projects under the hospital revitalisation grant
- R150 million, R350 million and R500 million to cover the cost of national health insurance pilots
- R189.2 million, R231.2 million and R216.7 million increases for the effects of wage increases in the national tertiary services grant.

Infrastructure spending

The allocation to the department includes allocations for the hospital revitalisation, health infrastructure and nursing college grants. The hospital revitalisation grant is allocated R12.9 billion over the medium term to allow provinces to plan, manage, modernise, rationalise and transform health infrastructure, health technology, and monitoring and evaluation of the health facilities in line with national policy objectives. The health infrastructure grant is allocated R5.1 billion over the MTEF period and will focus on maintaining institutions and smaller upgrading projects in primary care institutions and hospitals. The nursing colleges grant is new and is for the upgrade to provincial nursing colleges. This grant is allocated R450 million over the MTEF period.

Personnel information

Table 16.3 Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 996	1 996	218	1 371	1 331	1 249	1 436	1 436	1 411	1 411
Salary level 1 – 6	804	804	152	558	543	519	648	648	637	637
Salary level 7 – 10	771	771	37	541	523	465	511	511	502	502
Salary level 11 – 12	278	278	20	169	163	159	171	171	168	168
Salary level 13 – 16	143	143	9	103	102	106	106	106	104	104
Administration	568	568	7	468	454	380	420	420	412	412
Salary level 1 – 6	298	298	3	282	273	224	232	232	228	228
Salary level 7 – 10	173	173	2	132	128	103	121	121	119	119
Salary level 11 – 12	52	52	1	32	31	30	32	32	31	31
Salary level 13 – 16	45	45	1	22	22	23	35	35	34	34
National Health Insurance, Health Planning and Systems Enablement	252	252	12	182	177	155	153	153	151	151
Salary level 1 – 6	57	57	–	49	48	40	41	41	40	40
Salary level 7 – 10	116	116	10	85	82	73	71	71	70	70
Salary level 11 – 12	52	52	1	29	28	25	23	23	23	23
Salary level 13 – 16	27	27	1	19	19	17	18	18	18	18
HIV and AIDS, TB, Maternal and Child Health	226	226	36	136	132	143	137	137	136	136
Salary level 1 – 6	42	42	13	20	20	24	23	23	23	23
Salary level 7 – 10	120	120	12	75	72	67	70	70	69	69
Salary level 11 – 12	41	41	6	27	26	30	27	27	27	27
Salary level 13 – 16	23	23	5	14	14	22	17	17	17	17
Primary Health Care Services	269	269	5	213	207	199	209	209	206	206
Salary level 1 – 6	77	77	–	54	53	66	66	66	65	65
Salary level 7 – 10	141	141	2	114	110	90	103	103	101	101
Salary level 11 – 12	36	36	3	28	27	26	26	26	26	26
Salary level 13 – 16	15	15	–	17	17	17	14	14	14	14
Hospitals, Tertiary Health Services and Human Resource Development	248	248	131	104	101	91	198	198	194	194
Salary level 1 – 6	151	151	123	28	28	22	136	136	134	134
Salary level 7 – 10	49	49	5	34	34	35	30	30	29	29
Salary level 11 – 12	31	31	1	25	23	22	22	22	22	22
Salary level 13 – 16	17	17	2	17	16	12	10	10	9	9
Health Regulation and Compliance Management	433	433	27	268	260	281	319	319	312	312
Salary level 1 – 6	179	179	13	125	121	143	150	150	147	147
Salary level 7 – 10	172	172	6	101	97	97	116	116	114	114
Salary level 11 – 12	66	66	8	28	28	26	41	41	39	39
Salary level 13 – 16	16	16	–	14	14	15	12	12	12	12

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

2. As at 30 September 2011.

The department's organisational structure was revised and approved in December 2011. The new structure will allow the department to better implement cost effective programmes. Filled posts will not increase due to the alignment of the personnel structure. The department has prioritised filling vacant technical and critical administrative posts so that it may reach the goals set in out in its service delivery plan, most of these have been filled.

Departmental receipts

Table 16.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	31 188	45 190	27 248	47 859	47 859	33 106	39 351	33 128
Sales of goods and services produced by department	29 676	38 355	25 907	31 833	31 833	31 854	37 985	31 876
Sales by market establishments	71	69	89	104	104	108	108	108
<i>of which:</i>								
<i>Parking</i>	71	69	89	104	104	108	108	108
Administration fees	29 478	38 140	25 649	31 550	31 550	31 552	37 672	31 552
<i>of which:</i>								
<i>Medical licences</i>	4 062	4 653	2 533	3 400	3 400	3 400	3 520	3 400
<i>Medicines Control Council</i>	25 416	33 487	23 116	28 150	28 150	28 152	34 152	28 152
Other sales	127	146	169	179	179	194	205	216
<i>of which:</i>								
<i>Yellow fever</i>	19	24	27	20	20	24	24	24
<i>Replacement of security cards</i>	–	–	9	16	16	15	15	15
<i>Commission on insurance</i>	108	122	133	143	143	155	166	177
Sales of scrap, waste, arms and other used current goods	71	57	59	36	36	38	38	38
<i>of which:</i>								
<i>Sale of scrap paper</i>	71	57	59	36	36	38	38	38
Interest, dividends and rent on land	249	1 012	355	308	308	300	414	300
Interest	249	1 012	355	308	308	300	414	300
Transactions in financial assets and liabilities	1 192	5 766	927	15 682	15 682	914	914	914
Total	31 188	45 190	27 248	47 859	47 859	33 106	39 351	33 128

Revenue grew from R31.2 million in 2008/09 to R47.9 million in 2011/12, at an average annual rate of 15.4 per cent, and is expected to decrease over the medium term to R33.1 million, at an average annual rate of 11.6 per cent. The main source of revenue is from fees for the registration of medicines. Modern technological advancements, such as an electronic document management system, are being introduced to enhance the efficiency of the medicines authority. Efficient information systems will enhance ability to effectively generate, record and account for own revenue.

Programme 1: Administration

Expenditure estimates

Table 16.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	22.6	22.1	25.9	31.7	32.6	34.3	35.7
Management	30.2	29.5	29.8	42.8	42.0	44.0	46.0
Corporate Services	128.5	134.9	126.2	163.6	152.1	160.1	161.8
Office Accommodation	41.6	46.4	55.2	85.3	89.5	97.5	105.8
Financial Management	21.1	40.5	25.9	42.6	41.6	46.2	48.2
Total	243.9	273.4	263.0	366.0	357.9	382.1	397.6
Change to 2011 Budget estimate				35.6	28.0	33.0	33.0

Table 16.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	221.3	269.0	257.4	353.4	350.9	374.3	389.8
Compensation of employees	88.7	103.1	108.1	125.4	131.6	138.2	145.1
Goods and services	132.7	165.9	149.2	228.0	219.3	236.1	244.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	2.8	2.7	3.3	8.3	5.3	5.7	5.9
<i>Business and advisory services</i>							
<i>Inventory: Medical supplies</i>	–	0.0	0.0	0.1	0.0	0.0	0.0
<i>Lease payments</i>	42.5	47.5	49.8	83.0	86.6	94.7	103.1
<i>Travel and subsistence</i>	29.2	16.4	20.2	36.0	31.2	33.0	34.3
Transfers and subsidies	0.4	0.4	0.6	2.6	0.5	0.5	0.5
Departmental agencies and accounts	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Households	0.1	0.0	0.2	2.2	–	–	–
Payments for capital assets	22.1	4.1	5.1	9.9	6.4	7.3	7.3
Machinery and equipment	22.1	3.9	5.1	9.9	6.4	7.3	7.3
Software and other intangible assets	–	0.1	–	–	–	–	–
Payments for financial assets	0.1	0.0	0.0	–	–	–	–
Total	243.9	273.4	263.0	366.0	357.9	382.1	397.6

Details of selected transfers and subsidies

Households							
Social benefits							
Current	0.1	0.0	0.2	2.2	–	–	–
Employee social benefits	0.1	0.0	0.2	2.2	–	–	–

Expenditure trends

Expenditure grew from R243.9 million in 2008/09 to R366 million in 2011/12, at an average annual rate of 14.5 per cent, and is expected to increase over the medium term to R397.6 million, at an average annual rate of 2.8 per cent. The bulk of the increase in both periods is due to the filling critical vacant management and administrative posts, as well as for spending on goods and services. Expenditure on consultants increased due to the provision made for a health statistics publication and revenue management of hospital tariffs. Accommodation costs have also increased since the complete renovation of the department's head office in the Civitas building in Pretoria.

Programme 2: National Health Insurance, Health Planning and Systems Enablement**Objectives and measures**

- Facilitate and coordinate evidence based planning for all levels of the health care system, aligned to the health sector's 10-point plan and negotiated service delivery agreement by implementing the health sector guidelines for planning by the end of 2012/13.
- Integrate the department's monitoring and evaluation system with that of the Presidency and the auditor general by continuously improving the monitoring and evaluation system for outcomes contained in the negotiated service delivery agreement by the end of 2012/13.
- Monitor HIV and syphilis prevalence by conducting the 2012 national HIV survey in October and November 2012, and publishing the reports of the 2011 national HIV survey by August 2012.
- Improve access to essential medicines by maintaining a less than 3 per cent out of stock level of drugs on the essential drugs list, tuberculosis drugs and antiretroviral medicines on an ongoing basis.
- Contribute to the establishment of the national health insurance by:

- developing policy proposals for implementation over a 14-year phased period starting in 2012
- piloting components of the national health insurance policy in 10 health districts during 2012/13.
- Strengthen health systems and improve the health outcomes by promoting, implementing, coordinating and monitoring bilateral and multilateral agreements between the South African Development Community states, African Union member states, international organisations and partners on an ongoing basis.

Subprogrammes

- *Technical Policy and Planning* provides advisory and strategic technical assistance on policy and planning, and supports policy implementation. This subprogramme had a staff complement of 11 and a total budget of R7.8 million in 2011/12, of which 89 per cent was used for compensation of employees. A national health information warehouse is being developed, which will support health planning in preparation for the implementation of a national health insurance scheme. No savings in 2012/13 have been identified in this subprogramme.
- *Health Information Management, Monitoring and Evaluation* develops and maintains a national health information system, and commissions and coordinates research. This entails the development and implementation of disease surveillance programmes, coordination of health research, and the monitoring and evaluation of strategic health programmes. This subprogramme had a staff complement of 42 and a total budget of R37.2 million in 2011/12, of which 42 per cent was used for compensation of employees. In 2012/13, a system to monitor the implementation of annual performance plans and identify risks at the national, provincial and district levels will be implemented. R1.5 million will be transferred to the National Health Laboratory Services cancer register over the medium term. Savings of R8.3 million over the medium term have been identified in this subprogramme.
- *Sector-wide Procurement* provides rules and regulations to govern the process of acquiring goods and services such as medicines required by the sector. This subprogramme had a staff complement of 39 and a total budget of R19.7 million in 2011/12, of which 62 per cent was used for compensation of employees. Over the medium term, 30 per cent of licensed medicine prescribers will be inspected per year for compliance with the relevant legislation. No savings in 2012/13 have been identified in this subprogramme.
- *Health Financing and NHI* coordinates the development of a national health insurance scheme, undertakes health economics research, develops policy for medical schemes and public private partnerships, and provides technical oversight to the Council for Medical Schemes. Key outputs include developing and implementing policies, legislation and other necessary frameworks for the expansion of health insurance to the broader population; and overseeing the coordination of research into alternative health care financing mechanisms for achieving universal health coverage. This subprogramme had a staff complement of 27 and a total budget of R42.9 million in 2011/12. Over the medium term, R1 billion will be transferred to all provinces through the national health insurance grant. No savings in 2012/13 have been identified in this subprogramme.
- *International Health and Development* develops and implements bilateral and multilateral agreements to strengthen the health system, including agreements on the recruitment of health workers from other countries. This subprogramme had a staff complement of 23 and a total budget of R55.1 million in 2011/12, of which 34 per cent was used for compensation of employees, while 64 per cent was used for goods and services. Savings of R 15 million over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 16.6 National Health Insurance, Health Planning and Systems Enablement

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Technical Policy and Planning	–	–	–	7.8	19.9	23.1	20.3
Health Information Management, Monitoring and Evaluation	27.3	39.1	21.6	37.2	38.6	40.4	36.8
Sector-wide Procurement	12.9	15.2	13.1	19.7	21.2	22.7	23.8
Health Financing and National Health Insurance	17.5	53.4	26.6	42.9	182.1	383.7	530.1
International Health and Development	61.5	35.0	35.9	55.1	53.6	56.6	59.2
Total	119.3	142.7	97.2	162.6	315.5	526.3	670.2
Change to 2011 Budget estimate				2.2	138.0	337.0	474.9

Economic classification

Current payments	117.3	109.8	93.1	160.3	162.9	173.5	167.3
Compensation of employees	45.2	49.8	50.8	61.5	80.9	88.0	88.6
Goods and services	72.1	60.1	42.3	98.8	82.0	85.5	78.7
<i>of which:</i>							
Consultants and professional services:	3.1	6.3	3.0	18.9	16.4	16.9	12.3
Business and advisory services							
Lease payments	2.5	0.5	0.3	1.1	1.0	1.0	1.0
Travel and subsistence	34.7	12.6	12.1	23.8	22.1	22.4	22.8
Transfers and subsidies	0.0	30.1	0.0	0.4	150.5	350.5	500.5
Provinces and municipalities	–	30.0	–	–	150.0	350.0	500.0
Departmental agencies and accounts	–	–	–	0.4	0.5	0.5	0.5
Households	0.0	0.1	0.0	–	–	–	–
Payments for capital assets	1.9	2.8	4.1	1.9	2.2	2.4	2.4
Machinery and equipment	1.9	1.9	4.1	1.9	2.2	2.4	2.4
Software and other intangible assets	–	0.9	–	–	–	–	–
Total	119.3	142.7	97.2	162.6	315.5	526.3	670.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	–	0.4	0.5	0.5	0.5
National Health Laboratory Services	–	–	–	0.4	0.5	0.5	0.5
Cancer Register							

Expenditure trends

Expenditure increased from R119.3 million in 2008/09 to R162.6 million in 2011/12, at an average annual rate of 10.9 per cent, and is expected to increase significantly over the medium term to R670.2 million, at an average annual rate of 60.3 per cent. An additional allocation of R1 billion over the MTEF period has been made available through the national health insurance conditional grant to cover the cost of the national health insurance pilot projects and further preparation for the implementation of national health insurance.

Programme 3: HIV and AIDS, TB, and Maternal and Child Health

Objectives and measures

- Scale up the combination of HIV prevention interventions to reduce new infections by:
 - expanding the provision of medical male circumcision services to reach 500 000 eligible males per year
 - underpinning prevention strategies by provider initiated HIV counselling and testing to reach 10 million people per year.

- Improve the quality of life of people living with HIV and AIDS by:
 - providing an appropriate package of care, treatment and support services to at least 80 per cent of people living with HIV and AIDS and their families by 2014
 - targeting 650 000 new patients to be initiated on standard antiretroviral therapy by March 2013.
- Reduce infant and child mortality by:
 - improving the national measles immunisation second dose coverage from 83 per cent in 2010/11 to 95 per cent in 2011/12 and subsequent years
 - ensuring that all districts achieve more than 90 per cent full immunisation coverage and overall national coverage of at least 95 per cent annually
 - increasing the number of sub-districts implementing school health services from 147 in 2010/11 to 200 in 2012/13
 - decreasing the rate of transmission of HIV to infants from 3.5 per cent in 2011/12 to less than 2 per cent by 2015/16.
- Progressively reduce maternal and neonatal mortality by:
 - ensuring that 70 per cent of all facilities render maternity care, and implement the recommendations from the saving mothers and saving babies report over the MTEF period
 - ensuring that all hospitals implement the perinatal problem identification programme over the MTEF period
 - strengthening the training of doctors and midwives in essential steps in the management of obstetric emergencies in 13 priority districts in 2011/12.
- Reduce the burden of tuberculosis and improve the cure rate by:
 - increasing the successful treatment completion of all susceptible tuberculosis patients from 74 per cent in 2009 to 80 per cent in 2012/13¹
 - decreasing the tuberculosis defaulter rate of all susceptible tuberculosis patients from 7.9 per cent in 2009 to 5 per cent in 2012/13
 - increasing the percentage of multidrug resistant tuberculosis patients enrolled on treatment from 92 per cent in 2011 to 95 per cent in 2012/13
 - increasing the percentage of tuberculosis cases with known HIV status from 70 per cent in 2011 to 95 per cent by 2012/13
 - increasing the percentage of HIV-tuberculosis co-infected who are on antiretrovirals from 40 per cent in 2011 to 90 per cent in 2012/13.

Subprogrammes

- *HIV and AIDS* develops national policy and administers national HIV and AIDS and sexually transmitted infections programmes. This subprogramme had a staff complement of 77 and a total budget of R8 billion in 2011/12, of which 94 per cent was transferred to provinces through the HIV and AIDS conditional grant. R834 million has been allocated over the medium term to cover the costs of the rapidly growing antiretroviral therapy programme and to strengthen HIV prevention programmes. Of the conditional grant transferred to provinces, 70 per cent was for the antiretroviral treatment programme, 17 per cent for prevention, 7 per cent for programme management and 6 per cent for community based programmes. As of June 2011, 1.57 million people were on antiretroviral treatment. In 2010/11, mother to child transmission rates decreased nationally from 8.5 per cent to 3 per cent. Male condom distribution increased by 60 per cent from 308.5 million in 2007 to 495 million in 2010. Savings of R186.3 million over the medium term have been identified in this subprogramme.
- *Tuberculosis* develops national policy and guidelines, and sets norms and standards for tuberculosis. This subprogramme had a staff complement of 16 and a total budget of R18 million in 2011/12, of which 40 per cent was used for compensation of employees and 58 per cent for goods and services. In line with the 20-year vision outlined in the new national strategic plan for HIV, sexually transmitted infections and TB 2012 to 2016, its core interventions will be intensified, including support to intensify case finding

1. Tuberculosis treatment outcomes are reported a year behind, meaning outcomes for 2012/13 will only be available in 2013/14.

and the rollout of the rapid molecular diagnostic technology for tuberculosis, GeneXpert, which detects tuberculosis in 2 hours compared to several days or weeks and with improved sensitivity, will be further rolled out. As a result of intensified case finding and the introduction of GeneXpert, 15 per cent more tuberculosis cases were detected in first 9 months of 2011 compared to the previous year (180 000 to 207 000). No savings in 2012/13 have been identified in this subprogramme.

- *Maternal and Child Health* develops and monitors policies and guidelines, and sets norms and standards for maternal, child and women's health. This subprogramme had a staff complement of 44 and a total budget of R51.7 million in 2011/12, of which 53 per cent was used for compensation of employees, while 41 per cent was used for goods and services. Over the medium term, the department will continue to implement key initiatives to reduce maternal and child morbidity and mortality using, among other things, the recommendations from the ministerial committees on maternal, perinatal and child mortality. Interventions will include improving obstetric patient transport, the establishment of maternity waiting homes for pregnant women and the deployment of district specialist teams to provide technical and clinical support to districts with the most need. The teams will comprise of varying combinations of 4 specialist doctors (obstetrician and gynaecologist, paediatrician, family physician and anaesthetist) and 3 specialist nurses (paediatric nurse, advanced midwife and primary health care nurse). In addition, a more comprehensive integrated school health programme will be introduced to cover all learning phases prioritising underserved and under resourced schools. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 16.7 HIV and AIDS, TB, Maternal and Child Health

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
HIV and AIDS	3 359.8	4 851.6	6 415.9	7 960.2	9 233.9	11 020.1	12 752.9
Tuberculosis	11.1	16.4	15.8	18.0	25.7	26.5	27.3
Maternal and Child Health	23.5	55.4	51.2	51.7	32.9	34.6	36.2
Total	3 394.4	4 923.5	6 483.0	8 029.8	9 292.5	11 081.2	12 816.3
Change to 2011 Budget estimate				3.3	(84.5)	(107.0)	962.7

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	350.9	345.7	284.1	355.8	340.9	348.0	396.1
Compensation of employees	39.1	43.5	48.8	57.7	58.8	61.7	64.9
Goods and services	311.8	302.2	235.3	298.1	282.1	286.3	331.2
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	103.8	4.9	6.1	30.3	33.8	25.2	33.5
<i>Inventory: Medical supplies</i>	103.3	181.2	–	172.0	135.0	140.0	148.4
<i>Lease payments</i>	0.4	0.3	0.3	0.5	0.6	0.6	0.6
<i>Travel and subsistence</i>	27.1	17.7	17.3	22.1	19.0	20.7	21.9
Transfers and subsidies	3 043.0	4 576.8	6 197.8	7 672.8	8 950.2	10 731.5	12 418.5
Provinces and municipalities	2 885.4	4 376.1	6 051.8	7 493.0	8 762.8	10 533.9	12 211.3
Higher education institutions	0.7	0.5	2.0	6.1	3.0	3.0	3.0
Non-profit institutions	156.6	198.1	143.8	173.7	184.4	194.6	204.2
Households	0.2	2.0	0.3	–	–	–	–
Payments for capital assets	0.6	1.0	0.9	1.3	1.5	1.7	1.7
Machinery and equipment	0.6	1.0	0.9	1.3	1.5	1.7	1.7
Payments for financial assets	0.0	0.0	0.2	–	–	–	–
Total	3 394.4	4 923.5	6 483.0	8 029.8	9 292.5	11 081.2	12 816.3

Table 16.7 HIV and AIDS, TB, Maternal and Child Health (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Higher education institutions							
Current	0.7	0.5	2.0	6.1	3.0	3.0	3.0
University of Limpopo	0.5	0.5	2.0	0.6	2.0	2.0	2.0
University of Cape Town	0.2	–	–	0.6	1.0	1.0	1.0
University of the Witwatersrand	–	–	–	5.0	–	–	–
Non-profit institutions							
Current	156.6	198.1	143.8	173.7	184.4	194.6	204.2
Lifeline	16.0	–	16.2	16.5	17.6	18.3	19.0
Lovelife	55.0	–	38.7	62.0	66.1	70.4	74.0
Soul City	14.0	–	17.0	13.0	13.9	14.8	15.6
HIV and AIDS Non-governmental organisations	58.1	193.8	57.8	69.0	72.5	76.1	79.9
Medical Research Council - South African AIDS Vaccine Initiative	10.0	–	11.7	12.4	13.0	13.6	14.3
Tuberculosis Non-governmental organisations	3.5	3.7	2.4	–	–	–	–
Maternal, Child and Women's Health Non-governmental organisations	–	0.6	–	0.8	1.3	1.3	1.4

Expenditure trends

Expenditure increased from R3.4 billion in 2008/09 to R8 billion in 2011/12, at an average annual rate of 33.2 per cent, mostly due to transfers to provinces for the HIV and AIDS conditional grant, which has increased as a result of the expanded CD4 count threshold and the subsequent higher numbers of new patients on antiretroviral treatment. Expenditure on consultants was primarily on the provision of the HIV counselling and testing and HIV communication campaigns. Allocations to provinces are made on the basis of burden of disease and progress on antiretroviral treatment uptake.

Over the medium term, expenditure is expected to increase to R12.8 billion, at an average annual rate of 16.9 per cent. Growth in this period is partly to accommodate the change in the antiretroviral treatment threshold to CD4 count of 350 in 2011/12 and expanding the medical male circumcision and condom distribution programmes.

Programme 4: Primary Health Care Services

Objectives and measures

- Eliminate malaria by 2018 by reducing the local transmission rates, through the implementation of the malaria elimination strategy with a 2012/13 target of 0.56/1 000.
- Prevent and manage non-communicable diseases by:
 - finalising and implementing regulations on reduced salt content in processed food by March 2013
 - introducing legislation to limit the advertising of alcohol in 2012/13
 - implementing the department's national drug master plan to reduce substance abuse and treat people with alcohol related illnesses
 - consolidating and scaling up the long term treatment model for chronic care in identified districts
 - finalising regulations on the packaging and labelling of tobacco plants by March 2013.
- Promote and improve nutrition by finalising and promulgating regulations relating to food stuffs for infants and young children by the end of March 2013.
- Strengthen the primary health care system by:
 - implementing 318 ward based primary health care outreach teams by 2012/13
 - implementing district specialist teams in 52 districts by 2012/13

- health promotion related activities in schools.
- Strengthen the delivery of municipal health services by increasing the number of district municipalities delivering the full package of services from 15 to 25 by 2012/13.

Subprogrammes

- *District Service and Environmental Health* promotes, coordinates and institutionalises the district health system; integrates the implementation of health programmes; promotes the primary health care approach and environmental health for all levels of the health care systems; and ensures that there are norms and standards for all aspects of the system. This subprogramme had a staff complement of 21 and a total budget of R23.6 million in 2011/12 of which 43 per cent was used for compensation of employees, while 55 per cent was used for goods and services. The high expenditure on consultants was due to the facility management audit in 2011/12. Over the medium term, the following outputs will be achieved: costing of the revised primary health care package; development of norms and standards for mobile clinics, facilities supervision and governance structures; consolidation and further implementation of ward based primary health care outreach teams; finalisation of the public health facilities audit; strengthening of the port health services; support for the delivery of municipal health services; and strengthening management of health care waste. Savings of R302 000 in 2012/13 have been identified in this subprogramme.
- *Communicable Diseases* develops policies and supports provinces to ensure the control of infectious diseases, and supports the National Institute of Communicable Diseases. This subprogramme had a staff complement of 19 and a total budget of R14.5 million in 2011/12, of which 59 per cent was used for compensation of employees. In terms of communicable diseases like malaria, the target over the medium term, with an allocation of R13.2 million, is to reduce the incidence of local cases from 0.66 to 0.56 per 1 000 of the population at risk in endemic provinces. The following outputs will be achieved over the medium term: the development of a monitoring and evaluation plan and malaria active case detection guidelines; and a baseline survey for malaria cross-border initiatives. The national malaria programme will also be redirected towards malaria elimination through enhanced collaboration with countries such as Botswana, Mozambique, Swaziland and Zimbabwe. No savings in 2012/13 have been identified in this subprogramme.
- *Non-Communicable Diseases* establishes policy, legislation and guidelines; and assists provinces in implementing and monitoring chronic diseases, disability, elderly people, eye care, oral health, mental health and substance abuse, and injury prevention. This subprogramme had a total budget of R30 million in 2011/12, of which 55 per cent was used for compensation of employees. Over the medium term, the department will introduce legislation to Parliament limiting alcohol advertising and enact regulations to reduce salt content in food. A new national strategic plan for non-communicable diseases will document a programme of action to realise 10 targets for better health established at a national summit. Intersectoral strategies for reducing the 4 main risk factors for non-communicable diseases will be developed in terms of reducing tobacco use, increasing healthy dietary intake, increasing physical activity and reducing alcohol use. Screening for non-communicable diseases will be increased and further implementation of the long term care model will be implemented. No savings in 2012/13 have been identified in this subprogramme.
- *Health Promotion and Nutrition* formulates and monitors policies, guidelines, and norms and standards for health promotion and nutrition. This subprogramme had a staff complement of 23 and a total budget of R16.5 million in 2011/12, of which 41 per cent was used for compensation of employees and 54 per cent for goods and services. In support of the greater emphasis in the health sector on wellness with prevention and promotion interventions, an integrated health promotion policy and strategy as well as the roadmap for nutrition in South Africa will be finalised. This work will include implementation of the exclusive breastfeeding policy and wellness strategies. Savings of R7.5 million over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 16.8 Primary Health Care Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
District Service and Environmental Health	11.7	11.6	28.9	23.6	22.4	24.2	25.1
Communicable Diseases	8.1	204.2	14.0	14.5	17.1	18.3	19.2
Non-Communicable Diseases	24.0	18.3	25.7	30.0	27.2	28.6	29.9
Health Promotion and Nutrition	26.6	11.3	10.2	16.5	20.7	21.8	22.9
Total	70.4	245.4	78.8	84.5	87.4	92.9	97.1
Change to 2011 Budget estimate				(2.4)	11.4	12.4	11.2

Economic classification

Current payments	68.6	193.0	72.0	80.7	84.0	89.3	93.3
Compensation of employees	27.4	31.3	32.9	39.5	41.8	44.7	47.1
Goods and services	41.2	161.7	39.1	41.2	42.1	44.6	46.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	1.4	3.1	21.4	8.6	7.1	7.4	7.5
<i>Inventory: Medical supplies</i>	0.5	144.3	2.1	0.1	–	–	–
<i>Lease payments</i>	0.3	0.2	0.3	0.5	0.4	0.5	0.5
<i>Travel and subsistence</i>	13.9	6.6	6.4	11.1	16.9	17.5	18.0
Transfers and subsidies	1.2	51.9	6.3	2.6	2.2	2.3	2.4
Provinces and municipalities	–	50.0	–	–	–	–	–
Departmental agencies and accounts	–	–	4.6	–	–	–	–
Non-profit institutions	1.0	1.9	1.7	2.6	2.2	2.3	2.4
Households	0.2	0.0	0.0	–	–	–	–
Payments for capital assets	0.6	0.5	0.4	1.2	1.3	1.3	1.3
Machinery and equipment	0.6	0.5	0.4	1.2	1.3	1.3	1.3
Total	70.4	245.4	78.8	84.5	87.4	92.9	97.1

Details of selected transfers and subsidies

Households							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	4.6	–	–	–	–
Human Sciences Research Council	–	–	4.6	–	–	–	–
Non-profit institutions							
Current	1.0	1.9	1.7	2.6	2.2	2.3	2.4
South African Council for the Blind	0.5	0.6	0.6	0.6	0.7	0.7	0.7
South African Community Epidemiology Network on Drug Use	0.2	0.5	0.4	0.4	0.4	0.4	0.5
Health promotion non-governmental organisations	–	0.6	0.4	1.1	0.7	0.7	0.8

Expenditure trends

Expenditure increased from R70.4 million in 2008/09 to R84.5 million in 2011/12, at an average annual rate of 6.3 per cent, and is expected to increase to R97.1 million over the medium term, at an average annual rate of 4.7 per cent. The increase of R50 million in spending in 2009/10 was for a cholera outbreak and R144 million for a mass influenza vaccination campaign.

Programme 5: Hospitals, Tertiary Health Services and Human Resource Development

Objectives and measures

- Accelerate the delivery of health infrastructure by:
 - continuous application of health infrastructure norms and standards for all levels of health services at all stages of the development cycle
 - establishing a project management information system for project and programme monitoring and oversight by March 2013.
- Strengthen health sector human resource capacity to deliver on key health programmes by continuously developing and implementing programmes for the production of new health professional categories for mid-level workers, including clinical associates, emergency care practitioners and community health workers.

Subprogrammes

- *Health Facilities Infrastructure Management* focuses on the coordination and funding of health infrastructure to enable provinces to plan, manage, modernise, rationalise and transform infrastructure, health technology, hospital management and the improvement of quality of care in line with national policy objectives. This subprogramme is responsible for 3 infrastructure conditional grants and had a total budget of R6.1 billion in 2011/12, of which 99 per cent was transferred to provinces to improve health facilities infrastructure. Over the medium term, additional funding of R450 million is allocated through the nursing colleges conditional grant to plan and coordinate the upgrading, recapitalisation and maintenance of nursing colleges. R128 million is also added to the hospital revitalisation grant to cater for the start up costs of the 5 large hospital public private partnerships.
- *Tertiary Health Care Planning and Policy* focuses on developing credible, long term provision of tertiary and high quality specialised services in a modernised and reconfigured manner; and identifies tertiary and regional hospitals that should serve as centres of excellence for disseminating quality improvements. This subprogramme had a total budget of R8.7 billion in 2011/12, of which 99 per cent was transferred to provinces through the national tertiary services grant. Responsibilities include the management of the national tertiary services grant to provinces, whose purpose is to enable provinces to plan, modernise, rationalise and transform the tertiary hospital services platform. No savings in 2012/13 have been identified in this subprogramme.
- *Hospital Management* deals with national policy on hospital and emergency medical services by focusing on developing an effective referral system to ensure clear delineation of responsibility by level of care, clear guidelines for referral and improved communication and development of specific, detailed hospital plans. This subprogramme had a staff complement of 15 and a total budget of R12.3 million in 2011/12, of which 57 per cent was used for compensation of employees. Quality improvement plans for hospitals will focus on: cleanliness, infection prevention and control, patient safety, drug management and availability of medicines, waiting times, and staff attitude. These measures will be developed and implemented in 289 hospitals over the medium term. No savings in 2012/13 have been identified in this subprogramme.
- *Human Resources for Health* is responsible for medium to long term human resources planning in the national health system. This entails implementing the national human resources for health plan, facilitating capacity development for sustainable health workforce planning, and developing and implementing human resources information systems for planning and monitoring. This subprogramme had a staff complement of 11 and a total budget of R2 billion in 2011/12, of which 1 per cent was used for compensation of employees, while 98 per cent was transferred to provinces. A national human resources strategy was developed and released in 2011/12. In the same year, the development of human resources norms commenced and it is envisaged that it will be finalised and published in 2012/13. Savings of R17.3 million over the medium term have been identified in this subprogramme.
- *Nursing Services* is a newly established subprogramme to be responsible for developing policy to oversee the development of required nursing skills and capacity. This subprogramme has a staff complement of 3 and a total budget of R1.5 million in 2012/13, of which 64 per cent is used for compensation of employees. In addition, nursing norms and standards will be developed and the development of a national

nursing training curriculum will be facilitated to ensure that nurses are appropriately skilled, and utilised appropriately and effectively.

Expenditure estimates

Table 16.9 Hospitals, Tertiary Health Services and Human Resource Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Health Facilities Infrastructure Management	3 701.8	4 198.8	5 191.5	6 057.4	5 854.4	6 081.0	6 619.8
Tertiary Health Care Planning and Policy	6 767.2	7 146.1	7 990.7	8 705.3	8 950.5	9 695.6	10 247.4
Hospital Management	7.5	8.0	6.5	12.3	12.6	13.2	13.8
Human Resources for Health	1 702.5	1 790.5	1 880.5	2 018.7	2 108.9	2 224.6	2 348.8
Nursing Services	–	–	–	–	1.6	2.1	2.4
Total	12 179.0	13 143.4	15 069.3	16 793.7	16 927.9	18 016.5	19 232.2
Change to 2011 Budget estimate				192.1	(150.4)	288.0	423.4

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	61.6	72.2	74.0	224.6	135.2	136.3	135.1
Compensation of employees	36.0	41.4	42.0	58.2	67.3	70.6	72.8
Goods and services	25.5	30.7	32.0	166.4	67.9	65.7	62.3
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>0.3</i>	<i>10.6</i>	<i>14.5</i>	<i>130.4</i>	<i>25.1</i>	<i>21.7</i>	<i>15.6</i>
<i>Business and advisory services</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>
<i>Inventory: Medical supplies</i>	<i>0.5</i>	<i>0.7</i>	<i>0.5</i>	<i>1.5</i>	<i>1.7</i>	<i>1.9</i>	<i>2.0</i>
<i>Lease payments</i>	<i>6.7</i>	<i>4.6</i>	<i>4.6</i>	<i>10.4</i>	<i>8.0</i>	<i>7.7</i>	<i>7.8</i>
Transfers and subsidies	12 103.2	13 067.7	14 990.2	16 549.8	16 778.8	17 865.8	19 082.7
Provinces and municipalities	12 103.2	13 067.6	14 990.2	16 541.8	16 778.8	17 865.8	19 082.7
Higher education institutions	–	–	–	8.0	–	–	–
Payments for capital assets	14.2	3.5	4.9	19.3	14.0	14.4	14.4
Machinery and equipment	14.2	3.3	4.9	19.3	14.0	14.4	14.4
Software and other intangible assets	–	0.3	–	–	–	–	–
Payments for financial assets	0.0	0.0	0.1	–	–	–	–
Total	12 179.0	13 143.4	15 069.3	16 793.7	16 927.9	18 016.5	19 232.2

Details of selected transfers and subsidies

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	8 407.6	8 876.1	9 820.3	10 616.6	11 054.2	11 960.7	12 690.0
Health professions training and development grant	1 679.1	1 759.8	1 865.4	1 977.3	2 076.2	2 190.4	2 321.8
National tertiary services grant	6 134.1	6 614.4	7 398.0	8 048.9	8 878.0	9 620.4	10 168.2
Nursing colleges grant	–	–	–	–	100.0	150.0	200.0
Forensic pathology services grant	594.5	501.9	557.0	590.4	–	–	–
Capital	3 695.6	4 191.5	5 169.9	5 925.3	5 724.6	5 905.1	6 392.7
Hospital revitalisation grant	2 735.6	2 989.1	3 568.1	4 220.8	4 103.6	4 183.9	4 556.3
Health infrastructure grant	960.0	1 202.4	1 601.8	1 704.5	1 621.0	1 721.1	1 836.4
Higher education institutions							
Current	–	–	–	8.0	–	–	–
University of the Witwatersrand	–	–	–	8.0	–	–	–

Expenditure trends

Expenditure increased from R12.2 billion in 2008/09 to R16.8 billion in 2011/12, at an average annual rate of 11.3 per cent. The growth was mainly in transfers and subsidies to the infrastructure grants to provinces. Over

the medium term, spending is expected to increase to R19.2 billion, at an average annual rate of 4.6 per cent. Provinces reported underspending of R400 million for the financial year to December 2011. The marginal growth in the programme in 2012/13 arises mainly from the phasing out of the forensic pathology conditional grant into provincial funding streams. R450 million is allocated over the medium term for the upgrading of nursing colleges.

Programme 6: Health Regulation and Compliance Management

Objectives and measures

- Improve the registration of medicines and reduce the time taken to reach the market by limiting the backlog on medicine registrations, by continuously building in-house capacity, training and aggressively recruiting evaluators, managing clinical trials and performing inspections.
- Improve oversight of the registration of pharmaceutical and related products by establishing the South African Health Products Regulatory Authority in 2012/13.
- Improve the quality of health services through establishing an independent Office of Health Standards Compliance Bill as a national quality certification body by 2012.

Subprogrammes

- *Food Control* regulates foodstuffs and non-medical health products to ensure food safety by developing and implementing food control policies, norms and standards, and regulations. This subprogramme had a staff complement of 13 and a total budget of R6.8 million in 2011/12, of which 71 per cent was used for compensation of employees. In 2012/13, the department will develop, finalise and publish 5 regulations in line with the relevant provisions of the Foodstuffs, Cosmetics and Disinfectants Act (1972). Savings of R3 million in 2012/13 have been identified in this subprogramme
- *Pharmaceutical Trade and Product Regulation* regulates the procurement of medicines and pharmaceutical supplies, and provides oversight of trade in health products to ensure access to safe and affordable medicines. This subprogramme had a staff complement of 136 and a total budget of R79.5 million in 2011/12, of which 45 per cent was used for compensation of employees. In 2012/13, the department will develop and finalise organisational design changes, registration processes as well as fee structures in relation to the transition towards the new South African Health Products Regulatory Authority. R100.3 million has been allocated over medium term for establishing the regulator. Once it is formally established as a public entity, it will retain the revenue it generates from registering medicines. No savings over the medium term have been identified in this subprogramme.
- *Public Entities Management* provides policy frameworks for health public entities with regard to planning, budgeting procedures, financial reporting and oversight, ownership, governance, remuneration, and accountability. It oversees and partially funds the Medical Research Council, the National Health Laboratory Service and Council for Medical Schemes. This subprogramme had a total budget of R364.9 million in 2011/12, of which 99.6 per cent was transferred to the entities. R3 million each year over the medium term period is allocated to the Medical Research Council for the annual wage increases. Savings of R13.8 million over the medium term have been identified in this subprogramme.
- *Office of Standards Compliance* deals with quality assurance, compliance with national standards and patient complaints, and radiation control. This subprogramme had a staff complement of 60 and a total budget of R41.2 million in 2011/12, of which 46.7 per cent was used for compensation of employees. No savings in 2012/13 have been identified in this subprogramme.
- *Compensation Commissioner for Occupational Diseases and Occupational Health* is responsible for the payment of benefits to active and ex-miners who have been certified to be suffering from lung related diseases as a result of the risk work they have performed in mines or classified works. This subprogramme had a staff complement of 108 and a total budget of R38.9 million in 2011/12, of which 54 per cent was used for compensation of employees, while 33 per cent was used for goods and services. The focus over the medium term will be on reengineering business processes and revenue to ensure sustainability, reducing the turnaround period for settling claims, amending the Occupational Diseases in Mines and

Works Act (1973), and improving governance, internal controls and relationships with key stakeholders. Savings of R3 million over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 16.10 Health Regulation and Compliance Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Food Control	6.4	5.4	5.8	6.8	7.1	7.5	7.9
Pharmaceutical Trade and Product Regulation	50.2	55.2	67.7	79.5	83.1	89.4	93.7
Public Entities Management	315.9	334.6	406.3	364.9	380.2	410.2	431.4
Office of Standards Compliance	17.6	16.3	18.7	41.2	62.3	54.5	57.0
Compensation Commissioner for Occupational Diseases and Occupational Health	27.3	28.7	30.6	38.9	43.1	52.8	55.2
Total	417.5	440.3	529.1	531.4	575.8	614.4	645.2
Change to 2011 Budget estimate				5.5	3.8	13.5	8.5

Economic classification

Current payments	97.2	100.1	117.7	163.0	192.6	201.6	211.2
Compensation of employees	56.1	64.0	71.1	85.0	98.4	103.5	109.0
Goods and services	41.1	36.0	46.7	78.0	94.2	98.0	102.2
<i>of which:</i>							
<i>Consultants and professional services:</i>	13.4	11.6	20.9	18.3	30.6	25.3	27.2
<i>Business and advisory services</i>							
<i>Inventory: Medical supplies</i>	0.0	0.0	0.5	0.5	0.5	0.7	0.8
<i>Lease payments</i>	0.6	0.5	0.6	1.3	1.4	1.6	1.7
<i>Travel and subsistence</i>	16.1	11.8	13.4	26.6	28.0	30.4	31.2
Transfers and subsidies	318.3	339.0	409.1	366.4	379.8	409.3	430.4
Departmental agencies and accounts	315.6	335.6	404.0	360.3	371.6	399.0	419.5
Non-profit institutions	2.6	2.8	4.9	6.1	8.3	10.3	10.9
Households	0.1	0.7	0.1	–	–	–	–
Payments for capital assets	1.9	1.2	2.1	2.0	3.4	3.6	3.6
Machinery and equipment	1.9	1.2	2.1	2.0	3.4	3.6	3.6
Payments for financial assets	0.0	0.0	0.1	–	–	–	–
Total	417.5	440.3	529.1	531.4	575.8	614.4	645.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	313.3	331.9	401.4	357.6	368.6	396.0	416.3
National Health Laboratory Services	70.6	76.5	120.3	82.2	84.6	88.9	93.3
South African Medical Research Council	236.5	251.5	281.1	271.2	279.7	302.6	318.2
Council for Medical Schemes	6.2	3.9	–	4.2	4.3	4.5	4.8
Non-profit institutions							
Current	2.6	2.8	4.9	6.1	8.3	10.3	10.9
Health Systems Trust	2.6	2.8	4.9	6.1	8.3	10.3	10.9
Departmental agencies and accounts							
Social security funds							
Current	2.4	3.7	2.6	2.8	2.9	3.1	3.2
Compensation Fund	2.4	3.7	2.6	2.8	2.9	3.1	3.2

Expenditure trends

Expenditure increased from R417.5 million in 2008/09 to R531.4 million in 2011/12, at an average annual rate of 8.4 per cent, and is expected to increase over the medium term to R645.2 million, at an average annual rate of 6.7 per cent. The increase is partly due to the transfers to public entities. The largest spending increase over

MTEF period is in the *Office of Standards Compliance* subprogramme to create an independent agency for quality assurance and accreditation of health facilities. There is also strong growth over MTEF period in *Pharmaceutical Trade and Product Regulation* programme to reduce large backlogs in medicine registration and establish the South African Health Products Regulatory Authority.

Public entities and other agencies

National Health Laboratory Service

Overview: 2008/09 – 2014/15

The National Health Laboratory Service was established in 2001 in terms of the National Health Laboratory Service Act (2000). The service supports the Department of Health by providing cost effective diagnostic laboratory services to all state clinics and hospitals. It also provides health science training and education, and supports health research. It is the largest diagnostic pathology service in South Africa, servicing over 80 per cent of the population, through a national network of 265 laboratories. Its specialised divisions include the National Institute for Communicable Diseases, the National Institute for Occupational Health, the National Cancer Registry and the Antivenom Unit.

The National Institute for Communicable Diseases is responsible for public health surveillance of communicable diseases and coordinates appropriate responses. It carries out surveillance programmes on acute respiratory tract infections, the rotavirus, hospitalisations from respiratory infections, and influenza data for vaccine manufacturing decisions through the viral watch programme.

The institute is South Africa's major centre for occupational health development, training, service support and research. The institute provides leadership and support for the development of effective occupational health services by maintaining and developing a specialist reference laboratory, advisory and information services centrally and peripherally. The institute provides specialised support to the national departments of health, mineral resources and labour. Increases in national laboratory spending have been driven predominantly by volume increases and the service has been placed under pressure by delays in payment by provincial health departments. Measures are being put in place to arbitrate disputes with provinces, control demand for laboratory tests, enter into service level agreements with provinces and encourage them to ringfence appropriate levels of laboratory expenditure.

The key strategic objectives for the National Health Laboratory Service over the next five years are to: develop a new service delivery model that is more affordable for the public sector; determine a best fit service delivery model; deliver a quality, customer focused service; align resources, support services and infrastructural development for service delivery; become the laboratory services' employer of choice; prioritise innovation and research to be relevant, appropriate and leading edge; become the powerhouse of health information; drive stakeholder collaboration; position the service as the provider of choice for national health insurance; and protect the community and environment.

The service's strategic direction is aligned with the Minister of Health's 10-point plan and negotiated service delivery agreement, with many of its key diagnostic tests being in critical areas of HIV, tuberculosis, and maternal and child health. To respond to the challenges of affordability, prices for priority programmes of HIV, tuberculosis and pap smears were reduced by 5 per cent on average in 2011/12. This resulted in savings of R184.2 million in provinces when compared to the previous year.

To improve result turnaround time, the service piloted mobile health solutions in Eastern Cape and Free State, using cellphones and internet platforms for clinicians to access results at bedsides. To provide enhanced and more integrated HIV and tuberculosis services, a single national priority programme division was created.

Along with the department, the service was the first laboratory diagnostic provider in Africa to introduce GeneXpert technology for the diagnosis of tuberculosis and rifampicin resistance. This technology produces a result within two hours, resulting in quicker responses to patient treatment compared to microscopy and cultures, which can take between 48 hours and four weeks.

The TrakCare Lab information system was successfully implemented in KwaZulu-Natal, on 2011/12 budget. The new billing system in the province is now fully functional, allowing the provincial department to migrate with ease to the fee for service system with effect from 1 April 2010.

Performance

The improvement between 2008/09 and 2011/12 in the turnaround times for viral load and HIV polymerase chain reaction is attributable to the creation of the national priority programmes division to support the department in achieving outputs aligned with its 10-point plan and negotiated service delivery agreement. The improvement over the same period to the percentage of tuberculosis tests completed is due to the introduction of GeneXpert in 2011/12. This technology produces results within two hours compared to microscope and cultures which take between 48 hours and four weeks. To ensure optimisation of scarce resources and better sharing of epidemiological skills and expertise, the National Cancer Registry and the cancer epidemiology research group were merged with the National Institute for Occupational Health.

Selected performance indicators

Table 16.11 National Health Laboratory Service

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Turnaround times: CD4 within 72 hours (volume of CD4 tests)	Laboratory tests	82% (2 113 140)	86% (2 537 860)	86% (2 614 032)	86% (2 744 734)	87% (2 881 970)	88% (3 026 069)	90% (3 177 372)
Turnaround times: viral load within 4 days (volume of viral load tests)	Laboratory tests	39% (440 310)	41% (437 060)	52% (605 002)	74% (635 252)	85% (667 014)	90% (700 365)	90% (735 383)
Turnaround times: TB microscopy within 48 hours (volume of TB microscopy tests)	Laboratory tests	58% (2 440 060)	60% (277 800)	95% (4 911 621)	94% (5 157 202)	95% (5 415 062)	95% (5 685 815)	95% (5 970 106)
Turnaround Times: HIV polymerase chain reaction test within 5 days (volume of HIV polymerase chain reaction test tests)	Laboratory Tests	47% (101 177)	55% (124 630)	67% (160 133)	74% (168 140)	85% (176 647)	90% (185 374)	90% (194 643)

Programmes/activities/objectives

Table 16.12 National Health Laboratory Service

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Laboratory tests	2 500.5	2 822.0	3 140.8	3 321.7	3 273.5	3 465.3	3 664.2
Surveillance of communicable diseases	94.0	106.1	117.6	133.5	142.0	152.6	159.8
Occupational health	32.5	38.3	48.5	60.1	63.0	66.6	70.4
Research grants	47.2	136.1	96.7	99.2	60.0	67.0	72.0
Total expense	2 674.3	3 102.5	3 403.7	3 614.5	3 538.4	3 751.5	3 966.4

The National Health Laboratory Service had a total budget of R3.6 billion in 2011/12, of which 91.9 per cent was used for laboratory tests.

Savings and cost effectiveness measures

Yearly improvements in efficiency and productivity have resulted in price increases on all tests done being kept significantly below inflation over the last four years. In 2011/12, the overall price increase of all tests is 1 per cent and a price reduction of 10 per cent for the priority programmes of HIV, tuberculosis and cervical screening. The entity is focused on finding solutions to keep costs down without compromising access or quality. In partnership with the Western Cape and Gauteng provincial departments, projects were initiated to develop tools to minimise inappropriate and unnecessary tests.

Expenditure estimates

Table 16.13 National Health Laboratory Service

Statement of financial performance				Revised estimate	Medium-term estimate		
Audited outcome			2011/12		2012/13	2013/14	2014/15
R million	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	2 739.0	3 105.7	3 502.9	3 554.5	3 496.5	3 693.9	3 901.7
Sale of goods and services other than capital assets	2 676.1	3 049.5	3 446.1	3 519.5	3 460.5	3 649.9	3 849.7
<i>of which:</i>							
<i>Sales by market establishments</i>	2 676.1	3 049.5	3 446.1	3 519.5	3 460.5	3 649.9	3 849.7
<i>Other non-tax revenue</i>	62.9	56.3	56.8	35.0	36.0	44.0	52.0
Transfers received	124.5	203.0	164.9	97.9	99.4	102.7	106.2
Total revenue	2 863.5	3 308.7	3 667.8	3 652.5	3 595.9	3 796.6	4 007.8
Expenses							
Current expenses	2 674.3	3 102.5	3 403.7	3 614.5	3 538.4	3 751.5	3 966.4
Compensation of employees	1 252.6	1 398.5	1 630.8	1 897.4	1 796.7	1 868.6	1 990.0
Goods and services	1 354.8	1 559.6	1 703.6	1 585.5	1 598.2	1 726.1	1 805.7
Depreciation	65.6	143.5	68.8	122.5	133.5	145.7	158.6
Interest, dividends and rent on land	1.3	1.0	0.5	9.0	10.0	11.0	12.0
Total expenses	2 674.3	3 102.5	3 403.7	3 614.5	3 538.4	3 751.5	3 966.4
Surplus / (Deficit)	189.3	206.2	264.1	38.0	57.0	45.0	41.0
Statement of financial position							
Carrying value of assets	394.3	458.7	506.7	615.4	641.9	651.3	658.2
<i>of which:</i>							
<i>Acquisition of assets</i>	181.0	219.9	122.0	231.2	160.0	155.2	165.5
Inventory	116.9	69.4	72.9	42.9	122.9	87.9	127.9
Receivables and prepayments	1 066.2	1 242.2	1 582.4	1 537.4	1 367.4	1 247.4	1 137.4
Cash and cash equivalents	139.6	260.6	177.4	183.4	192.9	217.0	253.7
Non-current assets held for sale	–	–	–	–	227.4	343.9	473.4
Total assets	1 717.0	2 031.0	2 339.4	2 379.1	2 552.5	2 547.5	2 650.5
Accumulated surplus / (deficit)	751.0	960.7	1 210.6	1 248.6	1 306.1	1 261.0	1 302.4
Capital and reserves	42.8	42.8	42.8	46.9	60.0	70.0	75.0
Finance lease	8.4	6.2	3.7	–	–	–	–
Deferred income	74.4	113.1	83.9	83.9	83.9	83.9	83.9
Trade and other payables	328.5	360.4	362.8	297.6	237.6	307.6	232.6
Provisions	511.8	547.9	635.6	702.1	864.9	825.1	956.6
Total equity and liabilities	1 717.0	2 031.0	2 339.4	2 379.1	2 552.5	2 547.5	2 650.5

Expenditure trends

Revenue is generated mostly from laboratory testing. Growth in revenue has largely been driven by volume increases, with large increases in HIV and tuberculosis testing in particular. This is attributable to the new 350 CD4 count protocol and the introduction of the GeneXpert technology. Revenue grew from R2.9 billion to R3.7 billion in 2011/12, at an average annual rate of 8.5 per cent. Revenue over the MTEF period is expected to grow to R4 billion, at an average annual rate of 3.1 per cent. When compared to 2010/11, revenue decreased by 0.4 per cent in 2011/12 due to non-payment by provincial health departments.

Transfers received decreased by 40.6 per cent from R164 million in 2010/11 to R 97.9 million in 2011/12. The total transfer received includes grant income from the department and external sources. Although the transfer from the department has been consistent, this has not been the case for the external grants which decreased significantly. The decrease of 5.3 per cent in spending on compensation of employees in 2012/13 is attributable to current vacant posts being frozen due to financial pressures.

Over the previous years, the entity's price increases were maintained below inflation. The overall testing price decreased by 1 per cent in 2011/12. This underlines the entity's commitment to ensuring more affordable healthcare for all South Africans.

Expenditure grew from R2.7 billion to R3.6 billion in 2011/12, at an average annual rate of 10.6 per cent. Expenditure over the MTEF period is expected to grow to R4 billion, at an average annual rate of 3.1 per cent. This was largely attributable to salary increases of between 6 per cent and 7 per cent which were effective from 01 July 2011. Other significant increases related to the cost of utilities and software development expenses relating to the planned implementation of a new Oracle release. The surplus of R264 million in 2010/11 did not materialise into cash due to the poor payment pattern of certain provinces. Debtors have increased by R340 million as result. This continued upward trend has had a severe impact on the entity's operations and has resulted in it having less than a month's cash cover to meet its current and future obligations. In 2011/12, provincial health departments owed the entity R2.1 billion. The Gauteng provincial health department owed R646 million, while KwaZulu-Natal owed R997 million. This has led to a delay in supplier payments. The entity owed R410.3 million, which was an increase of R47.5 million since March 2011. Many suppliers delayed services which may negatively affect the supply chain of the National Health Laboratory Service. This is being addressed with the Minister of Health and National Treasury.

Personnel information

Table 16.14 National Health Laboratory Service

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	12	13	1	–	12	12	12	13	13	13
Senior management	101	101	–	–	99	101	101	106	106	106
Professionals	2 220	2 220	–	–	2 261	2 148	2 220	2 331	2 331	2 331
Skilled	1 277	1 277	–	–	1 021	1 187	1 277	1 340	1 340	1 340
Semi-skilled	2 065	2 065	–	–	1 984	1 996	2 066	2 169	2 169	2 169
Very low skilled	492	492	–	–	451	451	492	516	516	516
Total	6 167	6 168	1	–	5 828	5 895	6 168	6 475	6 475	6 475
Compensation (R thousand)				1 252 558	1 398 531	1 630 762	1 897 444	1 796 716	1 868 585	1 990 043
Unit cost (R thousand)				–	240	277	308	277	289	307

In 2011/12, the entity's headcount increased by 273 at the rate of 4.6 per cent. The total workforce was 6 168 as at 30 September 2011.

South African Medical Research Council

Overview: 2008/09 – 2014/15

The South African Medical Research Council was established in 1969 in terms of the South African Medical Research Council Acts (1969 and 1991). The council's objectives are to promote the improvement of health and quality of life through research, development and technology transfer. Research is primarily conducted through council funded research units located within the council as well as in higher education institutions.

The council's researchers have made significant contributions to the key priorities of the Department of Health's 10-point plan, through operational and applied research projects, by supporting and evaluating programmes, or on an advisory level by serving on policy and technical teams. Examples include work on the national health insurance scheme, quality and standards, the prevention of mother to child HIV transmission, tuberculosis, HIV prevention and surveillance systems, and research that translated into the introduction of the rotavirus and pneumococcal vaccine in 2011.

The board, which was appointed in November 2010, is leading the development of the council's strategic plan from 2011/2012 to 2015/2016. The Science, Engineering, and Technology Institutes' review of the council in 2010, as well as input from its major stakeholders (for example, the national health research committee), have been considered in this process. The council's research plays a key role in researching, guiding and monitoring the key outcome areas to achieve a long and healthy life for all South Africans. The focus over the medium term

will be on ensuring alignment with the 10-point plan priorities, and on the four negotiated service delivery agreement output areas.

The council conducts and funds national health research, and supports research capacity development. The council's HIV and AIDS, and tuberculosis units are conducting clinical research on an HIV vaccine, microbiocides, antiretrovirals, and tuberculosis treatment and diagnostics. Researchers are evaluating interventions for the prevention of injury and violence, and on reducing non-communicable diseases. In 2011, the council launched a national collaborative research programme in cardiovascular and metabolic diseases. The council is also part of the Global Alliance for Chronic Diseases.

In 2012, the council will host the ICT4Health secretariat, which comprises informatics, telemedicine and e-health. The secretariat will support the Ministerial Advisory Committee for Health Technology and the department in finalising the national telemedicine and overarching e-health policies and strategic plans, and coordinate the drafting of the health strategy and policy. This lead role is of particular importance in relation to the national health insurance scheme and bridging the gap between public and private sector stakeholders. The council has established an entity wide risk management unit, including safety, health and environment risk management, which will allow the management of all types of risk and the identification by all members of staff of risk exposure.

Performance

798 peer reviewed publications, including 648 peer reviewed journal articles were produced during the council's annual reporting period in 2010/11, with over 95 per cent of articles in international journals. 33 doctoral students graduated from council units. 117 African students were among the 302 students enrolled in these units.

Selected performance indicators

Table 16.15 South African Medical Research Council

Indicator	Programme /Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of peer reviewed publications (journal articles from 2012) per year	Linked to all research programmes	706	696	648	630	650	660	660
Number of new patents per year	Linked to some research programmes	2	7	3	2	1	1	1
Number of PhD students per year	Linked to all research programmes	62	46	33	50	52	52	52

Programmes/activities/objectives

Table 16.16 South African Medical Research Council

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Health research	119.8	136.5	135.1	141.8	165.8	156.4	164.7
Management of national health research facilities	30.6	17.2	33.6	35.4	37.5	39.8	42.2
Health research grants	27.0	20.1	27.3	28.8	30.4	32.0	33.8
Health research study bursaries	0.2	0.4	0.3	0.3	0.3	0.3	0.4
Health research programmes	–	0.0	0.2	0.2	0.2	0.1	0.1
Training of health researchers and related personnel	25.6	25.8	34.2	36.5	39.3	41.5	44.1
Health research support	7.6	7.5	7.8	8.3	8.8	9.3	9.8
Translation of health research results	28.1	30.3	37.6	40.4	41.9	44.4	47.1
Development of innovations in healthcare	41.9	46.7	42.5	44.1	48.1	50.7	53.8
Other objectives	212.9	215.6	234.5	273.9	262.2	293.5	305.4
Total expense	493.7	500.2	553.1	609.6	634.5	668.0	701.5

The Medical Research Council had a total budget of R609.6 million in 2011/12, of which 49.6 per cent was used for goods and services, and 48.3 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The entity's new strategic plan includes the implementation of actions to improve the efficiency of operations, as well as its research structures. A new financial system is being introduced on 1 April 2012 that will automate the procurement process and facilitate the application of budget-to-actual control. In addition, a supply chain database was implemented from 1 April 2011 to assist with procurement processes and reduce the risk of non-compliance. Cooperation, coordination and collaboration among the entity's units and groups will be fostered to tackle the disease burden in a multi-disciplinary fashion.

Expenditure estimates

Table 16.17 South African Medical Research Council

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	335.2	318.3	317.1	329.2	331.8	342.3	347.7
Sale of goods and services other than capital assets	281.9	284.9	290.4	302.7	305.0	315.0	320.0
<i>of which:</i>							
<i>Sales by market establishments</i>	281.9	284.9	290.4	302.7	305.0	315.0	320.0
<i>Other non-tax revenue</i>	53.4	33.3	26.7	26.5	26.8	27.3	27.7
Transfers received	202.1	222.7	237.3	271.2	279.7	302.6	318.2
Total revenue	537.4	540.9	554.4	600.4	611.4	644.8	665.9
Expenses							
Current expenses	493.7	500.2	553.1	609.6	634.5	668.0	701.5
Compensation of employees	237.6	243.3	287.8	294.4	312.1	330.7	353.7
Goods and services	245.5	245.9	252.7	302.2	309.6	323.9	334.3
Depreciation	10.6	10.8	12.6	12.9	12.8	13.3	13.4
Interest, dividends and rent on land	0.1	0.3	0.1	0.1	0.1	0.1	0.1
Total expenses	493.7	500.2	553.1	609.6	634.5	668.0	701.5
Surplus / (Deficit)	43.7	40.7	1.3	(9.0)	(23.0)	(23.0)	(36.0)
Statement of financial position							
Carrying value of assets	102.2	112.4	123.7	128.7	132.4	135.5	139.2
<i>of which:</i>							
<i>Acquisition of assets</i>	18.3	21.4	25.5	18.0	16.5	16.5	17.2
Investments	28.4	57.6	33.8	34.6	37.0	40.0	43.0
Inventory	0.3	0.3	0.1	0.3	0.1	0.1	0.1
Receivables and prepayments	37.6	45.5	28.5	35.0	36.0	36.0	37.0
Cash and cash equivalents	407.4	370.4	410.3	416.2	386.6	366.2	338.1
Total assets	575.9	586.2	596.5	614.9	592.1	577.8	557.5
Accumulated surplus / (deficit)	159.3	300.6	302.0	292.7	269.7	246.5	210.9
Capital and reserves	0.8	1.6	1.9	1.8	1.8	1.8	1.8
Finance lease	–	0.3	0.2	0.2	0.2	0.5	–
Deferred income	350.9	236.4	229.0	255.0	255.0	263.7	261.7
Trade and other payables	47.1	41.2	54.6	58.1	57.3	56.9	75.0
Provisions	16.6	5.1	7.8	5.9	7.1	7.3	6.8
Managed funds (e.g. poverty alleviation fund)	1.1	1.0	1.0	1.1	1.1	1.1	1.2
Total equity and liabilities	575.9	586.2	596.5	614.9	592.1	577.8	557.5

Expenditure trends

In 2011/12, the council received 45 per cent of its revenue from government. The balance is made up of research contracts and other internal income. Between 2008/9 and 2011/12, revenue grew from R537.4 million to R600.4 million, at an average annual rate of 3.8 per cent. The revenue from government in 2011/12 includes

value added tax of R33 million. Revenue over the MTEF period is expected to grow to R665.9 million, at an average annual rate of 3.5 per cent. Research contract income is expected to increase at a slightly slower rate due to the current economic climate to R318 million. Over the MTEF period, the annual government grant will increase to R318.2 million, approximately 48 per cent of the estimated total revenue.

Expenditure grew from R493.7 million to R609.6 million in 2011/12, at an average annual rate of 7.3 per cent. Expenditure over the MTEF period is expected to grow to R701.5 million, at an average annual rate of 4.8 per cent. This higher growth rate is due to annual salary increases of 5.5 per cent to 6.5 per cent, annual increases in statutory cost such as electricity and property taxes, and increases in corporate governance costs. Research related costs make up 79 per cent of the council's spending. Expenditure is expected to grow faster over the medium than income, which will result in a deficit of R23 million in 2012/13.

Personnel information

As at 30 September 2011, the council had an establishment of 950 posts. The number of filled posts grew from 849 in 2006/07 to 966 in 2010/11. Over the MTEF period, filled posts are expected to increase to 970 in 2012/13 due to the implementation of new projects. The projected decrease in personnel to 938 in 2014/15 reflects the possible restructuring of the council's units, as per the Science, Engineering and Technology Institute's review of the council.

There were 38 vacancies as at 30 September 2011. Included in these vacancies were 3 executive management positions. There is currently a recruitment process for some of the vacant posts, and with the finalisation of the current strategic plan, the board will decide on whether to fill some of the senior management positions. The ratio of support staff to line staff was 1:4.2. The ratio of consultants to total council staff was 1:228.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Council for Medical Schemes** is the national medical schemes regulatory authority established in terms of the Medical Schemes Act (1998). The council's vision for the medical scheme industry is that it is effectively regulated to protect the interests of members and promote fair and equitable access to private health financing.
- The **Compensation Commissioner for Occupational Diseases in Mines and Works** was established in terms of the Occupational Diseases in Mines and Works Act (1973), as amended. Its main statutory functions include: administering the Mines and Works Compensation Fund to compensate ex-miners disabled by occupational lung disease; determining and recovering levies from controlled mines and works; awarding benefits to miners and ex-miners suffering from occupational lung related diseases; and investing levies collected and interest earned from investments.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
R million									
Infrastructure transfers to other spheres, agencies and departments									
Repairs and renovations to hospitals	Repairs and renovations to 67 facilities at provincial hospitals	Various stages	1 970.1	21.8	295.3	252.6	435.5	457.9	507.0
Renovate and upgrade of provincial hospitals	Renovations and upgrades to 25 facilities at provincial hospitals	Various stages	1 738.6	37.5	301.8	290.6	268.4	264.7	262.9
Repairs and renovations to hospitals	Repairs and renovations to hospitals	Various stages	1 606.6	1.1	159.0	769.6	87.8	134.6	196.8
Repairs and renovation to regional hospitals	Repairs and renovations to 20 facilities at regional hospitals	Various stages	1 412.3	-	151.2	-	72.3	105.0	153.6
New, upgrade, renovate and maintain of clinic, emergency medical services and community health centre	New, upgrades, renovations and maintenance of 81 clinics, emergency health services and community health centres	Various stages	1 364.8	248.3	373.5	281.2	215.1	199.6	47.0
Natalspruit Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	1 295.2	-	190.7	385.6	414.0	305.0	-
New, upgrade, renovate and maintain of clinic, emergency health services and community health centres	New, upgrades, renovations and maintenance of 101 clinics, emergency health services and community health centres	Various stages	1 274.6	101.0	174.8	210.8	274.3	134.7	379.0
Repairs and renovations to hospitals	Repairs and renovations to 96 facilities at hospitals	Various stages	1 241.0	-	134.0	336.5	260.9	232.6	277.0
Repairs and renovations to hospitals	Repairs and renovations to hospitals	Various stages	1 149.5	2.4	217.4	230.9	195.8	205.5	297.4
Repairs and renovations to hospitals	Repairs and renovations to 16 facilities at provincial hospitals	Various stages	972.5	27.8	156.0	117.3	281.7	308.4	81.3
Repairs and renovations to hospitals	Repairs and renovations to hospitals	Various stages	948.7	-	115.5	-	161.4	159.0	146.5
Cecilia Makiwane Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	945.0	-	76.4	129.7	152.5	180.0	238.7
Renovate and upgrade of provincial hospitals	Construction of new psychiatric institutions	Various stages	831.9	23.7	2.7	310.7	147.2	131.3	131.3

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Infrastructure transfers to other spheres, agencies and departments										
R million										
Brooklyn Chest Hospital	Upgrades, repairs and renovations to hospital on various contracts	Identified/feasibility	787.1	-	-	-	8.3	185.8	362.0	231.0
Repairs and renovate to district hospital	Repairs and renovations to 4 district hospitals	Various stages	743.0	332.0	-	203.7	55.5	82.5	44.0	25.3
New, upgrade, renovate and maintain of clinics, emergency health services and community health centres	New, upgrades, renovations and maintenance of 7 clinics, emergency health services and community health centres	Construction	684.1	164.7	110.9	83.1	38.4	84.9	92.0	110.1
King George V Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	675.4	-	115.5	133.2	-	130.9	132.1	163.6
Repairs and renovation to regional hospitals	Repairs and renovations to regional hospitals	Various stages	636.6	-	29.6	-	-	178.8	217.0	211.1
De Aar Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	592.7	-	-	-	-	174.1	186.0	232.5
Other facilities	Construction of other facilities	Planning	556.0	-	254.3	287.0	-	10.2	4.5	-
Repairs and renovations to district hospitals	Repairs and renovations to 8 district hospitals	Various stages	532.8	261.9	-	270.9	-	-	-	-
Rob Ferreira Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	526.5	-	144.0	173.0	-	94.5	90.0	25.0
New, upgrade, renovate and maintain of clinics, emergency health services and community health centres	New, upgrades, renovations and maintenance of 23 clinics, emergency health services and community health centres	Various stages	463.2	27.9	63.5	132.0	45.2	53.0	79.5	62.0
Chris Hani Baragwanath Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	462.0	-	136.8	217.7	-	100.0	7.5	-
Dr Yusuf Dadoo Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	461.6	-	-	3.6	-	18.0	100.0	340.0
Mitchell's Plein Hospital	Upgrade, repair and renovations to hospital on various contracts	Various stages	436.6	-	-	-	235.5	178.6	16.0	6.5
Repairs and renovations to hospitals	Repairs and renovations to hospitals	Various stages	431.0	-	94.1	175.9	-	151.0	10.0	-
Repairs and renovations to hospitals	Repairs and renovations to 8 facilities in hospitals	Various stages	406.1	-	55.8	275.2	-	32.6	26.5	16.0
New, upgrade, renovate and maintain of clinics, emergency health services and community health centres	New, upgrades, renovations and maintenance of 22 clinics, emergency health services and community health centres	Various stages	394.8	39.6	67.5	24.6	47.9	64.5	79.1	71.5

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Infrastructure transfers to other spheres, agencies and departments										
Nursing colleges: New, renovate, upgrade and maintain	New, renovations, upgrades and maintenance of 3 nursing colleges and accommodation	Various stages	387.3	0.1	0.5	2.8	3.0	87.5	124.3	169.2
New, upgrade, renovate and maintain of clinics, emergency health services and community health centres	New, upgrades, renovations and maintenance of clinics, emergency health services and community health centres	Various stages	353.2	2.9	41.4	27.6	-	70.6	90.7	120.0
Uppington Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	352.2	-	151.1	-	-	167.0	31.1	3.0
New, Upgrade, renovate and maintain of clinics, emergency health services and community health centres	News, upgrades, renovations and maintenance of 16 clinics, emergency health services and community health centres	Various stages	336.5	80.0	50.4	10.1	-	30.1	69.2	96.6
Livingstone Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	334.8	-	177.1	157.7	-	-	-	-
Dr George Mukhari Academic Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	313.6	0.4	-	2.7	-	-	-	310.6
Repairs and renovation to regional Hospitals	Repairs and renovations to 15 regional hospitals	Various stages	306.6	47.1	259.4	-	-	-	-	-
Psychiatric hospitals	Upgrade , repair and renovations to hospitals on various contracts	Various stages	305.1	-	83.9	-	-	-	121.2	100.0
Clairwood Hospital	Upgrades, repair and renovations to hospital on various contracts	Various stages	294.0	-	-	-	-	25.0	69.0	200.0
Jubilee Hospital	Upgrades, repair and renovations to hospital on various contracts	Various stages	288.0	-	-	-	-	18.0	100.0	170.0
Pelonomi Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	266.7	-	-	36.0	-	22.0	166.3	42.4
Repairs and renovation to regional Hospitals	Repairs and renovation to regional hospitals	Various stages	261.4	33.6	227.8	-	-	-	-	-
Germiston Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	252.7	-	93.6	159.2	-	-	-	-
Free State Psychiatric Hospital	Upgrades, repair and renovations to hospital on various contracts	Various stages	241.4	-	-	-	-	-	24.1	217.3
Dr Pixley Ka Seme Hospital	Upgrades, repair and renovations to hospital on various contracts	Planning	240.2	-	-	31.3	-	43.2	38.3	127.3
Nursing Colleges: New, renovate, upgrade and maintain	New, renovations, upgrades and maintenance of 5 nursing colleges and accommodation	Various stages	228.5	44.4	21.0	98.1	-	12.4	26.0	26.6
Lichtenburg Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	220.3	-	-	-	8.0	62.0	75.5	74.8

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Infrastructure transfers to other spheres, agencies and departments										
R million										
Paarl Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	213.4	-	119.1	-	8.5	75.3	6.5	4.0
Other facilities	Construction of 4 new forensic pathology laboratories	Various stages	212.7	-	-	21.3	12.2	17.1	27.0	135.2
Repairs and renovations to district hospitals	Repairs and renovations to 17 district hospitals	Various stages	206.9	41.5	-	165.4	-	-	-	-
King Edward VIII Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	206.2	-	-	42.7	-	53.5	64.9	45.1
Trompsburg Hospital	Upgrade, repairs and renovations to hospital on various contracts	Construction	198.4	-	-	-	-	120.5	62.0	15.8
Limpopo Academic Hospital	Upgrades, repairs and renovations to hospital on various contracts	Planning	193.0	-	-	-	-	5.5	187.5	-
New, upgrades, renovations and maintain of clinics, emergency health services and community health centres	New, upgrades, renovations and maintenance of clinics, emergency health services and community health centres	Various stages	175.8	15.8	76.1	62.2	-	16.3	5.4	-
Ermelo Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	149.0	-	-	-	-	41.0	48.0	60.0
Nursing colleges: New, renovations, upgrades and maintain	New, renovations, upgrades and maintenance of 2 nursing colleges and accommodation	Various stages	122.8	34.7	8.8	4.0	12.5	15.7	21.3	25.8
Repairs and renovations to district hospitals	Repairs and renovations 33 district hospitals	Various stages	118.9	92.7	-	26.2	-	-	-	-
Themba Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	115.2	-	-	-	-	47.6	42.0	25.6
Khayelisha Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	110.9	-	110.9	-	-	-	-	-
Human resources management and grant salaries	Human resources management and grants salaries	Various stages	106.9	-	80.5	26.4	-	-	-	-
Repairs and renovation to regional hospitals	Repairs and renovation to regional hospitals	Various stages	106.8	10.0	80.3	-	-	16.5	-	-
Nursing colleges: New, renovations, upgrades and maintain	New, renovations, upgrades and maintain of 2 nursing colleges and accommodation	Various stages	99.4	57.7	-	-	-	15.4	23.9	2.4
Human resources management and grants salaries	Human resources management and grants salaries	Construction	94.7	-	-	3.8	-	20.5	32.3	38.1
Nursing colleges: New, renovations, upgrades and maintain	New, renovations, upgrades and maintain of nursing colleges and accommodation	Various stages	92.8	7.4	4.5	-	19.1	19.0	20.2	22.6

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
R million									
Infrastructure transfers to other spheres, agencies and departments									
Other facilities	New, upgrades, renovations and maintain of other facilities	Various stages	85.9	-	62.0	16.0	-	7.9	-
Boitumelo Hospital	Upgrade , repairs and renovations to hospital on various contracts	Various stages	84.2	-	84.2	-	-	-	-
Repairs and renovation to regional hospitals	Repairs and renovation to 12 regional hospitals	Various stages	82.0	2.1	79.9	-	-	-	-
Zola Hospital	Upgrade , repairs and renovations to hospital on various contracts	Various stages	79.2	-	79.2	-	-	-	-
Repairs and renovation to regional hospitals	Repairs and renovation to 3 regional hospitals	Various stages	76.6	50.7	26.0	-	-	-	-
Construction of centres for disease control	Upgrade , repairs and renovations to 5 centres for disease control	Construction	73.2	-	-	-	15.7	21.3	12.0
Other Facilities	New, renovations, upgrades and maintain of other facilities	Various stages	71.7	4.6	7.8	15.4	-	13.7	29.0
Vryburg District Hospital	Upgrade , repairs and renovations to hospital on various contracts	Various stages	70.9	-	70.9	-	-	-	-
Repairs and renovations to district hospitals	Repairs and renovations to 12 district hospitals	Various stages	67.6	14.3	-	53.4	-	-	-
Nursing colleges: New, renovations, upgrades and maintain	New, renovations, upgrades and maintain 4 nursing colleges and accommodation	Various stages	65.3	4.0	4.4	0.6	-	12.5	19.1
Human resources management and grant salaries	Upgrade , repairs and renovations to hospital on various contracts	Construction	62.6	-	11.6	11.7	-	19.3	5.0
Britis Hospital	Upgrade , repairs and renovations to hospital on various contracts	Various stages	61.6	-	61.6	-	-	-	-
Human resources management and grant salaries	Human resources management and grant salaries	Various stages	60.0	-	59.9	0.1	-	-	-
Renovate and upgrades of provincial hospitals	Construct accommodation facilities	Various stages	59.9	-	-	-	-	28.2	20.7
Repairs and renovations to district hospitals	Repairs and renovations 3 district hospitals	Various stages	59.7	-	-	59.7	-	-	-
Repairs and renovation to regional hospitals	Repairs and renovations 11 regional hospitals	Various stages	54.1	15.3	38.8	-	-	-	-
Middelburg Hospital	Upgrade , repairs and renovations to hospital on various contracts	Various stages	51.0	-	51.0	-	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Infrastructure transfers to other spheres, agencies and departments										
New, upgrade, renovate and maintain of clinics, emergency health services and community health centres	New, upgrade, renovate and maintain of 12 clinics, emergency health services and community health centres	Various stages	47.9	0.0	4.6	43.3	-	-	-	
Charlotte Maxeke Academic Hospital	Upgrades, repairs and renovations to hospital on various contracts	Construction	42.4	-	-	13.3	-	8.8	0.3	
Repair and renovations to district hospitals	Repairs and renovations to 3 district hospitals	Various stages	42.3	39.7	-	2.5	-	-	-	
Nursing colleges: New, renovate, upgrade and maintain	New, renovations, upgrades and maintenance of nursing colleges and accommodation	Various stages	40.0	8.5	1.1	0.5	-	5.0	25.0	
Other facilities	Repairs and renovations to other facilities	Various stages	37.8	-	18.8	19.1	-	-	-	
Port Shepstone Hospital	Upgrades, repairs and renovations to hospital on various contracts	Various stages	33.7	-	-	33.7	-	-	-	
Nursing colleges: New, renovate, upgrade and maintain	New, renovations, upgrades and maintenance of nursing colleges and accommodation	Various stages	32.0	-	-	-	-	6.1	10.8	
Human resources management and grants salaries	Human resources management and grants salaries	Construction	31.5	-	-	-	5.5	8.0	8.0	
Repair and renovations to district hospitals	Repairs and renovations to 3 district hospitals	Various stages	31.3	-	-	31.3	-	-	-	
Other facilities	Repairs and renovations to other facilities	Various stages	24.0	-	12.4	11.5	-	-	-	
Other facilities	Repairs and renovations to other facilities	Planning	19.3	0.4	1.3	0.2	-	14.0	3.4	
Human resources management and grants salaries	Human resources management and grants salaries	Construction	15.4	-	0.0	0.4	-	5.0	5.0	
Repair and renovations to district hospitals	Repairs and renovations to 2 district hospitals	Various stages	3.9	-	-	3.9	-	-	-	
Nursing colleges: New, renovate, upgrade and maintain	New, renovations, upgrades and maintenance of 1 nursing college and accommodation	Various stages	1.4	-	-	1.4	-	-	-	
Total			34 615.1	1 897.7	5 682.2	6 490.7	2 635.1	5 657.9	5 854.7	6 396.8

Vote 17

Higher Education and Training

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	175.5	174.0	0.2	1.3	192.7	206.0
Human Resource Development, Planning and Monitoring Coordination	40.7	37.9	2.5	0.2	46.0	49.0
University Education	26 234.0	50.9	26 182.8	0.2	28 155.5	29 926.9
Vocational and Continuing Education and Training	4 950.2	191.7	4 757.3	1.2	5 528.4	5 837.9
Skills Development	100.1	75.2	20.2	4.7	107.4	114.4
Subtotal	31 500.4	529.7	30 963.0	7.6	34 030.0	36 134.2
Direct charge against the National Revenue Fund						
Sector education and training authorities	7 684.9	–	7 684.9	–	8 107.6	8 594.0
National Skills Fund	1 921.2	–	1 921.2	–	2 026.9	2 148.5
Total expenditure estimates	41 106.5	529.7	40 569.2	7.6	44 164.5	46 876.8
Executive authority	Minister of Higher Education and Training					
Accounting officer	Director General of Higher Education and Training					
Website address	www.dhet.gov.za					

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

Aim

Develop and support a quality higher and vocational education sector. Promote access to higher and vocational education and skills development training opportunities.

Programme purposes

Programme 1: Administration

Purpose: Provide overall management and administration of the department.

Programme 2: Human Resource Development, Planning and Monitoring Coordination

Purpose: Provide strategic direction in the development, implementation and monitoring of departmental policies and the human resource development strategy for South Africa.

Programme 3: University Education

Purpose: Develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. Provide financial support to universities, the National Student Financial Aid Scheme and the National Institutes for Higher Education.

Programme 4: Vocational and Continuing Education and Training

Purpose: Plan, develop, evaluate, monitor and maintain national policy, programmes, assessment practices and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education and training.

Programme 5: Skills Development

Purpose: Promote and monitor the national skills development strategy. Develop skills development policy and a regulatory framework for an effective skills development system.

Strategic overview: 2008/09 – 2014/15

The Department of Higher Education and Training became operational in 2010/11, bringing together all higher education institutions, further education and training colleges and adult education institutions, which were formerly the responsibility of the Department of Education, and the skills levy institutions, which were formerly the responsibility of the Department of Labour. Currently, further education and training colleges and adult education centres are shared functions between the national department and provincial education departments.

Outcomes and strategic goals

The department is responsible for ensuring that a skilled and capable workforce is created to support an inclusive growth path (outcome 5). To achieve this, the department has set related strategic goals. These are to: increase the number of skilled youth by expanding their access to education and training; ensure a further education and training college curriculum that is responsive to the demands of the market; increase the number of students successfully entering the labour market on completion of training; increase the number of university graduates, particularly in scarce skill areas; improve the linkages between the world of work and study; and establish a credible institutional mechanism for skills planning.

Focus over the medium term

Legislative and policy developments relating to further education and training

An amendment to schedule 4 of the Constitution to make further education and training colleges an exclusive national competence is currently before Parliament. This amendment is required due to the reorganisation of the state in 2009, when the mandate for further education and training colleges was shifted to the newly established Department of Higher Education and Training. The department does not have provincial departments and will manage the colleges at the national level. Guiding this legislation through Parliament is a key objective of the department over the medium term as the amendment will provide all further education and training colleges with clear and consistent national direction and regulation. The change will result in the consolidation, alignment and proper coordination of the roles of the colleges, which form a key part of the department's plans to provide scarce skills for the economy. The change also reflects the department's objective to integrate education and training.

Further education and training colleges are the primary sites for skills development and the department intends increasing the number of skilled youth by expanding access to effective education and training. To this end, full bursaries are made available through the National Student Financial Aid Scheme for poor learners to access the national certificate (vocational) and national accredited technical diploma programmes at further education and training colleges. The department will facilitate the establishment of linkages between further education and training colleges and industry, to ensure that their curriculum is responsive to the demands of industry and to improve the labour market's absorption of students completing these courses.

Strategies for more young people to advance to higher education

A detailed enrolment planning exercise has been conducted with all universities, with a view to expanding enrolment in key scarce skill areas such as the health sciences, engineering, technology and education. Coupled with this exercise was the introduction of the final year loans programme in 2011, in which all qualifying final year students qualifying for a loan will receive a loan to cover their full cost of study. Such loans may be converted into 100 per cent bursaries if students graduate within the year.

The department also aims to strengthen the capacity of the education and training system to provide professional, vocational, technical and academic learning programmes that combine course work at universities, universities of technology and colleges, with structured learning at work. To achieve this goal, the department aims to improve access to and success at post-school learning sites such as universities and colleges, while ensuring that there are structured bridges to the world of work, which in turn, will provide opportunities for quality learning. The establishing of universities in Mpumalanga and Northern Cape is ongoing.

These strategies and initiatives are in line with the department's aim of having 20 per cent of 18 to 24-year-olds participating in higher education by 2016.

Strengthening the training of artisans

The establishment of the National Artisan Moderating Body and the Quality Council for Trades and Occupations is an important step towards dealing with skill shortages. The Quality Council for Trades and Occupations, established in February 2010, capacitates the trades and occupations with skilled, productive and employable people by providing a streamlined, occupational qualification system that responds to the skills requirements of the labour market. The establishment of the National Artisan Moderating Body in September 2010 reflects the department's move towards a simpler, standardised apprenticeship based artisan development system. The two organisations will work together to plan and set standards for artisan development.

Aligning education with development priorities

Given the need to align the post-school education and training system with the country's overall development agenda, the department issued the Green Paper for Post School Education and Training for public comment in January 2012. Through this, and the subsequent development of a white paper, the department's activities will have clear links to the human resource development strategy for South Africa and the country's 10-year innovation plan.

Selected performance indicators

Table 17.1 Higher Education and Training

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of students enrolled in higher education institutions per year	University Education	783 900	837 779	816 400	886 033	909 716	935 710	961 932
Proportion of higher education enrolments in science, engineering and technology: business: humanities	University Education	30:31:39	28:29:43	30:33:37	29:30:41	29:30:41	29:30:41	29:30:41
Number of higher education graduates per year	University Education	133 000	144 852	141 900	159 115	167 807	179 780	189 770
Number of artisan learners registered for training by sector education and training authorities each year	Skills Development	17 228	12 600	19 288	30 000	31 000	32 000	33 000
Number of trained artisans participating in trade tests at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments per year	Skills Development	8 337	12 000	10 000	10 000	10 000	10 000	10 000
Total number of full time equivalents enrolled in further education and training institutions per year	Vocational and Continuing Education and Training	61 320	102 667	212 215	210 971	229 958	232 718	246 681

Expenditure estimates

Table 17.2 Higher Education and Training

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	84.6	103.3	114.4	148.5	136.8	175.5	192.7	206.0
Human Resource Development, Planning and Monitoring Coordination	27.1	29.4	25.8	35.9	36.6	40.7	46.0	49.0
University Education	15 413.0	17 152.8	19 537.9	23 428.1	23 428.1	26 234.0	28 155.5	29 926.9
Vocational and Continuing Education and Training	3 112.5	3 261.4	3 942.9	4 554.2	4 559.2	4 950.2	5 528.4	5 837.9
Skills Development	130.5	137.5	131.4	132.8	128.8	100.1	107.4	114.4
Subtotal	18 767.8	20 684.4	23 752.4	28 299.5	28 289.6	31 500.4	34 030.0	36 134.2
Direct charge against the National Revenue Fund	7 234.1	7 815.6	8 379.3	9 148.7	9 148.7	9 606.1	10 134.5	10 742.6
Sector education and training authorities	5 787.3	6 252.4	6 704.1	7 319.0	7 319.0	7 684.9	8 107.6	8 594.0
National Skills Fund	1 446.8	1 563.1	1 675.2	1 829.7	1 829.7	1 921.2	2 026.9	2 148.5
Total	26 001.9	28 500.0	32 131.6	37 448.2	37 438.3	41 106.5	44 164.5	46 876.8
Change to 2011 Budget estimate				70.9	61.0	181.9	341.8	424.8

Economic classification

Current payments	318.7	332.7	385.2	473.8	467.9	529.7	583.7	617.8
Compensation of employees	174.8	201.8	258.2	324.3	329.8	359.1	396.4	420.3
Goods and services	143.9	130.9	127.0	149.6	138.1	170.6	187.3	197.5
<i>of which:</i>								
Communication	4.0	3.7	4.4	5.9	5.8	9.6	10.3	11.1
Computer services	20.0	16.7	20.3	26.9	26.9	28.5	29.1	31.9
Property payments	10.6	10.9	26.9	27.5	14.5	43.9	51.7	54.4
Travel and subsistence	35.8	28.3	29.9	40.0	41.5	31.4	36.1	37.5
Transfers and subsidies	25 678.1	28 146.5	31 741.0	36 962.7	36 962.7	40 569.2	43 574.3	46 251.9
Provinces and municipalities	3 005.8	3 155.3	3 804.0	4 375.3	4 375.3	4 757.3	5 317.7	5 618.2
Departmental agencies and accounts	8 872.3	9 690.0	10 417.9	13 230.8	13 230.8	14 906.5	16 015.1	16 975.8
Higher education institutions	13 797.4	15 297.2	17 516.7	19 354.2	19 354.2	20 902.9	22 238.8	23 655.1
Foreign governments and international organisations	2.3	2.2	2.1	2.4	2.4	2.5	2.7	2.8
Households	0.3	1.8	0.4	–	–	–	–	–
Payments for capital assets	4.9	20.7	5.4	11.7	7.7	7.6	6.5	7.1
Buildings and other fixed structures	0.6	1.9	–	–	–	–	–	–
Machinery and equipment	4.1	14.9	5.3	11.7	7.7	7.6	6.5	7.1
Software and other intangible assets	0.2	4.0	0.1	–	–	–	–	–
<i>of which:</i>								
Capitalised goods and services	–	–	–	0.1	0.1	–	–	–
Total	26 001.9	28 500.0	32 131.6	37 448.2	37 438.3	41 106.5	44 164.5	46 876.8

Expenditure trends

The spending focus over the medium term will be on the *University Education* programme, which consists mainly of transfers to higher education institutions and the National Student Financial Aid Scheme. Focusing spending in this way is primarily intended to increase the number of university graduates, particularly in scarce skill areas, and to provide access to universities and colleges for poor students through the provision of loans and bursaries. It is expected that by 2014/15, 961 932 students will be enrolled in higher education institutions and that 189 770 students will graduate.

Excluding direct charges against the National Revenue Fund, expenditure increased from R18.8 billion in 2008/09 to R28.3 billion in 2011/12, at an average annual rate of 14.7 per cent. Over the medium term, the department's expenditure is expected to grow to R36.1 billion, at an average annual rate of 8.5 per cent.

Increases in both periods are driven mainly by additional allocations for the further education and training colleges conditional grant and university infrastructure grants, and to fund increases in the transfer to the National Student Financial Aid Scheme, providing more bursaries and loans to enable more students to access further education and training colleges and universities.

Transfers to higher education institutions are expected to grow from R19.4 billion in 2011/12 to R23.7 billion, at an average annual rate of 6.9 per cent. This is to allow enrolments to increase from 886 033 students in 2011/12 to 961 932 in 2014/15. The number of graduates is also projected to increase over the MTEF period from 159 115 students to 189 770 students, as a result of the increased expenditure. The further education and training colleges conditional grant will grow from R4.4 billion in 2011/12 to R5.6 billion, in 2014/15 at an average annual rate of 8.7 per cent, which will allow for enrolment in programmes at these colleges to increase.

The department receives additional allocations over the MTEF period of R211.6 million, R370.4 million and R474.4 million, to be used as follows:

- R6.7 million, R10.9 million and R11.9 million over the MTEF period for improvement in conditions of service in the department
- R501 000, R845 000 and R949 000 for improvement in conditions of service in the Council for Higher Education
- R565 000, R954 000 and R1.1 million for improvement in conditions of service at the National Student Financial Aid Scheme
- R223 000, R377 000 and R420 000 for improvement in conditions of service at the Quality Council for Trades and Occupations
- R1.4 million, R2 million and R1.7 million for improvement in conditions of service at the South African Qualifications Authority
- R52.2 million, R55.3 million and R58.4 million for the further education and training colleges conditional grant for improved conditions of service
- R150 million, R300 million and R400 million for tertiary institution infrastructure.

The department will also receive donor funding of R30 million in 2012/13 and R30 million in 2013/14 through general budget support to develop a national career guidance IT system that will provide access to information on occupations, economic indicators, learning opportunities and directed learning pathways for various careers.

Spending on consultants is expected to decrease from R5.1 million in 2011/12 to R4.9 million in 2014/15, at an average annual rate of 1.6 per cent. Consultants are used as required across all programmes to support critical skills and provide technical expertise, including internal audit investigations, organisational development, ministerial commissions and committees, legal and legislative services and financial and business advice.

Infrastructure spending

Spending on infrastructure is limited to the earmarked subsidies to higher education institutions. This allocation will increase from R1.6 billion in 2011/12 to R2 billion in 2014/15, providing a total of R5.7 billion over the MTEF period to build and upgrade facilities, including student accommodation, at higher education institutions. The allocation of these funds to each university will take into account the following factors: historical disadvantage, needs for student housing, progress on targets and enrolment plans, funds allocated previously, progress on projects, spending trends, cash flow projections, existing and required provision for the disabled, and alignment with other funding.

Personnel information

Table 17.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 067	795	105	803	815	757	900	970	976	976
Salary level 1 – 6	422	339	105	377	382	370	444	473	473	473
Salary level 7 – 10	404	283	–	278	283	242	283	308	311	311
Salary level 11 – 12	156	102	–	99	101	93	102	110	113	113
Salary level 13 – 16	85	71	–	49	49	52	71	79	79	79
Administration	270	222	42	145	148	192	262	292	292	292
Salary level 1 – 6	119	102	42	71	73	100	144	158	158	158
Salary level 7 – 10	95	70	–	44	45	54	68	81	81	81
Salary level 11 – 12	29	26	–	17	17	20	26	27	27	27
Salary level 13 – 16	27	24	–	13	13	18	24	26	26	26
Human Resource Development, Planning and Monitoring Coordination	106	62	17	56	58	46	79	85	89	89
Salary level 1 – 6	13	5	17	11	11	7	22	25	25	25
Salary level 7 – 10	49	29	–	22	24	21	29	30	33	33
Salary level 11 – 12	26	13	–	13	13	12	13	14	15	15
Salary level 13 – 16	18	15	–	10	10	6	15	16	16	16
University Education	117	70	8	53	55	67	80	93	95	95
Salary level 1 – 6	16	10	8	14	14	19	18	22	22	22
Salary level 7 – 10	40	29	–	12	13	18	31	32	32	32
Salary level 11 – 12	45	22	–	19	20	20	22	26	28	28
Salary level 13 – 16	16	9	–	8	8	10	9	13	13	13
Vocational and Continuing Education and Training	231	177	33	168	173	174	210	225	225	225
Salary level 1 – 6	87	66	33	83	86	81	99	104	104	104
Salary level 7 – 10	92	69	–	55	56	55	69	77	77	77
Salary level 11 – 12	38	29	–	21	22	27	29	30	30	30
Salary level 13 – 16	14	13	–	9	9	11	13	14	14	14
Skills Development	343	264	5	381	381	278	269	275	275	275
Salary level 1 – 6	187	156	5	198	198	163	161	164	164	164
Salary level 7 – 10	128	86	–	145	145	94	86	88	88	88
Salary level 11 – 12	18	12	–	29	29	14	12	13	13	13
Salary level 13 – 16	10	10	–	9	9	7	10	10	10	10

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

2. As at 30 September 2011.

The department became operational in April 2010, and as at 30 September 2011, had an approved establishment of 1 067 posts, 795 of which were funded. The 105 posts additional to the establishment were interns who have been contracted for 12 months for workplace training across the department. As at 30 September 2011, 900 posts were filled. Over the MTEF period, filled posts are expected to increase to 976 as additional funds are made available from savings made in the department. The ratio of support staff to line staff in the department was 1:4. The ratio of consultants to the total number of department personnel was 1:90 for 2011/12.

Departmental receipts

Table 17.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	6 744	6 720	8 902	8 649	8 868	9 220	9 317	9 425
Sales of goods and services produced by department	834	728	3 468	3 358	3 577	3 971	4 172	4 382
Sales by market establishments	–	–	240	–	150	264	279	293
<i>of which:</i>								
<i>Academic services: Temporary accommodation</i>	–	–	32	–	143	154	169	183
<i>Sale of assets less than R5 000</i>	–	–	2	–	7	10	10	10
<i>Academic term</i>	–	–	100	–	–	–	–	–
<i>Commission</i>	–	–	106	–	–	100	100	100
Administration fees	786	665	2 544	2 580	2 465	2 698	2 833	2 975
<i>of which:</i>								
<i>Exams</i>	692	505	597	637	637	779	818	859
<i>Trade fees</i>	–	–	1 752	1 744	1 629	1 710	1 796	1 885
<i>Higher education institutions</i>	26	60	55	48	48	50	53	56
<i>Further education and training</i>	68	100	130	151	151	159	166	175
<i>Sports and club facilities</i>	–	–	10	–	–	–	–	–
Other sales	48	63	684	778	962	1 009	1 060	1 114
<i>of which:</i>								
<i>Boarding fees</i>	38	44	344	264	265	278	292	307
<i>Parking</i>	10	18	22	24	24	25	26	28
<i>Sale of meals and refreshments</i>	–	1	91	–	183	192	202	212
<i>Commission</i>	–	–	10	112	115	121	127	133
<i>Rental</i>	–	–	217	378	375	393	413	434
Sales of scrap, waste, arms and other used current goods	28	60	44	15	15	16	17	17
<i>of which:</i>								
<i>Waste paper</i>	28	60	44	15	15	16	17	17
Transfers received	–	–	33	–	–	–	–	–
Interest, dividends and rent on land	4 101	4 162	3 565	3 577	3 577	3 534	3 463	3 394
Interest	4 101	4 162	3 565	3 577	3 577	3 534	3 463	3 394
Transactions in financial assets and liabilities	1 781	1 770	1 792	1 699	1 699	1 699	1 665	1 632
Total	6 744	6 720	8 902	8 649	8 868	9 220	9 317	9 425

The main revenue sources for the department are the repayments of government loans by higher education institutions, fees for technical examinations and revenue generated by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments from fees for trade tests, boarding and rental. Departmental receipts of R8.9 million are expected for 2011/12 and are projected to increase to R9.4 million by 2014/15, at an average annual rate of 2.1 per cent.

Programme 1: Administration

Expenditure estimates

Table 17.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	10.6	14.9	21.0	26.2	26.9	29.4	31.3
Department Management	9.7	12.8	15.7	23.5	22.7	24.4	26.0
Corporate Services	54.7	64.2	52.3	72.2	83.2	88.7	96.0
Office Accommodation	9.6	11.4	25.5	26.6	42.6	50.2	52.7
Total	84.6	103.3	114.4	148.5	175.5	192.7	206.0
Change to 2011 Budget estimate				(13.0)	0.7	6.9	9.0

Table 17.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	83.4	94.4	109.6	146.8	174.0	191.3	204.4
Compensation of employees	28.8	36.5	48.5	69.2	83.7	90.0	96.3
Goods and services	54.6	58.0	61.1	77.5	90.3	101.3	108.1
<i>of which:</i>							
Communication	1.3	1.2	2.4	2.6	2.1	2.4	2.5
Computer services	6.9	7.8	10.8	15.9	16.4	16.8	19.6
Property payments	10.0	9.6	26.0	27.0	43.0	50.6	53.1
Travel and subsistence	6.3	8.2	8.9	12.3	10.0	11.7	12.2
Transfers and subsidies	0.2	1.2	0.4	0.2	0.2	0.2	0.2
Departmental agencies and accounts	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Households	0.1	1.1	0.3	–	–	–	–
Payments for capital assets	1.0	7.7	4.4	1.6	1.3	1.2	1.5
Machinery and equipment	1.0	7.4	4.4	1.6	1.3	1.2	1.5
Software and other intangible assets	0.0	0.2	0.1	–	–	–	–
<i>of which:</i>							
Capitalised goods and services	–	–	–	0.1	–	–	–
Total	84.6	103.3	114.4	148.5	175.5	192.7	206.0

Expenditure trends

This programme provides the overall management and administration of the department. Expenditure increased from R84.6 million in 2008/09 to R148.5 million in 2011/12, at an average annual rate of 20.6 per cent, mainly due to the additional personnel, goods and services and capital costs required for the establishment of the new department in 2010 and funding for office accommodation. Over the medium term, expenditure is expected to increase to reach R206 million, at an average annual rate of 11.5 per cent. This increase is due mainly to: the provision for filling critical vacancies, increases in audit fees and office accommodation charges, and the increased provision for ministerial commissions and committees.

Spending on consultants was equivalent to 0.05 per cent of total expenditure on compensation of employees in 2011/12, and is expected to increase from R38 000 in 2011/12 to R1.2 million in 2014/15, at an average annual rate of 218.3 per cent. Consultants funded through this expenditure will be used mainly for specific technical tasks such as internal audit investigations, risk assessments and organisational development, or where independent assessment is required, such as for the work of ministerial commissions and committees.

Programme 2: Human Resource Development, Planning and Monitoring Coordination

Objectives and measures

- Monitor and support actions needed to implement the statutory functions assigned to the minister, director general and quality councils by the National Qualifications Framework Act (2008) by delivering monitoring and evaluation reports and issuing policy guidelines annually.
- Establish and maintain a coherent career management and career information system for the post-school sector by developing and implementing 5 modules for web based career guidance systems by March 2015.
- Pursue bilateral relations with priority countries to foster productive international cooperation on educational themes across all levels of education by ensuring that all engagement reports on relations are completed annually.
- Establish a well functioning social inclusion, equity and transformation service within the department and its entities by focusing on policy research, monitoring and evaluation in matters relating to race, class,

gender, age, disability, HIV and AIDS and career information services and counselling, and developing and overseeing policy implementation on these matters by March 2015.

Subprogrammes

- *Programme Management: Human Resource Development, Planning and Monitoring Coordination* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 6 and a total budget of R3.1 million in 2011/12, of which 89.3 per cent was used for compensation of employees. An approved baseline cut of R6 000 in 2012/13 has been made on travel and subsistence in this subprogramme.
- *Human Resource Development, Strategic Planning and Coordination* provides strategic direction in the development, implementation and monitoring of departmental policies, and coordinates activities in relation to the national human resource development strategy. This subprogramme had a staff complement of 21 and a total budget of R9 million in 2011/12, of which 92.7 per cent was used for compensation of employees. In 2011/12, the development of the annual performance plan and the preparation of the strategic plan for the department were the key outputs. An approved baseline cut of R118 000 in 2012/13 has been made on travel and subsistence in this subprogramme.
- *Planning, Information, Monitoring and Evaluation Coordination* monitors and evaluates policy outputs of the department and coordinates research in the fields of higher education and training. It also ensures that education policies, plans and legislation are developed into well functioning systems through the ongoing monitoring of the implementation of policies, plans and legislation. This subprogramme had a staff complement of 19 and a total budget of R5.4 million in 2011/12, of which 86.5 per cent was used for compensation of employees. In 2010/11, focus was placed on the development of frameworks for career guidance services and for the provision of coordinated information on skills supply and demand in the country. This work will culminate in the development of an integrated information system for the higher education and training sector, which will include interfaces to the datasets of other departments such as the Department of Labour and the Department of Home Affairs, at a projected cost of R7.8 million over the MTEF period. An approved baseline cut of R274 000 in 2012/13 has been made on travel and subsistence in this subprogramme.
- *International Relations* develops and promotes international relations and supports the United Nations Educational, Scientific and Cultural Organisation in the higher education subsystem. It also manages, monitors and reports on international donor grant funding. This subprogramme had a staff complement of 14 and a total budget of R9.7 million in 2011/12, of which 54.1 per cent was used for compensation of employees. A continuing area of work is the pursuit of African advancement and enhanced international cooperation in education and training, in line with departmental and foreign policy priorities. R2.4 million (24.7 per cent of the total budget) is transferred to the Commonwealth of Learning and the India-Brazil-South Africa Trilateral Commission for membership fees. An approved baseline cut of R188 000 in 2012/13 has been made on travel and subsistence in this subprogramme.
- *Legal and Legislative Services* manages the legal and legislative services of the department and supports provincial education departments, sector education and training authorities and the National Skills Fund with regard to legal and legislative matters. This subprogramme had a staff complement of 11 and a total budget of R6.1 million in 2011/12, of which 55.1 per cent was used for compensation of employees. In 2011/12, amendments to the skills legislation related to the governance and oversight of the sector education and training authorities were managed, as well as the constitutional amendment to make further education and training colleges and adult education and training an exclusive national competence. Over the medium term, this subprogramme will remain responsible for providing legal advice and managing any litigation concerning the department, for drafting regulations and legislation and for providing advice on all departmental protocols and agreements, at a projected cost of R17.6 million. No approved baseline cuts in 2012/13 have been made in this subprogramme.

- *Social Inclusion in Education* promotes access to and participation by all learners in higher education and training programmes; manages the development, evaluation and maintenance of policy, programmes and systems for learners with special needs; and monitors the implementation of those policies. This subprogramme had a staff complement of 8 and a total budget of R2.5 million in 2011/12, of which 85.9 per cent was used for compensation of employees. In 2011/12, a report on the state of transformation in higher education was compiled and research was conducted to identify successful inclusion programmes in universities. The subprogramme will, at a projected cost of R3.6 million over the medium term, continue to place focus on the development of social inclusion indicators to help ensure that social cohesion and social inclusion are achieved in the post-school education sector in the country. Through advocacy and links with social and research partners, this programme will contribute to ensuring that skills development programmes are representative of the diverse South African population. An approved baseline cut of R129 000 in 2012/13 has been made on travel and subsistence in this subprogramme.

Expenditure estimates

Table 17.6 Human Resource Development, Planning and Monitoring Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Programme Management: Human Resource Development, Planning and Monitoring Coordination	0.8	0.8	2.1	3.1	3.8	4.1	4.2
Human Resource Development, Strategic Planning and Coordination	4.2	4.4	6.5	9.0	8.5	9.7	10.3
Planning, Information, Monitoring and Evaluation Coordination	6.9	7.4	2.7	5.4	8.7	10.4	11.1
International Relations	6.9	7.6	7.4	9.7	10.2	11.0	11.6
Legal and Legislative Services	3.0	4.0	4.9	6.1	5.1	6.1	6.5
Social Inclusion in Education	5.2	5.2	2.2	2.5	4.5	4.8	5.2
Total	27.1	29.4	25.8	35.9	40.7	46.0	49.0
Change to 2011 Budget estimate				2.0	5.5	8.8	9.6
Economic classification							
Current payments	24.4	26.5	23.6	33.2	37.9	43.1	46.1
Compensation of employees	15.6	19.1	20.2	26.6	34.4	38.9	41.7
Goods and services	8.8	7.5	3.4	6.6	3.6	4.2	4.4
<i>of which:</i>							
Communication	0.3	0.3	0.4	0.4	0.5	0.6	0.6
Computer services	0.1	1.2	0.0	0.3	0.3	0.3	0.3
Travel and subsistence	3.4	2.3	1.6	2.3	1.3	1.4	1.3
Transfers and subsidies	2.4	2.7	2.1	2.4	2.5	2.7	2.8
Foreign governments and international organisations	2.3	2.2	2.1	2.4	2.5	2.7	2.8
Households	0.1	0.6	–	–	–	–	–
Payments for capital assets	0.3	0.1	0.1	0.2	0.2	0.2	0.2
Machinery and equipment	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Software and other intangible assets	0.1	0.0	–	–	–	–	–
Total	27.1	29.4	25.8	35.9	40.7	46.0	49.0
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	2.3	2.2	2.1	2.4	2.5	2.7	2.8
Indian-Brazil-South Africa Trilateral Commission	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Commonwealth of Learning	1.9	1.8	1.7	2.0	2.1	2.2	2.4
Households							
Social benefits							
Current	0.1	0.6	–	–	–	–	–
Employee social benefits	0.1	0.6	–	–	–	–	–

Expenditure trends

Expenditure increased from R27.1 million to R35.9 million between 2008/09 and 2011/12, at an average annual rate of 9.8 per cent, and is expected to continue increasing to R49 million over the medium term, at an average annual rate of 10.9 per cent. These increases are due mainly to the provision made for the filling of critical vacant positions across the programme and increased legal fees across the department. The increases will allow

a coherent career management and career information system for the post-school sector to be developed. This will include implementing 5 modules for web based career guidance systems by 2015, continuing policy development and evaluation relating to social inclusion, equity and transformation, and pursuing productive international relations through the completion of engagement reports.

The significant increases in expenditure in the *Planning, Information, Monitoring and Evaluation Coordination* subprogramme over the medium term are primarily driven by the continuing development of an integrated system for the reporting of data on skills provisioning, skills demand and skills movement in the country. The low expenditure in 2010/11 in this subprogramme was primarily due to vacant posts as the department was being established. The fluctuating trend in total spending in this programme is primarily within goods and services and is due to low expenditure in 2010/11 while the department was being established, and higher than expected legal costs related to proposed amendments to skills and further education and training legislation in 2011/12.

Spending on consultants was equivalent to 9.9 per cent of total expenditure on compensation of employees in 2011/12, and is expected to decrease from R2.7 million in 2011/12 to R340 000 in 2014/15, at an average annual rate of 49.8 per cent. This is due to higher expenditure in 2011/12 as a result of unexpected legal costs. Consultants in this programme are mainly used for legal and legislative services.

Programme 3: University Education

Objectives and measures

- Support universities through foundation and teaching development grants to increase their graduate output and monitor graduate performance annually, especially in scarce skills, by increasing the number of:
 - engineering graduates from 8 792 in 2010/11 to 15 000 in 2014/15
 - life and physical science graduates from 5 216 in 2010/11 to 15 000 in 2014/15
 - human and animal health sciences graduates from 7 294 in 2010/11 to 8 000 in 2014/15.
- Expand equitable access to and success in higher education through the allocation of earmarked grants for foundation programmes, teaching development and infrastructure development annually.
- Monitor the performance of all 23 universities annually by providing reliable planning and monitoring data through a quality higher education management information system and updating the student data bi-annually.
- Support universities to develop and enhance their research capacity and productivity through:
 - the provision of research and development grants to increase the number of graduates of masters programmes from 4 633 graduates in 2010/11 to 5 600 in 2011/12, and of doctoral programmes from 1 420 graduates in 2010/11 to 2 100 in 2011/12
 - annual increases in publication production.
- Improve access to university education opportunities in Mpumalanga and the Northern Cape by planning the operationalisation of the universities for these provinces over the medium to long term.
- Increase the number of newly qualified teachers by increasing the number of institutions providing foundation phase teacher education from 14 in 2010/11 to 20 institutions by 2014/15, and the number of graduates from initial teacher education programmes from 7 754 in 2010/11 to 12 000 in 2014/15.

Subprogrammes

- *Programme Management: University Education* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 4 and a total budget of R1.9 million in 2011/12, of which 76.5 per cent was used for compensation of employees. No approved baseline cuts in 2012/13 have been made in this subprogramme.
- *University - Academic Planning and Management* plans and monitors the university system by analysing institutional and national plans and by maintaining programmes and qualification combinations. This subprogramme had a staff complement of 20 and a total budget of R4 billion in 2011/12, of which

0.2 per cent was used for compensation of employees. The bulk of the budget is transferred to the National Student Financial Aid Scheme for university and further education and training college student loans and bursaries. There are also transfers to the National Student Financial Aid Scheme, the Council on Higher Education and Training, and the South African Qualifications Authority as a contribution to their operations. An approved baseline cut of R1.2 million in 2012/13 has been made to compensation of employees and travel and subsistence in this subprogramme.

- *University - Financial Planning and Information Systems* coordinates and manages the development and maintenance of universities' information systems and the appropriate funding framework for a diverse university system. Specific ongoing responsibilities include monitoring and assessing progress reports on the use of earmarked funds, including conducting site visits to all 23 universities at least twice a year at a cost of approximately R200 000, and ensuring the higher education information management system is properly maintained with updated data. This subprogramme had a staff complement of 13 and a total budget of R9.4 million in 2011/12, of which 65.3 per cent was used for compensation of employees. No approved baseline cuts in 2012/13 have been made in this subprogramme.
- *University - Policy and Development* regulates private university institutions and provides support for the development of universities. Specific ongoing responsibilities include monitoring and providing advice to higher education institutions on developing and enhancing research capacity, including strategies to increase the number of postgraduate students by analysing research outputs of all institutions and advising where changes and improvements in terms of funding allocations and policy could be made. This subprogramme had a staff complement of 24 and a total budget of R13.7 million in 2011/12, of which 65.1 per cent was used for compensation of employees. In 2012/13, savings of R2.5 million, mainly from the higher education HIV/Aids project, will be reprioritised to fund the filling of vacant senior management posts in the *Vocational and Continuing Education and Training* programme.
- *Teacher Education* develops and monitors the implementation of policy, systems and programmes to ensure quality teacher education and training for producing and supporting the schooling sector, practitioners for early childhood development and the adult education and training sectors, and lecturers for universities and colleges. This subprogramme had a staff complement of 19 and a total budget of R6.1 million in 2011/12, of which 89.7 per cent was used for compensation of employees. In 2011/12, a new teacher education and development plan was completed by this unit's staff at an approximate cost of R1 million. In 2012/13, savings of R1.2 million, mainly from compensation of employees and travel and subsistence in this subprogramme, will be reprioritised to fund an international attaché for the department at the UN Educational, Scientific and Cultural Organisation in the *Administration* programme.
- *University - Subsidies* transfers payments to universities. This subprogramme does not have a staff complement. It had a total budget of R19.4 billion in 2011/12. The bulk of the budget is used for unconditional block grant transfers for the 23 universities and the funding is divided among the universities on the basis of research outputs, teaching inputs and outputs, and contextual factors, such as the number of disadvantaged students enrolled at an institution. No approved baseline cuts in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 17.7 University Education

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management: University Education	3.3	2.8	1.9	1.9	3.1	3.3	3.5
University : Academic Planning and Management	1 598.7	1 837.1	1 997.3	4 043.0	5 291.9	5 871.8	6 224.0
University: Financial Planning and Information Systems	2.0	2.6	5.6	9.4	8.4	9.0	9.5
University: Policy and Development	10.5	12.0	11.1	13.7	19.8	24.0	25.6
Teacher Education	1.1	1.1	5.2	6.1	7.9	8.6	9.2
University Subsidies	13 797.4	15 297.2	17 516.7	19 354.2	20 902.9	22 238.8	23 655.1
Total	15 413.0	17 152.8	19 537.9	23 428.1	26 234.0	28 155.5	29 926.9
Change to 2011 Budget estimate				(1.4)	157.5	311.0	411.8

Economic classification

Current payments	24.3	29.8	34.4	38.7	50.9	57.4	61.2
Compensation of employees	17.3	21.9	28.0	28.4	40.6	44.6	47.7
Goods and services	7.1	7.9	6.4	10.3	10.3	12.8	13.5
<i>of which:</i>							
Communication	0.3	0.3	0.5	0.6	0.7	0.7	0.7
Computer services	0.1	–	0.0	0.8	0.8	0.9	0.9
Property payments	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Travel and subsistence	3.6	3.7	3.5	3.3	3.1	3.8	4.0
Transfers and subsidies	15 388.6	17 122.6	19 503.5	23 389.2	26 182.8	28 097.8	29 865.4
Departmental agencies and accounts	1 591.1	1 825.4	1 986.7	4 035.1	5 280.0	5 859.1	6 210.3
Higher education institutions	13 797.4	15 297.2	17 516.7	19 354.2	20 902.9	22 238.8	23 655.1
Payments for capital assets	0.1	0.3	0.1	0.2	0.2	0.2	0.3
Machinery and equipment	0.1	0.3	0.1	0.2	0.2	0.2	0.3
Total	15 413.0	17 152.8	19 537.9	23 428.1	26 234.0	28 155.5	29 926.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 591.1	1 825.4	1 986.7	4 035.1	5 280.0	5 859.1	6 210.3
National Student Financial Aid Scheme	1 522.4	1 744.7	1 909.4	3 956.8	5 195.3	5 769.3	6 115.5
Council on Higher Education	31.2	41.7	36.0	36.8	39.7	41.7	44.2
South African Qualifications Authority	37.6	39.1	41.3	41.4	45.0	48.1	50.6
Higher education institutions							
Current	13 742.6	15 258.0	17 491.3	19 334.5	20 885.9	22 224.8	23 642.1
University subsidies	13 742.6	15 258.0	17 491.3	19 334.5	20 885.9	22 224.8	23 642.1
Capital	54.8	39.2	25.4	19.6	17.0	14.0	13.0
University subsidies	54.8	39.2	25.4	19.6	17.0	14.0	13.0

Expenditure trends

Expenditure grew from R15.4 billion in 2008/09 to R23.4 billion in 2011/12, at an average annual rate of 14.9 per cent, and is expected to increase at an average annual rate of 8.5 per cent to reach R29.9 billion in 2014/15. The growth is primarily due to increases in funding for the National Student Financial Aid Scheme and increases in transfers to universities.

Transfer payments to higher education institutions are the programme's largest spending item and are expected to increase at an average annual rate of 6.9 per cent over the MTEF period. In 2012/13, R1.8 billion will be allocated to universities for infrastructure development. This, together with an estimated R1.2 billion investment

by universities, brings the total investment on infrastructure for 2012/13 to R3 billion. These funds are earmarked for the improvement of infrastructure for architecture and the built environment, engineering, health sciences, life and physical sciences, teacher training disciplines, and for student accommodation. An additional R850 million is allocated for student accommodation at universities and other infrastructure over the MTEF period.

These transfers will support the renewing of infrastructure at universities, together with improvements in teaching services and academic programmes in institutions, and are intended to increase enrolment and graduation rates, particularly in scarce and critical skill domains such as engineering, and other science and technology fields. In particular, the total number of students enrolled in higher education institutions per year is expected to increase from 886 033 students in 2011/12 to 961 932 students in 2014/15, and the number of graduates is projected to increase from 159 115 students to 189 770 students over the MTEF period. The total number of masters graduates is expected to increase from 4 633 in 2010/11 to 5 600 in 2014/15, while the total number of doctoral graduates is expected to increase from 1 420 in 2010/11 to 2 100 in 2014/15.

R409 million has also been allocated over the medium term for the establishment of new universities in Northern Cape and Mpumalanga. These funds will be used for technical work to establish the seats of learning, including the environmental and economic impact assessments, and academic and space architecture.

Spending on consultants was 7 per cent of total expenditure on compensation of employees in 2011/12, and is expected to increase from R2 million in 2011/12 to R3 million in 2014/15. Consultants are mainly used for the higher education HIV and AIDS project and to provide financial and business advice.

Programme 4: Vocational and Continuing Education and Training

Objectives and measures

- Expand the institutional base for the provision of quality post-school education and training by registering new private education institutions and monitoring all the registered private further education and training colleges for compliance and performance each year.
- Improve participation in adult education and training by increasing the access to adult education and training for adult learners in levels 1 to 4 programmes from 214 384 learners in 2010/11 to 300 000 learners in 2014/15.
- Improve participation in vocational education for poor students by increasing the number of national certificate (vocational) bursary recipients in colleges from 58 368 recipients in 2009 to 180 826 recipients in 2014.
- Improve the vocational qualification rate by increasing the year-on-year certification rate of further education and training college students in vocational programmes by at least 5 per cent from the 2010 baseline of 24 per cent by 2014.
- Ensure credible examinations and assessment practices at further education and training colleges and adult education and training centres by monitoring and supporting examination centres annually.

Subprogrammes

- *Programme Management: Vocational and Continuing Education and Training* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 and a total budget of R1.4 million in 2011/12, of which 50 per cent was used for compensation of employees. An approved baseline cut of R59 000 in 2012/13 has been made to travel and subsistence in this subprogramme.
- *Planning and Institutional Support* provides the framework, coordination and support to further education and training colleges for managing, governing and delivering vocational and occupational programmes; and manages the further education and training colleges conditional grant to all provinces. It also regulates the provision of education and training by private education institutions offering qualifications in the further education and training band of the national qualifications framework. This subprogramme had a staff complement of 40 and a total budget of R4.4 billion in 2011/12, of which 0.3 per cent was used for

compensation of employees. The bulk of the funding is for transfer payments in respect of the further education and training colleges conditional grant. Key ongoing outputs are the rollout of a standard reporting requirement for all public further education and training colleges, the training of further education and training college personnel in financial management, and the development and implementation of a human resource management and planning framework for further education and training colleges. In 2011/12, R4 million was spent on these activities. An approved baseline cut of R19.1 million in 2012/13, R20.6 million in 2013/14 and R40.3 million in 2014/15 was identified in the further education and training colleges conditional grant. These cuts will be offset by additions available through reprioritisation from the National Skills Fund contribution in the *Skills Development* programme. The net reduction in the further education and training colleges conditional grant will thus be zero in 2012/13 and 2013/14, and R18.3 million in 2014/15. In addition, an approved baseline cut of R161 000 in 2012/13 has been made on travel and subsistence in this subprogramme.

- *Programmes and Qualifications* develops and maintains vocational education and training programmes, provides for implementing the student support services framework, provides leadership and support for training and developing lecturers, and administers and manages the conduct of national assessments, such as site based assessments and examinations, in both the further education and training and the adult education and training sectors. This subprogramme had a staff complement of 167 and a total budget of R162.5 million in 2011/12, of which 76.5 per cent was used for compensation of employees. Key ongoing outputs are: providing national assessment instruments for recognised offerings at further education and training colleges and adult education and training centres; monitoring the conduct of assessment practices at colleges and adult education and training examination centres; and evaluating the offerings of further education and training colleges and adult education and training centres. Providing national assessment instruments involves appointing exam panels and setting, printing and delivering question papers and site based assessment tasks to nationally accredited examination centres for further education and training colleges and adult education and training centres. Question papers are provided for the nine examination cycles in an academic year. R40 million will be spent on these examination processes in 2011/12. Over the medium term, the focus will continue to be on increasing the certification rates of students in vocational programmes and the delivery of credible examinations at a cost of approximately R550 million. An approved baseline cut of R175 000 in 2012/13 has been made on travel and subsistence in this subprogramme.

Expenditure estimates

Table 17.8 Vocational and Continuing Education and Training

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Programme Management: Vocational and Continuing Education and Training	2.2	0.8	0.3	1.4	3.4	3.7	3.9
Planning and Institutional Support	3 015.6	3 165.5	3 818.8	4 390.3	4 776.0	5 335.8	5 637.5
Programmes and Qualifications	94.7	95.1	123.8	162.5	170.8	189.0	196.5
Total	3 112.5	3 261.4	3 942.9	4 554.2	4 950.2	5 528.4	5 837.9
Change to 2011 Budget estimate				78.8	61.0	65.5	47.2

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	106.2	102.1	138.5	178.2	191.7	209.5	218.3
Compensation of employees	63.1	66.9	96.5	133.5	135.1	152.6	159.4
Goods and services	43.1	35.2	42.1	44.7	56.6	56.9	58.9
<i>of which:</i>							
Communication	1.3	0.9	0.5	1.2	5.4	5.5	5.9
Computer services	5.6	7.3	9.1	9.6	10.7	10.7	10.7
Property payments	0.0	0.0	0.2	0.0	0.1	0.1	0.1
Travel and subsistence	18.1	11.5	13.0	19.9	14.5	16.6	17.2

Table 17.8 Vocational and Continuing Education and Training (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	3 005.9	3 155.3	3 804.0	4 375.3	4 757.3	5 317.7	5 618.2
Provinces and municipalities	3 005.8	3 155.3	3 804.0	4 375.3	4 757.3	5 317.7	5 618.2
Payments for capital assets	0.4	4.0	0.4	0.7	1.2	1.3	1.4
Machinery and equipment	0.4	0.2	0.4	0.7	1.2	1.3	1.4
Software and other intangible assets	0.0	3.8	–	–	–	–	–
Payments for financial assets	0.1	0.1	–	–	–	–	–
Total	3 112.5	3 261.4	3 942.9	4 554.2	4 950.2	5 528.4	5 837.9

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	3 005.8	3 155.3	3 804.0	4 375.3	4 757.3	5 317.7	5 618.2
Further education and training colleges grant	2 210.7	3 155.3	3 804.0	4 375.3	4 757.3	5 317.7	5 618.2
Further education and training colleges sector recapitalisation grant	795.2	–	–	–	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R3.1 billion to R4.6 billion, at an average annual rate of 13.5 per cent, and is expected to increase to R5.8 billion over the medium term at an average annual rate of 8.6 per cent. The increase in both periods is due mainly to additions to the further education and training colleges conditional grant to increase the enrolment at these colleges and fund the necessary oversight required for the conditional grant. The additional funding enabled an increase in enrolment in further education and training colleges from 61 320 in 2008/09 to 210 971 in 2011/12. Over the medium term, the allocation is expected to allow enrolment to increase to 246 681.

Spending on consultants was 0.3 per cent (R388 000) of total expenditure on compensation of employees in 2011/12, and is expected to decrease to zero in 2014/15, as department personnel take responsibility for all activities previously carried out by consultants. Consultants are mainly used for examination services.

Programme 5: Skills Development**Objectives and measures**

- Promote quality learning at work and for work by:
 - providing a dynamic interface between the workplace and learning institutions such as further education and training colleges and universities of technology by 2014/15
 - identifying the number of competent artisan candidates in the country by 2014/15
 - ensuring that the number of artisan learners registered for training by sector education and training authorities increases from 30 000 in 2011/12 to 33 000 in 2014/15.
- Promote the alignment of skills development outputs with the needs of the workplace and with the broader growth needs of the country's economy by approving the strategic plans of the sector education and training authorities and ensuring that they are in line with the sector skills plans over the MTEF period.

Subprogrammes

- *Programme Management: Skills Development* manages delegated administrative and financial responsibilities, and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 4 and a total budget of R5.3 million in 2011/12, of which 90.9 per cent was used for compensation of employees. No approved baseline cuts in 2012/13 have been made in this subprogramme.
- *SETA Coordination* supports, monitors and reports on the implementation of the national skills development strategy at the sectoral level by establishing and managing the performance of service level agreements with sector education and training authorities. This subprogramme had a staff complement of 256 and a total budget of R74.8 million in 2011/12, of which 77.3 per cent was used for compensation of employees. Key ongoing activities include managing and coordinating national artisan development and specialised technical training, which includes conducting 10 000 trade tests at the institute for the National Development of Learnerships, Employment Skills and Labour Assessments, at a projected cost of R49.7 million in 2012/13. In 2012/13, an approved baseline cut of R2.5 million and savings of R1.9 million have been made on compensation of employees and travel and subsistence in this subprogramme. The savings will be reprioritised to fund the filling of vacant posts in the *Human Resource Development, Planning and Monitoring Coordination* programme.
- *National Skills Development Services* manages projects identified in the national skills development strategy, and advises the minister on national skills development policy and strategy. This subprogramme had a staff complement of 9 and a total budget of R25.7 million in 2011/12, of which 14.8 per cent was used for compensation of employees. Key ongoing outputs include the effective monitoring of the implementation of the third national skills development strategy, which charts the way forward for skills development over the medium term, at a projected cost of R20.4 million. R37.9 million in 2012/13, R46.4 million in 2013/14 and R49.1 million in 2014/15 will be reprioritised from the departmental contribution to the National Skills Fund, as the portion received for administration from the skills levy funds is sufficient for its operations. These funds will be reprioritised to improve operational capacity across the department and contribute to the further education and training colleges grant. No approved baseline cuts in 2012/13 have been made in this subprogramme.
- *Quality Development and Promotion* transfers funds to the Quality Council for Trades and Occupations as a contribution to their operations. This subprogramme had no staff complement and a total budget of R26.9 million in 2011/12. No approved baseline cuts in 2012/13 have been made to this subprogramme.

Expenditure estimates

Table 17.9 Skills Development

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management: Skills Development	–	–	2.7	5.3	3.4	3.7	3.9
SETA Coordination	65.1	75.7	68.3	74.8	70.6	75.3	80.2
National Skills Development Services	63.7	60.6	58.8	25.7	5.8	7.0	7.5
Quality Development and Promotion	1.8	1.3	1.6	26.9	20.2	21.4	22.7
Total	130.5	137.5	131.4	132.8	100.1	107.4	114.4
Change to 2011 Budget estimate				4.5	(42.8)	(50.3)	(52.8)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	80.4	79.9	79.1	76.9	75.2	82.4	87.9
Compensation of employees	50.1	57.5	65.1	66.5	65.4	70.3	75.2
Goods and services	30.3	22.4	14.1	10.5	9.8	12.1	12.7
<i>of which:</i>							
Communication	0.9	0.9	0.7	1.0	0.9	1.1	1.3
Computer services	7.4	0.5	0.3	0.3	0.3	0.4	0.4
Property payments	0.5	1.3	0.6	0.5	0.9	1.0	1.2
Travel and subsistence	4.4	2.5	2.9	2.1	2.4	2.7	2.7

Table 17.9 Skills Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	47.1	49.0	51.8	46.9	20.2	21.4	22.7
Departmental agencies and accounts	46.9	49.0	51.7	46.9	20.2	21.4	22.7
Households	0.1	0.1	0.1	–	–	–	–
Payments for capital assets	3.1	8.6	0.4	9.0	4.7	3.6	3.8
Buildings and other fixed structures	0.6	1.9	–	–	–	–	–
Machinery and equipment	2.4	6.8	0.4	9.0	4.7	3.6	3.8
Total	130.5	137.5	131.4	132.8	100.1	107.4	114.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	46.9	49.0	51.7	46.9	20.2	21.4	22.7
National Skills Fund	46.9	49.0	51.7	20.0	–	–	–
Quality Council for Trades and Occupations	–	–	–	26.9	20.2	21.4	22.7

Expenditure trends

Expenditure increased marginally from R130.5 million in 2008/09 to R132.8 million in 2011/12, at an average annual rate of 0.6 per cent. This corresponds to the growth, from 17 228 in 2008/09 to 30 000 in 2011/12, in the number of artisan learners registered for training by sector education and training authorities. Over the same period, the number of artisans taking trade tests grew from 8 337 to 10 000.

Over the medium term, expenditure is expected to decrease to R114.4 million, at an average annual rate of 4.9 per cent. Nonetheless, the number of artisans participating in trade tests is expected to remain constant over the medium term at 10 000 and the number of artisan learners registered for training by sector education and training authorities is expected to grow from 30 000 in 2011/12 to 33 000 in 2014/15. The decrease in expenditure over the medium term is primarily due to the cessation of the department's contribution to the National Skills Fund in the *National Skills Development Services* subprogramme as from 2012/13. These funds will be reprioritised to address the filling of critical posts in the department, and to offset the approved baseline cut made to the further education and training colleges grant. The delay in the formal establishment of the Quality Council for Trades and Occupations as a public entity in 2010/11 led to a rollover of R8.5 million being approved for its establishment in 2011/12. In the *Quality Development and Promotion* subprogramme this accounts for the expenditure of R26.9 million in 2011/12, and the decrease in expenditure to R22.7million over the medium term, at an average annual rate of 5.5 per cent.

Payments for capital assets increased from R3.1 million in 2008/09 to R9 million in 2011/12, at an average annual rate of 42.8 per cent, due to required maintenance and an upgrade to the security systems at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments. As these projects are completed, expenditure on payments for capital assets is expected to decrease to R3.8 million over the MTEF period, at an average annual rate of 25 per cent.

Spending on consultants was 0.04 per cent of total expenditure on compensation of employees in 2011/12, and is expected to grow from R29 000 to R300 000 over the medium term, at an average annual rate of 117.9 per cent. Consultants are mainly used for skills development services.

Public entities and other agencies

National Student Financial Aid Scheme

Overview: 2008/09 – 2014/15

The National Student Financial Aid Scheme, established in terms of the National Student Financial Aid Scheme Act (1999), is responsible for administering and allocating loans and bursaries to eligible students, developing criteria and conditions for granting loans and bursaries in consultation with the minister, raising funds, recovering loans, maintaining and analysing a database, and undertaking research for the better use of financial resources. The scheme also advises the minister on student financial aid in general, and performs other functions assigned to it by the minister.

Over the medium term, the scheme will undergo continuing restructuring based on the recommendations from a 2009/10 review conducted on the organisation and its operations, including the strengthening of the scheme's financial and IT oversight capacity. An administration programme conducts the overall management, administration and governance of the entity. The transfers to universities and colleges are included in the student centred financial aid programme, which also enables the provision of financial aid to an increasing number of eligible students by designing and implementing a new student centred operating model and enhancing the financial aid environment with policy recommendations for new financial aid programmes.

Funds recovered from the repayment of loans increased from R555.7 million in 2008/09 to R637.8 million in 2010/11. As the scheme improves its debt recovery and collection strategy as part of its restructuring programme, recoveries are anticipated to be in excess of R1 billion by 2014/15.

Performance

The scheme will work to improve access to funding for students through the design and implementation of a student centred loans and bursary model. The number of students assisted with National Student Financial Aid Scheme funding (bursaries and loans) increased by 25.9 per cent, from 118 160 in 2008/09 to 148 734 in 2010/11, and is projected to increase to 605 914 students by 2014/15. Included in these figures are Funza Lushaka bursary recipients, who have increased in number from 5 190 in 2008/09 to 8 800 in 2011/12, and are projected to increase to 12 500 by 2014/15. In the further education and training bursary recipient category, the scheme assisted 61 703 students in 2010/2011. This number is expected to reach 78 500 by 2014/15.

Selected performance indicators

Table 17.10 National Student Financial Aid Scheme

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of students assisted in higher education per year	Student centred financial aid	118 160	135 586	148 734	198 750	288 188	417 872	605 914
Percentage of courses passed by loan recipients	Student centred financial aid	77%	74%	75%	75%	75%	75%	75%
Funds recovered from previous loan recipients per year	Administration	R556m	R636m	R638m	R650m	R842m	R932m	R1 024m
Total number of Funza Lushaka bursary recipients per year	Student centred financial aid	5 190	9 192	10 074	8 800	11 500	14 500	12 500
Total number of further education and training college bursary recipients per year	Student centred financial aid	35 352	55 173	61 703	66 250	69 560	73 030	78 500

Programmes/activities/objectives

Table 17.11 National Student Financial Aid Scheme

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Programme 1: Administration	20.4	24.6	32.3	44.9	41.9	43.1	44.4
Programme 2: Student centred financial aid	1 450.6	2 671.4	3 083.4	3 925.2	4 899.4	5 402.7	5 733.4
Total expense	1 471.0	2 696.0	3 115.7	3 970.1	4 941.3	5 445.8	5 777.8

The National Student Financial Aid Scheme had a total budget of R4 billion in 2011/12, of which 98.9 per cent was used for student centred financial aid.

Savings and cost effectiveness measures

The scheme has identified a number of interventions to be implemented by 2014 that are expected to result in greater cost effectiveness. These include an improved human resource strategy, new IT infrastructure, a student centred operating model, and an enhanced credit management and loan recovery strategy. These measures will improve the efficiency of internal operations and increase the efficiency of the administration of loans and bursaries over the medium term. The improved workflow management technology and processes and the uploading of student data directly from institutions to a central server will lead to reductions in funds used for temporary staff and outsourced services. Finally, it is anticipated that the more effective tracing of debtors will lead to reductions in running costs and increased funds from loan recovery. These savings are projected to be R7 million in 2012/13, R5 million in 2013/14 and R2 million in 2014/15.

Expenditure estimates

Table 17.12 National Student Financial Aid Scheme

Statement of financial performance							
R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	590.2	546.5	575.2	624.5	655.7	688.5	723.0
<i>Interest on investments and student loans</i>	590.2	546.5	575.2	624.5	655.7	688.5	723.0
Transfers received	1 969.1	2 569.1	2 857.5	5 373.6	6 701.0	7 370.0	7 817.6
Total revenue	2 559.3	3 115.7	3 432.7	5 998.1	7 356.8	8 058.6	8 540.6
Expenses							
Current expenses	42.9	1 107.9	1 249.8	79.3	83.6	87.3	90.7
Compensation of employees	16.8	18.7	23.8	26.5	35.4	37.5	39.4
Goods and services	25.1	1 086.0	1 224.7	49.8	44.3	46.7	49.1
Depreciation	1.1	3.2	1.3	3.0	3.8	3.0	2.3
Transfers and subsidies	1 428.1	1 588.1	1 866.0	3 890.8	4 857.7	5 358.6	5 687.0
Total expenses	1 471.0	2 696.0	3 115.7	3 970.1	4 941.3	5 445.8	5 777.8
Surplus / (Deficit)	1 088.3	419.6	317.0	2 028.0	2 415.0	2 613.0	2 763.0

Expenditure trends

The spending focus over the medium term will continue to be on the provision of loans and bursaries to higher education and further education and training students. The scheme generates revenue mainly from transfers received from the Department of Higher Education and Training. It also receives funds from the Department of Basic Education for the Funza Lushaka bursaries for prospective teachers and from the Department of Social Development for bursaries for prospective social workers. Total revenue increased from R2.6 billion in 2008/09 to R6 billion in 2011/12, at an average annual rate of 32.8 per cent, and is expected to increase further to R8.5 billion in 2014/15, at an average annual rate of 12.5 per cent. The additional funding will increase the number of students in higher education that the scheme is able to assist, from 198 750 in 2011/12 to 605 914 in 2014/15, and increase the number of further education and training college bursary recipients per year from

66 250 in 2011/12 to 78 500 in 2014/15. The objective is to improve access to education and training opportunities for disadvantaged students and allow increases in enrolment in higher education and further education and training.

Expenditure increased from R1.5 billion in 2008/09 to R4 billion in 2011/12, at an average annual rate of 39.2 per cent, due mainly to increased transfers for university and further education and training college loans and bursaries. Expenditure is expected to increase to R5.8 billion over the medium term, at an average annual rate of 13.3 per cent. The increased expenditure in goods and services in 2009/10 and 2010/11 was due to downward revisions to the fair value of the loan book resulting from an actuarial revaluation.

The increasing number of student loans awarded is recognised directly on the scheme's balance sheet, but not recorded as expenditure in the year they are granted. This will result in a significant accounting surplus each year, despite the funds having been used for their allocated purpose.

Over the MTEF period, expenditure on compensation of employees is expected to increase from R26.5 million to R39.4 million, at an average annual rate of 14.2 per cent, due mainly to the necessary organisational restructuring of the scheme to ensure more efficient administration of the increased loans and bursaries being administered by the scheme. Consultants are engaged on once-off organisational change and support projects if required and are not used to fill vacant posts. R5.1 million was spent on consultants in 2011/12, mainly for business development and management services for the organisational turnaround strategy.

Personnel information

Table 17.13 National Student Financial Aid Scheme

	Personnel post status as at 30 September 2011			Number of personnel posts filled/ planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	6	6	5	1	1	3	1	5	5	5
Senior management	6	6	2	6	5	6	4	7	8	9
Middle management	24	24	5	8	11	12	19	23	24	25
Professionals	5	5	–	1	1	3	5	5	6	9
Skilled	2	2	2	10	10	10	–	3	5	8
Semi-skilled	88	88	9	63	60	98	79	91	98	118
Very low skilled	5	5	–	–	–	–	5	5	5	5
Total	136	136	23	89	88	132	113	139	151	179
Compensation (R thousand)				16 757	18 734	23 837	26 499	35 419	37 544	39 421
Unit cost (R thousand)				188	213	181	235	255	249	220

1. As at 30 September 2011.

As at the 30 September 2011, the scheme had an establishment of 136 posts, all of which were funded. The establishment is expected to grow to 179 by 2014/15 to meet the increasing volume of loans and bursaries being granted annually. As at 30 September 2011, 113 posts were filled. Of the 23 funded vacancies, 5 were in executive management, 2 in senior management, 5 in middle management, 2 were skilled and 9 were semi-skilled.

While capacity issues were a problem in the past, the filling of the posts of chief executive officer and chief financial officer in 2011/12 has ensured that appropriate controls have been put in place to enhance the scheme's efficiency in administering loans and bursaries.

The ratio of support staff to line staff was 1:5 and is expected to remain within this level over the MTEF period. An estimated 46 consultants were used at various times throughout 2011/12, with the consultant to total personnel ratio being approximately 2:5.

Sector education and training authorities

Overview 2008/09 – 2014/15

The sector education and training authorities are constituted by the Skills Development Act (1998). The authorities implement sector skills plans to develop appropriate skills, develop and register learning programmes, and distribute skills development levy funds. The responsibility for oversight of the organisations has moved from the Department of Labour to the Department of Higher Education and Training, as part of the macro reorganisation of the state in 2009.

The mandate of the authorities, among others, is to: develop and improve the skills of the South African workforce; provide an institutional framework to devise and implement national, sectoral and workplace strategies; integrate those strategies into the national qualifications framework; provide for learnerships that lead to recognised occupational qualifications; provide for financing skills development by means of a levy grant scheme and a National Skills Fund; and provide for and regulate employment services.

Sector education and training authorities have structures that cater for three programmes: administration, which deals with costs as contemplated in regulation 4(3) of the Skills Development Act (1998); discretionary grants as contemplated in regulation 7 of the act; and mandatory grants, as contemplated in regulation 6 of the act. In addition, a new grant category for professional vocational technical and academic learning programmes is introduced. Ten per cent funding for mandatory grant projects is ringfenced for professional, vocational, technical and academic learning programmes in terms of the regulations. These programmes will provide a full occupationally directed qualification, which normally begins in a college or university and includes supervised practical learning in a workplace as part of the requirements. Professional, vocational, technical and academic programmes will be offered by arrangement between an authority, an educational institution, an employer and a learner.

These objectives are meant to ensure that the sector skills plans and strategic plans of the various training authorities are aligned with those of the department and other critical stakeholders, such as the Quality Council for Trade and Occupations.

Performance

The third national skills development strategy outlines the goals for skills development. Two key indicators previously reported in terms of the earlier version of the strategy are the number of youth supported through new venture creation projects (by 2010/11, this had decreased to 2 092 from 3 406) and the number of additional ventures sustainable 12 months after intervention (by 2010/11, the number had increased to 4 215 from 1 475 in 2008/09). The authorities have begun to track two new indicators relating to the registration of learnerships and artisans. The number of learnerships registered per year had a target of 8 294 for 2011/12, which is projected to grow to 20 000 over the medium term, in line with the implementation of the third national skills development strategy. Similarly, the number of artisans registered for training by the sector education and training authorities had a target of 30 000 per year for 2011/12, and is projected to increase to 33 000 by 2014/15.

Selected performance indicators

Table 17.14 Sector education and training authorities

Indicator	Programme/Activity/ Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of additional youth supported through new venture creation programmes each year	Discretionary	3 406	3 406	2 092	– ¹	– ¹	– ¹	– ¹
Number of additional ventures sustainable 12 months after completion of the programme each year	Discretionary	1 475	3 408	4 215	– ¹	– ¹	– ¹	– ¹
Number of learnerships registered per year	Discretionary			– ²	8 294	20 000	20 000	20 000
Number of artisan learners registered for training by sector education and training authorities each year	Discretionary			– ²	30 000	31 000	32 000	33 000

1. These indicators were formed in line with the old national skills development strategy (2) and as a result have no projections going forward.

2. These indicators are new, relating to the national skills development strategy (3) and therefore have no actual outcomes for 2008/09 – 2010/11.

Programmes/activities/objectives

The sector education and training authorities had a total budget of R8.7 billion in 2011/12, of which 40.9 per cent was used for mandatory grants.

Savings and cost effectiveness measures

Efficiencies on administration costs improved in 2010/11 through the prudent use of funds and the use of economy flights, which has reduced spending on travel. Savings were also identified through the use of further education and training colleges and universities' facilities for conducting research on sector skills plans and providing training, instead of hiring private conference venues for the same purpose.

Expenditure estimates

Table 17.15 Sector education and training authorities

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	674.4	521.5	437.0	400.1	391.7	387.1	356.6
Sale of goods and services other than capital assets	0.8	0.7	0.2	-	-	-	-
<i>of which:</i>							
<i>Sales by market establishments</i>	0.5	0.5	0.2	-	-	-	-
<i>Other sales</i>	0.3	0.3	-	-	-	-	-
<i>Other non-tax revenue</i>	673.6	520.7	436.8	400.1	391.7	387.1	356.6
Skills development levy	5 698.2	6 173.9	6 626.1	7 459.7	7 809.5	8 237.2	8 728.9
Total revenue	6 372.5	6 695.4	7 063.1	7 859.8	8 201.2	8 624.3	9 085.5
Expenses							
Current expenses	697.4	803.7	903.6	1 013.3	1 087.4	1 154.1	1 179.9
Compensation of employees	348.3	398.4	474.3	517.8	562.4	599.1	638.6
Goods and services	323.2	384.3	411.4	478.5	506.2	535.7	521.7
Depreciation	25.9	21.0	17.9	17.0	18.8	19.3	19.7
Transfers and subsidies	4 575.8	5 776.4	5 794.2	7 711.7	7 450.3	7 684.8	7 912.8
Total expenses	5 273.2	6 580.0	6 697.8	8 724.9	8 537.7	8 838.8	9 092.6
Surplus / (Deficit)	1 099.3	115.3	365.2	(865.0)	(336.0)	(215.0)	(7.0)

Expenditure trends

Over the medium term, the authorities' expenditure will be focused on the implementation of the third national skills development strategy. The direct charges received by the individual authorities will be used to achieve the objectives of the strategy. Revenue is expected to grow from R6.4 billion in 2008/09 to R9.1 billion in 2014/15, at an average annual rate of 6.1 per cent. The skills development levy collected by the South African Revenue Service and transferred to the authorities accounts for 95.6 per cent of total revenue over the medium term. Other non-tax revenue fluctuates over the seven-year period, due to fluctuations in interest earned on investments and the use of investments to fund training programmes.

Spending over the seven-year period is expected to grow from R5.3 billion to R9.1 billion, at an average annual rate of 9.5 per cent. The increase is driven mainly by payments relating to skills development programmes. Between 2008/09 and 2011/12, spending in compensation of employees grew from R348.3 million in 2008/09 to R517.8 million in 2011/12, at an average annual rate of 14.1 per cent, due to higher salary adjustments, and is projected to grow to R638.6 million in 2014/15, at an average annual rate of 7.2 per cent. Spending on goods and services increased at an average annual rate of 14 per cent, from R323.2 million in 2008/09 to R478.5 million in 2011/12, mainly due to increased spending on travel and subsistence, venues and facilities, and training and staff development. Over the medium term, expenditure on goods and services is expected to increase at an average annual rate of 2.9 per cent, due to savings and cost effectiveness measures imposed on non-core goods and services items, to reach R521.7 million in 2014/15.

The surpluses accumulated over the seven-year period are because of expenditure on skills development programmes being much lower than the skills levy collected. Skills development programmes consume 88.9 per cent of total revenue received.

Personnel information

As at 30 September 2011, the 21 authorities had a consolidated establishment of 1 716.

National Skills Fund

Overview: 2008/09 – 2014/15

The National Skills Fund was established in 1999 in terms of the Skills Development Act (1998). It is funded from 20 per cent of the skills development levies collected by the South African Revenue Service. The fund's key objectives include: funding national skills development priority projects as identified in the third national skills development strategy; funding projects related to the achievement of the purpose of the act as determined by the accounting authority; and administering the fund.

Key objectives over the medium term include: managing the closure processes of the projects funded under the second national skills development strategy; providing funds to support projects identified as national priorities in the third national skills development strategy and other projects related to the achievement of the purpose of the act; and steering the development of internal and external structures and systems that effectively enable the achievement of these objectives.

The implementation of the third national skills development strategy started in April 2011. As a result, the fund's funding windows have been revised to give expression to the updated strategy. The performance indicators relating to the previous version of the strategy have also been phased out and two new indicators were introduced in 2011/12.

Performance

The number of projects supported by the National Skills Fund is projected to grow from 215 in 2011/12, to 400 in 2014/15, in line with the goals of the revised strategy. Similarly, the number of learners trained by the projects supported by the fund is expected to increase from 37 793 in 2011/12 to 45 000 in 2014/15.

Selected performance indicators

Table 17.16 National Skills Fund

Indicators	Programme/Activity/Objective/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new postgraduate bursaries awarded	Critical skills support	1 500	1 088	856	– ²	– ²	– ²	– ²
Number of new registered adult basic education and training learners who have completed the programme	Adult basic education and training	18 715	44 803	0	– ²	– ²	– ²	– ²
Number of projects supported by the National Skills Fund	Linked to human resource development strategy for South Africa, ministerial, government priorities, director general priorities and skills infrastructure objectives of the National Skills Fund	– ¹	– ¹	– ¹	215	262	350	400
Number of learners trained by the National Skills Fund projects	Linked to human resource development strategy for South Africa, ministerial, government priorities, director general priorities and skills infrastructure objectives of the National Skills Fund	– ¹	– ¹	– ¹	37 793	32 179	40 000	45 000

1. These indicators are new, relating to the national skills development strategy (3) and therefore have no actual outcomes for 2008/09 – 2010/11.

2. These indicators were formed in line with the old national skills development strategy (2) and as a result have no projections going forward.

Programmes/activities/objectives

Table 17.17 National Skills Fund

R million	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Operations	81.9	82.4	68.8	174.1	201.6	205.8	218.2
National skills development strategy	848.4	476.4	564.4	601.0	–	–	–
Human resource development strategy for South Africa	–	–	–	55.2	58.8	62.5	66.5
Ministerial	–	–	–	55.6	59.2	62.9	67.0
Government priorities	–	–	–	967.0	1 700.0	2 000.0	2 500.0
Director General priorities	–	–	–	300.5	320.0	340.0	360.0
Skills infrastructure	–	–	–	40.0	42.6	45.3	48.2
Total expense	930.3	558.8	633.2	2 193.5	2 382.0	2 716.5	3 259.8

The National Skills Fund had a total budget of R2.2 billion in 2011/12, of which 44.1 per cent was used for government priorities contained in the third national skills development strategy.

Savings and cost effectiveness measures

The fund has targeted areas of expenditure where savings of R600 000 will be made over the medium term, including reducing travel and accommodation costs by limiting the size of delegations when travelling is required, limiting the number of participants at workshops and limiting the frequency of advertising.

Expenditure estimates

Table 17.18 National Skills Fund

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	405.0	384.0	382.9	343.8	378.2	399.0	424.4
<i>Other non-tax revenue</i>	405.0	384.0	382.9	343.8	378.2	399.0	424.4
Transfers received	1 493.8	1 612.1	1 726.9	1 849.7	1 921.2	2 026.9	2 148.5
Total revenue	1 898.8	1 996.1	2 109.8	2 193.5	2 299.4	2 425.9	2 573.0
Expenses							
Current expenses	81.9	82.4	68.8	75.3	92.9	91.1	96.6
Compensation of employees	11.8	13.9	12.9	26.2	39.3	41.8	44.3
Goods and services	70.1	68.5	55.9	49.2	53.6	49.4	52.3
Transfers and subsidies	848.4	476.4	564.4	2 118.1	2 289.1	2 625.4	3 163.2
Total expenses	930.3	558.8	633.2	2 193.5	2 382.0	2 716.5	3 259.8
Surplus / (Deficit)	968.5	1 437.3	1 476.6	–	(83.0)	(291.0)	(687.0)

Expenditure trends

Over the medium term, the fund's expenditure will be focused on the implementation of the third national skills development strategy. The direct charges received by the fund will be used to achieve the objectives of the strategy.

The fund receives revenue mainly from transfers received from direct charges against the National Revenue Fund transferred by the Department of Higher Education and Training. Between 2008/09 and 2011/12, total revenue received grew from R1.9 billion to R2.2 billion, at an average annual rate of 4.9 per cent. Revenue is projected to grow to R2.6 billion over the medium term, at an average annual rate of 5.5 per cent, in line with the projected increased receipts of the skills development levy.

Expenditure increased substantially from R930.3 million in 2008/09 to R2.2 billion in 2011/12, at an average annual rate of 33.1 per cent. This growth was driven mainly by payments for skills development projects aligned with the second national skills development strategy and the implementation of the third skills development strategy. Spending over the MTEF period is expected to increase to R3.3 billion in 2014/15, at an average annual rate of 14.1 per cent, due to the new goals indicated in the third national skills development strategy.

Between 2008/09 and 2011/12, spending on compensation of employees grew at an average annual rate of 30.6 per cent, due to new appointments and salary adjustments. Spending on this item from 2012/13 onwards is expected to continue to increase as a result of the implementation of the third national skills development strategy. This presents the fund with an opportunity to spend much more than it could in the past, through an even broader skills delivery system in the country.

The projected deficits in the current year and over the MTEF period are due to an increase in the rollout of skills programmes. The fund has adequate cash and cash reserves in 2011/12 and over the MTEF period to fund these projected deficits.

Personnel information

As at 30 September 2011, the fund had an approved establishment of 50, all of which were funded. The fund had 39 filled posts and 11 vacant posts, which the fund plans to fill in 2012/13. 5 of the vacant posts were middle management level posts and 6 are semi-skilled posts. The ratio of support staff to core function staff is approximately 1:1.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Council on Higher Education** implements the higher education qualifications framework by generating and setting standards and other quality assurance functions, and monitors and evaluates the achievement of South African higher education policy goals and objectives. The council's total budget for 2012/13 is R45 million.
- The **South African Qualifications Authority** ensures access, quality, redress and development for all learners through an integrated national framework of learning achievements. The organisation's total budget for 2012/13 is R126.6 million.
- The **Quality Council for Trades and Occupations** was established in terms of the Skills Development Act (1998) and became operational in 2010. The primary functions of the organisation are to design, develop and maintain occupational standards and qualifications, to submit them for registration on the national qualifications framework, and to ensure the quality of occupational standards and qualifications and learning in and for the workplace. The organisation's total budget for 2012/13 is R28.3 million.

Additional table 17.A Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Infrastructure transfers to other spheres, agencies and departments										
Further education and training colleges sector recapitalisation grant	Workshops, machinery and equipment, administrative facilities	Handed over	1 896.3	795.2	--	--	--	--	--	--
Tertiary institutions infrastructure	Hostels, lecture halls, laboratories	Various	11 249.0	887.0	1 462.0	1 585.0	1 615.0	1 900.0	1 900.0	2 000.0
Total			13 145.3	1 682.2	1 462.0	1 585.0	1 615.0	1 900.0	1 900.0	2 000.0

Vote 18

Labour

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	732.6	699.1	0.2	33.4	782.7	830.2
Inspection and Enforcement Services	429.2	429.1	0.1	–	456.8	484.3
Public Employment Services	322.0	210.3	111.8	–	344.1	365.7
Labour Policy and Industrial Relations	635.9	108.5	527.3	0.1	677.7	718.7
Total expenditure estimates	2 119.7	1 446.9	639.3	33.5	2 261.2	2 399.0
Executive authority	Minister of Labour					
Accounting officer	Director General of Labour					
Website address	www.labour.gov.za					

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

Aim

Play a significant role in reducing unemployment, poverty and inequality through pursuing the objectives of full and productive employment and decent work for all including: employment creation and enterprise development; standards and rights at work including equality of opportunities; social protection; and social dialogue.

Programme purposes

Programme 1: Administration

Purpose: Provide management, strategic and administrative support services to the ministry and the department.

Programme 2: Inspection and Enforcement Services

Purpose: Realise decent work by regulating non-employment and employment conditions through inspection and enforcement to achieve compliance with all labour market policies.

Programme 3: Public Employment Services

Purpose: Provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies.

Programme 4: Labour Policy and Industrial Relations

Purpose: Facilitate the establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy, and providing statistical data on the labour market, including providing support to institutions that promote social dialogue.

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Labour is to regulate the labour market through policies and programmes aimed at: improving economic efficiency and productivity; creating decent employment; promoting and protecting the basic rights of workers; providing adequate social safety nets to protect vulnerable workers; promoting sound labour relations; eliminating inequality and discrimination in the workplace; enhancing occupational health and safety awareness and compliance in the workplace; and supporting social dialogue in order to formulate sound and responsive legislation and policies that balance labour market flexibility for enterprise competitiveness with promoting decent employment.

Strategic priorities

Specific strategic goals include: implementing the Decent Work country programme; rebuilding public employment services to enable government to maintain a database of job seekers and job opportunities, and match and place job seekers; strengthening the labour inspectorate system to effectively monitor and enforce compliance with legislation to ensure adherence to decent work principles and address vulnerability in the labour market; strengthening social security, including reintegrating workers into the labour market and restructuring sheltered employment factories; and strengthening the institutional capacity of the department to improve quality and access to service delivery.

Amending legislation

To contribute to the creation of decent employment, the department, after consultation with stakeholders, will present to Parliament in 2012/13 amendments to the following legislation it administers: the Unemployment Insurance Act (2001), to improve benefits and to effect administrative changes regarding submission of information to the fund by employers; and the Compensation for Occupational Injuries and Diseases Act (1993), to allow for the development of a rehabilitation, reintegration, and return-to-work policy for injured and diseased workers. The department will also seek to repeal the Occupational Health and Safety Act (1993) in its current form to ensure that employers develop and implement a health and safety management system, that penalties issued to employers are increased, and that inspectors can issue prescribed fines on the spot.

Other key pieces of legislation which were scheduled to be tabled at Parliament in 2011/12, but which are still under discussion at the National Economic Development and Labour Council include: the Labour Relations Amendment Bill (2010), which proposes to stop repeated short term contracting, address labour broking and clarify the definition of employer in certain circumstances; the Basic Conditions of Employment Amendment Bill (2010), which seeks to vary the circumstances under which trade unions may qualify for representational rights and to empower the minister to amend wages in certain circumstances; the Employment Equity Amendment Bill (2010), to give effect to the same-employer equal pay for work of equal value principle; and the Employment Services Bill (2010), to regulate activities concerned with employment placement services.

Labour market information systems

The department will enhance all its labour market information systems to produce relevant, accurate, and updated statistics and information by completing the upgrade of its ICT systems. The critical project related to this is the integrated client database, which will provide crucial information for individuals and companies. Once completed, all other systems within the department will be linked and updated from the main system. This information will assist policy makers and other stakeholders interested in changes in labour market trends to review policies and propose new interventions in the labour market. In addition to this milestone, completing and implementing the department's executive dashboard system remains a key strategic priority for improving service delivery in the department.

Selected performance indicators

Table 18.1 Labour

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of work places inspected per year	Inspection and Enforcement Services	153 697	147 556	192 129	130 000	140 000	150 000	160 000
Number of complaints resolved within 14 days at Registration Services per year	Inspection and Enforcement Services	178 863	150 831	116 1	79 440 (Q3)	- ¹	- ¹	- ¹
Number of job seekers registered on the employment services for South Africa system per year.	Public Employment Services	421 686	636 140	472 179	600 000	700 000	800 000	900 000
Number of job seekers placed in job opportunities or referred to other services per year.	Public Employment Services	17 115	260 817	559 060	450 000	560 000	680 000	700 000
Number of employers registering vacancies on the Employment Services for South Africa system per year.	Public Employment Services	- ²	- ²	1 907	3 000	4 000	5 000	6 000
Number of sectoral determinations reviewed and published per year	Labour Policy and Industrial Relations	4	4	4	5	6	2	4

1. This indicator is dependent on number of cases reported therefore data for a specific year is only available in the following year

2. New indicator that started in 2010/11.

Expenditure estimates

Table 18.2 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	567.9	669.2	682.5	698.5	690.4	732.6	782.7	830.2
Inspection and Enforcement Services	259.2	290.0	329.4	389.3	380.5	429.2	456.8	484.3
Public Employment Services	297.6	264.8	289.3	324.8	324.8	322.0	344.1	365.7
Labour Policy and Industrial Relations	382.5	474.7	525.2	604.8	602.4	635.9	677.7	718.7
Total	1 507.2	1 698.7	1 826.3	2 017.4	1 998.1	2 119.7	2 261.2	2 399.0
Change to 2011 Budget estimate				35.9	16.6	21.2	39.5	44.0

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	952.6	1 091.8	1 185.0	1 273.1	1 249.7	1 446.9	1 541.6
Compensation of employees	491.3	576.5	681.5	786.3	768.7	883.3	1 001.3
Goods and services	461.3	515.3	503.4	486.7	480.9	563.6	639.6
<i>of which:</i>							
Communication	44.2	46.1	47.1	42.1	44.3	38.5	43.2
Lease payments	87.4	125.0	143.5	115.7	121.4	218.9	246.9
Property payments	20.8	63.8	65.3	43.9	42.7	45.5	52.4
Travel and subsistence	107.2	102.0	106.2	93.8	167.6	79.9	90.6
Interest and rent on land	-	-	0.1	-	-	-	-
Transfers and subsidies	457.2	516.3	561.0	626.3	630.4	639.3	682.4
Provinces and municipalities	-	0.0	0.1	0.0	0.0	-	-
Departmental agencies and accounts	323.2	411.5	457.9	542.2	542.2	551.4	626.2
Foreign governments and international organisations	10.4	8.6	10.7	10.2	14.3	10.7	11.3
Public corporations and private enterprises	-	0.6	-	-	-	-	-
Non-profit institutions	119.2	92.1	89.2	73.3	73.3	76.9	81.1
Households	4.5	3.5	3.1	0.6	0.7	0.3	0.3
Payments for capital assets	93.1	90.1	80.2	118.1	118.0	33.5	37.1
Buildings and other fixed structures	2.7	0.2	3.1	4.0	4.0	3.4	5.5
Machinery and equipment	90.4	89.9	77.1	114.1	114.0	30.1	31.6
Payments for financial assets	4.3	0.5	0.0	-	-	-	-
Total	1 507.2	1 698.7	1 826.3	2 017.4	1 998.1	2 119.7	2 261.2

Expenditure trends

The spending focus over the medium term will be on protecting vulnerable workers, reintegrating work seekers into the labour market and ensuring decent work. The *Labour Policy and Industrial Relations* programme will focus on making transfer payments to address financial constraints at the Commission for Conciliation, Mediation and Arbitration and the National Economic Development and Labour Council.

Expenditure grew from R1.5 billion in 2008/09 to R2 billion in 2011/12, at an average annual rate of 10 per cent, mainly as a result of additional allocations to: the Commission for Conciliation, Mediation and Arbitration for a new case management system and increases in operational costs; the National Economic Development and Labour Council for increased operational costs; and for the *Inspection and Enforcement Services* programme for the employment of additional specialist inspectors. Expenditure is projected to grow to R2.4 billion over the medium term, at an average annual rate of 6 per cent.

The 2012 Budget provides additional allocations of R25.9 million in 2012/13, R41 million in 2013/14 and R45.5 million in 2014/15 as follows:

- R17.5 million in 2012/13, R28.5 million in 2013/14 and R31.1 million in 2014/15 for improvements in conditions of service within the department
- R3.4 million in 2012/13, R5.9 million in 2013/14 and R6.6 million in 2014/15 for the Commission for Conciliation, Mediation and Arbitration for improvements to conditions of service
- R783 000 in 2012/13, R1.3 million in 2013/14 and R1.5 million in 2014/15 for Productivity SA for improvements to conditions of service
- R176 000 in 2012/13, R290 000 in 2013/14 and R311 000 in 2014/15 for the National Economic Development and Labour Council for improvements to conditions of service
- R4 million in 2012/13, R5 million in 2013/14 and R6 million in 2014/15 for the Compensation Fund for the administration cost of public servants' claims for injuries/illnesses or diseases contracted while on duty.

The department has reprioritised R3.2 million in 2012/13 for additional posts in the office of the chief information officer in the *Administration* programme. Cabinet approved baseline cuts amounting to R4.5 million over the 2012 MTEF period, mainly from goods and services, lease payments, and through reducing travel and the hiring of venues and facilities, have been made.

Between 2008/09 to 2011/12, the department used 71 consultants for 45 projects, at an estimated cost of R47 million. Details on the nature of the work the consultants performed are discussed in each programme.

Infrastructure spending

The department has various small infrastructure projects at different stages of completion. Spending on infrastructure increased from R2.7 million in 2008/09 to R4 million in 2011/12, and is projected to decrease to R17 000 by 2014/15. Spending between 2008/09 to 2011/12 focused mainly on small projects to provide safe working conditions for staff and improved access to services to the public.

Infrastructure spending over the first two years of the MTEF period relates to the cost of site clearance for various new projects in Mpumalanga and Western Cape, with spending mainly on consultant fees. The designs for the new Taung, Bochum and Mount Ayliff labour centres are complete. The start date for construction will depend on the site clearance work being finalised by the Department of Public Works.

The allocation in 2014/15 is for the construction of booths for security guards at labour centres.

Personnel information

Table 18.3 Details of approved establishment and personnel numbers according to salary level¹

Department	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	3 483	3 466	17	2 765	3 100	3 092	3 155	3 460	3 460	3 460
Salary level 1 – 6	1 715	1 707	8	1 512	1 627	1 582	1 558	1 707	1 707	1 707
Salary level 7 – 10	1 587	1 583	4	1 113	1 320	1 359	1 436	1 577	1 577	1 577
Salary level 11 – 12	120	118	2	98	99	102	107	118	118	118
Salary level 13 – 16	61	58	3	41	53	49	54	58	58	58
Administration	1 202	1 196	6	1 017	1 014	1 068	1 098	1 193	1 193	1 193
Salary level 1 – 6	658	656	2	599	577	615	599	656	656	656
Salary level 7 – 10	461	461	–	349	358	384	422	458	458	458
Salary level 11 – 12	50	48	2	43	44	42	46	48	48	48
Salary level 13 – 16	33	31	2	26	34	27	31	31	31	31
Inspection and Enforcement Services	1 429	1 429	–	1 154	1 425	1 291	1 316	1 429	1 429	1 429
Salary level 1 – 6	869	869	–	762	885	795	795	869	869	869
Salary level 7 – 10	537	537	–	371	518	474	498	537	537	537
Salary level 11 – 12	16	16	–	15	16	15	16	16	16	16
Salary level 13 – 16	7	7	–	6	6	7	7	7	7	7
Public Employment Services	656	649	7	435	474	539	563	646	646	646
Salary level 1 – 6	165	159	6	128	139	144	141	159	159	159
Salary level 7 – 10	456	456	–	293	320	375	398	453	453	453
Salary level 11 – 12	23	23	–	13	13	15	17	23	23	23
Salary level 13 – 16	12	11	1	1	2	5	7	11	11	11
Labour Policy and Industrial Relations	196	192	4	159	187	194	178	192	192	192
Salary level 1 – 6	23	23	–	23	26	28	23	23	23	23
Salary level 7 – 10	133	129	4	100	124	126	118	129	129	129
Salary level 11 – 12	31	31	–	27	26	30	28	31	31	31
Salary level 13 – 16	9	9	–	8	11	10	9	9	9	9

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 3 483 posts, of which 3 466 were funded and 17 were additional to the establishment. The number of filled posts increased from 2 765 in 2008/09 to 3 155 in 2011/12, and is projected to grow to 3 460 in 2014/15. The increase between 2008/09 and 2011/12 is due to the filling of all critical posts across programmes. There are 311 vacancies within the department, most of which are at salary level 5 in the *Administration* and *Inspection and Enforcement Services* programmes. The delays in filling these posts are attributed to the delays in the State Security Agency process in vetting applicants.

As at 30 September 2011, the ratio of support staff to line staff in the department was 1:6 and the percentage of consultants used in relation to the total number of personnel was 2.3 per cent.

Departmental receipts

Table 18.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	28 863	12 916	9 036	10 801	10 801	8 136	8 280	8 556
Sales of goods and services produced by department	4 608	5 247	2 539	2 523	2 523	2 484	2 268	2 064
Sales by market establishments	584	577	215	181	181	180	204	240
<i>of which:</i>								
Rental for non-residential buildings (INDLELA)	209	199	50	–	–	–	–	–
Rental for staff dwellings	249	252	35	42	42	41	45	50
Rental for parking (covered and open)	126	126	130	139	139	139	159	190
Administration fees	2 340	2 701	1 046	996	996	960	720	480
<i>of which:</i>								
Licence fees for occupational health and safety	–	65	214	250	250	300	350	380
Inspection fees for INDLELA's trade tests	2 340	2 636	832	746	746	660	370	100
Other sales	1 684	1 969	1 278	1 346	1 346	1 344	1 344	1 344
<i>of which:</i>								
Boarding services for staff and external persons (INDLELA)	578	592	6	–	–	–	–	–
Formal training provided (INDLELA)	46	226	18	–	–	–	–	–
Commission on insurance and garnishee orders	1 046	1 146	1 250	1 341	1 341	1 341	1 341	1 341
Replacement of security cards	2	4	4	5	5	3	3	3
Sale of assets < R5 000	12	1	–	–	–	–	–	–
Sales of scrap, waste, arms and other used current goods	46	43	12	12	12	12	12	12
<i>of which:</i>								
Sale of scrap	22	15	5	5	5	5	5	5
Sale of waste paper	24	28	7	7	7	7	7	7
Fines, penalties and forfeits	436	537	601	585	585	600	600	600
Interest, dividends and rent on land	3 905	821	549	488	488	480	480	480
Interest	3 905	821	549	488	488	480	480	480
Sales of capital assets	–	331	–	–	–	–	–	–
Transactions in financial assets and liabilities	19 868	5 937	5 335	7 193	7 193	4 560	4 920	5 400
Total	28 863	12 916	9 036	10 801	10 801	8 136	8 280	8 556

Revenue is generated mainly from administrative fees, parking fees and commission from insurance companies for deducting premiums from staff. Revenue is also received from financial transactions in assets and liabilities, comprising of fees from stale cheques, recoveries from the previous financial year, breach of contract fees, and issuing and renewal of occupational health and safety licences.

Transactions in financial assets and liabilities grew significantly in 2008/09 due to the recovery of R15.3 million from the Compensation Fund for recoverable compensation of employees' payments. Over the medium term, departmental receipts are expected to decrease from R10.8 million in 2011/12 to R8.6 million in 2014/15, at an average annual rate of 7.5 per cent, due to the transfer of the Institute for the National Development of Learnerships Employment Skills and Labour Assessments to the Department of Higher Education and Training from 1 April 2010.

Programme 1: Administration

Expenditure estimates

Table 18.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	14.0	14.2	13.9	12.8	14.4	15.1	16.1
Management	334.6	387.2	383.8	393.2	403.6	433.0	457.7
Corporate Services	47.2	50.3	40.1	49.6	53.8	56.7	59.8
Office of the Chief Financial Officer	77.7	78.3	63.2	68.3	76.8	82.2	89.5
Office Accommodation	94.4	139.0	181.5	174.6	184.1	195.6	207.3
Total	567.9	669.2	682.5	698.5	732.6	782.7	830.2
Change to 2011 Budget estimate				1.2	7.6	16.3	17.9

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	469.0	576.4	600.1	580.7	699.1	745.4	796.5
Compensation of employees	151.5	208.1	239.5	259.1	283.5	305.2	324.1
Goods and services	317.5	368.3	360.6	321.6	415.5	440.2	472.4
<i>of which:</i>							
Communication	23.9	23.7	23.6	18.7	18.6	19.5	20.7
Lease payments	86.0	124.2	142.7	113.7	214.2	228.0	241.7
Property payments	19.2	55.7	58.2	37.6	40.0	43.6	46.2
Travel and subsistence	42.5	40.9	36.3	31.4	30.1	31.7	33.6
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	2.2	2.5	2.7	0.3	0.2	0.2	0.2
Provinces and municipalities	–	0.0	0.1	0.0	–	–	–
Public corporations and private enterprises	–	0.6	–	–	–	–	–
Households	2.2	1.9	2.6	0.2	0.2	0.2	0.2
Payments for capital assets	92.5	89.8	79.6	117.5	33.4	37.1	33.5
Buildings and other fixed structures	2.7	0.2	3.1	4.0	3.4	5.5	0.0
Machinery and equipment	89.8	89.6	76.5	113.5	30.0	31.6	33.5
Payments for financial assets	4.3	0.5	0.0	–	–	–	–
Total	567.9	669.2	682.5	698.5	732.6	782.7	830.2

Expenditure trends

Expenditure grew from R567.9 million in 2008/09 to R698.5 million in 2011/12, at an average annual rate of 7.1 per cent, due to increased spending on office accommodation. Payments for office accommodation grew from R94.4 million in 2008/09 to R174.6 million in 2011/12, at an average annual rate of 22.8 per cent. Over the medium term, expenditure is expected to increase to R830.2 million in 2014/15, at an average annual rate of 5.9 per cent. Most of the increase over the medium term is due to spending on goods and services, which is expected to grow from R321.6 million in 2011/12 to R472.4 million in 2014/15, at an average annual rate of 13.7 per cent, due to increased lease payments for the public private partnership unitary fees, lease payments for office buildings and administration fees.

Spending on compensation of employees grew from R151.5 million in 2008/09 to R259.1 million in 2011/12, at an average annual rate of 19.6 per cent, due to the inclusion of provincial office senior management staff into the management subprogramme. Spending on buildings and other fixed structures increased from R2.7 million in 2008/09 to R4 million in 2011/12, at an average annual rate of 13.6 per cent, due to the head office repairs and maintenance project.

Between 2008/09 and 2011/12, the programme used 12 consultants for 12 projects, at an estimated total cost of R21.7 million. The consultants worked on: the disclosure of the public private partnership contract in the financial statements; competency assessments for all senior management service members; public entities compliance; the update and maintenance of the accrual balance for the SAP implementation; and the facilitation,

analysis and evaluation of public entities financial reporting. Over the MTEF period, the programme estimates spending R16.9 million on consultants to assist with the disclosure of its information technology/information security public private partnership contract in the financial statements.

Programme 2: Inspection and Enforcement Services

Objectives and measures

- Protect vulnerable workers by:
 - inspecting 130 000 workplaces to achieve 80 per cent compliance with labour legislation by employers and employees inspected (proactive and reactive) within 90 days of receiving the complaint, with a specific focus on vulnerable sectors (private security, agriculture, forestry, hospitality, and domestic workers) to ensure that Decent Work principles are adhered to by 2012/13
 - settling at least 75 per cent of labour related complaints within 14 days of registration of complaint annually.
- Promote equity in the workplace and ensure the transformation of the labour market by inspecting 12 000 workplaces of which 160 will be designated employers or companies and 80 will be Johannesburg Stock Exchange listed companies to achieve 80 per cent compliance with employment equity legislation by 2012/13.
- Promote social protection by:
 - reducing accidents and injuries in the 4 high risk sectors (iron and steel, construction, chemicals, and agriculture and forestry) by conducting 40 audits per sector and 4 blitz inspections per year targeting 18 000 workplaces
 - increasing the promotion of knowledge and awareness of occupational health and safety to employers and workers in the agriculture sector by rolling out the roving safety representative project to KwaZulu-Natal and Western Cape provinces during 2012/13
 - reducing the overexposure of workers to silica dust by conducting inspections in 200 workplaces in the following industries: foundries (40), ceramics (20), sandstone (20), construction (20), refractories (80) and sandblasting (10) in 2012/13.
- Strengthen the department's institutional capacity by developing and implementing competency and induction programmes for existing and new inspectors in 2012/13.

Subprogrammes

- *Management and Support Services: Inspection and Enforcement Services* manages the delegated administrative and financial responsibilities of the office of the deputy director general: inspection and enforcement services, and provides corporate support to line function subprogrammes within the programme. This subprogramme had a staff complement of 40, including 24 pupil inspector posts, and a total budget of R12.1 million in 2011/12, of which 71.1 per cent was used for compensation of employees. Approved budget cuts of R130 000 have been identified in 2012/13 from advertising and inventory, stationery and printing.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery, through inspections to ensure compliance with the Occupational Health and Safety Act (1993). This subprogramme had a staff complement of 17 and a total budget of R16.9 million in 2011/12, of which 57.8 per cent was used for compensation of employees. In 2010/11, 208 inspections were conducted at identified industries with silica dust and a further 59 during the first half of 2011/12. Approved budget cuts of R300 000 in 2012/13 have been identified from inventory: stationery and printing.
- *Registration: Inspection and Enforcement Services* registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the relevant structures within the *Compliance, Monitoring and Enforcement* subprogramme for investigation. This subprogramme had a staff complement of 402 and a total budget of R82.5 million in 2011/12, of which 92 per cent was used for compensation of employees. In 2010/11, this subprogramme

registered 154 441 labour complaints, of which 75 per cent were settled within 90 days, with R16.5 million having been recovered for complainants. No approved budget cuts have been made in this subprogramme.

- *Compliance, Monitoring and Enforcement* ensures that employers and employees comply with labour legislation through regular inspections and follows up on reported incidents. This subprogramme had a staff complement of 864 and a total budget of R274.6 million in 2011/12, of which 78 per cent was used for compensation of employees. In 2010/11, over 120 566 of the 154 441 complaints received were investigated, of which 116 131 were settled within 90 days; 24 013 blitz inspections in high risk areas were conducted with a compliance rate of 60 per cent; 192 129 workplace inspections were conducted with a compliance rate of 77 per cent; 157 132 routine inspections were conducted with a compliance rate of 80 per cent; and 9 734 employment equity inspections were conducted with a compliance rate of 79 per cent. No approved budget cuts have been made in this subprogramme.
- *Training of Staff: Inspection and Enforcement Services* defrays all expenditure relating to staff training within this programme in order to easily identify this expenditure for reporting purposes. This subprogramme has no staff complement and a total budget of R3.2 million in 2011/12, of which 100 per cent was used for staff training. No approved budget cuts have been made in this subprogramme.

Expenditure estimates

Table 18.6 Inspection and Enforcement Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management and Support Services:	9.5	10.6	8.5	12.1	14.0	15.0	15.9
Inspection and Enforcement Services							
Occupational Health and Safety	12.6	12.4	15.9	16.9	14.5	15.6	16.6
Registration: Inspection and Enforcement Services	61.1	66.3	61.3	82.5	94.8	100.2	106.2
Compliance, Monitoring and Enforcement	173.3	199.2	240.9	274.6	301.2	321.3	340.7
Training of Staff: Inspection and Enforcement Services	2.6	1.4	2.8	3.2	4.7	4.6	4.9
Total	259.2	290.0	329.4	389.3	429.2	456.8	484.3
Change to 2011 Budget estimate				2.6	1.8	3.6	3.9

Economic classification

Current payments	257.9	289.6	328.6	389.1	429.1	456.7	484.2
Compensation of employees	183.6	210.7	248.8	308.4	352.9	375.9	398.5
Goods and services	74.4	79.0	79.8	80.7	76.2	80.8	85.7
of which:							
Communication	12.1	14.2	14.1	15.8	14.5	15.4	16.4
Lease payments	0.3	0.2	0.1	0.3	1.7	1.9	2.0
Property payments	0.7	3.8	3.9	4.2	3.5	3.7	4.0
Travel and subsistence	37.2	38.3	47.0	42.2	30.9	32.7	34.6
Transfers and subsidies	1.1	0.4	0.4	0.2	0.1	0.1	0.1
Households	1.1	0.4	0.4	0.2	0.1	0.1	0.1
Payments for capital assets	0.1	0.0	0.4	-	-	-	-
Machinery and equipment	0.1	0.0	0.4	-	-	-	-
Total	259.2	290.0	329.4	389.3	429.2	456.8	484.3

Details of selected transfers and subsidies

Households							
Other transfers to households							
Current	1.1	0.4	0.4	0.2	0.1	0.1	0.1
Employee social benefits	1.1	0.4	0.4	0.2	0.1	0.1	0.1

Expenditure trends

Over the medium term, this programme will focus on professionalising the inspectorate by enhancing capacity to effectively monitor and enforce compliance with legislation, through the employment of appropriately qualified and experienced inspectors to ensure that Decent Work principles are adhered to and that vulnerable workers are protected. Due to the professionalisation of the inspectorate, the number of posts is expected to increase from 1 316 in 2011/12 to 1 429 over the MTEF period. In 2010/11, 192 129 health and safety inspections were conducted at a cost of R240.9 million.

Expenditure increased from R259.2 million in 2008/09 to R389.3 million in 2011/12, at an average annual rate of 14.5 per cent, due to increased spending on compensation of employees to retain labour inspectors by improving their remuneration. This also accounts for the 21 per cent increase in expenditure in the *Compliance, Monitoring and Enforcement* subprogramme between 2009/10 and 2010/11. In 2011/12, 90 additional inspector posts will be established to provide additional capacity in the inspectorate.

Over the medium term, expenditure is expected to grow from R389.3 million in 2011/12 to R484.3 million in 2014/15, at an average annual rate of 7.5 per cent, mainly due to additional allocations in the 2011 MTEF of R28 million in 2012/13 and R32 million in 2013/14 for the creation of new specialist inspector posts in the *Occupational Health and Safety* subprogramme. The bulk of the goods and services budget is spent on travelling costs for inspectors who have to visit workplaces, either for proactive or reactive inspections, to ensure a safe working environment. Fleet services, an expenditure item under goods and services, increases at an average annual rate of 33.8 per cent over the MTEF period. The fluctuation in fuel prices and the possible implementation of the tolled roads in Gauteng will influence the number of inspections that the inspectors will be able to conduct with available resources.

Consultants were appointed in 2011/12 to work on the second phase of the silicosis research study project for six months at a cost of R500 000, and to assess compliance with occupational health and safety measures in the high risk construction, agriculture, and iron and steel sectors, at a cost of R969 000. These consultants are paid from the *Research, Policy and Planning* subprogramme budget under the *Labour Policy and Industrial Relations* programme. Spending on consultants over the medium term is estimated at R2.3 million and they will assist with investigations into major health and safety incidents.

Programme 3: Public Employment Services

Objectives and measures

- Reduce unemployment by registering and placing unemployed people in decent work by:
 - providing free recruitment and selection services for at least 70 per cent of reported government posts at levels 2 to 6 and selected positions in state owned enterprises and municipalities annually
 - filling at least 50 per cent of job opportunities on the employment services database within 60 days of their registration on the system annually
 - supporting a multi-pronged strategy to reduce youth unemployment on an ongoing basis through training and employment creation innovation programmes
 - making and submitting recommendations to the Department of Home Affairs on migrant corporate and general work permit applications on an ongoing basis
 - providing career counselling and employability enhancement programmes for 90 000 work seekers in 2012/13
 - facilitating the employment of 100 people with disabilities per year by ensuring that service products (sheltered employment factories), orders and sales are increased by 30 per cent per year
 - facilitating the achievement of employment equity targets for disability over the MTEF period by training 600 learners with disabilities per year for employment in the mainstream economy.

Subprogrammes

- *Management and Support Services: Public Employment Services* manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. This subprogramme had a staff complement of 23, including senior managers in the *Employer Services* and *Work Seeker Services* subprogrammes. It had a budget of R25 million in 2011/12, of which 57.3 per cent was used for compensation of employees. No approved budget cuts have been made in this subprogramme.
- *Employer Services* facilitates the registering of vacancies and disseminates scarce skills information, issues immigrant corporate and work permits, records migrating skilled South Africans, oversees placements, responds to companies in distress, provides a social plan, and regulates private employment agencies. This subprogramme had a staff complement of 361 and a total budget of R141.5 million in 2011/12, of which

80.3 per cent was used for compensation of employees. In 2010/11, 675 private employment agencies were registered against a target of 1 031. In the same year, 1 907 employers were recruited to register on the Employment Services for South Africa database against a target of 1 000. Approved budget cuts of R329 000 in 2012/13 have been identified from venues and facilities and travel and subsistence.

- *Work Seeker Services* registers work seekers, retrenched workers, work vacancies, training and income generating opportunities on the employment services system, and facilitates access to employment and income generating opportunities for the unemployed and underemployed. This subprogramme had a staff complement of 197 and a total budget of R26.2 million in 2011/12, of which 93.8 per cent was used for compensation of employees. In 2010/11, 483 038 work seekers were registered on the Employment Services for South Africa database against a target of 652 611. In the same year, 31 per cent of the work seekers were assessed and profiled against a target of 50 per cent. Approved budget cuts of R330 000 has been identified in 2012/13 from travel and subsistence.
- *Designated Groups Special Services* facilitates the transfer of subsidies to national councils to promote the employment of people with disabilities, youth and women in collaboration with sheltered employment factories and other relevant bodies. This subprogramme has no staff complement and a total budget of R722 000 in 2011/12, which was transferred in full to the South African National Council for the Blind (R287 000), the Deaf Federation of South Africa (R235 000) and the National Council for Persons with Physical Disabilities in South Africa (R200 000). No approved budget cuts have been made in this subprogramme.
- *Sheltered Employment Factories and Subsidies to Designated Workshops* transfers funds to subsidised workshops for the blind and subsidised work centres for people with disabilities, and aims to improve the administration, production and financial control of sheltered employment factories and workshops. This subprogramme has no staff complement and a total budget of R59.8 million in 2011/12, which was transferred in full to non-profit institutions. No approved budget cuts have been made in this subprogramme.
- *Productivity South Africa* transfers funds to Productivity South Africa, which promotes improvements in workplace productivity and competitiveness. This subprogramme has no staff complement and a total budget of R34.1 million in 2011/12, which was transferred in full to the entity. In 2010/11, 13 533 jobs were saved against a target of 20 000. In the same year, 2 707 small, medium and micro enterprises (SMME) managers were trained against a target of 3 000. No approved budget cuts have been made in this subprogramme.
- *Unemployment Insurance Fund* provides for the possible future funding of the Unemployment Insurance Fund. This subprogramme has no staff complement and a total budget of R1 000 in 2011/12. No approved budget cuts have been made in this subprogramme.
- *Compensation Fund* provides for costs incurred through claims from civil servants for injuries sustained on duty or occupation related illnesses and diseases, and provides for the funding of claims from the Compensation Fund. This subprogramme has no staff complement and a total budget of R36.1 million in 2011/12, which was transferred in full to the Compensation Fund based on claims received. No approved budget cuts have been made in this subprogramme.
- *Training of Staff: Public Employment Services* facilitates training of staff within the programme to comply with the 1 per cent payroll Skills Development Levies Act (1999). This subprogramme has no staff complement and a total budget of R1.4 million in 2011/12. No approved budget cuts have been made in this subprogramme.

Expenditure estimates

Table 18.7 Public Employment Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management and Support Services:	6.9	16.1	19.2	25.0	30.0	30.3	32.6
Public Employment Services							
Employer Services	116.2	111.3	128.7	141.5	82.9	89.4	94.2
Work Seeker Services	20.5	18.1	22.9	26.2	90.1	97.6	103.8
Designated Groups Special Services	0.5	0.5	0.5	0.7	0.8	0.8	0.9
Sheltered Employment Factories and Subsidies to Designated Workshops	105.6	80.3	76.9	59.8	66.7	70.3	74.6
Productivity South Africa	41.1	29.5	31.2	34.1	36.5	39.0	41.5
Compensation Fund	6.4	6.0	8.9	36.1	14.1	15.6	17.3
Training of Staff: Public Employment Services	0.4	3.1	0.9	1.4	0.9	1.0	1.0
Total	297.6	264.8	289.3	324.8	322.0	344.1	365.7
Change to 2011 Budget estimate				28.7	8.5	13.4	15.2

Economic classification

Current payments	146.2	150.6	174.1	196.2	210.3	224.9	238.6
Compensation of employees	111.7	109.8	138.7	154.4	180.2	192.4	204.2
Goods and services	34.5	40.8	35.4	41.8	30.1	32.4	34.4
<i>of which:</i>							
Communication	6.8	6.8	7.6	5.8	3.9	4.1	4.3
Lease payments	0.2	0.2	0.2	0.7	1.9	2.0	2.1
Property payments	0.6	2.4	2.8	1.9	1.1	1.1	1.2
Travel and subsistence	16.0	14.4	15.2	11.0	9.1	10.2	11.3
Transfers and subsidies	151.3	114.1	115.0	128.4	111.8	119.2	127.1
Departmental agencies and accounts	47.5	35.5	40.1	70.2	50.6	54.7	58.7
Non-profit institutions	103.3	78.3	74.8	58.2	61.1	64.5	68.3
Households	0.5	0.3	0.1	0.0	0.0	0.0	0.0
Payments for capital assets	0.1	0.1	0.2	0.3	-	-	-
Machinery and equipment	0.1	0.1	0.2	0.3	-	-	-
Total	297.6	264.8	289.3	324.8	322.0	344.1	365.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Social security funds							
Current	6.4	6.0	8.9	36.1	14.1	15.6	17.3
Compensation Fund	6.4	6.0	8.9	36.1	14.1	15.6	17.3
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	41.1	29.5	31.2	34.1	36.5	39.0	41.5
Productivity South Africa	41.1	29.5	31.2	34.1	36.5	39.0	41.5
Non-profit institutions							
Current	103.3	78.3	74.8	58.2	61.1	64.5	68.3
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	0.3	0.3
South African National Council for the Blind	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Subsidised workshops for the blind	7.4	7.7	8.2	8.7	9.1	9.6	10.2
Subsidised work centres for the disabled	95.4	70.1	66.1	48.8	51.2	54.1	57.3
Households							
Other transfers to households							
Current	0.5	0.3	0.1	0.0	0.0	0.0	0.0
Employee social benefits	0.5	0.3	0.1	0.0	0.0	0.0	0.0

Expenditure trends

The spending focus over the MTEF period will be on: strengthening the employment services system; enhancing capacity in order to implement the Employment Services Bill; registering work seekers to enhance support for government's multi-pronged strategy to reduce youth unemployment and increase job creation; and facilitating placement in decent job opportunities or making referrals to other departmental beneficiary services.

In 2010/11, the *Employer Services* subprogramme spent R128.7 million to process 178 applications for migrant and corporate work permits, of which 115 were approved and 63 disapproved; register work opportunities from 1 907 companies; register 675 private employment agencies; and enhance the capacity of the subprogramme to deliver effective and efficient employer services.

Spending over the seven-year period is expected to grow from R297.6 million in 2008/09 to R365.7 million in 2014/15, at an average annual rate of 3.0 per cent. Spending in the *Compensation Fund* subprogramme grew at an average annual rate of 78.3 per cent between 2008/09 and 2011/12, due to a once-off additional allocation of R26.5 million in 2011/12 to fund the administration costs of increased public servant claims for injuries, illness and diseases contracted while on duty.

In 2010/11, one consultant was appointed as the acting chief financial officer for the sheltered employment factories at a cost of R463 752 and was paid from the transfer to the sheltered employment factories. Spending on consultants over the medium term is estimated at R258 000 for capacity building to ensure the effective implementation of the Employment Services Bill.

Programme 4: Labour Policy and Industrial Relations

Objectives and measures

- Improve the status of vulnerable workers by:
 - reviewing 16 sectoral determinations on appropriate minimum wages and conditions of employment by March 2015
 - investigating the feasibility of establishing a medical aid scheme for the private security sector by March 2013
 - investigating the feasibility of establishing provident funds for the domestic worker and farm worker sectors by March 2013 to bring them in line with other sectors.
- Address income disparities along racial and gender lines through:
 - promoting the relevant provisions of the Employment Equity Act (1998) by endorsing the principle of equal pay for work of equal value across all occupational levels of the workforce in the labour market
 - assisting employers in identifying income disparities by conducting 7 income differential assessments per quarter.
- Managing the implementation of the Labour Relations Act (1995) by annually extending collective agreements and registering labour organisations within 90 days of receiving a completed application.

Subprogrammes

- *Management and Support Services: Labour Policy and Industrial Relations* manages delegated administrative and financial responsibilities; coordinates all planning, monitoring and evaluation functions; and provides corporate support to line function subprogrammes. This subprogramme had a staff complement of 18 and a total budget of R10.3 million in 2011/12, of which 67.8 per cent was used for compensation of employees. No approved budget cuts have been made in this subprogramme.
- *Strengthen Civil Society* makes transfers to various civil society organisations that provide resources, support and expertise to improve the independence and self-reliance of workers and employers, with the aim of strengthening the capacity of workers and employers to contribute to a stable and smoothly functioning labour market. This subprogramme has no staff complement and a budget of R15.1 million in 2011/12, which was transferred in full to civil society organisations, including R2.2 million to the

Workers' College KwaZulu-Natal and R8.4 million to the Ditsela Workers' Education Institute. No approved budget cuts have been made in this subprogramme.

- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through developing policies and practices that promote sound labour relations. This subprogramme had a staff complement of 31 and a total budget of R11.1 million in 2011/12, of which 84 per cent was used for compensation of employees. In 2010/11, 38 new applications for registrations by labour organisations were processed and 15 collective agreements were extended. No approved budget cuts have been made in this subprogramme.
- *Employment Equity* promotes equity in the labour market through improving the enforcement of the Employment Equity Act (1998). This subprogramme had a staff complement of 20 and a total budget of R12.2 million in 2011/12, of which 45.5 per cent was spent on compensation of employees. The balance of the allocation is used to publish employment equity compliance information and market the employment equity online reporting facility. In 2010/11, follow-up visits were conducted on 61 Johannesburg Stock Exchange listed companies for substantive compliance with the act, against a target of 60, and letters sent regarding measures to address income differentials. An approved budget cut of R236 000 in 2012/13 has been identified from venues and facilities.
- *Employment Standards* protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). This subprogramme had a staff complement of 17 and a total budget of R11.9 million in 2011/12, of which 47.9 per cent was used for compensation of employees, while 52.1 per cent was used to establish and review sectoral determinations, administer the act and protect children from labour exploitation. In 2010/11, 6 out of 8 sectoral determinations were reviewed for the civil engineering, hospitality, general learnerships, taxi, contract cleaning and domestic sectors at a cost of R2.1 million, resulting in improved conditions of employment for workers in these sectors. Cost saving measures will be introduced by conducting public hearings for more than one sector at the same time, thereby reducing travel and accommodation costs. Further cost saving measures will include reduced communications activities. In 2010/11, savings of R113 500 were realised due to these interventions and have been reprioritised to publishing labour regulations for children between 15 and 18. No approved budget cuts have been made in this subprogramme.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes fairness in the workplace through dispute prevention and dispute resolution services. This subprogramme has no staff complement and a total budget of R448.1 million in 2011/12, which was transferred in full to the commission. No approved budget cuts have been made in this subprogramme.
- *Research, Policy and Planning* supports policy formulation and the drafting of legislation in the department through conducting research, manages commissioned research projects, monitors and evaluates working conditions and policies affecting the labour market in South Africa and elsewhere, and identifies relevant labour market interventions and policy options. This subprogramme had a staff complement of 9 and a total budget of R15.2 million in 2011/12, of which 28.5 per cent was used for compensation of employees and 71.2 per cent was used for goods and services. In 2010/11, 3 research agenda projects were concluded, at a cost of R3.5 million: an assessment of registration, recruitment and selection services in Employment Services for South Africa; an Unemployment Insurance Fund client satisfaction survey; and a report on non-compliance with the Unemployment Insurance Act (2001) in the taxi, domestic and catering sectors. The projects have been completed and reports presented to the Minister of Labour. No approved budget cuts have been made in this subprogramme.
- *Labour Market Information and Statistics* collects, collates analyses, disseminates internal and external labour market statistics about changes in the South African labour market that impact on legislation, and triggers further research. This subprogramme had a staff complement of 100 and a total budget of R31.1 million in 2011/12, of which 80 per cent was used for compensation of employees. In 2010/11, 3 additional statistical officials joined the unit on a contract basis until 2013. They completed statistical training at the International Labour Organisation in Geneva, Switzerland at no cost to the department. The three officials are tasked with compiling the statistical yearbook using the department's administrative data. The first report is expected by March 2012. They are responsible for monitoring provincial data processing

and will also contribute to the development of the annual labour market bulletin to be released in September 2012. No approved budget cuts have been made in this subprogramme.

- *International Labour Matters* facilitates bilateral and multilateral cooperation between the department and its partners internationally to exchange information and best practices on labour market issues. This subprogramme had a staff complement of 16 and a total budget of R25.3 million in 2011/12, of which 27.6 per cent was used for compensation of employees, while 40.3 per cent was transferred to the International Labour Organisation (R9.6 million) and the African Regional Labour Administration Centre for South Africa's (R634 000) for membership fees. A key achievement has been the co-hosting of the 12th International Labour Organisation African Regional Meeting, which took place in October 2011 at the Sandton Convention Centre in Johannesburg, at a cost of R2 million. The objectives of the meeting were to plan for South Africa to meet its Decent Work country programme commitments, and to set out future priority actions for the region to promote the Decent Work agenda in Africa. No approved budget cuts have been made in this subprogramme.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth, participation in economic decision making and social equity. This subprogramme had a staff complement of 1 and a total budget of R24.5 million, of which 97.7 per cent was transferred to the council. No approved budget cuts have been made in this subprogramme.

Expenditure estimates

Table 18.8 Labour Policy and Industrial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management and Support Services:	8.1	8.5	8.5	10.3	11.3	11.9	12.6
Labour Policy and Industrial Relations							
Strengthen Civil Society	15.9	13.8	14.4	15.1	15.8	16.7	17.7
Collective Bargaining	9.3	9.5	9.7	11.1	12.0	12.6	13.3
Employment Equity	15.4	10.2	9.7	12.2	12.6	13.6	14.4
Employment Standards	8.2	7.7	6.5	11.9	12.8	13.5	14.3
Commission for Conciliation, Mediation and Arbitration	261.7	356.4	402.0	448.1	476.7	509.4	540.3
Research, Policy and Planning	4.8	8.5	12.3	15.2	15.2	16.1	17.0
Labour Market Information and Statistics	22.4	22.4	26.4	31.1	32.5	34.2	36.2
International Labour Matters	22.4	17.7	19.3	25.3	22.3	23.6	25.0
National Economic Development and Labour Council	14.3	20.0	16.3	24.5	24.7	26.2	27.8
Total	382.5	474.7	525.2	604.8	635.9	677.7	718.7
Change to 2011 Budget estimate				3.5	3.4	6.2	6.9
Economic classification							
Current payments	79.5	75.2	82.2	107.1	108.5	114.7	121.5
Compensation of employees	44.6	48.0	54.6	64.4	66.7	70.2	74.4
Goods and services	34.9	27.2	27.6	42.7	41.8	44.4	47.1
of which:							
Communication	1.5	1.3	1.8	1.6	1.6	1.7	1.8
Lease payments	0.9	0.5	0.5	1.0	1.1	1.1	1.2
Property payments	0.2	1.9	0.4	0.3	0.9	1.0	1.0
Travel and subsistence	11.5	8.4	7.6	9.2	9.9	10.4	11.1
Transfers and subsidies	302.7	399.3	443.0	497.4	527.3	563.0	597.1
Departmental agencies and accounts	275.7	376.0	417.9	472.0	500.8	535.0	567.5
Foreign governments and international organisations	10.4	8.6	10.7	10.2	10.7	11.3	12.0
Non-profit institutions	15.9	13.8	14.4	15.1	15.8	16.7	17.7
Households	0.7	0.9	–	0.1	–	–	–
Payments for capital assets	0.4	0.2	0.1	0.4	0.1	0.0	0.0
Machinery and equipment	0.4	0.2	0.1	0.4	0.1	0.0	0.0
Total	382.5	474.7	525.2	604.8	635.9	677.7	718.7

Table 18.8 Labour Policy and Industrial Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	275.7	376.0	417.9	472.0	500.8	535.0	567.5
Commission for Conciliation, Mediation and Arbitration	261.7	356.4	402.0	448.1	476.7	509.4	540.3
National Economic Development and Labour Council	14.0	19.6	15.9	23.9	24.1	25.6	27.1
Foreign governments and international organisations							
Current	10.4	8.6	10.7	10.2	10.7	11.3	12.0
International Labour Organisation	9.8	8.2	10.2	9.6	10.1	10.6	11.2
African Regional Labour Administration Centre	0.6	0.5	0.5	0.6	0.7	0.7	0.7
Non-profit institutions							
Current	15.9	13.8	14.4	15.1	15.8	16.7	17.7
Strengthen Civil Society	15.9	13.8	14.4	15.1	15.8	16.7	17.7
Households							
Social benefits							
Current	0.7	0.9	-	0.1	-	-	-
Households	0.7	0.9	-	0.1	-	-	-

Expenditure trends

The spending focus over the medium term will be on: protecting vulnerable workers through the review and extension of sectoral determinations; promoting sound labour relations and promoting equity in the labour market through employment equity assessments and reviews; and strengthening the capacity of labour market institutions to contribute to employment creation. The *Employment Standards* subprogramme spent R2.1 million to deliver six sectoral determinations in 2010/11, and the *Strengthen Civil Society* subprogramme transferred R14.4 million to seven civil society organisations to strengthen the capacity of workers and employers to contribute to a stable and smooth functioning labour market. The recipient organisations were the Congress of South African Trade Unions, the South African Confederation of Trade Unions, the Ditsela Workers' Education Institute, the South African Labour Bulletin, the Workers College Natal, the Cradock Advice Office and the Qholaqhwe Advice Centre.

Between 2008/09 and 2011/12, expenditure grew from R382.5 million to R604.8 million, at an average annual rate of 16.5 per cent, due to additional allocations to the Commission for Conciliation, Mediation and Arbitration to address its going concern status and for increased operations, and to the National Economic Development and Labour Council for operations. Spending is expected to increase to R718.7 million over the medium term, at an average annual rate of 5.9 per cent, due to additional allocations to the Commission for Conciliation, Mediation and Arbitration, and the National Economic Development and Labour Council of R3.6 million in 2012/13, R6.2 million in 2013/14 and R6.9 million in 2014/15 for improved conditions of service.

Between 2008/09 and 2011/12, this programme used 57 consultants for 30 projects at an estimated total cost of R18.8 million. The projects included: evaluating the impact of sectoral determinations in addressing the plight of vulnerable workers; assessing compliance with occupational health and safety in three high risk sectors; assessing the impact of the second national skills development strategy; monitoring non-compliance with the unemployment insurance act; providing legal advice on the practice of labour broking; reviewing labour law; and drafting amendments to three pieces of labour legislation.

Spending on consultants over the medium term is projected at R32.2 million. These consultants will work on: investigating the unskilled labour and taxi sectors, determining the impact of sectoral determinations in addressing the plight of vulnerable workers, analysing the survey on activities of young people; conducting a research seminar on the labour legislative environment, developing a worker cooperatives support strategy, conducting a research seminar on the informal economy and the impact of employment equity since its inception, assessing compliance with occupational health and safety in the high risk construction, agriculture and iron and steel

sectors; evaluating bargaining council pension and provident funds; assessing the impact of the second national skills development strategy; and researching noise induced hearing loss.

Public entities and other agencies

Unemployment Insurance Fund

Overview: 2008/09 – 2014/15

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 as legislated in the Unemployment Insurance Act (2001) as amended. The fund is financed by contributions from employees and employers as legislated in the Unemployment Insurance Contributions Act (2002).

The fund's strategic and policy approach is derived from the Minister of Labour's Programme of Action and policy directives from the Department of Labour. Key priorities for the short to medium term include: re-integrating unemployed workers into the labour market; assisting in job-creation; restructuring of Unemployment Insurance Fund benefits and coverage; combating fraud and corruption; improving the capacity and efficacy of the fund; improving service delivery, revenue inflows and customer awareness and satisfaction; funding poverty alleviation schemes; improving governance; strengthening the institutional capacity of the fund; and encouraging compliance through enhanced service delivery and improving stakeholder relations.

As mandated by section 48(1)(a)(iv) of the Unemployment Insurance Act (2001), the fund will establish partnerships to identify projects that can alleviate the harmful effects of unemployment by creating or retaining jobs, providing social plans to stabilise employers, and placing unemployed workers. The fund has committed R1.2 billion to the training layoff scheme managed by the Commission for Conciliation, Mediation and Arbitration. In terms of the training and social plan funding, funds will be utilised to skill the unemployed in general and the Fund's unemployment beneficiaries in order to improve their chances of reintegration into employment.

Performance

In 2010/11, the fund registered 69 701 new employers on its database, raising the total number of employers to 1 350 651. In addition, the fund added 162 049 employees to its database, raising the total to 7 919 290 registered employees. Through the improvement of the fund's business processes and communication drive, a benefit approval rate of 97.4 per cent was obtained. By 2014/15, the fund aims to process 90 per cent of claims received within 90 days of receiving the claim compared to 73 per cent finalised in 2010/11. In 2010/11, the fund placed 47 per cent of beneficiaries of the mandated social responsibility investment programmes in job creation projects and aims to place 90 per cent by 2014/1. The fund designed an additional 9 schemes over the medium term to re-integrate the unemployed back into employment.

Selected performance indicators

Table 18.9 Unemployment Insurance Fund

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of schemes designed to re-integrate the unemployed back into employment by March each year	Initiative aimed at alleviating the harmful effects of unemployment	- ¹	2	4	7	10	13	15
Percentage of beneficiaries of the mandated social responsibility investment programmes placed in job creation projects per year	Initiative aimed at alleviating the harmful effects of unemployment	- ²	- ²	47% (R1.035bn)	70%	80%	90%	95%
Percentage improvement observed in compliance by employers per year compared to the previous year	To provide effective short term unemployment insurance to all workers who qualify for unemployment and related benefits	12.7% (R10.3bn)	4.2% (R10.7bn)	5.4% (R11.3bn)	11%	11%	11%	11%

Table 18.9 Unemployment Insurance Fund (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage increase in the rand value of the overpayment balance recovered per year	Encourage compliance to enhance service delivery	35.6% (R22.2 m)	^{33%} (R37.2 m)	22% (R58.0m)	18%	20%	22%	25%
Percentage increase in the number of employers using the uFiling system by March each year	To provide effective short term unemployment insurance to all workers who qualify for unemployment and related benefits	- ²	61.2% (13 354)	73% (11 152)	20% (31 603)	25% (39 504)	30% (51 355)	30% (66 762)
Percentage of claims finalised within 5 weeks as reflected on the Siyaya system	To provide effective short term unemployment insurance to all workers who qualify for unemployment and related benefits	76% (476 705)	51.5% (412 572)	73% (547 399)	80%	82.5%	85%	90%

1. The designing of schemes commenced in 2009/10.

2. New indicator.

Programmes/activities/objectives

Table 18.10 Unemployment Insurance Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
To provide effective short-term unemployment insurance to all workers who qualify for unemployment and related benefits.	3 847.2	5 710.0	5 382.4	6 169.0	7 057.4	8 073.6	9 236.2
Unemployment Benefits	2 834.2	4 536.4	4 173.2	4 784.4	5 473.3	6 261.5	7 163.2
Illness Benefits	211.6	231.8	232.7	266.5	304.9	348.8	399.0
Maternity Benefits	537.1	623.8	658.3	754.0	862.5	986.8	1 128.9
Adoption Benefits	0.5	0.7	0.7	0.8	1.0	1.1	1.3
Dependants Benefits	263.9	317.3	317.5	363.3	415.6	475.5	544.0
Initiatives aimed at alleviating the harmful effects of unemployment funded	-	4.1	48.2	610.2	610.0	450.0	200.0
Training of the Unemployed	-	4.1	41.6	210.2	210.0	250.0	200.0
Training Lay-off Scheme	-	-	6.6	400.0	400.0	200.0	-
Other Objectives	817.5	2 174.8	604.8	1 442.2	1 718.5	1 909.0	2 150.9
Total expense	4 664.8	7 888.9	6 035.4	8 221.5	9 385.9	10 432.6	11 587.1

The Unemployment Insurance Fund had a total budget of R8.2 billion in 2011/12, of which 75 per cent was used for the payment of unemployment insurance benefits.

Savings and cost effectiveness measures

The fund realised savings of R44 million on administrative expenditure, R86 million on operating expenditure and R83.9 million on employee costs, mainly as a result of initiatives implemented to reduce air travel, the use of car rental and accommodation, and the number of meetings and hence catering costs. Savings were also realised through the implementation of the South African Post Office contract to print and distribute various letters in bulk. Savings over the medium term as a result of these measures is estimated at R204 million.

Expenditure estimates

Table 18.11 Unemployment Insurance Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	3 528.6	4 099.5	4 293.1	3 797.9	4 250.2	4 670.1	5 038.6
Sale of goods and services other than capital assets	2.0	2.3	2.3	3.6	3.3	2.4	2.6
<i>of which:</i>							
<i>Sales by market establishments</i>	2.0	2.1	2.2	2.0	2.1	2.2	2.3
<i>Other sales</i>	0.0	0.2	0.0	1.6	1.2	0.2	0.2
<i>Other non-tax revenue</i>	3 526.5	4 097.2	4 290.8	3 794.4	4 246.9	4 667.7	5 036.0
Transfers received	10 223.9	10 643.0	11 204.3	12 007.7	12 828.5	13 509.4	14 226.8
Total revenue	13 752.5	14 742.5	15 497.3	15 805.7	17 078.7	18 179.5	19 265.4
Expenses							
Current expense	757.5	848.0	1 017.9	1 377.5	1 467.0	1 530.4	1 604.6
Compensation of employees	349.0	416.7	515.0	704.7	747.0	788.0	827.4
Goods and services	405.1	426.6	497.3	666.4	710.5	734.2	771.1
Depreciation	3.4	4.7	5.6	6.4	9.5	8.1	6.0
Transfers and subsidies	3 907.2	7 040.9	5 017.5	6 843.9	7 918.9	8 902.3	9 982.5
Total expenses	4 664.8	7 888.9	6 035.4	8 221.5	9 385.9	10 432.6	11 587.1
Surplus / (Deficit)	9 087.7	6 853.6	9 461.9	7 584.2	7 692.9	7 746.9	7 678.3

Expenditure trends

Over the medium term, the fund will focus its spending on: implementing poverty alleviation schemes to assist unemployed workers registered on the fund's database; strengthening the institutional capacity of the fund; and encouraging compliance by employers through advocacy, enhanced service delivery and improved stakeholder relations and reforms to the unemployment insurance scheme.

The fund generates approximately 74 per cent of its revenue from unemployment contributions and 26 per cent from non-tax revenue, with the latter driven by interest on investments. Total revenue is expected to grow from R13.8 billion in 2008/09 to R19.3 billion in 2014/15, at an average annual rate of 4.9 per, due to an anticipated increase in fund contributors as the economy recovers.

Expenditure grew from R4.7 billion in 2008/09 to R8.2 billion in 2011/12, at an average annual rate of 20.8 per cent, and is expected to grow to R11.6 billion in 2014/15, at an average annual rate of 12.1 per cent over the medium term. This is as a result of an increase in expenditure in compensation of employees due to the appointment of payroll auditors, general salary adjustments, the decentralisation of staff for functions in the provinces, the organisational restructuring of the fund, and an increase in transfers and subsidies paid to the fund's beneficiaries. The latter increases are based on actuarial reports, and labour and economic trends. The increased expenditure on additional staff and premises at the additional number of service delivery sites will strengthen capacity and improve delivery.

The 34 per cent increase in spending on goods and services in 2011/12 was mainly due to the additional R36 million that the fund has budgeted for lease payments for additional office premises in the provinces. Unemployment insurance claims paid, which are reflected in transfers and subsidies expenditure, grew from R3.9 billion in 2008/09 to R6.8 billion in 2011/12, at an average annual rate of 20.5 per cent, due to increased retrenchments arising from the global economic crisis. This trend is expected to continue over the medium term with spending increasing at a slower average annual rate of 13.4 per cent as global economies begin to recover. The fund fulfilled its mandate in 2010/11 and paid R5.3 billion in claims to 732 158 beneficiaries of which:

- R4.1 billion was paid to 578 266 claimants for unemployment benefits
- R232 million was paid to 22 727 claimants for illness benefits
- R659 million was paid to 104 042 claimants for maternity and adoption benefits

- R317 million was paid to 27 123 claimants for dependant benefits.

Over the medium term, the fund estimates to spend R26.8 billion on providing unemployment, illness, maternity and adoption benefits, and illness benefits.

Personnel information

Table 18.12 Unemployment Insurance Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	–	1	1	1	1	1	1	1
Senior management	11	11	4	9	9	8	7	14	17	17
Middle management	26	26	3	22	21	25	23	30	35	40
Professionals	47	47	4	42	44	43	43	53	58	65
Skilled	100	100	9	78	81	89	91	100	115	130
Semi-skilled	257	257	7	218	235	249	250	260	280	295
Very low skilled	13	13	2	10	10	10	11	12	11	11
Total	455	455	29	380	401	425	426	470	517	559
Compensation (R thousand)				349 014	416 734	515 009	704 676	746 960	788 043	827 445
Unit cost (R thousand)				918	1 039	1 212	1 654	1 589	1 524	1 480

1. As at 30 September 2011.

As at the 30 September 2011, the entity had an establishment of 455 posts, all of which were funded. The number of filled posts increased from 380 in 2008/09 to 426 in 2011/12, and is expected to grow to 559 in 2014/15. This growth is as a result of the fund's organisational restructuring to align its structure with its key business processes, taking into account the decentralisation drive to improve service delivery and the implementation of the virtual office concept.

There were 29 vacancies within the fund, of which 2 were at the very low skilled level, 7 in the semi-skilled level, 9 at the skilled level, 4 in the professional level and 7 in management. These posts remain vacant pending the finalisation of the organisational restructuring process.

The fund has budgeted R157.1 million over the medium for consultants to provide risk advisory services and policy development, security services, asset software, forensic audit, internal audit, change management, specialised recruitment and the verification of qualifications, and financial year-end technical support. The ratio of support staff to line function staff is 1:1.1. This figure includes vacancies created as employees leave the fund and others are promoted within the fund.

Compensation Fund

Overview: 2008/09 – 2014/15

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (1993). The fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases. The fund derives its revenue from levies paid by employers, which consists mainly of annual assessments paid by registered employers on the basis of a percentage or fixed rate of the annual earnings of their employees. The act, however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs incurred.

Over the past few years, good progress has been made in reducing the service delivery challenges experienced by the fund and its clients. To this end, the fund has improved services to beneficiaries by shortening the turnaround time and improving access for beneficiaries, as well as improving communication with stakeholders. To meet its key strategic priority of efficiently and effectively providing compensation for occupational related injuries, diseases and death and (of improving the health profile of the nation), the fund will focus on the following initiatives:

- intensifying the implementation of the rehabilitation and reintegration policy framework

- enlisting the help of tracing agents to contact injured employees and dependants, and obtain outstanding information to finalise claims. This will reduce the number of outstanding claims in the funds operations
- conducting a study on all employees on pension and those who require prosthetic devices, in order to compile a database for the fund.

Performance

The fund registered 215 493 claims in 2010/11, of which 144 081 or 67 per cent were finalised. The remaining 33 per cent are claims where the medical condition of the employee has not stabilised, and will only be assessed in the next financial year as per the Compensation for Occupational Injuries and Diseases Act (1993). Although there were fewer payments made in 2010/11 (329 091 compared to 340 159 in 2009/10), the Rand value of claims processed for the year was 4 per cent higher than 2009/10 at R801.7 million. This was due to the Compensation Board reviewing existing benefits and recommending increases in a number of benefits such as the caregiver's allowance for pensioners and maximum funeral benefits.

In December 2010, the fund piloted the decentralisation of certain claims functions to the remaining five provinces (Gauteng, Western Cape, Northern Cape, North West and Mpumalanga). This has resulted in an increase in the number of claims processed from 143 867 in first 6 months of 2009/10 claims to 165 612 in equivalent period in 2010/11, a 20 per cent increase. A draft organisational structure has been finalised, which will facilitate the process of redeploying staff permanently to the provinces. More medical professionals will be employed on a sessional basis to support the processing in provinces. The development and implementation of a new integrated claims management system has been accelerated. These initiatives will result in a large increase in the number of claims received, processed and finalised, and is reflected in the increase in targets over the MTEF period. The year-on-year increases in the number of employers registered is due in part to better cooperation with the Companies and Intellectual Property Commission, the South African Revenue Service and the Unemployment Insurance Fund, through the integrated customer data project.

The increase in the number of employers registered for assessment for contributions, and the concomitant growth in assessment revenue, is attributable to increased advocacy and information road shows, and more effective administration and collection of the assessment fees and any penalties.

Selected performance indicators

Table 18.13 Compensation Fund

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new claims registered per year	Compensation claims/ Compensation for Occupational Injuries and Diseases Act	203 711	200 559	215 493	449 742	472 229	661 121	700 788
Percentage of registered claims finalised per year	Compensation claims/ Compensation for Occupational Injuries and Diseases Act	70% (158 481)	60% (143 066)	67% (144 081)	33% (148 403)	75% (354 172)	77% (509 063)	82% (574 656)
Percentage of medical claims finalised per year within a three month period	Medical claims	70% (203 761)	70% (195 312)	64% (226 382)	45% (107 475)	70% (250 775)	75% (263 313)	80% (276 479)
Percentage growth in assessment revenue per year	Administration/ Operations	100% (R4.5 billion)	7% (R4 billion)	20% (R4.8 billion)	4% (R5 billion)	9% (R5.4 billion)	10% (R6 billion)	10% (R6.6 billion)
Percentage increase in the number of registered employers	Administration/ Operations	6% (380 244)	5% (400 355)	5% (422 371)	5% (443 490)	5% (465 664)	5% (488 947)	5% (513 395)

Programmes/activities/objectives

Table 18.14 Compensation Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration / Operations	287.8	345.4	401.7	498.6	633.7	660.9	685.8
Compensation claims / Compensation for Occupational Injuries and Diseases Act (1993)	3 041.2	2 736.2	2 129.6	1 947.3	1 607.3	1 773.5	1 907.1
Medical claims	2 114.1	1 826.1	1 362.6	1 639.5	2 178.3	2 164.6	2 189.5
Total expense	5 443.1	4 907.6	3 894.0	4 085.4	4 419.3	4 599.0	4 782.3

The Compensation Fund had a total budget of R4.1 billion in 2011/12, of which 87.8 per cent was used for the payment of claims for occupational injuries, illnesses and diseases.

Savings and cost effectiveness measures

The Compensation Fund is currently working on cost cutting measures, especially in administrative expenses. These include reducing the number of meetings, scheduling meetings in offices to avoid travel, and disconnecting telephone lines after 16h00. The decentralisation project pilot to provinces is expected to reduce costs in future by minimising travel cost as staff will be permanently deployed in the provinces.

Expenditure estimates

Table 18.15 Compensation Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	2 580.4	2 725.9	2 671.4	2 784.0	2 903.3	3 031.1	3 168.9
<i>Other non-tax revenue</i>	2 580.4	2 725.9	2 671.4	2 784.0	2 903.3	3 031.1	3 168.9
Transfers received	4 035.4	4 491.6	4 866.0	5 206.6	5 571.1	5 961.0	6 378.3
Total revenue	6 615.8	7 217.6	7 537.4	7 990.6	8 474.3	8 992.2	9 547.2
Expenses							
Current expense	439.8	610.1	674.7	737.3	937.3	977.7	1 016.2
Compensation of employees	130.0	152.5	184.7	203.0	342.5	359.7	374.0
Goods and services	304.8	445.1	486.3	530.3	590.7	613.7	637.7
Depreciation	5.1	3.3	1.8	1.9	2.0	2.1	2.2
Interest, dividends and rent on land	0.0	9.3	1.9	2.0	2.1	2.2	2.3
Transfers and subsidies	5 003.3	4 297.5	3 219.3	3 348.1	3 482.0	3 621.3	3 766.1
Total expenses	5 443.1	4 907.6	3 894.0	4 085.4	4 419.3	4 599.0	4 782.3
Surplus / (Deficit)	1 172.6	2 310.0	3 643.4	3 905.3	4 055.0	4 393.2	4 764.9

Expenditure trends

The spending focus over the medium term will be on restructuring the fund, implementing the early return to work policy and decentralising the fund's services for ease of access and efficient processing of all compensation related claims. In 2010/11, the Compensation Fund registered 215 493 claims and made 329 091 payments, at a cost of R2.1 billion. A total of 868 284 medical claims were paid, at a cost of R1.6 billion.

The fund generates its revenue from assessed levies on employers. Between 2008/09 and 2011/12, total revenue increased from R6.6 billion to R8 billion, at an average annual rate of 6.5 per cent, mainly due to increased compliance by employers in submitting their annual assessments and increased returns on investments. Revenue is expected to grow to R9.5 billion in 2014/15, at an average annual rate of 6.1 per cent over the MTEF period, due to an increase in assessments paid by employers.

Expenditure decreased from R5.4 billion in 2008/09 to R4.1 billion in 2011/12, at an average annual rate of 9.1 per cent, due to a 12.5 per cent decline in claims paid as a result of fewer backlog claims to be cleared arising from 2007/08. Spending on compensation of employees grew from R130 million to R203 million between 2008/09 and 2011/12, at an average annual rate of 16 per cent, as the fund filled posts on its new organisational structure. Spending on this item over the MTEF period is expected to grow to R374 million, at an average annual rate of 22.6 per cent, as the fund completes the decentralisation to provinces. Growth in expenditure will provide for the appointment of additional staff to roll out the decentralisation of functions to provincial offices, and the concomitant purchase of furniture, transport and equipment.

Between 2008/09 to 2011/12, spending on goods and services grew from R304.8 million to R530.3 million, at an average annual rate of 20.3 per cent due to the appointment of external consultants to assist with the turnaround strategy, the travel and subsistence related costs for the decentralisation pilot project and the existing contract with a debt collection agency. Although actual debt collection costs have increased over this period, the fund collected 359 per cent more than its target in 2010/11.

Over the seven-year period, spending on interest, dividends and rent on land is expected to grow from R47 000 to R2.3 million, at an average annual rate of 74.1 per cent, due to interest paid to service providers for late payments of claims due to inefficiencies. By the end of the second quarter of 2011/12, about 70 per cent of current claims were processed and paid within three months of receiving complete documentation.

Over the MTEF period, expenditure is expected to grow to R4.8 billion in 2014/15, at an average annual rate 5.4 per cent, due mainly to implementing the new computerised integrated claims management financial system, and maintaining the entity's building and restructuring the fund. This is also reflected in the 6.3 per cent increase in goods and services and the 22.6 per cent increase in compensation of employees over the MTEF period.

Personnel information

Table 18.16 Compensation Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹ 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive management	1	1	–	1	1	1	1	1	1	1
Senior management	13	13	1	6	11	11	12	13	13	13
Middle management	52	52	15	19	37	43	37	207	207	207
Skilled	210	210	–	179	184	199	212	596	596	596
Semi-skilled	435	435	15	379	409	419	420	600	600	600
Total	711	711	31	584	642	673	682	1 417	1 417	1 417
Compensation (R thousand)				129 985	152 483	184 653	316 535	342 526	359 653	374 038
Unit cost (R thousand)				223	238	274	464	242	254	264

1. As at 30 September 2011.

The fund had an establishment of 711 posts, which are all funded. The number of filled posts increased from 584 in 2008/09 to 682 in 2011/12, with the number projected to increase to 1 417 over the MTEF period due to the decentralisation of Compensation for Occupational Injuries and Diseases Act (1993) functions to all provinces.

The fund had a vacancy rate of 4.4 per cent or 31 posts, 15 at the semi-skilled level, 15 at middle management and 1 at senior management level. These posts remain vacant due to the organisational restructuring process that is currently under way. The ratio of support staff to line staff is 1:2. Over the medium term, the fund has budgeted R485 million for consultants for the rollout of SAP systems and financial and risk management.

Commission for Conciliation, Mediation and Arbitration

Overview: 2008/09 – 2014/15

The Commission for Conciliation, Mediation and Arbitration is an independent and autonomous organisation that was established by the Labour Relations Act (1995) to deliver services to the people of South Africa that ensures fair labour practices are observed.

The core mandate of the commission is derived from the purpose of the act which, among others, is to advance economic development, social justice, labour peace and the democratisation of the workplace. In response to this policy and legislative environment, the Siyaphambili strategy document sets out the roadmap which the organisation will follow to execute its mandate for the period 2012-2016, ensuring that the commission's services are of a high quality and that its processes and operations are effective and efficient. The main function of the commission is the conciliation of workplace disputes and the arbitration of disputes that remain unresolved after conciliation.

The global economic crisis has adversely affected the South African labour market, resulting in significant job losses and business closures. In 2009/10, the commission witnessed an unprecedented increase in its workload, from 132 868 cases in 2007/08 to 153 657 cases in 2009/10, as a direct result of the crisis. The organisation responded with creative solutions to the dramatic increase in demand. One of the innovations developed was to deal with cases electronically; another involved linking more bargaining councils to case management for easier case flow. A national response team was sent to guide, advise and support provincial managers to turn around performance and achieve efficiencies. Non-monetary incentives for staff, such as a director's award, were also introduced.

Activities undertaken by the commission included: marking its fifteenth year of operations in November 2011; streamlining its supply chain management processes following the recommendations of the Auditor-General, which included training and refresher courses for staff and participating at the International Labour Organisation. The commission is also responsible for accrediting and considering applications for subsidies by bargaining councils and private agencies, and manages the training layoff scheme on behalf of government. The aim of the scheme is to curb retrenchments during the economic downturn by the temporary suspension of work of a worker or group of workers. In the period in which work is suspended, the worker undergoes training, forfeiting a salary in lieu of a training allowance, while the employer continues to pay benefits.

Performance

For the first time in 3 years, the total number of referrals remained stable, with just a 1 per cent increase in jurisdictional cases, which translated into an average of 615 new cases referred each working day compared to 617 for the previous year. These figures reflect the economy's lower labour absorption rate. The number of cases over the medium term will depend on economic and labour market conditions, but referrals are provisionally expected to reach 174 758 by 2014/15. The number of cases settled is provisionally expected to reach 105 380 by 2014/15.

The number of conciliation, mediation and arbitration cases heard per year increased from 36 572 in 2008/09 to 49 222 in 2010/11 and is projected to grow to 87 379 by 2014/15. This increase is due to the planned opening of additional offices, the appointing of more commissioners, reviewing the way cases are heard and processed and setting targets for the number of cases heard per day by full time commissioners. The two latter initiatives will also impact on the finalisation of cases heard, which accounts for the increase in the number of cases finalised per year growing from 45 195 in 2011/12 to 69 903 in 2014/15.

In relation to the training layoff scheme, as at August 2011, the commission had assisted 14 017 people in 65 companies at a cost of R80.4 million provide by the Unemployment Insurance Fund and the National Skills Fund.

Selected performance indicators

Table 18.17 Commission for Conciliation, Mediation and Arbitration

Indicator	Activity/Objective/Programme/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of jurisdiction referrals per year	Deliver excellent service rooted in social justice ensuring balance between quality and quantity	85 847	118 842	119 362	131 298	144 428	158 871	174 758
Percentage of pre-conciliations heard per year	Deliver excellent service rooted in social justice ensuring balance between quality and quantity	14% (11 603)	14% (16 283)	15% (18 205)	10% (20 026)	10% (22 028)	10% (24 231)	10% (17 475)
Percentage of pre-conciliations settled (of jurisdiction cases) per year	Deliver excellent service rooted in social justice ensuring balance between quality and quantity	7% (5 661)	6% (7 256)	7% (8 533)	7% (9 386)	7% (10 325)	7% (11 357)	7% (12 233)
Percentage of conciliation, mediation and arbitration cases heard (of jurisdiction referrals) per year	Deliver excellent service rooted in social justice ensuring balance between quality and quantity	43% (36 572)	40% (47 375)	41% (49 222)	50% (54 144)	50% (59 559)	50% (65 514)	50% (87 379)
Percentage of conciliation, mediation and arbitration cases finalised (of jurisdiction referrals) per year	Deliver excellent service rooted in social justice ensuring balance between quality and quantity	45% (30 033)	32% (47 375)	34% (41 086)	40% (45 195)	40% (49 714)	40% (54 685)	40% (69 903)
Number of cases settled (based on finalised cases) per year	Deliver excellent service rooted in social justice ensuring balance between quality and quantity	45 834	65 004	71 976	79 174	87 091	95 800	105 380

Programmes/activities/objectives

Table 18.18 Commission for Conciliation, Mediation and Arbitration

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Deliver excellent service rooted in social justice ensuring balance between quality and quantity	123.6	154.3	144.0	187.3	188.8	191.5	196.4
Build skills to achieve professionalism	13.0	12.3	13.1	14.8	16.1	17.5	19.0
Enhance and entrench internal processes and systems for optimal deployment of resources	68.9	86.4	86.0	102.8	116.0	130.8	140.4
Align the structure that will enable optimal implementation of the strategy	116.6	110.9	117.8	132.9	144.7	157.4	171.2
Enrich the role of the commission in the labour market	1.3	4.5	5.0	5.0	5.3	5.6	5.9
Entrench an organisational culture that supports the delivery of the commission's mandate	4.3	12.4	15.4	19.6	20.6	21.8	22.9
Total expense	327.7	380.8	381.3	462.3	491.4	524.5	555.8

The Commission for Conciliation, Mediation and Arbitration had a total budget of R462.3 million in 2011/12, of which 40.5 per cent was spent on delivering the services of the commission and case disbursement costs.

Savings and cost effectiveness measures

The commission expects to save more than R1.5 million per year from: discontinuing the practice of paying senior commissioner fees on less complicated matters, revising the travel policy to pay allowances in line with South African Revenue Service requirements, requiring a cost benefit analysis before a travel booking is made, enforcing the guidelines on saving energy and recycling paper, and reducing communication costs through the rollout of voice over internet protocol nationally.

Expenditure estimates

Table 18.19 Commission for Conciliation, Mediation and Arbitration

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	12.0	9.1	11.2	14.2	14.8	15.2	15.5
Sale of goods and services other than capital assets	4.7	3.1	1.5	1.6	1.7	1.9	1.9
<i>of which:</i>							
Other sales	4.7	3.1	1.5	1.6	1.7	1.9	1.9
Other non-tax revenue	7.3	6.0	9.7	12.6	13.0	13.3	13.6
Transfers received	278.7	356.4	402.0	448.1	476.7	509.4	540.3
Total revenue	290.7	365.6	413.2	462.3	491.4	524.5	555.8
Expenses							
Current expense	327.7	380.8	381.3	462.3	491.4	524.5	555.8
Compensation of employees	129.6	123.3	130.9	147.7	160.8	174.9	190.2
Goods and services	191.2	251.4	249.9	310.4	327.0	345.9	362.0
Depreciation	6.9	6.1	0.6	4.2	3.7	3.7	3.7
Total expenses	327.7	380.8	381.3	462.3	491.4	524.5	555.8
Surplus / (Deficit)	(37.0)	(15.2)	31.9	-	-	-	-

Expenditure trends

With the Siyaphambili strategy in place since 2009/10, the spending focus over the medium term will be on research, communication, development and innovation, as well as increasing staff capacity to improve management internal controls and deal with deficiencies identified within the organisation. These measures will impact on expenditure on procuring goods and services and compensating employees. The commission also plans to review its funding/business model, work with the development policy research unit of the University of Cape Town to provide capacity and train research unit staff to provide labour market and economic information needed to support the commission's mutual interest mediators, investigate methods of increasing the commission's accessibility to the community, and revise the commission's rules and forms. In 2010/11, the average cost per case referred was R2 485, while the average cost per settlement was R5 430. The total cost of case disbursements was R144 million.

The commission generates revenue from user charges and interest received. Revenue grew from R290.7 million in 2008/09 to R462.3 million in 2011/12, at an average annual rate of 16.7 per cent, due to additional allocations from the department to fund an increase in demand for the commission's services brought about by the global economic crisis. Between 2008/09 and 2011/12, other non-tax revenue grew from R7.3 million to R12.6 million, at an average annual rate of 19.6 per cent, due to higher interest earned on investments. Over the medium term, total revenue is expected to increase to R555.8 million, at an average annual rate of 6.3 per cent, due to additional allocations provided in previous MTEF periods for the case management system and increased operations as a result of bringing services closer to the people.

Between 2008/09 and 2011/12, expenditure increased from R327.7 million to R462.3 million, at an average annual rate of 12.2 per cent, mostly due to increased spending on goods and services for case disbursement costs as a result of increased caseloads. Total spending over the medium term is projected to increase to R555.8 million, at an average annual rate of 6.3 per cent. This growth is mainly driven by increased spending on compensation of employees from R147.7 million in 2011/12 to R190.2 million in 2014/15, at an average annual rate of 8.8 per cent over the MTEF period. The increased spending on compensation of employees is to increase capacity to address the case loads of the research unit, and improve back office support to enhance the management of internal control deficiencies identified through the external audit. This also accounts for the 18.4 per cent increase in spending on this item in 2011/12.

Personnel information

Table 18.20 Commission for Conciliation, Mediation and Arbitration

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	8	8	–	8	8	8	8	8	8	8
Senior management	10	10	–	10	10	10	10	10	10	10
Middle management	75	75	–	75	75	75	75	75	75	75
Skilled	362	362	–	352	351	351	362	369	369	369
Semi-skilled	40	40	–	39	39	39	40	40	40	40
Total	495	495	–	484	483	483	495	502	502	502
Compensation (R thousand)				129 600	123 246	130 865	147 660	160 758	174 904	190 167
Unit cost (R thousand)				268	255	271	298	320	348	379

1. As at 30 September 2011.

As at 30 September 2011, the commission had an establishment of 495 posts, all of which were funded. The number of filled posts remained constant at 483 between 2008/09 and 2010/11, and is expected to increase from 495 in 2011/12 to 502 over the medium term, due to the need to increase capacity for the research unit and enhance the management of internal control. Research will play an important role in developing new and innovative techniques and solutions to dispute resolution, and maintaining the commission's reputation as a world leader in the field of dispute resolution.

The ratio of support staff to line function staff was 1:2.3. The commission has budgeted an estimated R18.4 million over the medium term for consultants to work on the upgrading of its financial systems.

Other public entities and agencies

- The **National Economic Development and Labour Council** requires organised labour, organised business, community based organisations and government to work as a collective to promote the goals of economic growth and social and economic equity. The entity's total budget for 2012/13 is R25.1 million.
- **Productivity South Africa** aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between government, labour and business. The entity's total budget for 2012/13 is R116 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome				Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11	2011/12		2012/13	2013/14
Departmental infrastructure										
R million										
Rustenburg labour centre: Construction of building	New labour centre	Construction	15.5	-	-	1.6	1.5	1.0	5.1	-
Mount Ayliff : Site clearance	New labour centre	Design	15.2	-	0.3	-	-	0.2	0.2	-
Garankuwa: Site clearance	New labour centre	Design	0.3	-	0.0	-	-	0.2	0.1	-
Middelburg: Site clearance	New labour centre	Design	0.5	-	-	-	0.3	0.2	-	-
Athlone: Site Clearance	New labour centre	Design	1.6	-	-	-	0.2	0.2	-	-
Cape Town: Site clearance	New labour centre	Design	13.0	-	-	-	1.0	0.2	-	-
Swellendam: Site clearance	New labour centre	Design	0.5	-	-	-	0.1	0.2	-	-
Vredenburg: Site Clearance	New labour centre	Design	1.6	-	-	-	-	0.2	-	-
Somerset West: Site clearance	New labour centre	Design	2.1	-	-	-	0.3	0.2	-	-
Krystna: Site clearance	New labour centre	Design	1.5	-	-	-	0.2	0.2	-	-
Bellville: Site clearance	New labour centre	Design	0.4	-	-	-	-	0.2	-	-
Vredendal: Site clearance	New labour centre	Design	0.4	-	-	-	-	0.2	-	-
Ceres: Site clearance	New labour centre	Design	0.5	-	-	-	-	0.2	-	-
Volksrust: Site clearance	New labour centre	Design	0.4	-	-	-	0.3	0.2	-	-
Carltonville: Site Clearance	New labour centre	Design	0.0	-	-	-	-	0.2	-	-
Secunda: Site clearance	New labour centre	Design	2.0	-	-	-	-	0.2	-	-
Taung: Site clearance	New labour centre	Design	0.2	-	0.2	-	-	-	-	-
Security: Wendy houses	Labour centres security Wendy houses	Various	0.1	-	0.0	-	0.0	0.0	0.0	-
Security: Wendy houses	Security: Wendy houses at minister's parking in Laboria House	Various	0.0	-	0.0	-	-	-	-	0.0
Brokhorstspuit: Site clearance	New labour centre	Design	0.2	-	0.2	-	-	-	-	-
Lusikisiki: Site clearance	New labour centre	Design	0.1	-	0.1	-	-	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome				Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11	2012/13		2013/14	2014/15
Departmental infrastructure										
R million										
Lebowakgomo: Site clearance	New labour centre	Design	0.1	-	0.1	-	-	-	-	-
Sabie: Site clearance	New labour centre	Design	0.2	-	0.2	-	-	-	-	-
Carolina: Site clearance	New labour centre	Design	0.2	-	0.2	-	-	-	-	-
Kwamhlanga: Site clearance	New labour centre	Design	0.2	-	0.2	-	-	-	-	-
Durban labour centre: Repairs	Electrical and mechanical repairs	Various	2.7	2.7	-	-	-	-	-	-
Other labour centres	Various construction, such as electrical repairs	Various	0.2	-	0.2	-	-	-	-	-
Maintenance										
Pretoria, Silverton: Sheltered employment factory head office: Second follow-on repair and maintenance programme	Maintaining sheltered employment head office to be occupational health and safety compliant	Tender	24.4	0.7	0.2	0.8	6.0	6.0	2.5	3.5
Pretoria head office, Laboria House: First follow-on repair and maintenance programme	Maintaining head office building to be occupational health and safety compliant	Construction	21.1	0.6	5.6	5.1	4.4	1.0	3.0	3.9
Kimberley sheltered employment factory: Second follow-on repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	8.8	1.0	0.7	3.2	4.0	-	-	-
Bloemfontein: sheltered employment factory: Second follow-on repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	5.9	3.6	1.8	0.1	0.4	-	-	-
Potchefstroom sheltered employment factory: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	1.6	0.3	-	-	-	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10		2012/13	2013/14
R million								
Maintenance								
Upington and Kuruman labour centre and Kimberley sheltered employment factory: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	8.8	3.0	0.1	-	-	-
George labour centre: Repair and maintenance programme	Maintaining labour centre to be occupational health and safety compliant	Tender	1.4	0.4	-	-	-	-
East London labour centre and sheltered employment factory: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	7.5	0.8	-	-	-	-
Pietermaritzburg and sheltered employment factory: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	4.9	0.5	-	-	-	-
Pretoria sheltered employment factory and labour centre: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	9.0	0.1	1.6	3.4	-	-
Phalaborwa, Hoedspruit and Seshego labour centres: Repair and maintenance programme	Maintaining labour centre to be occupational health and safety compliant	Tender	5.2	0.3	0.2	-	-	-
Witbank, Lydenburg and Komatipoort labour centres: Repair and maintenance programme	Maintaining labour centre to be occupational health and safety compliant	Tender	9.6	1.1	0.0	-	-	-
Western Cape labour centre and sheltered employment factory: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	21.3	2.9	0.5	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate			
				2008/09	2009/10		2010/11	2012/13	2013/14	2014/15
Maintenance										
Durban Masonic Grove: Emergency repair and maintenance programme	Maintaining labour centre to be occupational health and safety compliant	Tender	6.1	1.6	-	-	-	-	-	-
Gauteng South: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Tender	20.5	5.0	1.2	0.9	-	-	-	-
Sheltered employment factories: Repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Various	95.6	12.9	14.8	-	-	-	-	-
Total			311.8	37.6	26.9	16.9	10.4	11.0	7.4	

Vote 19

Social Development

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	255.3	252.3	–	3.0	264.5	279.8
Social Assistance	104 887.9	–	104 887.9	–	113 206.8	121 982.1
Social Security Policy and Administration	6 308.7	106.1	6 201.4	1.2	6 644.6	6 994.4
Welfare Services Policy Development and Implementation Support	513.8	189.4	322.6	1.8	529.2	543.3
Social Policy and Integrated Service Delivery	251.0	79.0	171.2	0.8	262.6	276.5
Total expenditure estimates	112 216.8	626.8	111 583.2	6.7	120 907.8	130 076.2

Executive authority Minister of Social Development
Accounting officer Director General of Social Development
Website address www.dsd.gov.za

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

Aim

Ensure protection against vulnerability by creating an enabling environment for the provision of a comprehensive, integrated and sustainable social development service.

Programme purposes

Programme 1: Administration

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

Programme 2: Social Assistance

Purpose: Provide income support to vulnerable groups.

Programme 3: Social Security Policy and Administration

Purpose: Provide for social security policy development and fair administration of social assistance.

Programme 4: Welfare Services Policy Development and Implementation Support

Purpose: Create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards, and best practices. Provide support to implementation agencies.

Programme 5: Social Policy and Integrated Service Delivery

Purpose: Support community development and promote evidence based policy-making in the department and the social development sector.

Strategic overview: 2008/09 – 2014/15

The Department of Social Development's mandate relates to the broader social protection requirements expressed in section 27 of the Constitution. It delivers on this largely through the provision of income support to poor households, aimed at alleviating hardship and destitution experienced by vulnerable groups. The department also plays a significant role in protecting the rights of children, youth, older persons, women and persons with disability through a range of welfare and community development services that contribute to social cohesion and nation building.

Given the development challenges facing South Africa, the department's strategy is to implement integrated policy interventions that respond to the immediate needs of vulnerable individuals and communities, while at the same time engaging in policy and research that explores long term strategies for addressing systematic poverty and inequality.

The department's key strategic priorities are to strengthen welfare services and community development and extend the reach and scope of social security provision. These priorities are anchored in government's outcomes based performance management framework, which requires the department to work towards achieving: a long and healthy life for all South Africans (outcome 2); decent employment through inclusive growth (outcome 4); and vibrant, equitable and sustainable rural communities with food security for all (outcome 7).

In working towards these outcomes, the social assistance system now supports 15.2 million South Africans and continues to be the largest budget responsibility of the department. In 2011/12, the South African Social Security Agency added 25 311 new old age grants, 58 160 foster care grants and 325 046 child support grant beneficiaries to the social grant payment system. Currently, 2 712 638 people receive the old age grant, 579 923 children the foster care grant and 10.8 million children benefit from child support grant payments. The department has successfully established an appeals tribunal to adjudicate social grants appeals and will now investigate the possibility of establishing an inspectorate to examine and maintain the integrity of the social security framework and systems.

The department will continue to support social security reform proposals aimed at introducing a mandatory pillar of social insurance to provide for retirement, disability and survivor benefits. Extensive consultations on specific proposals for the reforms will be undertaken during 2012. R10 million has been made available for the establishment of an inspectorate of social security to improve oversight over grant payments. An improved grant application process is being put into place to speed up and computerise the application processing system. These, together with the biometric identification system under the new payment contractor tender, the Special Investigating Unit and the anti-fraud division of the South African Social Security Agency, should ensure that the number of fraudulent beneficiaries is reduced and eventually eliminated.

Priorities over the medium term

The department's strategic priorities over the medium term are to strengthen welfare services and promote community development. It will do this by focusing on children, promoting and protecting older persons' rights, combating substance abuse and social crime, and working towards greater food security.

Children

The number of children in early childhood development sites subsidised by the department has increased from 270 096 in 2005 to 443 545 in 2011. The department will continue to expand access to early childhood development programmes to ensure that every child is given a good start early in life, an important aspect of the national development trajectory. This is supported by the budget allocations over the medium term, which emphasise strengthening child and youth care services, focusing on early childhood development and Isibindi projects, which are coordinated by the National Association of Child Care Workers. An additional 80 000 children will benefit from early childhood development services. The Isibindi projects will provide psychosocial support, particularly targeting rural communities, orphans and child-headed households. The projects focus on the appointment of child and youth care workers that provide support to children in their homes, and at the community level through safe parks and life skills programmes.

Older persons

Given the current trends in population demographics, which indicate that the size of the elderly population is growing by about 3 per cent per year over the MTEF period, one area of focus will be on active ageing, promoting and protecting the rights of older persons and promoting inter-generational solidarity that enables society to rely increasingly on the skills, experience and wisdom of older persons.

Social crime

Despite progress in expanding welfare services, the country continues to experience high levels of social crime, particularly violence against women and children. A key focus in 2012/13 will be on increasing resources to organisations working to prevent and reduce the incidence of children in conflict with the law and gender based violence.

In this regard, the department will also intensify its programmes to reduce substance abuse. These initiatives will include a review of policy and legislation regulating the marketing and distribution of alcoholic products.

Promoting food security

As part of government's strategic response to food insecurity and hunger experienced by poor and vulnerable groups, the department will lead the Food for All campaign, which involves creating awareness about how to prepare nutritious food, as well as about the need for households to create food gardens. The department will strive for coordination among various government programmes with similar goals and provide opportunities for other stakeholders to participate in addressing the plight of poor households experiencing food insecurity.

Selected performance indicators**Table 19.1 Social Development**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of old age grant beneficiaries	Social Assistance	2.3 m	2.5 m	2.6 m	2.7 m	2.8 m	2.8 m	2.9 m
Total number of war veterans grant beneficiaries	Social Assistance	1 599	1 236	963	804	703	622	551
Total number of disability grant beneficiaries	Social Assistance	1.4 m	1.3 m	1.2 m	1.2 m	1.2 m	1.2 m	1.2 m
Total number of child support grant beneficiaries	Social Assistance	8.8 m	9.4 m	10.1 m	10.7 m	11.3 m	11.5 m	11.7 m
Total number of foster care grant beneficiaries	Social Assistance	476 394	489 322	490 390	590 030	671 307	768 776	873 457
Total number of care dependency grant beneficiaries	Social Assistance	107 065	118 972	120 917	123 109	133 915	140 726	146 587
Total number of grant-in-aid beneficiaries	Social Assistance	46 069	49 000	58 321	65 260	71 134	77 536	82 188
Percentage of appeals adjudicated within a period of 90 days.	Social Security Policy and Administration	-	-	-	80%	90%	100%	100%
Total number of social work scholarships awarded	Welfare Services Policy Development and Implementation Support	2 900	5 250	5 625	4 353	4 750	4 750	4 750
Total number of registered early childhood development centres captured on the national database	Welfare Services Policy Development and Implementation Support	10 755	15 837	18 826	21 013	23 200	25 387	27 574
Percentage of applications for registration as non-profit organisation dealt with within 2 months	Social Policy and Integrated Service Delivery	80%	77%	98%	80%	90%	100%	100%
Total number of facilities for older persons registered	Welfare Services Policy Development and Implementation Support	466	419	412	461	424	433	442
Total number of practitioners and service providers receiving accredited training on diversion services and social crime prevention programmes ¹	Welfare Services Policy Development and Implementation Support	-	-	600	800	900	1 000	1 100

1. No accreditation was done in the past.

Expenditure estimates

Table 19.2 Social Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	203.4	217.7	226.6	240.3	235.3	255.3	264.5	279.8
Social Assistance	70 715.9	79 259.7	87 492.9	97 103.2	96 703.2	104 887.9	113 206.8	121 982.1
Social Security Policy and Administration	4 699.7	5 253.8	5 768.1	6 244.5	6 237.5	6 308.7	6 644.6	6 994.4
Welfare Services Policy Development and Implementation Support	271.8	375.9	399.2	449.6	439.6	513.8	529.2	543.3
Social Policy and Integrated Service Delivery	205.9	211.0	144.3	246.2	243.2	251.0	262.6	276.5
Total	76 096.7	85 318.2	94 031.0	104 283.9	103 858.9	112 216.8	120 907.8	130 076.2
Change to 2011 Budget estimate				(448.8)	(873.8)	(1 307.3)	(1 167.8)	676.0

Economic classification

	426.6	464.9	500.5	544.9	519.9	626.8	643.3	662.9
Current payments								
Compensation of employees	184.1	220.1	247.0	279.9	279.9	307.7	326.2	345.5
Goods and services	242.6	244.7	253.5	265.0	240.0	319.1	317.1	317.4
<i>of which:</i>								
<i>Consultants and professional services: Business and advisory services</i>	72.9	74.1	51.3	71.9	46.9	114.5	108.7	100.5
<i>Lease payments</i>	12.1	18.1	23.3	32.2	32.2	32.2	30.7	32.3
<i>Travel and subsistence</i>	61.8	56.1	56.4	54.7	54.7	53.5	53.9	56.7
<i>Venues and facilities</i>	15.3	14.6	24.1	17.5	17.5	19.6	20.4	21.1
Interest and rent on land	–	0.1	0.0	–	–	–	–	–
Transfers and subsidies	75 659.7	84 849.4	93 524.1	103 724.8	103 324.8	111 583.2	120 258.1	129 406.6
Departmental agencies and accounts	4 878.5	5 523.7	5 940.9	6 549.0	6 549.0	6 622.5	6 974.7	7 343.5
Foreign governments and international organisations	1.4	1.9	1.5	2.4	2.4	2.3	2.5	2.6
Non-profit institutions	55.7	61.1	63.8	70.2	70.2	70.4	74.1	78.4
Households	70 724.2	79 262.8	87 518.0	97 103.2	96 703.2	104 887.9	113 206.8	121 982.1
Payments for capital assets	8.3	3.8	6.2	14.2	14.2	6.7	6.4	6.7
Machinery and equipment	8.3	3.8	5.9	13.9	13.9	6.4	6.0	6.2
Software and other intangible assets	–	–	0.3	0.4	0.4	0.4	0.4	0.5
Payments for financial assets	2.1	–	0.2	–	–	–	–	–
Total	76 096.7	85 318.2	94 031.0	104 283.9	103 858.9	112 216.8	120 907.8	130 076.2

Expenditure trends

Expenditure increased from R76.1 billion in 2008/09 to R104.3 billion in 2011/12, at an average annual rate of 11.1 per cent, mainly as a result of an extension of the child support grant to 18 years and the equalisation of the old age grant at 60 years. These grants, which use more than 90 per cent of the budget in each financial year, are where the department focuses its spending over the medium term, in order to boost the income of poor households who suffer the brunt of unemployment, poverty and deep inequalities that persist in South African society. The number of social grant beneficiaries increased from 13.1 million in 2008/09 to 15.6 million in 2011/12. Over the medium term, expenditure for the payment of social assistance grants is expected to increase to R122 billion, at an average annual rate of 7.9 per cent, to provide for inflation related increases to the grant values of the individual social assistance grant types. The government plans to pay social grants to 16.8 million beneficiaries by the end of March 2015.

In 2012/13, the department expects to transfer: R6.2 billion to the South African Social Security Agency to manage and administer the payments of social assistance grants to beneficiaries; R166.3 million to the National Development Agency; R256 million for social work bursaries; and R45.6 million for the loveLife programme. Transfers to departmental agencies are expected to increase from R6.5 billion in 2011/12 to R7.3 billion in

2014/15, at an average annual rate of 3.9 per cent. Transfers, however, increased at a rate lower than inflation over the MTEF period, due to efficiency savings.

The department receives the following additional allocations over the medium term:

- R90.3 million in 2012/13, R95.5 million in 2013/14 and R108.2 million in 2014/15 to pay social assistance grants to additional categories of refugees with official refugee status
- R6.7 million in 2012/13, R5.5 million in 2013/14 and R5.8 million in 2014/15 to support the rollout of child and youth care services through the Isibindi model
- R600 million in 2014/15 to provide for a projected shortfall on social grants
- R5.7 million in 2012/13, R6.3 million in 2013/14 and R7 million in 2014/15 for salary adjustments in the department
- R30 million in 2012/13, R31.5 million in 2013/14 and R33 million in 2014/15 to the South African Social Security Agency for salary adjustments
- R8.6 million in 2012/13, R8.4 million in 2013/14 and R8 million in 2014/15 to build capacity in the oversight function of the department to oversee the public entities, statutory bodies and boards
- R8.4 million in 2012/13, R6 million in 2013/14 and R6.7 million in 2014/15 to strengthen the victim empowerment programme
- R24.4 million in 2012/13 and R16.5 million in 2013/14 to audit early childhood development facilities across the country.

In aggregate over the MTEF period, Cabinet approved the total baseline reduction of R2.9 billion (R1.5 billion, R1.3 billion and R102.6 million). Details of the Cabinet approved baseline cuts will be discussed under the relevant subprogrammes.

Spending on consultants is equivalent to 29 per cent of the department's budget allocation for compensation of employees over the MTEF period. Additional funds are allocated for consultants to develop, upgrade and maintain information systems; and to conduct the infrastructure feasibility study and perform an audit of early childhood development centres.

Personnel information

Table 19.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	688	688	106	607	612	625	628	749	749	749
Salary level 1 – 6	165	165	57	145	157	150	152	175	175	175
Salary level 7 – 10	246	246	34	217	206	216	221	281	281	281
Salary level 11 – 12	171	171	3	154	148	159	157	182	182	182
Salary level 13 – 16	106	106	12	91	101	100	98	111	111	111
Administration	335	335	39	276	250	295	301	335	335	335
Salary level 1 – 6	104	104	19	93	89	94	97	104	104	104
Salary level 7 – 10	121	121	18	102	86	100	104	121	121	121
Salary level 11 – 12	58	58	–	47	45	53	50	58	58	58
Salary level 13 – 16	52	52	2	34	30	48	50	52	52	52
Social Security Policy and Administration	58	58	47	45	39	53	51	95	95	95
Salary level 1 – 6	10	10	31	6	4	8	8	15	15	15
Salary level 7 – 10	11	11	11	10	5	10	10	35	35	35
Salary level 11 – 12	17	17	2	16	11	16	16	23	23	23
Salary level 13 – 16	20	20	3	13	19	19	17	22	22	22

Table 19.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Welfare Services	179	179	12	152	167	171	172	179	179	179
Policy Development and Implementation Support										
Salary level 1 – 6	27	27	1	17	23	26	25	27	27	27
Salary level 7 – 10	67	67	5	55	64	62	65	67	67	67
Salary level 11 – 12	65	65	1	60	56	63	64	65	65	65
Salary level 13 – 16	20	20	5	20	24	20	18	20	20	20
Social Policy and Integrated Service Delivery	116	116	8	134	156	106	104	140	140	140
Salary level 1 – 6	24	24	6	29	41	22	22	29	29	29
Salary level 7 – 10	47	47	–	50	51	44	42	58	58	58
Salary level 11 – 12	31	31	–	31	36	27	27	36	36	36
Salary level 13 – 16	14	14	2	24	28	13	13	17	17	17

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

2. As at 30 September 2011.

As at 30 September, the department had a total funded establishment of 688 posts, excluding the minister and deputy minister. There were 106 posts at the senior level, 7 of which were vacant, 171 at the middle management level, 14 of which were vacant, and 411 at the lower level, 38 of which were vacant. In 2011/12, the department began a process to align its organisational structure with its key functions.

The department had a steady personnel growth from 2008/09 to 2011/12. Personnel increased from 607 posts in 2008/09 to 628 in 2011/12. Filled posts are expected to increase to 749 over the MTEF period.

The *Administration* programme had 335 employees, which constituted 44.7 per cent of the total establishment of the department. The ratio of support staff to line staff was 1:2.2.

Departmental receipts

Table 19.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	16 484	30 617	10 508	10 080	22 035	15 640	16 845	18 060
Sales of goods and services produced by department	–	–	–	40	35	40	45	60
Other sales	–	–	–	40	35	40	45	60
<i>of which:</i>								
<i>Sale of tender documents</i>	–	–	–	40	35	40	45	60
Interest, dividends and rent on land	16 055	17 591	4 083	10 040	5 000	5 600	5 800	6 000
Interest	16 055	17 591	4 083	10 040	5 000	5 600	5 800	6 000
Sales of capital assets	–	105	–	–	–	–	–	–
Transactions in financial assets and liabilities	429	12 921	6 425	–	17 000	10 000	11 000	12 000
Total	16 484	30 617	10 508	10 080	22 035	15 640	16 845	18 060

Revenue is derived from interest earned on social assistance transfer funds deposited into the bank accounts of cash payment contractors before they are disbursed to beneficiaries, and recoveries from dormant accounts of social assistance grant beneficiaries. Other departmental receipts include interest on debt, cancelled uncashed cheques, parking fees for senior managers, recoveries of private telephone expenses and breach of study contracts.

Revenue increased from R16.5 million in 2008/09 to R22 million in 2011/12, due to interest earned. It decreases to R18.1 million in 2014/15.

Programme 1: Administration

Expenditure estimates

Table 19.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	26.1	31.7	25.7	23.7	19.7	20.7	21.9
Department Management	50.5	48.8	49.8	53.8	60.8	63.5	67.2
Corporate Management	73.0	70.8	83.8	84.6	84.3	89.0	94.2
Finance	40.9	46.9	39.9	46.0	48.0	50.3	53.1
Internal Audit	3.3	3.0	5.0	5.2	12.6	12.7	13.4
Office Accommodation	9.6	16.5	22.4	27.0	29.8	28.3	30.0
Total	203.4	217.7	226.6	240.3	255.3	264.5	279.8
Change to 2011 Budget estimate				6.3	9.9	8.7	7.0

Economic classification

	199.5	213.8	223.3	235.3	252.3	262.1	277.2
Current payments							
Compensation of employees	83.2	95.8	105.0	123.0	135.6	143.7	152.4
Goods and services	116.3	117.9	118.3	112.3	116.7	118.3	124.8
<i>of which:</i>							
<i>Consultants and professional services:</i>	25.9	24.6	14.1	13.3	16.0	16.5	17.3
<i>Business and advisory services</i>							
<i>Lease payments</i>	10.8	17.3	20.7	25.7	28.3	26.6	27.9
<i>Travel and subsistence</i>	23.4	25.1	25.1	21.9	18.7	18.9	19.8
<i>Venues and facilities</i>	4.3	2.8	3.1	2.4	2.5	2.7	2.8
Interest and rent on land	–	0.1	0.0	–	–	–	–
Transfers and subsidies	–	1.4	0.0	–	–	–	–
Households	–	1.4	0.0	–	–	–	–
Payments for capital assets	3.9	2.5	3.0	5.0	3.0	2.5	2.6
Machinery and equipment	3.9	2.5	2.7	4.6	2.6	2.1	2.2
Software and other intangible assets	–	–	0.3	0.4	0.4	0.4	0.5
Payments for financial assets	–	–	0.2	–	–	–	–
Total	203.4	217.7	226.6	240.3	255.3	264.5	279.8

Expenditure trends

Expenditure increased from R203.4 million in 2008/09 to R240.3 million in 2011/12, at an average annual rate of 5.7 per cent, and is projected to increase to R279.8 million over the medium term, at an average annual rate of 5.2 per cent, due to inflationary increases. Office lease costs, a key expenditure item, are expected to be R28.3 million in 2012/13, R26.6 million in 2013/14 and R27.9 million in 2014/15.

The *Internal Audit* subprogramme receives an additional allocation of R25 million over the MTEF period to strengthen the department's oversight capacity on public entities, statutory bodies and boards.

Spending on consultants increases from R16 million to R17.3 million over the MTEF period, which is the equivalent of 11.5 per cent of the programme's spending on compensation of employees over this period. Consultants are used to develop, upgrade and maintain information systems.

Programme 2: Social Assistance

Objectives and measures

- Ensure the provision of a social assistance safety net in 2012/13, by transferring funds to the South African Social Security Agency for the transfer of grants to the households under their administration:
 - 2.8 million older person with income and assets below the set thresholds
 - 1.2 million disabled persons with income and assets below the set thresholds
 - 11.3 million children whose caregivers receive an income and assets below the set thresholds
approximately 133 915 children with serious disabilities (care dependency grant) whose caregivers earn an income below the set threshold
 - 671 307 foster children.

Subprogrammes

- *Social Assistance Transfers* provides for the payment of social assistance grants to beneficiaries that qualify for social assistance in terms of the Social Security Act (2004).
- *Old Age* provides income support to persons above the age of 60. These grants cost R37.3 billion in 2011/12 and 2 724 404 old age persons should have benefited by the end of 2011/12.
- *War Veterans* provides a grant for the men and women who fought in World War II and the Korean War. These grants cost R12 million in 2011/12 and 804 war veterans should have benefited by the end of 2011/12.
- *Disability* provides a grant for people living with a permanent or temporary disability. The grants cost R17.8 billion in 2011/12 and 1 215 641 disabled persons should have benefited by the end of 2011/12.
- *Foster Care* provides grants for children placed in foster care through a court order in terms of the Children's Act (2005). In 2011/12, approximately 597 851 foster children received a grant. The number of foster children is projected to increase to 874 000 by 2014/15. The grants are estimated to have cost R5.2 billion in 2011/12.
- *Care Dependency* provides a grant to caregivers in support of caring for a child who is mentally or physically disabled. The grant cost R1.9 billion in 2011/12 and 125 914 care dependent children should have benefited by the end of 2011/12.
- *Child Support* provides a grant to primary caregivers of children under the age of 18 years. The grant cost R34.4 billion in 2011/12 and 10 902 647 children should have benefited by the end of 2011/12.
- *Grant-in-aid* is an additional grant to the recipients of the older persons grant, disability grant and war veteran's grant who require regular attendance from another person due to their physical or mental condition. These grants cost R192 million in 2011/12 and 61 425 beneficiaries should have benefited by the end of 2011/12.
- *Social Relief* provides temporary income support, food parcels or other forms of relief to those facing undue hardship. This assistance, in the form of food parcels, cost R118 million in 2011/12.

Expenditure estimates

Table 19.6 Social Assistance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Old Age	25 934.0	29 826.4	33 750.6	37 318.6	39 323.1	42 526.2	45 822.6
War veterans	19.7	16.6	14.0	12.0	12.9	9.8	10.6
Disability	16 473.4	16 566.7	16 840.2	17 834.2	19 152.4	20 410.3	21 992.4
Foster Care	3 934.8	4 434.3	4 616.4	5 244.7	5 951.8	6 215.0	6 696.7
Care Dependency	1 292.5	1 434.1	1 586.5	1 948.1	1 856.9	2 107.0	2 270.3
Child Support	22 348.6	26 669.8	30 341.5	34 435.7	38 237.3	41 553.3	44 774.2
Grant-in-aid	90.0	146.3	170.1	192.0	188.1	202.9	218.6
Social Relief	623.0	165.5	173.7	118.0	165.3	182.5	196.8
Total	70 715.9	79 259.7	87 492.9	97 103.2	104 887.9	113 206.8	121 982.1
Change to 2011 Budget estimate				(457.0)	(1 367.7)	(1 202.5)	708.2

Economic classification

Transfers and subsidies	70 715.9	79 259.7	87 492.9	97 103.2	104 887.9	113 206.8	121 982.1
Households	70 715.9	79 259.7	87 492.9	97 103.2	104 887.9	113 206.8	121 982.1
Total	70 715.9	79 259.7	87 492.9	97 103.2	104 887.9	113 206.8	121 982.1

Details of selected transfers and subsidies

Households							
Social benefits							
Current	70 715.9	79 259.7	87 492.9	97 103.2	104 887.9	113 206.8	121 982.1
Old age grant	25 934.0	29 826.4	33 750.6	37 318.6	39 323.1	42 526.2	45 822.6
War veterans grant	19.7	16.6	14.0	12.0	12.9	9.8	10.6
Disability grant	16 473.4	16 566.7	16 840.2	17 834.2	19 152.4	20 410.3	21 992.4
Foster care grant	3 934.8	4 434.3	4 616.4	5 244.7	5 951.8	6 215.0	6 696.7
Care dependency grant	1 292.5	1 434.1	1 586.5	1 948.1	1 856.9	2 107.0	2 270.3
Child support grant	22 348.6	26 669.8	30 341.5	34 435.7	38 237.3	41 553.3	44 774.2
Grant-in-aid	90.0	146.3	170.1	192.0	188.1	202.9	218.6
Social relief assistance	623.0	165.5	173.7	118.0	165.3	182.5	196.8

Expenditure trends

Expenditure on social assistance grants increased from R70.7 billion in 2008/09 to R97.1 billion in 2011/12, at an average annual rate of 11.1 per cent, and is projected to increase to R122 billion over the medium term, at an average annual rate of 7.9 per cent. The increase in both periods caters for an increase in the number of beneficiaries receiving social grants and inflation related adjustments to the individual grant values. Spending related to increasing the age limit for receiving the child support grant to 18, and due to the equalising of the old age grant for men to 60 years, which had been mostly phased in by the end of 2011/12. The percentage increase of beneficiaries receiving social grants was 6 per cent per year in 2010/11 and 2 to 3 per cent per year by the end of 2014/15, showing a declining rate of increase.

The number of social assistance grant beneficiaries increased from 13.1 million in March 2009 to over 15.2 million as at 31 December 2011. It is projected that the number of beneficiaries will increase to approximately 16.7 million by March 2015. R294 million is allocated over the MTEF period to pay social assistance grants to officially recognised refugees added to the group of beneficiaries, following several court challenges and previous amendments to disability and care dependency grants. A further R600 million has been allocated to provide for the projected shortfall on social grants in 2014/15. It is anticipated that more beneficiaries will apply than originally projected, based on the latest beneficiary trends.

R2.8 billion was approved as a baseline reduction over the MTEF period and R588.4 million of this was reprioritised to the different priority areas.

Table 19.7 Social grants beneficiary numbers by type of grant, 2008/09 to 2014/15

Type of grant	March 2009	March 2010	March 2011	March 2012 projected	March 2013 projected	March 2014 projected	March 2015 projected
Old age	2 343 995	2 489 637	2 646 732	2 724 404	2 772 745	2 835 018	2 881 146
War veterans	1 599	1 236	963	804	706	621	551
Disability	1 371 712	1 298 770	1 211 943	1 215 641	1 192 444	1 195 629	1 195 996
Foster care	476 394	489 322	490 390	597 851	671 307	768 645	874 001
Care dependency	107 065	118 972	120 917	125 914	131 246	140 965	146 658
Child support	8 765 354	9 380 713	10 153 635	10 902 647	11 300 559	11 548 698	11 658 553
Grant-in-aid	46 069	49 000	58 500	61 425	65 110	68 366	69 147
Total (Excluding grant-in-aid)	13 066 118	13 778 649	14 624 580	15 567 261	16 069 007	16 489 577	16 756 905

Programme 3: Social Security Policy and Administration

Objectives and measures

- Introduce social security reform including a mandatory retirement, disability and survivor benefit system by:
 - undertaking broad public consultation in respect of social security reforms through the National Economic Development and Labour Council forum by January 2013
 - setting up of the National Social Security Fund by March 2013
 - obtaining social cluster support for the creation of a Department of Social Security by March 2013.
- Improve the targeting of the disability grant by drafting regulations for the implementation of the harmonised assessment tools and providing training in all nine provinces by November 2012.
- Assess long term affordability of social services costs by launching a social budget for South Africa programme by March 2012.
- Strengthen social security by initiating policy consultations on universalising the old age, disability and children's grants by October 2012.
- Develop and review social security policy by:
 - establishing a programme management unit to oversee the policy establishment process through various functional subprograms and work streams by September 2012
 - conducting a comprehensive legislative review process to inform a policy proposal for the inspectorate for social security by March 2013
 - drafting the Social Assistance Amendment Bill and introducing it to Parliament to make provision for refugees to access social grants by 2012/13
 - establishing an inspectorate for social security, which will be responsible for the systematic assessments of legislative compliance, investigations of financial misconduct and any other necessary intervention to combat leakage and fraud associated with the social assistance administration system, to begin full operations by March 2015.
- Improve social security administration by enhancing capacity to improve service delivery by upgrading 300 pay points and improve the office space environment over the MTEF period.
- Provide an effective, efficient and accessible social assistance appeals service by adjudicating 90 per cent of the lodged appeals within 90 days of receiving them.
- Enhance the integrity of the social grants system by:
 - enhancing the national departments oversight through 4 interface meetings with the South African Social Security Agency by March 2013
 - producing quarterly social pensions data integrity reports to assess leakage in the grants administration system with proposals to reduce fraud
 - reviewing the legislation and finalising a business case for the establishment of the inspectorate for social assistance by March 2013.

Subprogrammes

- *Social Security Policy Development* provides for the development and review of social security policy and legislation. This subprogramme had a staff complement of 45 and a total budget of R42 million in 2011/12, of which 37.5 per cent was used for compensation of employees. Key research areas for 2012/13 will include an investigation into the provision of support to vulnerable pregnant women, the development of a social budget, social security and youth, social assistance in support of alternative care arrangements, impact evaluation of child support grant, inputs into the government wide social security reform proposals with a specific focus on the introduction of a national social security fund to provide mandatory retirement, and death and disability benefits for those in formal employment.
- *Appeals Adjudication* provides a fair and just independent adjudication service for social assistance appeals. The unit had a total budget of R50.5 million in 2011/12, of which 33.3 per cent was used for compensation of employees. The unit finalised its establishment with footprints in all provinces to ensure easy access to its services. The unit had a backlog of 21 152 social assistance appeals, which will be dealt with by March 2012.
- *Social Grants Administration* provides for the operational costs of the South African Social Security Agency. R6.1 billion will be transferred to the agency for the administration of the grants, its own operations, the management information system and the reimbursement of payment contractors. Budget cuts of R130 million over the medium term (R20 million, R30 million, and R80 million) have been identified in the South African Social Security Agency.
- *Social Grants Fraud Investigations* provides for the continued funding of fraud investigations conducted by the South African Social Security Agency in partnership with law enforcement agencies. In 2011/12, R73.1 million was transferred to the agency for investigations. Budget cuts of R30 million over the medium term (R10 million, R10 million and R10 million) have been identified in this subprogramme.

Expenditure estimates

Table 19.8 Social Security Policy and Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Social Security Policy Development	38.9	29.5	71.2	42.0	56.1	58.1	60.8
Appeals Adjudication	23.2	47.8	56.1	50.5	43.5	45.9	48.7
Social Grants Administration	4 630.3	5 168.9	5 631.4	6 070.6	6 133.5	6 460.6	6 799.7
Social Grants Fraud Investigations	–	–	–	73.1	66.7	70.6	75.4
Programme Management	7.3	7.6	9.5	8.4	8.9	9.3	9.8
Total	4 699.7	5 253.8	5 768.1	6 244.5	6 308.7	6 644.6	6 994.4
Change to 2011 Budget estimate				0.1	12.7	3.8	(44.7)

Economic classification

Current payments	56.8	81.8	108.7	97.2	106.1	110.9	116.8
Compensation of employees	19.3	25.3	33.0	36.3	43.9	46.3	48.9
Goods and services	37.5	56.4	75.8	60.9	62.2	64.6	67.9
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	21.3	28.2	22.0	31.0	37.0	38.5	40.1
<i>Lease payments</i>	0.1	0.1	2.3	6.1	3.4	3.6	3.8
<i>Travel and subsistence</i>	6.7	10.8	13.5	8.2	7.8	7.8	8.3
<i>Venues and facilities</i>	1.5	4.0	12.2	1.2	0.6	0.6	0.7
Transfers and subsidies	4 639.4	5 171.8	5 657.1	6 144.8	6 201.4	6 532.4	6 876.4
Departmental agencies and accounts	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 531.2	6 875.1
Foreign governments and international organisations	0.8	0.9	0.9	1.1	1.2	1.2	1.3
Non-profit institutions	–	0.5	–	–	–	–	–
Households	8.3	1.5	24.8	–	–	–	–
Payments for capital assets	1.4	0.2	2.3	2.6	1.2	1.2	1.3
Machinery and equipment	1.4	0.2	2.3	2.6	1.2	1.2	1.3
Payments for financial assets	2.1	–	0.0	–	–	–	–
Total	4 699.7	5 253.8	5 768.1	6 244.5	6 308.7	6 644.6	6 994.4

Table 19.8 Social Security Policy and Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 531.2	6 875.1
South African Social Security Agency	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 531.2	6 875.1
Foreign governments and international organisations							
Current	0.8	0.9	0.9	1.1	1.2	1.2	1.3
International Social Security Association	0.8	0.9	0.8	1.1	1.1	1.2	1.3
International Organisation of Pension Supervisors	–	–	0.0	0.1	0.1	0.1	0.1
Non-profit institutions							
Households							
Other transfers to households							
Current	8.3	1.5	24.8	–	–	–	–
Social relief	8.3	1.5	24.8	–	–	–	–

Expenditure trends

The cost of administering the social grant system took up approximately 6 per cent of total expenditure on grants in 2011/12 and will decline to 5.4 per cent in 2014/15. It is projected that the number of beneficiaries paid by the South African Social Services Agency will have increased from 15.7 million in December 2011 to about 16.8 million by the end of March 2015. Expenditure increased from R4.7 billion in 2008/09 to R6.2 billion in 2011/12, at an average annual rate of 9.9 per cent, and is expected to increase to R7 billion over the medium term, at an average annual rate of 3.9 per cent, due to an inflationary adjustment. Additional funding of R94.5 million is allocated to the South African Social Security Agency for improved conditions of service over the MTEF period. Also included in the allocation to the agency is R200 million in 2012/13, R215 million in 2013/14 and R227.9 million in 2014/15 for the implementation and rollout of the integrated grants application process and the implementation of a new social grants payment model.

Spending on consultants was R31 million in 2011/12. Consultants mainly provide advisory services for the panel members of the Independent Tribunal for Social Assistance Appeals.

R160 million was approved as a baseline reduction over the MTEF period and R30 million of this was reprioritised to the inspectorate function.

Programme 4: Welfare Services Policy Development and Implementation Support

Objectives and measures

- Facilitate enhanced welfare service provision by:
 - conducting a comprehensive evaluation study on the state of social welfare services by 2013/14
 - facilitating the implementation of the social welfare services framework in five provinces (Gauteng, Limpopo, Northern Cape, KwaZulu-Natal, North West) by March 2013
 - implementing the generic norms and standards in five provinces (Gauteng, Limpopo, Northern Cape, KwaZulu-Natal, North West) by March 2013
 - implementing the human resource model for social welfare services in five provinces (Gauteng, Limpopo, Northern Cape, KwaZulu-Natal, North West) by March 2013
 - increasing the total number of scholarships awarded to social work students to 4 750 by March 2013
 - conducting an impact evaluation on the scholarship programme by March 2013

- improving funding support to non-governmental organisations and statutory bodies by March 2015
- facilitating the approval of the policy on social service professions by March 2013.
- Create an environment that enables the protection and promotion of older persons' rights by:
 - providing residential and community based care services to older persons by 2013
 - registering 206 residential facilities and ensuring compliance with norms and standards by March 2013
 - ensuring that 50 per cent of reported cases on elder abuse are referred and resolved by social workers within 120 days of receiving them by March 2013
 - implementing community based services (intergenerational and active ageing programmes) in 4 provinces (Gauteng, Mpumalanga, North West, Limpopo) by March 2013.
- Protect and promote the rights of people with disabilities by:
 - facilitating the approval of a policy on social development services to people with disabilities by March 2013
 - developing a draft bill on social development services to people with disabilities by March 2013
 - training national and provincial officials on disability mainstreaming (the integration of disability into the planning, budgeting and implementation processes of the Department of Social Development) by March 2013.
- Improve services to children in their first 1 000 days from birth by providing access to early childhood development centres, nutritious food, and early learning by:
 - increasing access to early childhood development programmes for children between 0 and school going age by 10 per cent in 2012/13
 - conducting a comprehensive audit of 5 487 early childhood development centres in all provinces by March 2013
 - establishing the project management office for the initial rollout of the Isibindi model, benefiting 858 000 children and adolescents, targeting rural communities, orphans and child headed households, by employing 10 000 youth workers to offer psycho social support and supervised activities
 - strengthening the child protection services through the implementation of child care and protection measures and ensuring that:
 - the number of children accessing adoption services increases by 5 per cent by March 2013
 - the number of children accessing drop-in centres increases by 15 per cent by March 2013
 - registered partial care facilities increase by 10 per cent by March 2013
 - the number of children accessing foster care services increase by 10 per cent by March 2013
 - the number of children accessing children and youth care centres increases by 10 per cent by March 2013
 - 4 000 employees working with children are screened against the National Child Protection Register by 2013.
- Promote and strengthen families in South Africa by:
 - facilitating the approval of the White Paper on families by March 2013
 - implementing the integrated parenting framework by March 2013
 - implementing the research recommendations on the effectiveness of services to families by March 2013.
- Reduce the incidence of substance abuse in communities by providing treatment and prevention services by:
 - implementing the national anti-substance abuse programme of action at national level and in all 9 provinces by March 2013
 - finalising and facilitating the approval of the regulations for the Prevention of and Treatment for Substance Abuse Act (2008) by March 2013
 - facilitating the implementation of the treatment model in 4 provinces (Gauteng, KwaZulu-Natal, Eastern Cape, Mpumalanga) by March 2013
 - intensifying the anti-substance abuse campaign nationwide by March 2013
 - facilitating the review and approval of the national drug master plan by March 2013.

- Reduce the incidence of social crime through capacity building and the monitoring of service implementation by:
 - training practitioners and 600 service providers on the social crime prevention programme, accreditation of diversion services and minimum norms and standards by March 2013
 - monitoring the implementation of the national integrated social crime prevention strategy action plan by all provinces in 2012/13
 - monitoring the implementation of the social crime prevention programmes in all provinces by March 2013.
- Improve the provision of the victim empowerment services in provinces by 2013 by:
 - completing draft legislation on victim support services by March 2013
 - facilitating the implementation of a gender based violence programme in all 9 provinces by March 2013
 - developing and piloting the accreditation system on anti-human trafficking by March 2013.
- Develop and facilitate the implementation of responsive and focused youth mobilisation, services and development by:
 - conducting youth outreach programmes in all provincial districts by March 2013
 - facilitating the implementation of intergenerational programmes in all provincial districts by March 2013
 - facilitating the implementation of 18 youth social awareness and personal development camps nationwide by March 2013
 - training 150 youth mentors by March 2012
 - facilitating the participation of 200 young people who are in secure care facilities on leadership programmes by March 2013.
- Contribute to reducing the incidence and minimising the burden and psychosocial impact of HIV and AIDS and TB by facilitating a programme to reduce new HIV and AIDS infections by at least 50 per cent through social and behavioural change interventions, by March 2016 by:
 - reaching 27 wards, through social and behavioural change interventions by conducting dialogues in communities by March 2013
 - training 500 young people as facilitators to render social behaviour programmes by March 2013
 - facilitating 18 community conversations on HIV and AIDS by March 2013
 - ensuring that 408 funded home and community based care organisations implement social and behaviour programmes by March 2013.
- Mitigate the impact of HIV and AIDS, tuberculosis and other chronic illnesses by:
 - providing psychosocial support services to 442 112 targeted households and 980 000 orphaned and vulnerable children by March 2013
 - providing psychosocial support services to 49 226 child headed households by March 2013
 - providing psychosocial support services to 13 850 youth headed (age 18 to 25 years) households by March 2013.
- Strengthen the capacity of community based organizations by:
 - training 90 home based care community organisations on management by March 2013
 - ensuring that 531 funded home and community based care organisations report in accordance with the monitoring and evaluation system by March 2013
 - ensuring that 600 funded home and community based care organisations comply with norms and standards for delivering home community based care by March 2013
 - facilitating the strengthening of 9 functional provincial and 42 districts coordinating structures by March 2013.

Subprogrammes

- *Service Standards* ensures the transformation and standardisation of social welfare services through developing and coordinating policies and legislation that promote integration and quality driven and professional service delivery. This subprogramme had a staff complement of 24 and a total budget of R21 million in 2011/12, of which 39.4 per cent was used for compensation of employees.
- *Substance Abuse* develops, supports and monitors the implementation of policies, legislation, and norms and standards for treating substance abuse. This subprogramme had a staff complement of 9 and a total budget of R10.5 million in 2011/12, of which 32.3 per cent was used for compensation of employees.
- *Older Persons* develops, supports and monitors the implementation of policies, legislation, and norms and standards for social welfare services to older people. The Older Persons Act (2010) is being implemented to promote, protect and uphold the rights of older persons. This subprogramme had a staff complement of 8 and a total budget of R9.6 million in 2011/12, of which 34.1 per cent was used for compensation of employees. Some of the funds were used to support 466 older persons' facilities in 2008/09 and 461 facilities were supported in 2011/12. It is expected that the budget will grow to R11.2 million in 2014/15, supporting 442 older persons' facilities.
- *People with Disabilities* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to people with disabilities. Auditing of residential facilities, standardisation of services and the upholding of the rights of people with disabilities are some of the activities undertaken by the subprogramme. This subprogramme had a staff complement of 8 and a total budget of R8.4 million in 2011/12, of which 34.9 per cent was used for compensation of employees.
- *Children* develops, supports and monitors the implementation of policies, legislation, and norms and standards for social welfare services to children. This subprogramme had a staff complement of 55 and a total budget of R39.4 million in 2011/12, of which 57 per cent was used for compensation of employees. An additional allocation of R24.4 million in 2012/13 has been allocated to audit all early childhood development facilities in South Africa.
- *Families* develops, supports and monitors the implementation of policies, legislation and programmes to strengthen families. This subprogramme had a staff complement of 9 and a total budget of R7.8 million in 2011/12, of which 48.9 per cent was used for compensation of employees.
- *Social Crime Prevention and Victim Empowerment* develops, supports and monitors the implementation of policies, legislation and programmes to protect, empower and support child, youth and adult offenders, and victims of crime and violence. This subprogramme had a staff complement of 22 and a total budget of R27.4 million, of which 32.1 per cent was used for compensation of employees. An additional allocation of R8.4 million in 2012/13 has been allocated to strengthen the victim empowerment programme.
- *Youth* develops and facilitates the implementation of policies, legislation and programmes to protect vulnerable youth. This subprogramme had a staff complement of 8 and a total budget of R6 million in 2011/12, of which 44.5 per cent was used for compensation of employees.
- *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 2012-2016 national strategic plan. This subprogramme had a staff complement of 34 and a total budget of R67.4 million in 2011/12, of which 19.4 per cent was used for compensation of employees. R45.6 million has been made available for non-profit organisations and the loveLife campaign.
- *Social Worker Scholarships* provides full scholarships for students interested in studying social work. 5 574 students are currently sponsored at various universities. R111.9 million was allocated in 2008/09 to 2 900 students for social worker scholarships and increased to R244 million in 2011/12 was allocated to sponsor 4 353 students. The budget is set to increase to R286.2 million in 2014/15, and will provide 4 750 students with financial assistance.

Expenditure estimates

Table 19.9 Welfare Services Policy Development and Implementation Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Service Standards	9.8	17.4	19.8	21.0	23.1	24.4	25.7
Substance Abuse	10.5	7.7	12.2	10.5	11.3	11.8	12.5
Older Persons	8.5	10.4	8.0	9.6	10.2	10.6	11.2
People with Disabilities	6.5	8.9	7.7	8.4	9.2	9.7	10.2
Children	29.2	30.1	31.9	39.4	69.7	62.5	48.6
Families	6.2	6.3	5.9	7.8	7.7	8.1	8.6
Social Crime Prevention and Victim Empowerment	16.3	14.9	14.6	27.4	38.4	39.3	42.0
Youth	7.3	5.1	4.6	6.0	6.3	6.6	6.9
HIV and AIDS	61.0	58.2	60.9	67.4	72.7	76.5	81.0
Social Worker Scholarships	111.9	210.0	226.0	244.0	256.0	270.0	286.2
Programme Management	4.6	6.9	7.4	8.1	9.2	9.8	10.4
Total	271.8	375.9	399.2	449.6	513.8	529.2	543.3
Change to 2011 Budget estimate				(1.2)	39.7	26.4	12.2

Economic classification

Current payments	103.5	106.2	110.7	136.2	189.4	187.1	180.7
Compensation of employees	49.4	61.2	68.6	73.3	76.3	81.1	85.9
Goods and services	54.1	45.0	42.0	63.0	113.1	106.0	94.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>16.1</i>	<i>15.2</i>	<i>11.7</i>	<i>16.3</i>	<i>52.9</i>	<i>45.0</i>	<i>33.7</i>
<i>Business and advisory services</i>							
<i>Lease payments</i>	<i>1.1</i>	<i>0.6</i>	<i>0.2</i>	<i>0.2</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
<i>Travel and subsistence</i>	<i>17.2</i>	<i>10.7</i>	<i>11.6</i>	<i>19.0</i>	<i>22.0</i>	<i>22.0</i>	<i>23.1</i>
<i>Venues and facilities</i>	<i>6.0</i>	<i>5.4</i>	<i>6.7</i>	<i>11.3</i>	<i>13.7</i>	<i>14.2</i>	<i>14.6</i>
Transfers and subsidies	166.1	268.9	288.1	308.1	322.6	340.2	360.6
Departmental agencies and accounts	111.9	210.0	226.0	244.0	256.0	270.0	286.2
Foreign governments and international organisations	0.4	0.4	0.2	0.4	0.2	0.3	0.3
Non-profit institutions	53.8	58.4	61.8	63.7	66.4	69.9	74.1
Households	–	0.1	–	–	–	–	–
Payments for capital assets	2.2	0.8	0.4	5.3	1.8	1.9	2.0
Machinery and equipment	2.2	0.8	0.4	5.3	1.8	1.9	2.0
Total	271.8	375.9	399.2	449.6	513.8	529.2	543.3

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	111.9	210.0	226.0	244.0	256.0	270.0	286.2
National Student Financial Aid Scheme	111.9	210.0	226.0	244.0	256.0	270.0	286.2
Non-profit institutions							
Current	53.8	58.4	61.8	63.7	66.4	69.9	74.1
loveLife	41.0	41.0	43.5	43.4	45.6	48.1	51.0
Service Standards national bodies	0.5	1.0	1.4	1.8	1.6	1.6	1.7
Substance Abuse national bodies	1.1	2.0	2.2	2.4	2.5	2.6	2.8
Older Persons national bodies	0.3	1.6	1.8	1.9	2.0	2.1	2.3
Disabilities national bodies	1.8	2.9	2.9	3.1	3.2	3.4	3.6
Children national bodies	2.7	5.5	5.7	6.0	6.5	6.8	7.2
Families national bodies	1.0	1.2	1.0	1.1	1.1	1.2	1.3
Social Crime Prevention national bodies	1.3	2.8	3.1	3.3	3.5	3.7	3.9
National Religious Leaders Forum	1.8	–	–	–	–	–	–
International Association for Schools of Social Work	1.5	–	–	–	–	–	–
Foundation for Professional Development	–	0.1	–	–	–	–	–
National Association of People Living with HIV and AIDS	1.0	0.3	0.3	0.7	0.3	0.4	0.4

Expenditure trends

Expenditure increased from R271.8 million in 2008/09 to R449.6 million in 2011/12, at an average annual rate of 18.3 per cent, mainly due to the introduction of the social work scholarship programme, which supported 4 400 students. Spending on compensation of employees grew from R49.4 million in 2008/09 to R73.3 million in 2011/12, at an average annual rate of 14.1 per cent, to provide for expanding personnel capacity for policy development across all subprogrammes.

Expenditure is projected to increase to R543.3 million over the MTEF period, at an average annual rate of 6.5 per cent. R21.1 million is allocated over the MTEF period to strengthen the victim empowerment programme. A further R24.4 million and R16.5 million are provided in 2012/13 and 2013/14 to audit early childhood development facilities across the country.

At 52.1 per cent of the total budget over the medium term, the *Social Work Scholarships* subprogramme remains the largest expenditure item in this programme. The spending focus over the medium term in this subprogramme will be on increasing the supply of social workers to meet the demand for welfare services, by providing full scholarships to social work students.

Spending on consultants was equivalent to 22.3 per cent or R16.3 million of the programme's total expenditure on compensation of employees of R73.3 million for 2011/12. The main spending relates to the payment of information systems related to the integrated justice system and for the audit on the early childhood development centres.

The amount of R10.1 million was approved as a baseline reduction over the MTEF.

Programme 5: Social Policy and Integrated Service Delivery

Objectives and measures

- Build research, evidence based policy making and social policy capacity and expertise in the department and in the social development sector by:
 - training 50 policy makers in social policy and social policy analysis by March 2013
 - working with directorates in the department in continuing development and review of policies by March 2013
 - implementing a research management strategy by March 2013.
- Improve the effectiveness and efficient delivery of special projects and innovation by:
 - creating 187 000 job opportunities through social sector subprogrammes by 2012/13
 - extending the community works programme to 151 sites in municipalities by 2012/13.
- Support and monitor the implementation of community development services and programmes through facilitating:
 - support to change agents in 100 wards to act as catalysts in facilitating development in their households and communities by March 2013
 - the mobilisation of communities to take ownership of their own development initiatives in 100 wards by March 2013
 - the training of 580 community development practitioners by March 2013
 - the capacity building of 300 community based organisations on community development by March 2013
 - the profiling of 200 000 households in 100 wards in order to determine opportunities, vulnerabilities and develop appropriate and targeted interventions by March 2013.
- Contribute to the professionalisation of community development practice through the development of an occupational framework by March 2013.

- Facilitate and monitor the implementation of the Food For All programme in South Africa by:
 - mobilising communities for community based food production and self-reliance programmes by March 2013
 - promoting equitable access to food for 200 000 households by March 2013
 - conducting a study to evaluate current feeding programmes and systems by March 2013.
- Improve efficiency in registering non-profit organisations by:
 - processing 90 per cent of all non-profit organisations' applications within 2 months of receiving them
 - developing a non-profit organisation online registration system by March 2013
 - establishing an efficient walk-in centre at the national office by March 2013
 - facilitating the resolution of 80 per cent of non-profit organisations appeals adjudication within 3 months on receipt
 - facilitating capacity building of 1 500 non-profit organisations on non-profit organisation governance and on the Non-profit Organisations Act (1997)
 - facilitating capacity building of 200 provincial officials on non-profit organisation governance and on the Non-profit Organisations Act (1997).
- Increase the sustainability, effectiveness and efficiency of social development sector service delivery partners by:
 - conducting a situational analysis of all service delivery non-profit sectors by March 2013
 - developing a non-profit organisation funding model and systems by March 2013.
- Promote the implementation of South Africa's population policy by:
 - increasing capacity to integrate population factors into development plans by training 300 persons and providing advice/support to the municipalities in 20 districts/metropolitan areas, by March 2013
 - increasing understanding of the state of South Africa's population, by producing 10 draft research reports on progress with the implementation of the population policy by March 2013
 - improving teaching on population factors in school curricula in 18 education districts by March 2013.

Subprogrammes

- *Social Policy Research and Development* provides strategic guidance on social policy development, coordination and evaluation; and supports the department's initiatives and responsibilities in the United Nations, the United Nations Educational, Scientific and Cultural Organisation, the African Union, and the Southern African Development Community (SADC) in areas relating to social policy, research and evidence based policy making. This subprogramme had a staff complement of 5 and a total budget of R6.5 million in 2011/12, and 48.8 per cent of budget in 2011/12 was used for compensation of employees.
- *Special Projects and Innovation* provides for the coordination, incubation and innovation of departmental and social cluster initiatives, such as the expanded public works programme. This subprogramme had a staff complement of 9 and a total budget of R10.1 million in 2011/12, of which 40.6 per cent of its total budget was for compensation of employees.
- *Population Policy Promotion* supports, monitors and evaluates the implementation of the White Paper on Population Policy for South Africa by conducting research on population trends and dynamics; raises awareness on population and development concerns; and supports and builds technical capacity to implement population policy. This subprogramme had a staff complement of 40 and a total budget of R20.9 million in 2011/12, of which 71.5 per cent was used for compensation of employees.
- *Registration and Monitoring of Non-Profit Organisations* improves the registration of non-profit organisations in terms of the Non-Profit Organisations Act (1997). This subprogramme had a staff complement of 56 and a total budget of R17 million in 2011/12, of which 68.5 per cent was used for compensation of employees.
- *Substance Abuse Advisory Services and Oversight* monitors the implementation of policies, legislation, and norms and standards for substance abuse, with the Central Drug Authority monitoring and providing support for implementing the national drug master plan. This subprogramme had a staff complement of 4

and a total budget of R5.5 million in 2011/12, of which 28.5 per cent was used for compensation of employees.

- *Community Development* develops and facilitates the implementation of policies, guidelines, and norms and standards to ensure the effective and efficient delivery of community development services and programmes. This subprogramme had a staff complement of 28 and a total budget of R22.4 million, of which 45.3 per cent was used for compensation of employees.
- *National Development Agency* provides grants to civil society organisations to implement sustainable community driven projects such as the Eureka Poultry projects which is a chicken and vegetable farming project that addresses food security and create employment and income opportunities. In 2011/12, R161.4 million was transferred to the National Development Agency.

Expenditure estimates

Table 19.10 Social Policy and Integrated Service Delivery

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Social Policy Research and Development	7.1	5.3	3.4	6.5	7.3	7.4	7.8
Special Projects and Innovation	4.3	6.4	6.7	10.1	6.9	7.3	7.7
Population Policy Promotion	25.4	20.4	19.1	20.9	22.3	23.6	25.0
Registration and Monitoring of Non-Profit Organisations	11.4	11.0	12.5	17.0	18.2	19.1	20.2
Substance Abuse Advisory Services and Oversight	0.7	3.3	3.5	5.5	5.8	6.1	6.4
Community Development	18.5	17.4	14.5	22.4	21.3	22.6	24.0
National Development Agency	136.3	144.8	83.5	161.4	166.3	173.5	182.2
Programme Management	2.2	2.4	1.2	2.4	2.9	3.1	3.3
Total	205.9	211.0	144.3	246.2	251.0	262.6	276.5
Change to 2011 Budget estimate				3.0	(1.9)	(4.2)	(6.8)
Economic classification							
Current payments	66.8	63.2	57.8	76.1	79.0	83.2	88.3
Compensation of employees	32.2	37.8	40.4	47.3	51.9	55.0	58.3
Goods and services	34.6	25.3	17.4	28.8	27.1	28.2	30.0
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	9.7	6.0	3.5	11.2	8.6	8.8	9.4
<i>Lease payments</i>	0.1	0.2	0.2	0.2	0.2	0.2	0.2
<i>Travel and subsistence</i>	14.6	9.5	6.2	5.7	5.0	5.3	5.6
<i>Venues and facilities</i>	3.5	2.4	2.2	2.7	2.7	2.9	3.0
Transfers and subsidies	138.3	147.6	86.1	168.8	171.2	178.7	187.5
Departmental agencies and accounts	136.3	144.8	83.5	161.4	166.3	173.5	182.2
Foreign governments and international organisations	0.2	0.6	0.4	1.0	0.9	1.0	1.0
Non-profit institutions	1.9	2.2	1.9	6.4	4.0	4.2	4.3
Households	–	0.0	0.2	–	–	–	–
Payments for capital assets	0.8	0.3	0.5	1.4	0.8	0.8	0.7
Machinery and equipment	0.8	0.3	0.5	1.4	0.8	0.8	0.7
Total	205.9	211.0	144.3	246.2	251.0	262.6	276.5

Table 19.10 Social Policy and Integrated Service Delivery (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	136.3	144.8	83.5	161.4	166.3	173.5	182.2
National Development Agency	136.3	144.8	83.5	161.4	166.3	173.5	182.2
Non-profit institutions							
Current	1.9	2.2	1.9	6.4	4.0	4.2	4.3
Soul City	–	1.0	1.0	4.5	1.0	1.0	1.0
National Association of Burial Societies of South Africa	0.2	0.4	0.5	1.0	1.0	1.1	1.1
Africa Institute for Community Driven Development	0.8	0.8	0.3	0.5	0.5	0.6	0.6
Edwin Mabitse Radithura Mabitsela	0.1	–	–	–	–	–	–
National Association of People Living with HIV and AIDS	0.9	–	0.2	0.5	0.5	0.5	0.6
Food Bank South Africa	–	–	–	–	1.0	1.0	1.0

Expenditure trends

Expenditure decreased from R205.9 million in 2008/09 to R144.3 million in 2010/11, due to the budget decrease of R70 million for the National Development Agency.

Over the medium term, expenditure is expected to increase from R246.2 million in 2011/12 to R276.5 million in 2014/15, at an average annual rate of 3.9 per cent. The less than inflationary growth is due to the budget reductions as a result of efficiency savings. This will ensure equitable access to food for 200 000 households and creating 187 000 job opportunities through social sector subprogrammes. The main expenditure in this programme is the transfer to the National Development Agency, which accounts for 66.2 per cent of the programme's budget allocation in 2012/13.

Spending on consultants is R11.2 million, which is the equivalent of 23.7 per cent of the programme's spending on compensation of employees over the MTEF period. Consultants are used for research projects for community development initiatives.

R15.4 million was approved as a baseline reduction over the MTEF period.

Public entities and other agencies

South African Social Security Agency

Overview: 2008/09 – 2014/15

The South African Social Security Agency derives its mandate from the South African Social Security Agency Act (2004). The core business of the agency is to administer and pay social grants to beneficiaries. The agency is required to: develop and implement policies, programmes, standard operating procedures and systems for an efficient and effective social assistance benefits administration system; deliver innovative and cost effective services to beneficiaries and potential beneficiaries through multiple access channels; and pay the right grant to the right person at the right place and time.

Over the medium term, the agency's key strategic priorities are: service delivery improvement, in which provision will be made to improve conditions under which the beneficiaries are serviced; automation of business processes, which entails using innovative technology to deliver and improve the agency's services; a new payment model, under which alternate delivery models are being explored; and achieving a clean audit report,

for which the agency is committed to addressing identified issues and is developing and implementing an integrated and coherent action plan towards ensuring clean audits.

The South African Social Security Agency receives R6.2 billion in 2012/13. The major cost driver of the budget is goods and services, which constitute 66.3 per cent. Compensation of employees constitutes 32.4 per cent to the total budget while transfers to households only take 0.3 per cent.

An improved grant application process is being put in place to speed up and computerise the grant application process.

Performance

There has been substantial growth in the number of beneficiaries receiving payment over the medium term. The number of child support and old age grant beneficiaries increased by 6.9 per cent and 2.6 per cent in 2011/12. The agency has improved the quality of services to beneficiaries by shortening the turnaround time in grant administration from application to approval by improving access for eligible beneficiaries and conditions of payments. An average turnaround time of 9 days from 21 days has been achieved.

The cost of administering social assistance grants through cash payment contractors has been reduced by about 9 per cent and the agency is in the process of shifting more beneficiaries to banks. From the current 39.4 per cent of beneficiaries making use of bank accounts, the agency is planning to increase this to close to 59 per cent by March 2015.

Selected performance indicators

Table 19.11 South African Social Security Agency

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Average cost of administering social assistance (R/beneficiary)	Grants administration and customer services	R31	R35	R31	R33	R32	R33	R34
Average direct cost of paying grants (R/grant)	Grants administration and customer services	R15	R15	R13	R13	R11	R10	R10
Percentage of beneficiaries receiving payments through the banking system	Grants administration and customer services	16.4% (2 109 361)	34% (4 616 369)	37.5% (6 948 980)	39.4% (7 699 241)	53% (8 516 574)	56% (9 234 163)	59% (9 886 609)
Number of pay points improved ¹	Grants administration and customer services	–	–	–	300	310	310	310
Number of local offices improved ¹	Corporate services	–	–	–	–	72	72	72

1. No past data, as these are new indicators.

Programmes/activities/objectives

Table 19.12 South African Social Security Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	46.9	235.0	257.4	193.6	203.2	213.4	224.1
Corporate services	618.2	739.3	699.4	941.4	989.4	1 038.9	1 090.9
Finance	3 097.0	2 770.0	2 539.4	2 941.1	2 772.4	2 911.5	3 058.3
Information technology	443.1	472.5	347.4	425.2	446.5	468.8	492.2
Grants administration and customer services	1 151.2	1 140.3	1 224.5	1 401.3	1 671.2	1 775.2	1 880.1
Strategy and business development	43.3	21.5	22.5	45.5	47.8	50.1	52.7
Internal audit	81.1	86.8	85.8	67.6	70.9	74.5	78.2
Total expense	5 480.7	5 465.5	5 176.3	6 015.7	6 201.4	6 532.4	6 876.4

The South African Social Security Agency had a total budget of R6 billion in 2011/12, of which 48.9 per cent was used mainly for payment of contractors.

Savings and cost effectiveness measures

Significant progress has been made in turning around the agency's financial position. An accumulated overdraft of R839.4 million by the end of 2008/09 has now been largely dealt with. In 2010/11, the agency had a surplus of R462.7 million, bringing the accumulated deficit down to R137 million. The accumulated deficit is likely to be cleared by 2011/12. Cost containment measures have been a key part of the intervention and included cutting costs on advertising, communication and travel.

In addition, the agency initiated the process of operating more efficiently, particularly with regard to the disbursement of social grants by encouraging beneficiaries to transfer to other less costly methods of receiving payment. The number of beneficiaries receiving their grants through banks or post banks is expected to increase as beneficiaries, particularly those residing in urban areas, becoming aware of the option. The banking infrastructure in rural areas is also improving and expanding. The entity is also implementing a new payment tender and payment model which is expected to reduce expenditure over the MTEF period. The new payment administrator, appointed through a tender process, starts operations on 1 April 2012, and brings the benefit of having reduced the cost of administering grants to R16.50 per grant nationally. This is a reduction from the previous cost of between R26 and R35 per grant paid.

Expenditure estimates

Table 19.13 South African Social Security Agency

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	11.1	13.3	7.7	9.6	1.1	1.2	1.4
Sale of goods and services other than capital assets	-	-	0.7	1.5	0.7	0.7	0.8
<i>of which:</i>							
Administration fees	-	-	0.7	0.7	0.6	0.7	0.8
Other sales	-	-	-	0.8	-	-	-
Other non-tax revenue	11.1	13.3	7.0	8.1	0.5	0.5	0.6
Transfers received	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 531.2	6 875.1
Total revenue	4 641.3	5 182.2	5 639.1	6 153.2	6 201.4	6 532.4	6 876.4
Expenses							
Current expenses	5 326.4	5 452.9	5 157.0	5 996.2	6 180.9	6 510.8	6 853.7
Compensation of employees	1 396.8	1 563.5	1 623.5	1 729.1	2 007.7	2 024.9	2 125.1
Goods and services	3 838.2	3 835.7	3 472.3	4 207.6	4 109.9	4 419.6	4 658.9
<i>of which:</i>							
Payment contractors	2 397.4	2 439.8	2 232.2	2 474.3	2 172.0	2 040.0	2 074.0
Communication	53.6	103.1	102.0	73.4	77.1	81.0	85.0
Travel and subsistence	30.8	77.4	84.6	69.0	62.0	65.1	68.7
Other	1 356.3	1 215.4	1 053.6	1 590.9	1 798.8	2 233.5	2 431.2
Depreciation	48.0	51.5	59.4	57.5	61.3	64.3	67.5
Interest, dividends and rent on land	43.4	2.2	1.8	1.9	2.0	2.1	2.2
Transfers and subsidies	154.3	12.5	19.3	19.5	20.5	21.6	22.7
Total expenses	5 480.7	5 465.5	5 176.3	6 015.7	6 201.4	6 532.4	6 876.4
Surplus/ (Deficit)	(839.4)	(283.3)	462.7	137.5	-	-	-
Statement of financial position							
Carrying value of assets	472.3	508.2	450.6	396.9	339.7	279.7	216.8
Acquisition of assets	250.0	86.6	23.3	5.3	5.6	5.9	6.2
Inventory	6.2	14.9	13.7	27.1	28.5	29.9	31.4
Receivables and prepayments	67.8	20.3	34.6	242.3	173.9	175.7	177.6
Cash and cash equivalents	2.3	9.3	199.0	218.9	326.9	325.4	324.0
Total assets	548.6	552.6	698.0	885.2	869.0	810.8	749.8
Accumulated surplus/(deficit)	(393.3)	(600.3)	(137.5)	-	-	-	-
Borrowings	410.0	310.8	-	-	-	-	-
Finance lease	48.9	3.7	2.5	135.9	284.4	296.8	309.8
Trade and other payables	328.9	491.8	511.1	455.3	291.8	222.5	149.8
Total equity and liabilities	548.6	552.6	698.0	885.2	869.0	810.8	749.8

Expenditure trends

Over the MTEF period, expenditure will grow from R6 billion in 2011/12 to R6.9 billion in 2014/15. The bulk of expenditure of R2.5 billion goes to goods and services towards payments of contractors hired to disburse grants to beneficiaries in 2011/12. An accumulated overdraft of R839.4 million by the end of 2008/09 has now been largely dealt with. In 2010/11, the agency had a surplus of R462.7 million, bringing the accumulated deficit down to R137 million. The accumulated deficit should have been cleared by 2011/12. Cost containment measures have been a key part of the intervention and included cutting costs on advertising, communication and travel.

The South African Social Security Agency revenue is mainly from transfers from the Department of Social Development. The revenue increased from R4.6 billion in 2008/09 to R6.2 billion in 2011/12 and is projected to increase to R6.9 billion in 2014/15.

The budget also caters for a project to improve the conditions under which beneficiaries are served, as well as infrastructure at pay points.

Legislation requires the agency to perform certain activities in relation to the administration of the grants such as the review of the status of grants administration. Provision is made for reviews and for notifying beneficiaries of the reviews, to ensure the continued eligibility of beneficiaries for social grants and that they are alive.

Another significant expenditure is assessment fees paid to medical practitioners contracted to perform medical assessments on disability grant applicants, to make sure that they are indeed eligible.

The budget also provides for an allocation that is focused on improving access to grants by citizens living in remote rural areas. This will be achieved under the integrated community registration outreach programme.

Personnel information

Table 19.14 South African Social Security Agency

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	17	13	4	11	12	10	13	13	13	13
Senior management	310	196	114	227	212	200	196	196	196	196
Middle management	883	452	431	521	506	494	452	452	452	452
Professionals	1 323	411	912	510	474	478	411	411	411	411
Skilled	5 412	1 251	4 161	1 509	1 539	1 560	1 251	1 251	1 251	1 251
Semi-skilled	10 496	4 178	6 318	4 991	4 701	5 037	4 178	5 454	5 454	5 454
Very low skilled	36	12	24	76	56	54	12	12	12	12
Total	18 477	6 513	11 964	7 845	7 500	7 833	6 513	7 789	7 789	7 789
Compensation (R thousand)				1 396 847	1 563 502	1 623 468	1 729 142	2 007 731	2 024 861	2 125 146
Unit cost (R thousand)				178	208	207	265	258	260	273

1. As at 30 September 2011.

The number of filled posts grew from 7 845 in 2008/09 to 7 833 in 2010/11. Over the MTEF period, filled posts are expected to increase by 1 276, particularly at salary levels 5 to 8, which are required at the service delivery level. The increase in both periods is due to the drive to expand services to remote rural areas and to improve on the delivery of services to grant beneficiaries. The agency has taken a strategic decision that the ratio of support staff to line staff be at 20:80. This means that the majority of the posts to be filled will mainly be at the level of core service delivery.

Other public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Development Agency** grants funds to civil society organisations for development projects for poor communities and for strengthening the institutional capacity of other civil society organisations that

provide services to poor communities. It also promotes consultation and dialogue between civil society and the state, debates policy development and does research. Its total budget for 2012/13 is R176.3 million.

Vote 20

Sport and Recreation South Africa

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	113.2	110.7	0.1	2.5	124.6	131.8
Sport Support Services	187.3	51.5	135.8	–	214.0	228.3
Mass Participation	525.4	55.8	469.6	–	553.1	584.3
International Liaison and Events	13.9	13.9	–	–	12.9	13.6
Facilities Coordination	8.6	8.6	–	–	9.2	9.5
Total expenditure estimates	848.4	240.5	605.5	2.5	913.9	967.6

Executive authority

Minister of Sport and Recreation South Africa

Accounting officer

Director General of Sport and Recreation South Africa

Website address

www.srsa.gov.za

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

Aim

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: Management, strategic and administrative support services.

Programme 2: Sport Support Services

Purpose: Support recognised sport and recreation bodies and public entities, and monitor and report on their performance.

Programme 3: Mass Participation

Purpose: Create an enabling environment and provide support 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. Support the hosting of identified major events.

Programme 5: Facilities Coordination

Purpose: Facilitate the provision and management of sustainable sport and recreation facilities.

Strategic overview: 2008/09 – 2014/15

The 2010 White Paper on Sport and Recreation provides the strategic direction for the sector, with the national sport and recreation plan providing the detailed activities to be undertaken by the department and its implementing partners: the provinces, sport federations, public entities accountable to the department and the South African Sports Confederation and Olympic Committee. Cabinet approval for the plan will be sought in March 2012 after the department completes the consultation process with all stakeholders.

The department is committed to contributing to an empowered, fair and inclusive citizenship (outcome 12) through harnessing the benefits of sport to enrich social capital.

Focus over the medium term

Coordinated interventions in sport federation administration

Given the role that national sport federations play as key delivery agents and their current capacity constraints, the department will establish a sport federation's administration support unit. In addition, activities related to club development and support have been fragmented across programmes, resulting in the duplication of activities and reduced impact and significance of interventions. In collaboration with national federations, initiatives to support and strengthen existing clubs will be brought together under the *Sport Support Services* programme to maximise the impact of these interventions.

Streamlining recreation programmes

Historically, South Africa has had a number of recreation associations, resulting in a general lack of coordination and cohesion in delivering recreation. Over the medium term, the department will develop a single governance model for recreation to strengthen the delivery of recreation programmes. In addition, the current mass participation programmes will be expanded to include the promotion and implementation of recreation programmes.

School sport

School sport remains the bedrock for mass participation and talent identification, but effective delivery has been hampered by challenges in institutional relationships. The ministers of basic education, and sport and recreation are committed to delivering a sustainable, integrated plan for school sport. A memorandum of understanding was signed between the two departments in 2011 that will ensure that learners are provided with the opportunity to participate in physical education and organised sport through an accessible, implementable school sport system.

The department will continue to focus on empowering educators in code specific coaching, technical officiating, team management and sports administration. It will also focus on integrating 16 sporting codes and indigenous games into the school sport system over the medium term. The school sport programme will include an inter-school, district and provincial school sport league programme, and will culminate in the national top schools games and the South African Youth Olympic Games which also accommodates out-of-school youth, both of which will be hosted by the department. A new agreement with loveLife, which is one of the department's delivery partners, provides explicit linkages between the programmes of the organisation and those of national federations and school sport events. In terms of this, coaches will be better equipped to empower the youth by receiving training in HIV and AIDS awareness and life skills.

Developing sport infrastructure in rural areas

The ring fencing of 15 per cent of the public infrastructure component of the municipal infrastructure grant for building sport facilities in rural areas, as gazetted in May 2011, was an important step in addressing the shortage of sports infrastructure in municipalities. A national facilities plan to assist with the effective implementation of the ring fenced amount will also be developed to ensure that facilities are appropriately located. The department will work closely with the Department of Cooperative Governance and Traditional Affairs, the South African Local Government Association and municipalities to maximise the use of these funds for sport infrastructure in the year ahead.

Selected performance indicators

Table 20.1 Sport and Recreation South Africa

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of sport and recreation bodies receiving financial support per year	Sport Support Services	58	62	61	61	70	70	70
Number of clubs developed per year	Sport Support Services	357	853	80	189	180	180	180
Number of participants in sport promotion projects managed by Sport and Recreation South Africa per year	Mass Participation	–	12 165	20 000	28 000	42 000	45 000	47 000
Number of schools supported to participate in school sport leagues per year ¹	Mass Participation	–	–	–	3 000	4 000	4 000	4 000
Number of major international events receiving intra-governmental support per year	International Liaison and Events	5	9	9	9	12	15	17

1. This is a new indicator and a new output for the department.

Expenditure estimates

Table 20.2 Sport and Recreation South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	74.1	80.1	90.8	108.8	106.8	113.2	124.6	131.8
Sport Support Services	88.6	122.7	109.2	162.0	156.1	187.3	214.0	228.3
Mass Participation	349.3	452.4	470.8	500.8	503.8	525.4	553.1	584.3
International Liaison and Events	44.0	7.6	14.5	40.5	40.5	13.9	12.9	13.6
Facilities Coordination	6.0	5.9	7.2	8.7	8.7	8.6	9.2	9.5
2010 FIFA World Cup Unit	4 309.3	2 197.9	559.6	–	–	–	–	–
Total	4 871.4	2 866.4	1 252.0	820.9	816.0	848.4	913.9	967.6
Change to 2011 Budget estimate				18.2	13.3	(3.9)	(1.6)	(2.8)

Economic classification

Current payments	223.4	208.4	179.5	222.7	217.8	240.5	254.7	269.9
Compensation of employees	54.5	61.3	70.6	77.8	76.9	91.9	96.9	101.8
Goods and services	168.9	147.0	108.9	144.9	140.9	148.6	157.8	168.1
<i>of which:</i>								
Contractors	43.8	50.0	25.7	42.5	39.5	58.0	57.7	59.7
Lease payments	2.6	1.8	4.9	9.7	9.7	6.2	17.2	19.0
Travel and subsistence	59.7	40.9	30.7	35.1	36.6	36.9	34.3	36.1
Venues and facilities	13.3	7.6	8.5	12.9	12.9	9.5	9.3	10.3
Interest and rent on land	–	0.1	–	–	–	–	–	–
Transfers and subsidies	4 644.0	2 653.1	1 067.3	592.1	592.1	605.5	657.0	695.6
Provinces and municipalities	4 588.7	2 570.9	939.0	452.0	452.0	469.6	497.6	525.6
Departmental agencies and accounts	7.5	9.9	12.3	21.8	21.8	18.3	20.4	22.6
Foreign governments and international organisations	–	15.0	40.0	16.7	16.7	–	–	–
Non-profit institutions	47.6	57.3	76.1	101.7	101.7	117.5	139.0	147.3
Households	0.2	–	0.0	–	–	–	–	–
Payments for capital assets	4.1	4.8	5.1	6.0	6.0	2.5	2.2	2.2
Machinery and equipment	3.9	4.7	4.6	6.0	6.0	2.5	2.2	2.2
Heritage assets	0.1	0.2	–	–	–	–	–	–
Software and other intangible assets	0.1	0.0	0.5	–	–	–	–	–
Payments for financial assets	0.0	0.1	0.1	–	–	–	–	–
Total	4 871.4	2 866.4	1 252.0	820.9	816.0	848.4	913.9	967.6

Expenditure trends

The spending focus over the MTEF period will be on the ongoing promotion of mass participation in sport and recreation. The mass participation and sport development grant will increase participation in various sporting codes by supporting school sport, club development and hubs.

Expenditure decreased from R4.9 billion in 2008/09 to R820.9 million in 2011/12, at an average annual rate of 44.9 per cent, due to the completion of the 2010 FIFA World Cup stadiums in 2010/11.

Expenditure is projected to increase to R967.6 million over the medium term, at an average annual rate of 5.8 per cent, mainly due to the inflationary increases in municipal and office accommodation charges, transfers to sport federations and the mass participation sport development grant.

The department receives additional allocations over the MTEF period of R1.9 million, R4.2 million and R5.5 million mainly for:

- R7.8 million for improved conditions of service
- R781 000 for improved conditions of service for both Boxing South Africa and the South African Institute for Drug Free Sport
- R3 million for increased operational costs at Boxing South Africa.

The department has reprioritised R9.2 million over the MTEF period, comprised of R2.9 million for the internal audit function and R6.4 million for Boxing South Africa to settle its outstanding debts.

A Cabinet approved baseline cut of R20 million over the MTEF period was also made (R5.8 million, R5.8 million and R8.3 million). Details of these are discussed in the relevant subprogrammes.

Spending on consultants relates mainly to the preparation of athletes for the Olympics and Paralympics and also the implementation of school sport programmes, which is equivalent to 3.7 per cent of compensation of employees in 2011/12. Expenditure on consultants increased from R2.4 million in 2008/09 to R2.9 million in 2011/12, at an average annual rate of 6.8 per cent, and is expected to increase over the medium term to R3.9 million, at an average annual rate of 10.4 per cent, due to an expected increase in activities related to school sport over the MTEF period and preparation for the Olympics and Paralympics in 2012/13.

Personnel information

Table 20.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	206	206	3	180	188	189	171	209	209	209
Salary level 1 – 6	48	50	–	43	52	47	42	48	48	48
Salary level 7 – 10	93	91	–	78	74	86	73	93	93	93
Salary level 11 – 12	38	38	–	33	36	31	32	38	38	38
Salary level 13 – 16	27	27	3	26	26	25	24	30	30	30
Administration	150	150	3	120	129	132	122	153	153	153
Salary level 1 – 6	40	40	–	31	39	38	33	40	40	40
Salary level 7 – 10	64	64	–	53	51	60	50	64	64	64
Salary level 11 – 12	27	27	–	22	24	20	22	27	27	27
Salary level 13 – 16	19	19	3	14	15	14	17	22	22	22
Sport Support Services	20	20	–	17	18	16	19	20	20	20
Salary level 1 – 6	4	4	–	2	3	3	4	4	4	4
Salary level 7 – 10	10	10	–	9	9	8	10	10	10	10
Salary level 11 – 12	3	3	–	3	3	2	2	3	3	3
Salary level 13 – 16	3	3	–	3	3	3	3	3	3	3

Table 20.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Mass Participation	22	22	-	20	17	19	17	22	22	22
Salary level 1 – 6	2	4	-	5	4	2	3	2	2	2
Salary level 7 – 10	13	11	-	9	7	11	8	13	13	13
Salary level 11 – 12	4	4	-	4	4	4	4	4	4	4
Salary level 13 – 16	3	3	-	2	2	2	2	3	3	3
International Liaison and Events	8	8	-	8	7	7	7	8	8	8
Salary level 1 – 6	1	1	-	1	1	1	1	1	1	1
Salary level 7 – 10	4	4	-	4	3	3	3	4	4	4
Salary level 11 – 12	2	2	-	2	2	2	2	2	2	2
Salary level 13 – 16	1	1	-	1	1	1	1	1	1	1
Facilities Coordination	6	6	-	5	6	5	6	6	6	6
Salary level 1 – 6	1	1	-	1	1	1	1	1	1	1
Salary level 7 – 10	2	2	-	2	2	1	2	2	2	2
Salary level 11 – 12	2	2	-	1	2	2	2	2	2	2
Salary level 13 – 16	1	1	-	1	1	1	1	1	1	1
2010 FIFA World Cup Unit	-	-	-	10	11	10	-	-	-	-
Salary level 1 – 6	-	-	-	3	4	2	-	-	-	-
Salary level 7 – 10	-	-	-	1	2	3	-	-	-	-
Salary level 11 – 12	-	-	-	1	1	1	-	-	-	-
Salary level 13 – 16	-	-	-	5	4	4	-	-	-	-

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

2. As at 30 September 2011.

The department had an establishment of 206 posts, all of which are funded. The number of filled posts decreased from 180 in 2008/09 to 171 in 2011/12, due to the closing of the 2010 FIFA World Cup unit in 2010/11 after the event. The department plans to fill all funded posts in 2012/13 and will maintain a full staff complement over the medium term to ensure that the key objectives are achieved.

As at 30 September 2011, there were 35 vacancies in the department, 28 of which were in the *Administration* programme. The vacancies are mainly due to resignations, promotions and transfers to other government departments.

The ratio of administrative costs to line function costs decreased from 1:0.5 in 2008/09 to 1:0.4 in 2011/12 as a result of the closing of the 2010 FIFA World Cup unit. The department is currently restructuring and aims to bring the ratio closer to 1:4 over the MTEF period. The ratio of consultants to line staff is 1:16. Consultants are mainly used to provide specialist support to athletes.

Departmental receipts

Table 20.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	258	186	271	363	363	432	393	415
Sales of goods and services produced by department	54	55	56	66	66	60	64	67
Other sales	54	55	56	66	66	60	64	67
<i>of which:</i>								
<i>Rental parking covered and open</i>	54	55	56	66	66	60	64	67
Transfers received	75	-	-	-	-	-	-	-
Interest, dividends and rent on land	3	13	3	16	16	17	18	19
Interest	3	13	3	16	16	17	18	19
Sales of capital assets	-	54	-	-	-	60	-	-
Transactions in financial assets and liabilities	126	64	212	281	281	295	311	329
Extraordinary receipts	-	5 900	-	-	-	-	-	-
<i>of which:</i>								
<i>Public corporations and private enterprises</i>	-	730	-	-	-	-	-	-
<i>International organisation</i>	-	5 170	-	-	-	-	-	-
Total	258	6 086	271	363	363	432	393	415

The department's receipts are generated mainly from the cancellation of expired warrant vouchers, commission paid and other incidentals, such as parking fees and the replacement of access cards. Revenue grew from R258 000 in 2008/09 to R363 000 in 2011/12, at an average annual rate of 12.1 per cent. The spike in revenue received in 2009/10 was mainly due to the refund of participation fees for the 2008 Zone VI Youth Games. Revenue is expected to increase to R415 000 over the medium term, at an average annual rate of 4.6 per cent.

Programme 1: Administration

Expenditure estimates

Table 20.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	16.7	16.5	18.4	20.9	20.3	19.1	20.0
Management	6.1	3.8	6.1	7.0	8.2	8.6	9.0
Strategic and Executive Support	2.8	3.3	4.5	5.6	5.6	6.2	6.5
Corporate Services	31.7	37.0	36.2	43.7	46.8	45.9	48.1
Office of the Chief Financial Officer	12.3	15.4	16.2	18.5	18.7	18.9	19.9
Internal Audit	3.0	2.9	3.5	4.4	5.9	6.3	6.7
Office Accommodation	1.4	1.2	6.0	8.7	7.7	19.6	21.7
Total	74.1	80.1	90.8	108.8	113.2	124.6	131.8
Change to 2011 Budget estimate				(1.9)	(2.0)	2.2	2.1
Economic classification							
Current payments	71.5	77.9	88.9	106.8	110.7	122.4	129.6
Compensation of employees	37.3	41.8	48.5	56.1	63.3	66.7	69.8
Goods and services	34.2	36.0	40.4	50.7	47.4	55.7	59.8
<i>of which:</i>							
<i>Contractors</i>	0.5	1.8	2.9	3.1	2.8	2.3	2.5
<i>Lease payments</i>	2.5	1.8	4.9	9.7	6.2	17.2	19.0
<i>Travel and subsistence</i>	9.7	10.2	11.2	13.0	12.0	10.1	10.4
<i>Venues and facilities</i>	0.8	0.8	0.6	1.0	1.0	1.0	1.1
Interest and rent on land	-	0.1	-	-	-	-	-

Table 20.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Households	0.2	–	–	–	–	–	–
Payments for capital assets	2.4	2.0	1.7	2.0	2.5	2.2	2.2
Machinery and equipment	2.3	1.9	1.2	2.0	2.5	2.2	2.2
Heritage assets	0.1	0.2	–	–	–	–	–
Software and other intangible assets	0.1	0.0	0.5	–	–	–	–
Payments for financial assets	0.0	0.1	0.1	–	–	–	–
Total	74.1	80.1	90.8	108.8	113.2	124.6	131.8

Expenditure trends

Expenditure grew from R74.1 million in 2008/09 to R108.8 million in 2011/12, at an average annual rate of 13 per cent, mainly due to the filling of critical posts in the *Office of the Chief Financial Officer* and *Corporate Services* subprogrammes. These appointments also explain the increases in expenditure on compensation of employees from R37.3 million in 2008/09 to R56.1 million in 2011/12, which grew at an average annual rate of 14.6 per cent, and goods and services. Expenditure on this item grew from R34.2 million to R50.7 million, at an average annual rate of 14 per cent. Over the medium term, total expenditure is anticipated to grow to R131.8 million, at an average annual rate of 7.3 per cent, mainly due to additional allocations for increased municipal and office accommodation charges.

Spending on consultants is equivalent to 3 per cent of total expenditure on compensation of employees in 2011/12. Consultants are mainly used for legal services, external auditing in the conducting of investigations and audio visual services. Expenditure on consultant services decreased from R1.9 million in 2008/09 to R672 000 in 2011/12, at an average annual rate of 64 per cent mainly due to the implementation of cost cutting measures that limit the use of consultants. The expenditure is however projected to increase to R1.3 million over the medium term, at an average annual rate of 25 per cent due to additional legal support services required.

Programme 2: Sport Support Services

Objectives and measures

- Increase active participation in sport and recreation to promote physical well being, foster social cohesion and contribute to nation building by providing financial support to at least 70 identified sport and recreation bodies in 2012/13, and by monitoring the use of this financial support to ensure that the objectives are being achieved.
- Support high performance sport by annually monitoring and evaluating services delivered by the South African Sports Confederation and Olympic Committee in preparing and delivering Team South Africa to selected multi-coded international events, such as the 2012 Olympic and Paralympic Games in London.
- Sustain sport promotion at community level by developing and supporting 180 clubs through technical support and coach education in conjunction with national federations in 2012/13.
- Empower the sport and recreation human resource base by coordinating the education and training of 160 coaches, 105 administrators and 160 technical officials in support of the sport and recreation sector line function programmes in 2012/13.

Subprogrammes

- *Programme Management: Sport Support Services* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 and a total budget of R2.1 million in 2011/12, of which 73.2 per cent was used for compensation of employees. No approved budget cuts have been made in this subprogramme.
- *Sport and Recreation Service Providers* transfers funds to sport and recreation bodies (mainly national federations), monitors the use of the funds in line with service level agreements signed between the national federations and the department, monitors governance and sports development, and oversees the implementation of transformation programmes in line with a draft sports transformation charter and scorecard. The subprogramme also administers transfers made to Boxing South Africa, the South African Institute for Drug Free Sport and to non-governmental organisations. This subprogramme had a staff complement of 5 and a total budget of R110.3 million in 2011/12, of which 2.2 per cent was used for compensation of employees. Only 19 of the 70 sport and recreation bodies received financial support in the first six months of 2011/12 as the rest failed to provide audited financial statements and business plans outlining the use of allocated funds. An average of 61.1 per cent of this subprogramme's budget will be transferred to national federations for administration, development and discretionary funding over the MTEF period. No approved budget cuts have been made in this subprogramme.
- *Club Development and Support* facilitates the development and support of clubs in collaboration with federations by providing capacity building and facilitating the provision of equipment to clubs. The support offered is dependent on the individual needs of the clubs. The subprogramme also plays an oversight role regarding the support offered to clubs funded from the mass participation and sport development grant. This subprogramme had a staff complement of 3 and a total budget of R4.1 million in 2011/12, of which 75.1 per cent was used for goods and services. In 2011/12, 189 clubs will be supported at a cost of R476 000. No approved budget cuts have been made in this subprogramme.
- *Education and Training* contributes to the national priority of human empowerment through education and training; is a delivery partner in supporting the culture, arts, tourism, hospitality and sport sector education and training authority to deliver accredited education and training programmes and accredited facilitators for sport and recreation; coordinates the education and training needs of the department's line function programmes; maintains a database of trainers; and implements monitoring and evaluation systems. This subprogramme had a staff complement of 3 and a total budget of R4.1 million in 2011/12, of which 76.4 per cent was used for goods and services. In 2011/12, 104 recreation coordinators will be trained at a cost of R328 000. No approved budget cuts have been made in this subprogramme.
- *Scientific Support* coordinates and monitors the provision of scientific support services to national development athletes. Following a national sport and recreation indaba resolution in October 2011, this function will be transferred to the South African Sports Confederation and Olympic Committee and the subprogramme will cease to exist. This subprogramme had a staff complement of 4 and a total budget of R41.4 million in 2011/12, of which 91.9 per cent was used for goods and services, while 62 per cent paid for contractors who provided scientific support for athletes at high performance centres. The department will have supported the targeted number of sub-elite athletes (1 800) in 2011/12, at a cost of R12.4 million and in 2011/12, 77 coaches will have been trained in basic sport science against a target of 70 and at a cost of R407 000. No approved budget cuts have been made in this subprogramme.

Expenditure estimates

Table 20.6 Sport Support Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management: Sport Support Services	1.6	1.4	2.4	2.1	2.6	2.7	2.9
Sport and Recreation Service Providers	75.0	71.0	78.7	110.3	132.5	155.8	166.2
Club Development and Support	6.4	12.7	1.3	4.1	5.4	6.2	7.0
Education and Training	5.6	18.3	2.9	4.1	4.4	4.6	4.9
Scientific Support	–	19.3	23.9	41.4	42.4	44.7	47.4
Total	88.6	122.7	109.2	162.0	187.3	214.0	228.3
Change to 2011 Budget estimate				3.3	3.4	4.9	6.9

Economic classification

Current payments	33.5	55.5	35.9	55.5	51.5	54.7	58.4
Compensation of employees	5.0	5.4	6.7	9.2	7.9	8.3	8.8
Goods and services	28.5	50.2	29.1	46.3	43.7	46.3	49.6
<i>of which:</i>							
Contractors	17.3	35.8	20.5	34.4	28.4	29.0	29.4
Travel and subsistence	6.7	11.3	4.7	6.3	7.3	7.9	8.7
Venues and facilities	2.4	0.7	2.0	2.0	3.0	3.6	4.3
Transfers and subsidies	55.1	67.1	73.3	106.4	135.8	159.4	169.9
Departmental agencies and accounts	7.5	9.8	12.3	21.7	18.2	20.4	22.5
Non-profit institutions	47.6	57.3	61.1	84.7	117.5	139.0	147.3
Total	88.6	122.7	109.2	162.0	187.3	214.0	228.3

Expenditure trends

Expenditure increased from R88.6 million in 2008/09 to R162 million in 2011/12, at an average annual rate of 22.3 per cent. The increase was due to high spending in 2009/10 as a result of a rollover of R15 million to train volunteers for the 2010 FIFA World Cup and an additional allocation of R136 million in the 2011 budget for federations to promote and develop sport.

Over the MTEF period, expenditure is projected to increase to R228.3 million, at an average annual rate of 12.1 per cent, mainly due to the additional allocations to Boxing South Africa and sport federations, which accounts for the increased number of sport federations supported from 61 in 2011/12 to 70 by 2014/15. Expenditure in the *Scientific Support* subprogramme increases in 2012/13 to support high performance institutes to train athletes more intensively in preparation for the 2012 Olympic and Paralympic Games. In 2008/09, 58 sport and recreation bodies received financial support and the increase in expenditure from R55.1 million in 2008/09 to R106.4 million in 2011/12 in transfers and subsidies made it possible for the department to support 61 sport and recreation bodies in 2011/12. The programme makes transfers to sport federations, loveLife, the South African Sports Confederation and Olympic Committee, Boxing South Africa and the South African Institute for Drug Free Sport.

Spending on consultants is equivalent to 12.2 per cent of the total expenditure on compensation of employees in 2011/12. Consultants are mainly used for the preparation of athletes for major international events like the 2012 Olympics and Paralympics. Expenditure on consultants increased from R35 000 in 2008/09 to R1.1 million in 2011/12, at an average annual rate of 218.3 per cent, and is expected to increase over the medium term to R2.5 million, at an average annual rate of 30.1 per cent, due to additional support for sub-elite athletes.

Programme 3: Mass Participation

Objectives and measures

- Encourage active lifelong participation in sport by delivering sustainable programmes to 42 000 South Africans in 2012/13, with the emphasis on women, youth, persons with disabilities, senior citizens and rural communities.
- Build capacity to deliver school sport by supporting the training of 2 300 coaches, administrators and technical officials in 2012/13.
- Promote the development of sport at school level by monitoring the implementation of service level agreements with federations on the support of the delivery of indigenous games and sport programmes in the 16 identified codes to school children in 2012/13.
- Provide a platform for talent identification and development of elite athletes by supporting the running of structured competition opportunities at district, provincial and national level in 2012/13.

Subprogrammes

- *Programme Management: Mass Participation* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme had a staff complement of 3 and a total budget of R1.5 million in 2011/12, of which 69.9 per cent was used for compensation of employees. No approved budget cuts have been made in this subprogramme.
- *Community Mass Participation* delivers sport promotion programmes by focusing on increasing the number of participants in sport and recreation, with an emphasis on disadvantaged communities, and coordinates initiatives with the European Union and Deutsche Gesellschaft für Internationale Zusammenarbeit on the youth development against violence through sport programme. This subprogramme had a staff complement of 6 and a total budget of R472 million in 2011/12, of which 95.8 per cent was transferred to provinces for the mass participation and sport development grant. In 2011/12, 28 000 people will have taken part in mass participation events, in line with the target for the year. Cabinet approved budget cuts of R13.1 million over the MTEF period have been made on the conditional grant (R4.9 million, R3.1 million, and R5.1 million), and R750 000 in 2013/14 and R840 000 in 2014/15 on goods and services.
- *School Sport* supports the delivery of sport programmes to learners in conjunction with the Department of Basic Education; coordinates the training of educators in code specific coaching, technical officiating, team management and sport administration, with the focus on integrating 16 priority sporting codes and indigenous games into the school sport system by 2016; and plays an oversight role regarding the support offered to schools by provinces funded from the mass participation sport development grant. This entails supporting the interschool, district and provincial school sport league programmes by providing equipment and attire, the capacity building of trainers, and funding for hosting the National Top Schools Games and the South African Youth Olympic Games. This subprogramme had a staff complement of 8 and a total budget of R27.3 million in 2011/12, of which 11.5 per cent was used for compensation of employees. In 2011/12, focus was placed on the purchasing of sport equipment and developing an implementation plan for school sport in which roles and responsibilities of teachers, sport structures and government departments for each of the various levels of competition, as well as the 16 sport codes that will be focused on over the medium term, were specified. In the same year, the target of training 105 national and provincial trainers of coaches will be met. No approved budget cuts have been made in this subprogramme.

Expenditure estimates

Table 20.7 Mass Participation

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Programme Management: Mass Participation	1.0	0.5	1.6	1.5	1.8	1.9	2.0
Community Mass Participation	312.3	423.6	445.2	472.0	481.0	509.0	537.8
School Sport	36.0	28.2	23.9	27.3	42.6	42.1	44.5
Total	349.3	452.4	470.8	500.8	525.4	553.1	584.3
Change to 2011 Budget estimate				(1.3)	2.6	2.1	0.3
Economic classification							
Current payments	55.7	50.1	29.4	31.9	55.8	55.5	58.7
Compensation of employees	4.3	5.5	5.9	7.3	15.0	15.9	16.8
Goods and services	51.4	44.6	23.5	24.6	40.8	39.6	41.9
<i>of which:</i>							
Contractors	18.0	7.3	1.1	1.8	20.9	20.3	21.5
Travel and subsistence	19.3	16.9	9.5	9.4	13.5	12.8	13.5
Venues and facilities	2.6	4.3	1.5	5.2	3.1	2.7	2.8
Transfers and subsidies	293.7	402.3	441.4	469.0	469.6	497.6	525.6
Provinces and municipalities	293.7	402.3	426.4	452.0	469.6	497.6	525.6
Non-profit institutions	–	–	15.0	17.0	–	–	–
Total	349.3	452.4	470.8	500.8	525.4	553.1	584.3

Expenditure trends

Expenditure grew from R349.3 million in 2008/09 to R500.8 million in 2011/12, at an average annual rate of 12.8 per cent. The increase was mainly in transfers to provinces, with the expansion of the mass participation and sport development grant for school sport projects in 2006/07 and 2010 FIFA World Cup legacy projects in 2007/08. This increased the budget for the *Community Mass Participation* subprogramme at an average annual rate of 14.8 per cent between 2008/09 and 2011/12. Expenditure in this subprogramme is expected to increase at an average annual rate of 4.4 per cent over the medium term. There were 12 165 participants in sport promotion projects managed by Sport and Recreation South Africa in 2009/10 and the increases in expenditure within the *Community Mass Participation* subprogramme has made it possible for Sport and Recreation South Africa to increase the number of participants in these projects to 28 000 in 2011/12.

Spending in the *School Sport* subprogramme is expected to increase from R27.3 million to R44.5 million over the medium term, at an average annual rate of 17.7 per cent. The increase is due to the emphasis that the department will place on supporting the delivery of sport programmes to learners, and to continue empowering educators in code specific coaching, technical officiating, team management and sport administration with the focus on the 16 priority sporting codes. This can mainly be seen in the projected increased expenditure on contractors from R1.8 million in 2011/12, to R21.5 million in 2014/15, at an average annual rate of 129.8 per cent.

Programme 4: International Liaison and Events

Objectives and measures

- Build international relationships to support sport development by executing 5 international exchange programmes in 2012/13.
- Support international travel for sports people by facilitating all their requests for assistance in acquiring work permits, visas and passports in 2012/13 and over the medium term.
- Encourage the staging of major sport events in South Africa by providing event bidding and hosting support services for 12 events in 2012/13 in accordance with the approved events calendar.
- Promote sport tourism to South Africa by using at least 2 international events to showcase the country in 2012/13, including the London Olympic and Paralympic Games.

Subprogrammes

- *International Liaison* negotiates government-to-government agreements and manages programmes of cooperation and donor funding; initiates international exchange programmes to enrich sport development, particularly skills in coaching, officiating, administration and sport science; and is responsible for facilitating the provision of work permits, visas and passports for sportspeople. This subprogramme had a staff complement of 4 and a total budget of R3.1 million in 2011/12, of which 65.5 per cent was used for compensation of employees. In 2011/12, 6 international exchange programmes with the United Kingdom, Algeria, Cuba, Botswana, Mozambique and Burundi were initiated and implemented. No approved budget cuts have been made in this subprogramme.
- *Major Events* coordinates and manages government's support services for hosting identified major events in South Africa; and uses national and international sporting events to display South Africa as a sport tourist destination. This subprogramme had a staff complement of 2 and a total budget of R37.4 million in 2011/12, of which 2.5 per cent was used for compensation of employees. In 2011/12, support was provided for two events: the 123rd session of the International Olympic Committee in Durban and the Commonwealth Lifesaving Championship in October. In the same year, South Africa was showcased as a destination for sports tourism at the Sports and Events Tourism Exchange Conference, the All Africa Games and the Rugby World Cup. The total contribution of the department to all of these events was R17 million. An approved baseline cut of R3.1 million over the MTEF period (R900 000; R954 000; and R1.3 million) has been made on sport tourism and international commitments. In addition, the department has reprioritised R9.2 million over the MTEF period from goods and services to the *Administration* programme for the internal audit function (R900 000; R954 000; and R1 million) and R6.4 million (R2 million; R2.1 million; and R2.3 million) as a baseline adjustment to Boxing South Africa.

Expenditure estimates

Table 20.8 International Liaison and Events

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
International Liaison	5.4	3.2	3.0	3.1	2.9	3.1	3.2
Major Events	38.7	4.4	11.5	37.4	11.0	9.8	10.4
Total	44.0	7.6	14.5	40.5	13.9	12.9	13.6
Change to 2011 Budget estimate				17.5	(7.9)	(10.5)	(11.5)
Economic classification							
Current payments	44.0	7.6	14.5	23.9	13.9	12.9	13.6
Compensation of employees	3.0	2.5	2.7	3.0	3.2	3.4	3.6
Goods and services	41.0	5.0	11.8	20.9	10.7	9.5	10.0
of which:							
Contractors	4.0	1.9	0.8	2.5	1.5	1.1	1.1
Travel and subsistence	19.8	0.9	3.1	4.9	2.8	2.3	2.3
Venues and facilities	7.4	1.4	4.4	4.7	2.5	2.0	2.0
Transfers and subsidies	-	-	-	16.7	-	-	-
Foreign governments and international organisations	-	-	-	16.7	-	-	-
Total	44.0	7.6	14.5	40.5	13.9	12.9	13.6

Expenditure trends

Expenditure decreased from R44 million in 2008/09 to R40.5 million in 2011/12, at an average annual rate of 2.7 per cent, due to additional once-off expenditure on the hosting of the Zone VI Youth Games in 2008/09. Spending over the medium term is projected to decline to R13.6 million, at an average annual rate of 30.5 per cent, due to a rollover of R16.7 million received in 2011/12 for value added tax refunds on 2010 FIFA World Cup tickets, and savings of R3.8 million in spending on goods and services items such as travel and subsistence and venues and facilities.

Spending on consultants is equivalent to 3.8 per cent of the total expenditure on compensation of employees in 2011/12. Consultants are mainly used for the promotion, organisation and management of events that encourage sport tourism. Expenditure on consultant services decreased from R321 000 in 2008/09 to R112 000 in 2011/12,

at an average annual rate of 29.6 per cent, mainly due to cost cutting measures. Expenditure is expected to increase to R123 000 over the medium term, at an average annual rate of 3.2 per cent.

There were five major international events receiving intra-governmental support in 2008/09, one of which was the Southern and East African Zone VI Youth Games hosted by South Africa. South Africa's financial contribution to the hosting of these games accounts for the spike in expenditure on goods and services to R41 million in this year. Other international events hosted by South Africa usually receive smaller contributions. This is why the department is able to increase the number of major international events receiving intra-governmental support to nine in 2011/12, despite a decrease in the expenditure on goods and services from R41 million in 2008/09 to R20.9 million in 2011/12, at an average annual rate of 20.2 per cent. Spending on goods and services is expected to continue to decrease over the medium term to reach R10 million in 2014/15, mainly due to cost cutting measures made on various items. Despite the decreasing budget, the department's target is to support 17 events in 2014/15.

Programme 5: Facilities Coordination

Objectives and measures

- Facilitate decision making regarding the location of new facilities by establishing a geographical information system detailing the location of all existing sport and recreation facilities, finalising the national facilities plan in 2012/13, and maintaining and updating the national facilities database on an ongoing basis.
- Improve sport participation opportunities available to South Africans by lobbying 100 municipalities in 2012/13 to build sport and recreation facilities from the municipal infrastructure grant allocated to them, in line with the national facilities plan.
- Contribute to youth development by facilitating the provision of 5 multipurpose sport and recreation facilities as part of the effective implementation of youth development against violence through sport programme in 2012/13.
- Continue the legacy of the 2010 FIFA World Cup in 2012/13 by producing 2 reports for the minister on the status, in terms of maintenance and usage, of all 10 stadiums built or refurbished for the 2010 FIFA World Cup.
- Ensure compliance with the norms and standards for sport and recreation infrastructure by providing technical assistance to at least 80 per cent of the requests received from municipalities and other stakeholders in 2012/13.
- Ensure the proper maintenance of sport and recreation facilities by training 50 facility managers in facility management in 2012/13.

Subprogrammes

- *Planning and Advocacy* lobbies for, facilitates and coordinates the provision of sport and recreation facilities by municipalities and other relevant institutions. This subprogramme had a staff complement of 4 and a total budget of R2.8 million in 2011/12, of which 63 per cent was used for compensation of employees. In 2011/12, the department succeeded in getting approval for 15 per cent of the public infrastructure component of the municipal infrastructure grant to be ring fenced for the building of sport and recreation facilities. The youth development against violence through sport programme, funded by the German development bank Kreditanstalt für Wiederaufbau, is also implemented through this subprogramme. The department and these donors used 2011/12 to plan for the building of 3 multipurpose sport facilities in 2012/13. No approved budget cuts have been made in this subprogramme.
- *Technical Support* provides technical assistance to local authorities and other relevant stakeholders for constructing and managing sport facilities to ensure compliance with national standards, and assists municipalities in ensuring that the 2010 FIFA World Cup stadiums are well maintained and optimally used. This subprogramme had a staff complement of 1 and a total budget of R5.9 million in 2011/12, of which 8.9 per cent was spent on machinery and equipment. In 2011/12, 24 managers of municipal sport facilities were trained in specialised sport turf grass management at a cost of R156 000. No approved budget cuts have been made in this subprogramme.

Expenditure estimates

Table 20.9 Facilities Coordination

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Planning and Advocacy	2.6	2.0	2.2	2.8	2.5	2.7	2.9
Technical Support	3.4	3.9	5.0	5.9	6.1	6.5	6.6
Total	6.0	5.9	7.2	8.7	8.6	9.2	9.5
Change to 2011 Budget estimate				0.5	–	(0.4)	(0.6)
Economic classification							
Current payments	4.4	3.1	3.8	4.7	8.6	9.2	9.5
Compensation of employees	1.4	1.8	2.0	2.2	2.5	2.7	2.8
Goods and services	3.0	1.3	1.8	2.4	6.1	6.6	6.7
<i>of which:</i>							
Contractors	0.4	0.5	0.3	0.7	4.4	5.0	5.2
Travel and subsistence	2.2	0.6	1.0	1.5	1.4	1.2	1.1
Payments for capital assets	1.6	2.8	3.4	4.1	–	–	–
Machinery and equipment	1.6	2.8	3.4	4.1	–	–	–
Total	6.0	5.9	7.2	8.7	8.6	9.2	9.5

Expenditure trends

Expenditure grew from R6 million in 2008/09 to R8.7 million in 2011/12, at an average annual rate of 13.1 per cent, mainly because of the escalating costs of procuring mobile gyms. It is expected to increase to R9.5 million over the medium term, at an average annual rate of 3 per cent, in line with cost cutting measures.

Expenditure on machinery and equipment increased from R1.6 million in 2008/09 to R4.1 million in 2011/12, at an average annual rate of 35.6 per cent. These funds were used to provide mobile gyms to designated municipalities. There has been a steady increase in the provision of these gyms, from 5 in 2008/09 to 20 in 2011/12. This programme is phased out in 2011/12, which accounts for the zero expenditure on machinery and equipment from 2012/13.

Over the medium term, expenditure on contractors is expected to increase from R712 000 in 2011/12 to R5.2 million in 2014/15, at an average annual 93.8 per cent, for the development and maintenance of a sports facilities database grounded in a geographical information system that will inform a national facilities plan.

Programme 6: 2010 FIFA World Cup Unit

This programme was set up to coordinate government's functions in relation to the 2010 FIFA World Cup, and also to provide oversight for the building and upgrading of stadiums and preparing host cities for the event. The programme was phased out in 2010/11 and the personnel employed have been absorbed into other programmes in the department.

Expenditure estimates

Table 20.10 2010 FIFA World Cup Unit

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Technical	4 298.3	2 171.2	512.6	-	-	-	-
Non-Technical	11.0	26.6	47.0	-	-	-	-
Total	4 309.3	2 197.9	559.6	-	-	-	-
Economic classification							
Current payments	14.3	14.2	7.0	-	-	-	-
Compensation of employees	3.5	4.2	4.7	-	-	-	-
Goods and services	10.8	10.0	2.3	-	-	-	-
<i>of which:</i>							
Contractors	3.6	2.9	0.0	-	-	-	-
Travel and subsistence	2.0	1.0	1.2	-	-	-	-
Venues and facilities	0.0	0.4	-	-	-	-	-
Transfers and subsidies	4 295.0	2 183.7	552.6	-	-	-	-
Provinces and municipalities	4 295.0	2 168.7	512.6	-	-	-	-
Foreign governments and international organisations	-	15.0	40.0	-	-	-	-
Total	4 309.3	2 197.9	559.6	-	-	-	-

Public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- **Boxing South Africa** administers professional boxing, recognises amateur boxing, creates synergy between professional and amateur boxing, and promotes interaction between associations of boxers, managers, promoters, trainers. The entity's total budget for 2012/13 is R7.7 million.
- The **South African Institute for Drug Free Sport** promotes participation in sport without the use of prohibited performance enhancing substances and methods, and educates sportspeople on fair play and the harmful effects of doping. The entity's total budget for 2012/13 is R16 million.

Additional table: Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
Infrastructure transfers to other spheres, agencies and departments									
2010 FIFA World Cup stadiums	Successfully monitored the construction and upgrading of all the nine stadiums for compliance	Handed over	11 463.4	4 295.0	1 661.1	302.3	-	-	-
2010 FIFA World Cup host city operating grant	Assisted host cities with constructing fan parks and viewing areas and developing stadiums precincts	Various	717.8	-	507.6	210.3	-	-	-
Total			12 181.2	4 295.0	2 168.7	512.6	-	-	-

Vote 21

Correctional Services

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	4 924.0	4 710.0	13.9	200.1	5 335.9	5 631.7
Incarceration	9 457.2	8 580.1	59.8	817.4	9 955.9	10 601.3
Rehabilitation	972.1	954.5	0.0	17.5	1 019.2	1 079.9
Care	1 630.5	1 627.6	0.3	2.6	1 664.6	1 751.5
Social Reintegration	748.4	747.1	0.2	1.1	788.0	836.3
Total expenditure estimates	17 732.2	16 619.3	74.2	1 038.7	18 763.7	19 900.8

Executive authority

Minister of Correctional Services

Accounting officer

National Commissioner of Correctional Services

Website address

www.dcs.gov.za

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

Aim

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: Incarceration

Purpose: Provide appropriate services and well maintained physical infrastructure that support safe and secure conditions of detention consistent with human dignity of inmates, personnel and the public; and provide for profiling of inmates and compilation of needs based correctional sentence plans, administration and interventions.

Programme 3: Rehabilitation

Purpose: Provide offenders with needs based programmes and interventions to facilitate their rehabilitation and enable their social reintegration.

Programme 4: Care

Purpose: Provide needs based care services aimed at maintaining the personal wellbeing of all inmates in the department's custody.

Programme 5: Social Reintegration

Purpose: Provide services focused on offenders' preparation for release, the effective supervision of offenders placed under the system of community corrections and the facilitation of their social reintegration into communities.

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Correctional Services is derived from the Constitution, the Correctional Services Act (1998) as amended, the Criminal Procedure Act (1977) and the White Paper on Corrections (2005). It involves contributing to maintaining and promoting a just, peaceful and safe society by correcting offending behaviour in a safe, secure and humane environment, thus facilitating optimal rehabilitation and reduced repeat offending. In this way, the department contributes to ensuring that all people in South Africa are and feel safe (outcome 3).

The strategic goals of the department are to ensure that: sentenced offenders are held in safe, secure and humane custody, have correctional sentence plans, are healthy, and have their literacy, education and skills competencies improved; remand detainees are held in safe, secure and humane conditions, have conditions conducive to participation in court processes, are healthy, and have their social and family needs supported; and parolees, probationers and offenders sentenced under community correctional supervision are rehabilitated, monitored and accepted back into communities.

Policy changes and implementation over the medium term

In 2011, the Correctional Matters Amendment Act (2011) was assented to by the president and will come into operation by proclamation in the Government Gazette. The objectives of the act are to amend the Correctional Services Act (1998) to strengthen the parole system, provide for a medical parole system, and provide for the management and detention of remand detainees. This policy change, along with the implementation of a new bail protocol and protocol on interstate inmate transfer by the justice, crime prevention and security cluster, will over time contribute to the alleviation of overcrowding.

Strengthening the parole system

The Correctional Services Amendment Act (2008) provided for the development of an incarceration framework that would substitute the existing framework for the determination of minimum periods which offenders have to serve before qualifying for consideration for parole. In the process of developing this framework, a number of questions arose regarding the new framework's desirability, and it was decided not to proceed with its development. The 2011 amendments repeal all provisions referring to the development of an incarceration framework and address shortcomings with the functioning of the current parole system.

Introducing a new medical parole system

The Correctional Services Act (1998) limited the granting of medical parole to sentenced offenders who are in the final phase of a terminal illness. As a result, many seriously ill or similarly incapacitated inmates were not eligible for consideration for medical parole. The 2011 amendments introduce a new system aimed at balancing the medical condition of inmates against the risk they pose to society if these inmates are placed on medical parole. To be considered, inmates must suffer from terminal illnesses or be rendered physically incapacitated as a result of injury, disease or illness. However, the risk of re-offending must also be low and there must be appropriate arrangements for the inmates' supervision, care and treatment upon release.

Strengthening the remand detention system

The Cabinet lekgotla in January 2006 directed a cluster project aimed at refining the remand detention system in South Africa on the basis that remand detention is a distinct function from corrections. One of the objectives of the project was to review the existing policy and regulatory framework governing remand detention. The 2011 amendments strengthen the chapter within the Correctional Services Act (2008) dealing with remand detainees by: providing that distinct clothing must be worn by remand detainees for security reasons; regulating the surrender of remand detainees to the police for further investigations; and fixing the time that a person should remain in remand detention.

Selected performance indicators

Table 21.1 Correctional Services

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of inmates who escape from correctional and remand detention facilities per year	Incarceration	0.04% (65/160 643)	0.03% (56/162 861)	0.065% (106/161 021) ¹	0.036% (60/167 816)	0.034% (54/157 410)	0.032% (50/155 836)	0.03% (46/154 278)
Percentage of inmates assaulted in correctional and remand detention facilities per year	Incarceration	0.82% (1 318/160 643)	1.38% (2 240/162 861)	3.1% (5 043/161 021) ²	2.5% (4 162/167 816)	2.2% (3 463/157 410)	2% (3 117/155 836)	1.9% (2 931/154 278)
Percentage of overcrowding in correctional and remand detention facilities per year	Incarceration	40.03% (45 925/114 719)	40.4% (46 824/115 827)	34.9% (41 240/118 165)	36% (42 539/118 165)	32% (37 865/119 545)	30% (36 255/119 581)	28% (33 658/120 620)
Percentage of inmates with CD4 count below 350, who are on antiretroviral treatment (cumulative)	Care	–	91.4% (7 640/8361)	98.9% (8 091/8178)	92% (12 186/13 161)	93% (14 382/15 316)	94% (16 745/17 636)	95% (19 275/20 166)
Percentage of offenders serving sentences longer than 24 months, who have correctional sentence plans (cumulative)	Incarceration	–	–	–	70% (68 950/98 500) ³	80% (79 040/98 800)	90% (89 100/99 000)	95% (95 000/100 000)
Percentage of eligible offenders who participate in literacy programmes as per their correctional sentence plans	Rehabilitation	81% (1 410/1 735)	59.8% (4 070/6 810)	69.2% (4 534/6 549)	64.7% (4 404/6 811)	– ⁴	– ⁴	– ⁴
Percentage of eligible offenders who participate in skills development programmes as per their correctional sentence plans	Rehabilitation	– ⁵	– ⁵	14.16% (5 036/35 571)	18.9% (7 058/37 303)	– ⁶	– ⁶	– ⁶
Percentage of parolees without violations per year	Social Reintegration	80.9% (27 661/34 190)	71.9% (27 045/37 609) ⁷	74.9% (28 169/37 609)	76.2% (31 237/40 993)	78.5% (35 075/44 682)	79.6% (38 768/48 703)	80% (42 469/53 086)

1. The increase in 2010/11 can be attributed to mass escapes, negligence and non-adherence to security procedures.
2. The increase in 2010/11 can be attributed to the department identifying the problem of under reporting and the development of a data capturing tool to address the matter. This led to the increase in the number of reported assaults in 2010/11.
3. The target for 2011/12 is 70 per cent of offenders serving sentences longer than 24 months irrespective of the date of admission. This means that offenders assessed during previous financial years will be counted as well, hence the increase for 2011/12. As the indicator has changed from non-cumulative to cumulative, the figures are no longer comparable. Therefore there the historic numbers have been replaced with a dash.
4. The reason for the shift in target is based on a decision to audit the rate of illiteracy among all offenders. On the basis of information gathered, accurate target setting over the MTEF period will be conducted. Once the audit has established the baseline of offenders for literacy programmes, then new targets will be set. However, as the audit has not been completed yet, no actual targets have been set.
5. Figures for 2008/09 and 2009/10 are not available as the indicator had been reviewed, shifting focus from the number of training sessions per inmate to the number of inmates trained. The department now focuses on productivity oriented rather than activity oriented indicators.
6. As above, a decision has been made to audit the eligible offenders who are currently on the skills development programme. Once the audit has established the baseline, then new targets will be set. However, as the audit has not been completed yet, no actual targets have been set.
7. The decrease of parolees without violations in 2009/10 can be attributed to the introduction of a community corrections admission risk classification tool and framework on the prevention and management of absconders, which provided better guidance to officials on the interpretation of different types of violations and sanctions for parole violators.

Expenditure estimates

Table 21.2 Correctional Services

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	3 299.4	3 501.7	4 089.1	4 586.9	4 586.9	4 924.0	5 335.9	5 631.7
Incarceration	7 238.0	7 622.1	7 848.8	8 920.0	8 436.2	9 457.2	9 955.9	10 601.3
Rehabilitation	612.7	665.2	752.7	947.6	947.6	972.1	1 019.2	1 079.9
Care	1 171.4	1 349.5	1 416.9	1 525.2	1 525.2	1 630.5	1 664.6	1 751.5
Social Reintegration	501.1	549.0	591.3	707.2	707.2	748.4	788.0	836.3
Total	12 822.6	13 687.3	14 698.8	16 686.9	16 203.1	17 732.2	18 763.7	19 900.8
Change to 2011 Budget estimate				127.7	(356.1)	(72.8)	(64.0)	(56.7)
Current payments	11 622.8	12 638.6	13 518.4	15 412.9	14 929.0	16 619.3	17 612.2	18 684.7
Compensation of employees	8 077.8	9 065.5	9 506.7	10 906.1	10 422.3	11 550.3	12 241.3	13 056.2
Goods and services	3 544.9	3 573.0	4 011.8	4 506.7	4 506.7	5 069.0	5 370.8	5 628.5
<i>of which:</i>								
Contractors	119.2	123.1	44.0	188.9	188.9	417.0	439.4	462.1
Inventory: Food and food supplies	310.9	342.6	321.8	377.9	377.9	725.6	728.0	763.1
Lease payments	966.4	1 139.0	1 319.9	2 080.8	2 080.8	1 638.4	1 716.1	1 811.4
Property payments	437.7	465.8	807.3	6.5	6.5	711.8	782.6	829.5
Transfers and subsidies	38.9	47.3	64.5	71.7	71.7	74.2	76.6	73.1
Provinces and municipalities	2.0	2.2	2.5	4.7	4.7	5.9	5.9	6.2
Departmental agencies and accounts	3.9	–	10.1	5.4	5.4	5.7	6.0	6.3
Public corporations and private enterprises	0.2	0.2	–	–	–	–	–	–
Households	32.8	44.8	51.9	61.6	61.6	62.5	64.6	60.6
Payments for capital assets	1 158.6	990.4	1 110.6	1 202.4	1 202.4	1 038.7	1 075.0	1 143.0
Buildings and other fixed structures	1 035.5	910.5	699.6	1 104.2	1 104.2	811.4	798.8	828.9
Machinery and equipment	90.8	44.2	401.7	98.1	98.1	227.3	276.2	314.1
Biological assets	0.1	0.2	1.1	–	–	–	–	–
Software and other intangible assets	32.2	35.5	8.2	–	–	–	–	–
Payments for financial assets	2.3	11.2	5.3	–	–	–	–	–
Total	12 822.6	13 687.3	14 698.8	16 686.9	16 203.1	17 732.2	18 763.7	19 900.8

Expenditure trends

The spending focus over the medium term will be on strengthening the parole system, implementing rehabilitation programmes and improving the management of remand detainees.

Expenditure grew from R12.8 billion in 2008/09 to R16.7 billion in 2011/12, at an average annual rate of 9.2 per cent, and is projected to reach R19.9 billion over the medium term, at an average annual rate of 6 per cent. The growth in both periods is mostly driven by spending on compensation of employees, which increased from R8.1 billion in 2008/09 to R10.9 billion in 2011/12, at an average annual rate of 10.5 per cent, and is expected to grow to R13.1 billion over the medium term, at an average annual rate of 6.2 per cent. These increases are mainly due to additional allocations for improved conditions of service and the implementation of the occupation specific dispensation for correctional officials and others in 2009/10 and 2010/11, as required by resolution 1 of 2007 of the Public Service Coordinating Bargaining Council.

Expenditure on consultant services decreased from R201.5 million in 2008/09 to R158 million in 2011/12, at an average annual rate of 7.8 per cent, mainly due to cost cutting measures. Expenditure is expected to decrease to R147.8 million over the medium term, at an average annual rate of 2.2 per cent. Spending on consultant services mainly caters for upgrading of IT infrastructure and maintaining information systems. Provision is also made for the payment of legal, external and internal audit as well as laboratory fees.

The 2012 Budget sets out additional allocations of R184.4 million in 2012/13, R204.8 million in 2013/14 and R228.3 million in 2014/15 to cater for improved conditions of service. There is also a cabinet approved budget

cut of R257.1 million in 2012/13, R268.8 million in 2013/14 and R285 million in 2014/15 as a result of under spending on capital works projects over the past three financial years.

Infrastructure spending

Spending on infrastructure increased from R948.5 million in 2008/09 to R968.3 million in 2011/12, at an average annual rate of 0.7 per cent. Over the medium term, spending on infrastructure is expected to decrease to R841.3 million, at an average annual rate of 4.6 per cent, due to budget cuts on buildings and other fixed structures.

Large projects

The department has allocated R432.5 million in 2012/13, R354 million in 2013/14 and R427.6 million in 2014/15 for large projects. The following nine correctional centres will be upgraded over the medium term: KwaZulu-Natal (Estcourt, Nongoma, Maphumulo, Matatielle), Eastern Cape (Burgersdorp), Gauteng (Pretoria C-Max), Limpopo (Tzaneen), and Western Cape (Ceres, Van Rhynsdorp). The upgrades will create 2 120 additional bed spaces. The Independent Development Trust, which was appointed in 2011/12 as an alternative implementing agent to complement the capacity of the Department of Public Works in implementing new infrastructure projects from 2012/13, is assigned the responsibility for security fencing, the auditing of facilities and intercom installation programmes. R169.2 million in 2012/13, R12.8 million in 2013/14 and R89 million in 2014/15 has been allocated for these purposes.

Small projects

The department has allocated R327.1 million in 2012/13, R449 million in 2013/14 and R413.8 million in 2014/15 for small projects. The small projects to be implemented over the medium term include: upgrading various structures at correctional facilities; building access gates and visitors waiting rooms; installing standby generators, boilers and incinerators; and replacing kitchen equipment, boilers, incinerators, and power, water and sewerage facilities.

Personnel information

Table 21.3 Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	61 989	41 911	39	40 611	40 984	40 037	40 013	41 911	41 911	41 911
Salary level 1 – 6	47 066	24 260	20	24 256	25 614	23 517	23 149	24 260	24 260	24 260
Salary level 7 – 10	13 893	16 841	9	15 642	14 689	15 798	16 093	16 841	16 841	16 841
Salary level 11 – 12	816	626	6	543	517	559	598	626	626	626
Salary level 13 – 16	214	184	4	170	164	163	173	184	184	184
Administration	11 250	6 193	30	6 559	5 678	5 410	5 631	6 193	6 193	6 193
Salary level 1 – 6	4 234	2 244	20	2 290	2 277	2 154	2 117	2 244	2 244	2 244
Salary level 7 – 10	6 604	3 403	4	3 772	2 897	2 750	2 992	3 403	3 403	3 403
Salary level 11 – 12	236	386	2	342	345	359	368	386	386	386
Salary level 13 – 16	176	160	4	155	159	147	154	160	160	160
Incarceration	34 503	29 499	1	28 076	29 263	28 796	28 610	29 499	29 499	29 499
Salary level 1 – 6	32 469	20 148	–	20 185	20 503	19 415	19 340	20 148	20 148	20 148
Salary level 7 – 10	1 755	9 282	1	7 820	8 708	9 323	9 208	9 282	9 282	9 282
Salary level 11 – 12	261	61	–	67	47	53	56	61	61	61
Salary level 13 – 16	18	8	–	4	5	5	6	8	8	8
Rehabilitation	8 070	2 325	–	2 268	2 199	2 047	2 042	2 325	2 325	2 325
Salary level 1 – 6	5 127	635	–	678	1 106	534	511	635	635	635
Salary level 7 – 10	2 871	1 590	–	1 502	1 023	1 428	1 436	1 590	1 590	1 590
Salary level 11 – 12	62	89	–	80	70	77	87	89	89	89
Salary level 13 – 16	10	11	–	8	–	8	8	11	11	11

Table 21.3 Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Care	3 426	1 851	8	1 739	1 784	1 748	1 752	1 851	1 851	1 851
Salary level 1 – 6	1 895	377	–	370	658	618	374	377	377	377
Salary level 7 – 10	1 485	1 411	4	1 337	1 096	1 109	1 317	1 411	1 411	1 411
Salary level 11 – 12	40	61	4	30	30	21	59	61	61	61
Salary level 13 – 16	6	2	–	2	–	–	2	2	2	2
Social Reintegration	4 740	2 043	–	1 969	2 060	2 036	1 978	2 043	2 043	2 043
Salary level 1 – 6	3 341	856	–	733	1 070	796	807	856	856	856
Salary level 7 – 10	1 178	1 155	–	1 211	965	1 188	1 140	1 155	1 155	1 155
Salary level 11 – 12	217	29	–	24	25	49	28	29	29	29
Salary level 13 – 16	4	3	–	1	–	3	3	3	3	3

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 61 989 posts, of which 41 911 were funded. The number of posts filled decreased from 40 611 in 2008/09 to 40 013 in 2011/12 due to delays in the filling of funded vacancies and natural attrition. The number of filled posts is expected to grow to 41 911 over the medium term to improve service delivery.

There are 1 898 vacancies within the department, most of which are in salary levels 7 to 10 in the *Administration* programme and salary levels 1 to 6 in the *Incarceration* programme. These posts are vacant due to high staff turnover and the length of time it takes to complete the recruitment process. The ratio of support staff to line staff is 1: 8 and that of consultants to department funded personnel is 1: 665.

Departmental receipts

Table 21.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	80 506	108 478	115 418	132 135	126 121	126 421	131 087	135 738
Sales of goods and services produced by department	14 886	40 769	41 095	53 530	43 008	44 541	47 290	49 939
Sales by market establishments	(2 240)	21 942	24 981	29 816	25 294	26 541	27 900	29 325
of which:								
Rental on buildings	(2 252)	21 828	24 686	29 466	24 944	26 191	27 500	28 875
Sales of wool skin	12	114	295	350	350	350	400	450
Other sales	17 126	18 827	16 114	23 714	17 714	18 000	19 390	20 614
of which:								
Services rendered	12 696	13 535	13 789	17 514	13 514	13 800	14 490	15 214
Sales of goods	4 430	5 292	2 325	6 200	4 200	4 200	4 900	5 400
Sales of scrap, waste, arms and other used current goods	2 382	1 791	2 090	1 943	1 943	2 042	2 148	2 249
of which:								
Sales: Condemned linen	25	24	13	–	–	–	–	–
Sales: Kitchen refuse	108	104	117	–	–	–	–	–
Sales: Scrap	2 233	1 639	1 930	1 943	1 943	2 042	2 148	2 249
Sales: Waste paper	16	24	30	–	–	–	–	–
Transfers received	61	143	–	–	–	–	–	–
Fines, penalties and forfeits	16 836	15 694	16 071	16 913	19 330	20 105	21 110	22 165
Interest, dividends and rent on land	375	753	1 224	279	470	493	517	543
Interest	375	753	1 224	279	470	493	517	543
Sales of capital assets	1 412	1 402	768	6 000	6 000	1 500	1 500	1 500
Transactions in financial assets and liabilities	44 554	47 926	54 170	53 470	55 370	57 740	58 522	59 342
Total	80 506	108 478	115 418	132 135	126 121	126 421	131 087	135 738

Revenue is mostly generated from selling products made in correctional centre workshops, hiring out offender labour and letting accommodation to personnel. A portion of revenue from offender labour is also paid to inmates as gratuity.

Between 2008/09 and 2011/12, departmental receipts grew from R80.5 million to R126.1 million, at an average annual rate of 16.1 per cent. The low receipts in 2008/09 were due to incorrectly deducted rental increases for departmental accommodation in 2007/08, which had to be refunded to staff members in 2008/09. Sales of capital assets, such as vehicles, result in once-off income and explain the variances in revenue from sales of capital assets between 2008/09 and 2011/12. The lower revenue projection in 2011/12 is due to lower than anticipated revenue from rentals on buildings, due to the non-renewal of expired staff housing leases. Over the medium term, departmental receipts are expected to increase to R135.7 million, at an average annual rate of 2.5 per cent.

Programme 1: Administration

Expenditure estimates

Table 21.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	15.1	23.5	24.4	24.7	25.7	26.6	27.9
Management	587.3	671.1	653.7	926.5	1 051.4	1 199.6	1 244.4
Corporate Services	914.8	970.4	960.9	1 307.4	1 249.2	1 311.5	1 394.6
Finance	909.4	808.3	1 016.4	877.0	961.0	1 029.3	1 091.2
Internal Audit	39.1	39.0	40.5	56.7	59.6	74.5	78.8
Office Accommodation	814.7	516.6	1 373.6	1 373.7	1 573.9	1 690.4	1 789.8
Residential Accommodation	19.0	472.6	19.7	20.9	3.2	4.0	5.0
Total	3 299.4	3 501.7	4 089.1	4 586.9	4 924.0	5 335.9	5 631.7
Change to 2011 Budget estimate				154.4	74.4	213.4	241.7
Economic classification							
Current payments	3 208.8	3 420.4	3 686.4	4 496.3	4 710.0	5 065.8	5 342.2
Compensation of employees	1 502.6	1 716.8	1 698.7	2 240.3	2 191.1	2 322.1	2 468.7
Goods and services	1 706.2	1 703.6	1 987.7	2 256.0	2 519.0	2 743.7	2 873.5
<i>of which:</i>							
Contractors	23.8	27.5	11.1	11.6	63.1	66.3	69.7
Inventory: Food and food supplies	59.1	21.4	0.0	9.5	149.4	160.9	169.8
Lease payments	458.5	586.9	719.2	1 408.2	886.3	933.7	988.4
Property payments	375.2	415.6	686.4	3.8	709.8	780.5	827.3
Transfers and subsidies	9.3	7.8	19.6	18.1	13.9	14.3	15.0
Provinces and municipalities	2.0	2.2	2.5	4.7	5.9	5.9	6.2
Departmental agencies and accounts	3.9	–	10.1	5.4	5.7	6.0	6.3
Public corporations and private enterprises	0.2	0.2	–	–	–	–	–
Households	3.1	5.3	7.0	7.9	2.2	2.3	2.5
Payments for capital assets	78.9	67.8	380.3	72.6	200.1	255.9	274.6
Machinery and equipment	46.7	32.2	371.5	72.6	200.1	255.9	274.6
Biological assets	0.0	–	0.6	–	–	–	–
Software and other intangible assets	32.2	35.5	8.2	–	–	–	–
Payments for financial assets	2.3	5.7	2.8	–	–	–	–
Total	3 299.4	3 501.7	4 089.1	4 586.9	4 924.0	5 335.9	5 631.7

Table 21.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.9	–	10.1	5.4	5.7	6.0	6.3
Safety and Security Sector Education and Training Authority	3.9	–	10.1	5.4	5.7	6.0	6.3
Households							
Social benefits							
Current	3.1	5.3	7.0	7.9	2.2	2.3	2.5
Employee social benefits	3.1	5.3	7.0	7.9	2.2	2.3	2.5
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2.0	2.2	2.5	4.7	5.9	5.9	6.2
Vehicle licences	2.0	2.2	2.5	4.7	5.9	5.9	6.2

Expenditure trends

Expenditure increased from R3.3 billion in 2008/09 to R4.6 billion in 2011/12, at an average annual rate of 11.6 per cent, and is expected to grow to R5.6 billion over the medium term, at an average annual rate of 7.1 per cent. The increase in expenditure between 2008/09 and 2011/12 was due to an increased allocation for the master information systems plan, which covers systems development, the upgrading of network and backup systems, and integrating information with other criminal justice system departments. The increase in expenditure over the medium term is as a result of additional funding for upgrading IT infrastructure and for increased municipal charges. As a result, expenditure in the *Management* subprogramme increased from R587.3 million in 2008/09 to R926.5 million in 2011/12, at an average annual rate of 16.4 per cent.

Between 2008/09 and 2011/12, expenditure on compensation of employees increased from R1.5 billion to R2.2 billion, at an average annual rate of 14.2 per cent. This was due to the implementation of the occupation specific dispensation for correctional officials in 2009/10 and 2010/11. Over the medium term, spending on this item is expected to grow to R2.5 billion, at an average annual rate of 3.3 per cent, mainly due to additional allocations for improved conditions of service. Expenditure on goods and services increased from R1.7 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 9.8 per cent, and is expected to increase to R2.9 billion over the medium term, at an average annual rate of 8.4 per cent. The increase in both periods is mainly due to additional allocations.

Consultant services in this programme include IT support and technical services procured through the State Information Technology Agency. Expenditure on consultants increased from R60.7 million in 2008/09 to R139.3 million in 2011/12, at an average annual rate of 31.9 per cent, and is expected to decrease over the medium term to R128.8 million, at an average annual rate of 2.6 per cent, due to the implementation of cost saving measures that limit the use of consultants.

Programme 2: Incarceration

Objectives and measures

- Enhance safety and security in correctional and remand detention facilities by improving access security control, using body scanning machines, establishing a gang management unit and implementing an electronic inmate tracking system to monitor the movement of offenders in order to:
 - reduce the number of escapes from 106 in 2010/11 to 46 in 2014/15
 - reduce the number of inmate assaults from 5 043 in 2010/11 to 2 931 in 2014/15
 - reduce the number of unnatural deaths from 51 in 2010/11 to 40 in 2014/15.

- Reduce the average length of time that remand detainees spend in correctional facilities from a projected average of 177 days in 2012/13 to 153 days in 2014/15 through the conscious promotion of the bail protocol for minor offences (section 63A of the Criminal Procedure Act (1977)) and the establishment of 32 video remand facilities.
- Facilitate the effective rehabilitation of offenders by:
 - profiling 100 per cent of newly admitted offenders sentenced to longer than 24 months within 21 days by 2014/15
 - ensuring that 95 per cent of offenders with sentences of longer than 24 months have correctional sentence plans by 2014/15, compared to 48.4 per cent in 2010/11.
- Provide facilities that will contribute to humane incarceration by:
 - upgrading at least 3 facilities and creating 1 045 new bed spaces by 2012/13, which will increase the total bed spaces available in the department from 118 165 in 2011/12 to 119 545 in 2012/13 and 120 620 in 2014/15
 - reducing the level of overcrowding from 34.9 per cent in 2010/11 to 28 per cent in 2014/15
 - upgrading 3 female facilities, including mother and baby units, by 2014/15
 - furnishing 61 kitchens with new equipment by 2013/14 and from 2014/15 maintaining this equipment
 - completing 7 school facilities by 2014/15 to increase youth offenders' access to education.

Subprogrammes

- *Security Operations* funds activities aimed at providing safe and secure conditions for all incarcerated persons, consistent with human dignity, while providing protection for personnel and security for the public. Activities include security operations and the maintenance, upgrading and acquisition of security technology systems and equipment. There are 243 correctional facilities and a countrywide daily average inmate population of 159 000. This subprogramme had a staff complement of 20 347 and a total budget of R4.9 billion in 2011/12, of which 96.4 per cent was used for compensation of employees.
- *Facilities* funds the construction, upgrading and replacement of facilities in order to support safe custody and humane conditions of inmates. This subprogramme had a staff complement of 376 and a total budget of R2 billion in 2011/12, of which 55.4 per cent was used for payments for capital assets. By the end of September 2011, the stage of completion for the upgrading of three facilities in the Western Cape was as follows: Brandvlei (98 per cent), Ceres (59 per cent) and Van Rhynsdorp (88 per cent). R899.3 million was spent on upgrading the facilities, which are set to open in 2012/13.
- *Remand Detention* funds the development of a remand detention system and aims to improve the management of remand detainees. This subprogramme had a staff complement of 2 799 and a total budget of R628.7 million in 2011/12, of which 100 per cent was used for compensation of employees. At the end of 2010/11, there were 47 861 remand detainees in the correctional system. Over the MTEF period, the department intends to decrease the number of remand detainees to 46 283 by promoting the bail protocol provisions of the Criminal Procedure Act (1997) for minor offences and establishing at least one dedicated remand detention facility. The department is in the process of establishing a remand detention branch at a cost of R45 million over the MTEF period.
- *Offender Management* funds corrections administrative activities and operations that create an environment supportive of the rehabilitation and safety of offenders such as risk and profile management, the work of case management committees (responsible for ensuring that offenders with sentences longer than 24 months have correctional sentence plans, that these plans are reviewed and updated, and for making parole placement recommendations to correctional supervision and parole boards) and the remuneration of offenders utilised in work opportunities based on their skills. This subprogramme had a staff complement of 5 079 and a total budget of R1.4 billion in 2011/12, of which 96.9 per cent was used for compensation of employees. By the end of September 2011, correctional sentence plans were developed for 89 per cent of all newly admitted offenders who are serving sentences longer than 24 months.

Expenditure estimates

Table 21.6 Incarceration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Security Operations	4 008.8	4 261.2	4 389.7	4 889.1	5 548.2	5 861.2	6 294.5
Facilities	1 750.4	1 629.0	1 523.4	1 996.8	1 860.3	1 941.4	2 025.5
Remand Detention	539.0	567.4	597.3	628.7	618.4	646.8	681.5
Offender Management	939.8	1 164.5	1 338.4	1 405.4	1 430.4	1 506.6	1 599.8
Total	7 238.0	7 622.1	7 848.8	8 920.0	9 457.2	9 955.9	10 601.3
Change to 2011 Budget estimate				(162.7)	(248.0)	(310.0)	(343.5)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	6 165.8	6 667.9	7 102.8	7 755.9	8 580.1	9 090.2	9 691.4
Compensation of employees	5 339.1	5 892.9	6 230.0	6 795.6	7 378.7	7 837.7	8 380.7
Goods and services	826.7	775.0	872.9	960.3	1 201.4	1 252.5	1 310.7
<i>of which:</i>							
Contractors	55.3	48.3	1.4	124.8	291.9	307.8	323.7
Inventory: Food and food supplies	0.7	0.5	0.2	0.5	0.5	0.6	0.6
Lease payments	490.4	534.6	576.9	646.6	721.4	748.7	786.1
Property payments	62.3	49.9	120.5	1.1	1.1	1.1	1.2
Transfers and subsidies	28.0	36.1	42.0	53.2	59.8	61.8	57.5
Households	28.0	36.1	42.0	53.2	59.8	61.8	57.5
Payments for capital assets	1 044.2	912.8	701.8	1 110.9	817.4	803.9	852.3
Buildings and other fixed structures	1 035.5	910.5	699.6	1 104.2	811.4	798.8	828.9
Machinery and equipment	8.6	2.1	2.2	6.7	6.0	5.1	23.5
Biological assets	0.1	0.2	0.0	–	–	–	–
Payments for financial assets	0.0	5.3	2.1	–	–	–	–
Total	7 238.0	7 622.1	7 848.8	8 920.0	9 457.2	9 955.9	10 601.3

Details of selected transfers and subsidies

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Households							
Social benefits							
Current	10.8	17.2	21.7	37.1	43.6	44.9	39.8
Employee social benefits	10.8	17.2	21.7	37.1	43.6	44.9	39.8
Households							
Other transfers to households							
Current	17.3	18.9	20.3	16.2	16.2	16.9	17.7
Prisoner gratuity	17.3	18.9	20.3	16.2	16.2	16.9	17.7

Expenditure trends

Expenditure increased from R7.2 billion in 2008/09 to R8.9 billion in 2011/12, at an average annual rate of 7.2 per cent, and is expected to increase to R10.6 billion over the medium term, at an average annual rate of 5.9 per cent. The growth in expenditure provides for improved security in correctional centres and operational costs for the Brandvlei and Van Rhynsdorp correctional centres in Western Cape and the Warmbokkeveld correctional centre in Northern Cape. The upgraded facilities are set to open in 2012/13. Between 2008/09 and 2011/12, the department reduced the number of escapes from 65 to 60 and reduced overcrowding from 40 per cent to 36 per cent. Using funds allocated over the medium term, this programme aims to reduce the number of escapes to 46 and overcrowding to 28 per cent by 2014/15.

Expenditure on compensation of employees increased from R5.3 billion in 2008/09 to R6.8 billion in 2011/12, at an average annual rate of 8.4 per cent, due to the implementation of the occupation specific dispensation for correctional officers in 2009/10 and 2010/11. Over the medium term, spending on this item is expected to grow to R8.4 billion, at an average annual rate of 7.2 per cent, due to additional allocations for improved conditions of service.

Spending on payments for capital assets increased from R1 billion in 2008/09 to R1.1 billion in 2011/12, at an average annual rate of 2.1 per cent, due to the construction of the Kimberly correctional centre and the upgrading of the Brandvlei, Van Rhynsdorp and Ceres correctional facilities. Maintenance projects, which contributed to the increase in expenditure on payments for capital assets in this period, included installing standby generators and replacing kitchen equipment, boilers and incinerators, water purification plants and sewerage facilities as well as the upgrading and maintenance of integrated security systems. Spending on capital assets is expected to decrease to R852.3 million over the medium term, at an average annual rate of 8.5 per cent, due to budget cuts of R257.1 million in 2012/13, R268.8 million in 2013/14 and R285 million as a result of underspending on capital works projects between 2009/10 and 2011/12.

Programme 3: Rehabilitation

Objectives and measures

- Facilitate the effective rehabilitation of offenders by:
 - ensuring that offenders serving sentences longer than 24 months complete correctional programmes
 - improving the completion rate of the correctional programme from 30 per cent in 2012/13 to 50 per cent by 2014/15
 - ensuring that all offenders with approved parole dates complete the pre-release programme as from 2012/13.
- Provide offenders with opportunities for personal development by determining a baseline of the rate of illiteracy and decreasing the illiteracy rate by 2 per cent as from 2012/13. Similarly, establish a baseline of offenders who are eligible for participation in skills development programmes and increase the baseline by 1 per cent from 2012/13.
- Ensure education is provided to youthful offenders by increasing the number of registered full time schools from 3 in 2011/12 to all 13 youth facilities by 2013/14.
- Enhance the psychological well being of offenders by providing psychological services based on projected need and professional requirements by 2012/13.
- Enhance the social functioning and reintegration of offenders into the community by ensuring that 46 per cent of offenders have access to social work services in 2012/13 and 49 per cent by 2014/15.
- Enhance the moral decision capacity of inmates by increasing the number of offenders participating in spiritual services from 50 per cent in 2012/13 to 52 per cent in 2014/15.

Subprogrammes

- *Correctional Programmes* provides needs based correctional programmes in line with correctional sentence plans, which entail targeting all elements associated with offending behaviour and focusing on the offences for which persons are incarcerated. The subprogramme also sources, researches and develops new correctional programmes, and monitors and evaluates the implementation of programmes by correctional intervention officials. This subprogramme had a staff complement of 75 and a total budget of R50.7 million in 2011/12, of which 94 per cent was used for compensation of employees. By the end of September 2011, there were 59 612 offenders involved in correctional programmes compared to an annual target of 48 929.
- *Offender Development* provides programmes and services aimed at developing competencies by providing opportunities for skills and social development. Activities and services include technical training, recreation, sports, education, and agriculture and production workshops. This subprogramme had a staff complement of 1 225 and a total budget of R588.2 million in 2011/12, of which 59.1 per cent was used for compensation of employees. By the end of September 2011, there were 4 301 eligible offenders, against an annual target of 7 058, involved in skills development programmes. 34.7 per cent were involved in literacy training and 65.3 per cent were involved in adult basic education and training.
- *Psychological, Social and Spiritual Services* provides needs based programmes and services aimed at maintaining the personal wellbeing of incarcerated persons by facilitating social functioning; and spiritual, moral and psychological wellbeing. This subprogramme had a staff complement of 742 and a total budget of R308.6 million in 2011/12, of which 96.3 per cent was used for compensation of employees. Key

activities carried out in 2011/12 included: the development and approval of the Sisonke marriage and family care and relationship programme, which is aimed at addressing marriage and family relationships; the launch in all six regions of the Imbeleko project, which cares for mothers who are incarcerated with their babies; training in trauma counselling for social workers; and the development of a concept document on alternative measures for the treatment and management of female offenders. Over the medium term, a spiritual wellness programme will be developed for implementation.

Expenditure estimates

Table 21.7 Rehabilitation

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Correctional Programmes	22.6	24.3	22.6	50.7	54.7	57.1	60.8
Offender Development	414.1	441.5	512.7	588.2	590.6	618.6	654.9
Psychological, Social and Spiritual Services	176.0	199.4	217.5	308.6	326.8	343.6	364.2
Total	612.7	665.2	752.7	947.6	972.1	1 019.2	1 079.9
Change to 2011 Budget estimate				30.0	11.0	1.7	7.6

Economic classification

Current payments	581.1	656.1	725.4	931.3	954.5	1 005.8	1 065.8
Compensation of employees	425.4	504.0	548.9	692.5	733.6	773.4	820.1
Goods and services	155.7	152.1	176.5	238.8	220.9	232.4	245.6
<i>of which:</i>							
Contractors	20.6	21.3	3.4	26.3	27.5	28.9	30.3
Inventory: Food and food supplies	1.4	0.7	0.7	0.7	0.6	0.6	0.7
Lease payments	0.5	0.6	0.4	0.6	0.6	0.6	0.6
Property payments	0.1	0.3	0.3	0.4	0.5	0.5	0.5
Transfers and subsidies	0.4	1.5	1.4	0.1	0.0	0.1	0.1
Households	0.4	1.5	1.4	0.1	0.0	0.1	0.1
Payments for capital assets	31.2	7.6	25.8	16.1	17.5	13.4	14.1
Machinery and equipment	31.2	7.6	25.4	16.1	17.5	13.4	14.1
Biological assets	-	-	0.4	-	-	-	-
Payments for financial assets	-	0.1	0.1	-	-	-	-
Total	612.7	665.2	752.7	947.6	972.1	1 019.2	1 079.9

Expenditure trends

Expenditure increased from R612.7 million in 2008/09 to R947.6 million in 2011/12, at an average annual rate of 15.6 per cent. Most of this growth was in spending on compensation of employees, which increased from R425.4 million to R692.5 million between 2008/09 and 2011/12, at an average annual rate of 17.6 per cent due to the implementation of the occupation specific dispensation for correctional officials, educators and artisans in 2009/10. Between 2009/10 and 2011/12, the department increased the percentage offenders eligible to participate in literacy programmes from 59 per cent to 64.7 per cent. The department aims to establish a baseline rate of illiteracy among all offenders in 2012/13 and to decrease this baseline by 2 per cent in each of the subsequent years.

Spending is projected to grow to R1.1 billion over the medium term, at an average annual rate of 4.5 per cent due to: the implementation of the new correctional sentence plans; and increasing inmate participation in agriculture based programmes, production workshops, literacy programmes, adult basic education and training, and further education and training to improve the employability of inmates upon release.

Expenditure on consultant services increased from R1.3 million in 2008/09 to R1.9 million in 2011/12, at an average annual rate of 13.3 per cent, and is expected to decrease to R1.5 million in 2014/15, due to the implementation of cost saving measures that limit the use of consultants.

Programme 4: Care

Objectives and measures

- Maintain the health and personal wellbeing of offenders by:
 - improving nutritional services to inmates by training 25 per cent of the food service officials in basic food nutrition management in 2012/13
 - providing 242 food service units with the required resources (human, equipment and facilities) by 2014/15
 - increasing the number of offenders on antiretroviral treatment from 80 per cent in 2010/11 to 95 per cent in 2014/15
 - increasing access to treatment for inmates diagnosed with mental illness from 75 per cent in 2010/11 to 85 per cent in 2014/15
 - increasing access to medical treatment for inmates diagnosed with communicable diseases, hypertension and diabetes from 7.5 per cent in 2010/11 to 11 per cent in 2014/15.
- Ensure a hygienic environment by contracting healthcare waste management services for 12 management areas by 2012/13 and expanding to all 48 management areas by 2014/15.

Subprogrammes

- *Nutritional Services* funds appropriate nutritional services to inmates within correctional centres and remand detention facilities according to the prescripts of the Department of Health. One such activity is to provide appropriate resources in 80 out of the 242 food service units by 2012/13 and to increase that to 242 by 2014/15. This subprogramme had a staff complement of 646 and a total budget of R863.5 million in 2011/12, of which 80.3 per cent was used for goods and services items such as nutritional supplies for inmates.
- *Health Services* funds the provision of primary health care services, including pharmaceutical services, in line with the Department of Health's prescripts, and access to appropriate health care services for inmates within correctional centres and remand detention facilities. This subprogramme had a staff complement of 1 095 and a total budget of R555 million in 2011/12, of which 65.8 per cent was used for compensation of employees. In 2011/12, the department developed a medical parole policy and procedures, in line with the new Correctional Matters Amendment Act (2011), to ensure uniform interpretation and implementation.
- *Hygienic Services* funds the creation of a hygienic environment and the promotion of personal hygiene of inmates within correctional centres and remand detention facilities in line with the Department of Health's prescripts. This subprogramme had a staff complement of 11 and a total budget of R106.8 million in 2011/12, of which 86.8 per cent was used for goods and services items such as bedding, clothing, toiletry, cleaning equipment and chemicals. By the end of September 2011, the department facilitated the training of 114 environmental hygiene supervisors on approved policies, procedures, guidelines and reporting formats to keep them abreast of the latest developments. Of the initial annual target of 242 officials, 128 have been trained to date. A baseline survey was also conducted to determine the hygiene status of correctional facilities to develop measures to address identified challenges and non-compliant areas.

Expenditure estimates

Table 21.8 Care

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Nutritional Services	699.5	774.3	815.9	863.5	866.3	870.6	914.4
Health Services	400.6	485.3	507.7	555.0	631.5	654.9	690.7
Hygienic Services	71.3	89.8	93.3	106.8	132.7	139.2	146.4
Total	1 171.4	1 349.5	1 416.9	1 525.2	1 630.5	1 664.6	1 751.5
Change to 2011 Budget estimate				92.0	74.5	20.5	22.1

Economic classification

Current payments	1 166.8	1 345.5	1 413.0	1 522.8	1 627.6	1 662.9	1 749.6
Compensation of employees	363.8	452.2	495.8	547.5	579.3	604.6	640.8
Goods and services	803.0	893.3	917.2	975.3	1 048.3	1 058.2	1 108.8
<i>of which:</i>							
Contractors	19.3	25.8	28.0	26.0	34.3	36.3	38.2
Inventory: Food and food supplies	249.6	319.9	320.9	367.1	575.1	565.9	592.0
Lease payments	0.4	0.4	0.3	0.5	0.5	0.5	0.6
Property payments	0.1	0.0	0.1	1.1	0.5	0.5	0.5
Transfers and subsidies	0.6	1.9	1.3	0.1	0.3	0.3	0.3
Households	0.6	1.9	1.3	0.1	0.3	0.3	0.3
Payments for capital assets	4.1	2.1	2.5	2.2	2.6	1.4	1.6
Machinery and equipment	4.1	2.1	2.5	2.2	2.6	1.4	1.6
Payments for financial assets	-	0.0	0.1	-	-	-	-
Total	1 171.4	1 349.5	1 416.9	1 525.2	1 630.5	1 664.6	1 751.5

Expenditure trends

Between 2008/09 and 2011/12, expenditure grew from R1.2 billion to R1.5 billion, at an average annual rate of 9.2 per cent. Most of the growth was in spending on compensation of employees, which increased from R363.8 million to R547.5 million, at an average annual rate of 14.6 per cent, due to the implementation of the occupation specific dispensation for correctional officials, nurses and social workers in 2009/10 and 2010/11.

Spending is projected to grow to R1.8 billion over the medium term, at an average annual rate of 4.7 per cent, mainly due to additional funding of R40 million in 2012/13 and R42 million in 2013/14 for antiretroviral treatment for inmates. The department substantially increased the percentage of inmates with a CD4 count below 350 who are on antiretroviral treatment from 34 per cent to 92 per cent. It intends to increase this to 95 per cent by 2014/15.

Programme 5: Social Reintegration

Objectives and measures

- Improve the effectiveness of the parole system by:
 - ensuring that 93 per cent of eligible cases are considered by the correctional supervision and parole boards in 2014/15, compared to 91 per cent in 2010/11
 - reducing the percentage of cases referred to the correctional supervision and parole review board from 0.11 per cent in 2010/11 to 0.07 per cent in 2014/15
 - increasing the number of victims of crime who make representations at parole hearings from 253 in 2010/11 to 1 166 in 2014/15.
- Facilitate the social acceptance and effective reintegration of offenders on parole by increasing the percentage of parolees without violations from 74.9 per cent in 2010/11 to 80 per cent in 2014/15.

- Promote the reintegration of offenders into society by piloting a functional electronic monitoring system for probationers and parolees in 2012/13, subjecting 2 000 offenders to electronic monitoring in 2013/14, and increasing this total to 5 000 offenders by 2014/15.

Subprogramme

- Parole Administration* funds the activities of correctional supervision and parole boards, and ensures that eligible offenders are considered for parole. This subprogramme had a staff complement of 90 and a total budget of R100.4 million in 2011/12, of which 94.3 per cent was used for compensation of employees. By the end of September 2011, 76.1 per cent of eligible cases, or 28 465 out of a total of 37 405 eligible cases, were considered by the correctional supervision and parole boards.
- Supervision* funds the effective administration and supervision of offenders placed under correctional and parole supervision. This subprogramme had a staff complement of 1 815 and a total budget of R557.1 million in 2011/12, of which 91.9 per cent was used for compensation of employees. There are 211 community corrections offices and a countrywide daily average supervision caseload of 37 609 offenders. By the end of September 2011, 73.1 per cent of parolees were without parole violations.
- Community Reintegration* funds the reintegration of offenders into society and stakeholder management in relation to community reintegration. The subprogramme is spearheading the establishment of a pilot project on a halfway house in Naturena in Gauteng and is also involved in partnerships with communities and stakeholders to enhance successful reintegration of offenders into communities. Tertiary institutions, municipalities and government departments are core to these partnerships. This subprogramme had a staff complement of 73 and a total budget of R26.6 million in 2011/12, of which 88.8 per cent was used for compensation of employees.
- Office Accommodation: Community Corrections* funds the provision of community corrections offices to enhance community reintegration. This subprogramme had a total budget of R23 million in 2011/12, of which 100 per cent was used for maintaining community corrections offices lease agreements and procuring additional offices.

Expenditure estimates

Table 21.9 Social Reintegration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Parole Administration	61.1	66.0	58.4	100.4	106.5	112.4	119.0
Supervision	408.8	448.2	492.5	557.1	589.0	619.8	657.1
Community Reintegration	15.6	19.4	18.6	26.6	25.1	25.2	26.6
Office Accommodation: Community Corrections	15.6	15.3	21.9	23.0	27.8	30.6	33.6
Total	501.1	549.0	591.3	707.2	748.4	788.0	836.3
Change to 2011 Budget estimate				14.1	15.3	10.4	15.4

Economic classification

Current payments	500.3	548.7	590.8	706.5	747.1	787.5	835.7
Compensation of employees	446.9	499.6	533.3	630.2	667.6	703.5	745.9
Goods and services	53.4	49.0	57.5	76.3	79.5	84.0	89.8
<i>of which:</i>							
<i>Contractors</i>	0.1	0.1	0.1	0.2	0.1	0.2	0.2
<i>Lease payments</i>	16.7	16.5	23.0	24.9	29.6	32.5	35.7
Transfers and subsidies	0.6	0.0	0.2	0.1	0.2	0.2	0.2
Households	0.6	0.0	0.2	0.1	0.2	0.2	0.2
Payments for capital assets	0.3	0.2	0.2	0.5	1.1	0.4	0.4
Machinery and equipment	0.3	0.2	0.2	0.5	1.1	0.4	0.4
Payments for financial assets	-	0.1	0.2	-	-	-	-
Total	501.1	549.0	591.3	707.2	748.4	788.0	836.3

Expenditure trends

Expenditure increased from R501.1 million in 2008/09 to R707.2 million in 2011/12, at an average annual rate of 12.2 per cent. Most of the growth was in spending on compensation of employees, which increased from R446.9 million to R630.2 million, at an average annual rate of 12.1 per cent, due to the implementation of the occupation specific dispensation for correctional officers in 2009/10 and 2010/11.

Between 2008/09 and 2011/12, the percentage of parolees without violations decreased from 80.9 per cent to 76.2 per cent but is expected to increase to 80 per cent in 2014/15 following the introduction of a community corrections admission risk classification tool and framework on the prevention and management of absconders. The tool and framework, which were implemented in 2009/10, will provide better guidance to officials on the interpretation of different types of violations and sanctions for parole violators. Expenditure in the *Supervision* subprogramme grew at an average annual rate of 10.9 per cent between 2008/09 and 2011/12 as a result of the implementation of the tool and framework.

Spending is projected to grow to R836.3 million over the medium term, at an average annual rate of 5.7 per cent due to additional allocations for improved conditions of service.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome				Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11	2011/12		2012/13	2013/14
Departmental infrastructure										
R million										
Kimberley minimum security prison	3 000 beds, support amenities, development and care facilities, offices, and clinic provided	Handed over	961.5	356.2	163.8	0.0	-	-	-	-
Worcester, Brandvlei	346 additional beds in permanent structures to replace temporary structures, support amenities, development and care facilities, and clinic provided	Construction	386.8	51.1	172.6	139.7	37.0	2.5	-	-
Van Rhynsdorp prison	328 additional beds, support amenities, administration and visitation block provided	Construction	278.5	86.8	93.2	75.0	4.0	2.5	-	-
Ceres, Warmbokkeveld	282 additional beds, support amenities, and development and care facilities provided, existing dilapidated structures upgraded	Construction	231.6	42.0	77.0	66.0	55.0	49.5	-	-
Burgersdorp	534 additional beds, support amenities, development and care facilities provided, existing dilapidated structures upgraded	Design	298.0	0.1	0.8	-	55.2	-	-	28.1
Estcourt	301 additional beds and support facilities provided	Design	230.0	1.7	4.1	9.0	55.0	50.0	92.5	92.5
Tzaneen	447 additional beds, support amenities, and development and care facilities provided	Tender	264.0	4.8	9.3	56.0	90.0	66.3	0.7	-
Ingwavuma complex	226 additional beds and support facilities for males provided, old structures refurbished	Design	278.0	-	0.0	3.0	65.0	-	-	10.0
Zeerust	119 additional beds and support facilities provided	Design	230.0	1.2	1.2	2.5	63.8	-	-	-
Nongoma	205 additional beds and support facilities provided, heritage building restored	Design	219.0	0.3	0.0	3.0	54.2	15.0	70.0	50.5
Nkandla	207 additional beds and support facilities provided, heritage building restored	Design	225.0	-	-	3.0	44.1	-	35.5	42.0
Maphumulo	33 additional beds and support facilities provided, heritage parts of existing building restored	Design	89.0	0.0	-	-	17.7	16.9	31.1	30.0
Makhado and Atridgeville	Dilapidated structures replaced	Identification	293.9	-	-	-	10.0	-	-	-
Standerton	765 additional beds and support facilities provided	Design	244.9	-	0.0	13.9	93.2	-	80.4	85.4

Additional table :Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
Departmental infrastructure									
R million									
C-Max: Pretoria	12 additional beds and support facilities provided and security upgraded	Design	131.0	0.7	3.6	9.2	89.1	60.6	31.0
Kimberley	Integrated IT installed throughout new prison	Handed over	25.0	-	25.0	1.5	-	-	-
Independent Development Trust	Perimeter and security fencing and intercoms installed, and immovable asset management audits conducted	Design	-	-	-	-	-	169.2	12.8
Parole board offices	48 offices completed, 3 in construction and 2 in planning	Various	140.2	-	-	18.7	-	1.0	-
Odi	New access control gate and visitors' waiting rooms provided	Various	9.8	-	-	3.8	-	-	-
Qalabusha, Pietermaritzburg	Integrated security system provided	Various	60.0	-	-	40.0	-	-	-
Parys	176 additional beds, support amenities, development and care facilities provided, existing dilapidated structures upgraded	Identification	31.8	0.0	-	27.1	4.7	16.6	30.0
Various centres: Slangby generators	Operational standby generators provided	Various	4.0	-	-	2.0	-	-	-
Remand detention feasibility studies	Feasibility studies completed	Various	30.0	-	-	10.0	-	4.0	-
Audit of facilities	Prison facilities audited in compliance with Government Immovable Asset Management Act (2007)	Various	15.0	-	-	1.0	-	-	-
Various centres: Replacement equipment	Kitchen equipment, boilers, incinerators, power, water and sewerage systems replaced in compliance with Occupational Health and Safety Act (1993)	Various	343.0	-	-	68.0	100.0	-	-
Head office	New head office building provided	Identification	3.0	-	-	1.0	2.0	-	-
Kimberley, Brandvlei, Ceres, Van Rhyndsdorp	Integrated IT system completely installed	Design	63.0	-	-	7.0	12.0	-	-
Goedemoed Bergville	Water channel upgraded	Construction	70.6	43.6	20.5	8.5	-	-	-
	Prison upgraded, including 6 additional cells erected (29 additional beds) and support facilities provided	Design	39.0	0.9	-	-	-	-	-
Matatiele	Prison upgraded, including 10 cells erected (24 additional beds) and support facilities provided, heritage parts of existing building restored	Design	19.0	-	0.4	5.5	10.9	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
R million									
Departmental infrastructure									
Beaufort West, Plettenberg Bay, Western Cape	New prison facilities constructed	Identification	470.0	-	-	-	-	0.0	-
Mihatha, Fort Elizabeth, Lusikisiki, Sada, Eastern Cape	Correctional facilities upgraded	Identification	300.0	-	-	-	-	0.0	-
Ladybrand, Free State	Correctional facilities upgraded	Identification	60.0	-	-	-	-	0.0	-
Groenpunt medium	Dilapidated structures replaced	Identification	100.0	-	-	-	-	0.0	-
Utrecht, Pomeroy, Newcastle, KwaZulu-Natal	373 additional beds and support facilities provided	Identification	200.0	-	-	-	-	2.9	-
Thohoyandou Youth, Lichtenburg, Lydenburg, Limpopo/Mpumalanga/North West	752 additional beds and support facilities provided, and dilapidated temporary structures replaced	Design	29.0	-	-	-	-	0.0	3.0
Zonderwater, Voorberg medium, Voorberg maximum, Brandvlei maximum and Drakenstein	Correctional facilities upgraded	Identification	1 010.0	-	-	-	-	0.0	-
Other small grouped projects	Structures repaired and maintained	Various	1 342.2	296.2	218.4	190.6	43.5	139.0	66.7
Leeuwkop	Correctional facilities for 3 000 inmates built	Identification	-	-	-	-	-	-	9.3
King Williamstown	Prison upgraded	Identification	-	-	-	-	-	10.0	39.4
Potchefstroom remand detention facility	Remand detention facility upgraded	Identification	-	-	-	-	-	-	25.0
Gauteng women's centre	Existing facility to women's centre converted	Identification	-	-	-	-	-	1.0	10.0
Various: School facilities	New school facilities built	Identification	-	-	-	-	-	-	1.0
New Castle, KwaZulu Natal	186 additional beds and support facilities provided	Identification	-	-	-	-	-	-	0.5
Mthunzini	Prison upgraded	Identification	-	-	-	-	-	-	2.2
Lichtenburg	Prison upgraded	Identification	-	-	-	-	-	12.5	62.9
Maintenance									
Other small grouped projects	Structures repaired and maintained	Construction	450.0	63.0	43.7	186.0	62.0	51.0	120.5
Port Elizabeth north end	Structures repaired and maintained	Construction	-	-	-	-	-	60.0	30.7
Rustenburg	Structures repaired and maintained	Design	-	-	-	-	-	12.0	32.8
Kokstad civil works	Structures repaired and maintained	Construction	-	-	-	-	-	20.0	15.0
Total			9 175.9	948.5	833.6	950.9	968.3	759.6	803.1
									841.3

Vote 22

Defence and Military Veterans

Budget summary

R million	2012/13					2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	3 730.8	3 624.5	90.1	16.1	–	4 040.7	4 262.7
Force Employment	2 670.9	2 395.3	201.4	74.3	–	2 959.2	3 200.7
Landward Defence	12 686.7	9 989.8	2 351.3	345.6	–	13 751.3	14 254.0
Air Defence	6 749.7	4 898.4	1 830.9	20.4	–	7 204.9	7 709.5
Maritime Defence	2 551.3	2 169.9	348.1	33.3	–	2 755.5	3 198.2
Military Health Support	3 316.5	3 271.4	43.5	1.6	–	3 515.1	3 692.5
Defence Intelligence	709.7	280.8	425.4	3.4	–	740.5	778.5
General Support	5 077.4	3 526.8	1 085.5	127.4	337.7	4 977.6	5 236.1
Total expenditure estimates	37 493.0	30 157.0	6 376.1	622.2	337.7	39 944.7	42 332.1
Executive authority	Minister of Defence and Military Veterans						
Accounting officer	Secretary for Defence						
Website address	www.dod.mil.za						

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

Aim

Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Programme purposes

Programme 1: Administration

Purpose: Develop policy, and manage and administer the department.

Programme 2: Force Employment

Purpose: Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental and multinational military exercises.

Programme 3: Landward Defence

Purpose: Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

Programme 4: Air Defence

Purpose: Provide prepared and supported air defence capabilities for the defence and protection of South Africa.

Programme 5: Maritime Defence

Purpose: Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

Programme 6: Military Health Support

Purpose: Provide prepared and supported health capabilities and services for the defence and protection of South Africa.

Programme 7: Defence Intelligence

Purpose: Provide defence intelligence and counter intelligence capability.

Programme 8: General Support

Purpose: Provide general support capabilities and services to the department.

Strategic overview: 2008/09 – 2014/15

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.

In terms of government's broad outcomes, the department continues to contribute to: ensuring a long and healthy life for all South Africans (outcome 2) through its 88 health care facilities and 3 specialist or tertiary hospitals; ensuring that all people in South Africa are and feel safe (outcome 3) through borderline management; and developing a skilled and capable workforce to support an inclusive growth path (outcome 5) through the military skills development system. In relation to creating a better South Africa and contributing to a better and safer Africa and world (outcome 11), the department will take on the secretariat and coordinating role as the lead department in the international cooperation, trade and security cluster. The contribution the department is making to peace and stability on the continent paves the way for economic growth and sustainable development in those areas. The contribution also improves the lives of fellow Africans and facilitates South African access to develop new markets on the continent.

The department's main outputs in relation to these strategic outcomes over the medium term are: to ensure that ordered defence commitments are conducted in accordance with government's policy and strategy; to ensure mission ready defence capabilities; to comply with the applicable regulatory framework; and to ensure the provision of sound defence direction.

Focus over the medium term

Specific strategic priorities over the medium term include: executing the border safeguarding function, continuing with the institutionalisation of the new service dispensation for South African National Defence Force members, enhancing the Defence Force's landward capabilities, ensuring optimal human and capital acquisition through approved defence industry projects, enhancing the Defence Force's peacekeeping capability, revitalising the reserve component, and consolidating the Southern African Development Community's (SADC) maritime security strategy. This was recently ratified within the structures of the SADC and its subsidiary organs.

Restructuring and supporting the defence industry

Other key priorities will include the continued restructuring and support of the defence industry, thereby ensuring that the focus is on the required defence capabilities and that they are sustainable, in support of the defence mandate. The department established and resourced the defence works formation, which ultimately aims to develop internal departmental capacity for infrastructure repair and the maintenance of its 35 000 facilities, including housing accommodation, offices and training sites.

Enhancing the one force, core force and growth force principle

Through the national youth service military skills development systems and the increased use of the reserves to supplement the regular members complement, the department will continue to enhance the one force, core force and growth force concept. This will ensure an appropriate balance between regular members, reserve members and other personnel appointed in terms of the Public Service Amendment Act (2007).

Contributing to global security and peace initiatives

The department further contributes to and supports the United Nations (UN) requirements for its peace missions and work in collaboration with the African Union (AU) in support of the SADC peace support initiatives, which will enable the organisation's member states to react in time to conflicts or natural disasters. It also provides support in terms of the SADC's standby force agreements.

A key component of government policy is the promotion of regional, continental and global security through defence diplomacy initiatives, which include the employment of defence capabilities in support of the UN and AU peace missions within the African landscape. The defence force has provided substantial support to peace missions, natural and humanitarian disaster, and democratic elections through its inherent land, air, maritime and military health capabilities. The department has made substantial progress in building sound relations with countries in Africa and the rest of the world. Current deployments are mainly in the Democratic Republic of Congo, Sudan and in maritime operations supporting regional security. The department currently has 38 defence attaché offices that provide the defence force with increased capacity for the conducting of bilateral and multilateral relations. Support has been provided to post-conflict reconstruction and training initiatives on the African continent.

More immediate priorities

In the short term, the department will focus on: reviewing the defence strategy, which will inform the departmental force design and force structure; the continued phased-in implementation of the border management strategy, which includes border safeguarding; the approval of the policy framework to form the basis for implementing the Defence Amendment Act (2010); defence's contribution to the finalisation of the national security strategy component of the revised 1999 White Paper on the South African Defence Related Industries; and the development of a defence industry strategy to position the defence function in a way that maximises the responsiveness of the defence industry.

Selected performance indicators

Table 21.1 Defence and Military Veterans

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Percentage compliance with the SADC standby force agreement and South African pledge	Force Employment	–	–	–	100%	100%	100%	100%
Number of large scale external operations per year	Force Employment	9	8	4	4	4	4	4
Average number of personnel deployed daily in external operations per year	Force Employment	2 931	2 480	2 041	2 280	1 985	1 985	1 985
Number of person days used during internal operations per year	Force Employment	231 608	133 036	556 099	580 000	657 000	930 750	1 204 500
Number of internal operations per year	Force Employment	4	5	5	4	5	5	5
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	10	8	8	6	7	7	6
Percentage compliance with UN requirements, rules and regulations for peace missions	Force Employment	–	–	–	100%	100%	100%	100%
Total number of defence attaché offices	Administration	36	37	37	38	40	40	40
Number of force employment hours flown per year	Air Defence	11 099	12 754	8 279	10 902	10 500	10 500	10 500
Number of sea hours on patrol in South African maritime zones and international waters per year	Maritime Defence	8 236	12 945	8 286	9 000	35 000	35 000	35 000
Number of military skills development members in the system per year	Landward Defence	6 736	8 874	8 662	11 140	6 673	4 159	4 153
Number of active reserves per year	Landward Defence	19 763	13 352	12 362	13 816	12 400	12 900	13 500
Number of health care activities provided per year	Military Health Support	–	–	–	2 200 000	2 400 000	2 400 000	2 400 000
Defence Force Service Commission status ¹	Administration					Comprehensive recommendations to minister and report to Parliament ¹	Impact assessment: review and report to Parliament	Assessment findings: review and report to Parliament

¹ This is a new indicator that will start from 2012/13. The commission will be delivering recommendations and impact assessment findings to the minister, as well as regular reports to Parliament. They will address the conditions of service of members of the Defence Force.

Expenditure estimates

Table 22.2 Defence

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	2 480.2	2 914.1	3 452.9	3 718.4	3 718.4	3 730.8	4 040.7	4 262.7
Force Employment	1 913.9	1 886.5	2 265.5	2 332.0	2 332.0	2 670.9	2 959.2	3 200.7
Landward Defence	7 487.2	9 042.2	9 295.6	11 328.6	11 328.6	12 686.7	13 751.3	14 254.0
Air Defence	8 018.8	8 643.8	5 488.9	6 355.8	6 355.8	6 749.7	7 204.9	7 709.5
Maritime Defence	1 837.2	1 997.5	2 349.9	2 564.7	2 564.7	2 551.3	2 755.5	3 198.2
Military Health Support	2 176.9	2 608.1	3 150.1	3 244.3	3 244.3	3 316.5	3 515.1	3 692.5
Defence Intelligence	506.8	594.7	633.9	661.6	661.6	709.7	740.5	778.5
General Support	3 380.4	3 637.3	3 805.6	4 143.7	4 143.7	5 077.4	4 977.6	5 236.1
Total	27 801.3	31 324.2	30 442.4	34 349.1	34 349.1	37 493.0	39 944.7	42 332.1
Change to 2011 Budget estimate				(255.9)	(255.9)	121.7	242.5	247.8

Economic classification

Current payments	17 894.3	20 774.9	25 487.8	28 090.7	28 090.7	30 157.0	31 784.5	33 297.2
Compensation of employees	10 620.0	12 705.6	16 597.1	17 555.3	17 555.3	18 967.8	20 251.9	21 364.2
Goods and services	7 274.3	8 069.3	8 890.7	10 535.4	10 535.4	11 189.2	11 532.7	11 933.1
<i>of which:</i>								
Computer services	753.3	841.4	856.4	1 064.3	1 064.3	1 132.9	1 215.8	1 257.6
Contractors	2 397.6	2 834.3	3 263.0	4 193.8	4 193.8	4 195.7	4 380.2	4 427.7
Inventory: Food and food supplies	569.9	700.7	708.9	705.1	705.1	1 015.6	1 139.4	1 207.1
Property payments	407.2	485.5	580.9	677.7	677.7	757.1	830.4	880.2
Transfers and subsidies	8 833.1	9 363.4	3 888.0	5 907.3	5 907.3	6 376.1	7 548.4	8 393.4
Provinces and municipalities	13.8	–	–	–	–	–	–	–
Departmental agencies and accounts	8 096.6	8 629.1	3 024.7	4 878.3	4 878.3	5 327.9	6 448.4	7 230.2
Public corporations and private enterprises	565.8	602.9	737.5	867.3	867.3	914.8	967.0	1 030.8
Non-profit institutions	4.2	4.3	5.2	6.3	6.3	6.2	6.5	6.9
Households	152.8	127.1	120.6	155.4	155.4	127.3	126.4	125.6
Payments for capital assets	998.9	1 136.3	899.6	351.1	351.1	622.2	611.8	641.4
Buildings and other fixed structures	505.4	599.1	251.2	126.5	126.5	111.1	120.8	125.8
Machinery and equipment	492.2	454.0	581.4	203.5	203.5	460.5	437.3	458.4
Specialised military assets	–	83.1	7.4	20.7	20.7	49.5	53.4	57.0
Biological assets	–	0.0	59.4	–	–	–	–	–
Software and other intangible assets	1.3	0.1	0.1	0.5	0.5	1.0	0.3	0.3
Payments for financial assets	75.0	49.6	167.0	–	–	337.7	–	–
Total	27 801.3	31 324.2	30 442.4	34 349.1	34 349.1	37 493.0	39 944.7	42 332.1

Expenditure trends

The spending focus over the MTEF period will be on strengthening and consolidating border safeguarding as well as sustaining peace missions within the *Force Employment* programme, maintaining current defence capabilities within the *Landward Defence*, *Air Defence*, *Maritime Defence*, and *Military Health* programmes and establishing the defence works capability within the *General Support* programme.

Between 2008/09 and 2011/12, expenditure increased from R27.8 billion to R34.3 billion, at an average annual rate of 7.3 per cent, and is expected to increase over the medium term to R42.3 billion, at an average annual rate of 7.2 per cent. The increases in both periods are mainly due to additional allocations for improvements in conditions of service for regular and reserve force members, strengthening border safeguarding, and modernising some landward capabilities. Cabinet approved changes to the baseline over the MTEF period include R749.2 million for borderline control, R23 million for the establishment of the Office of the Military Ombud and R600 million for the completion of the strategic defence procurement programme.

Using 33.8 per cent of the department's budget, the *Landward Defence* programme remains the largest spending programme over the MTEF period. The *Air Defence* programme takes up 18 per cent and the *General Support* and *Administration* programmes take up 13.5 per cent and 10 per cent of the total budget in 2012/13.

The decrease of 36.5 per cent in expenditure in the *Air Defence* programme in 2010/11 was due to the termination of the A400M aircraft contract in 2009/10 on instruction from Cabinet. The increase in spending in the *Force Employment* programme over the MTEF period is due to the allocation of additional funds for border safeguarding, as per a Cabinet decision that the South African Defence Force should take over the border safeguarding function. The high year-on-year increase in all the programmes from 2010/11 to 2011/12 was due to the implementation of the new defence force remunerations systems. The higher than average increases in spending in the *Landward Defence*, *Maritime Defence* and *Military Health Support* programmes over the MTEF period are due to the additional allocations received for landward defence renewal, the provision for the replacement of operational ambulances, and initiating programmes to acquire a hydro graphic vessel and off-shore patrol vessels.

Spending on compensation of employees increased from R10.6 billion in 2008/09 to R17.6 billion in 2011/12, at an average annual rate of 18.2 per cent, and is expected to increase to R21.4 billion in 2014/15, at an average annual rate of 6.8 per cent. The increase between 2008/09 and 2011/12 was due to the improvements in conditions of service for soldiers and the military skills development initiative. The lower growth over the MTEF period is attributed to reduced military skills development intakes, which is due to Cabinet's decision to reduce the allocation to the initiative as part of the cost saving measures.

The department transfers funds to the Armaments Corporation of South Africa to defray the entity's operating expenditure. The transfer payment to the corporation is expected to increase from R565.8 million in 2008/09 to R1 billion in 2014/15, at an average annual rate of 10.5 per cent. These increases provided mainly for improvements in conditions of service, and also for defence decision support services, freight forwarding, materiel disposal, warehousing and travel services.

The department uses consultants on a limited basis. Spending on consultants is expected to increase from R180.6 million in 2008/09 to R219.8 million in 2014/15, at an average annual rate of 3.3 per cent. This is mainly due to the appointment of consultants to do research on information based warfare, electronic warfare, network based warfare, psychological warfare, command and control warfare, and engineering consultants for missile based projects.

Infrastructure spending

Spending on infrastructure increased from R813.5 million in 2008/09 to R846.6 million in 2011/12 and is expected to increase to R1.3 billion over the medium term. Spending on infrastructure focuses mainly on refurbishing bases, units, depots and hospitals, particularly those that have begun to pose occupational health and safety threats. R40.2 million of the total amount will be spent on finalising the capital works project at the Air Force Base Waterkloof, while R3 million will be spent on refurbishing defence infrastructure over the latter part of the MTEF period. Rebuilding and upgrading the runway, lightning and hardstands at the Air Force Base Waterkloof started in July 2008 and will be completed during 2012/13.

Mega projects: Rebuilding the runway of Air Force Base Waterkloof is the department's only mega project. To date, R1.2 billion has been spent and another R40.2 million is set to be spent over the medium term. The total cost of the project is R1.2 billion.

Small projects: The department continued with eight refurbishment projects, including the military hospital in Cape Town, 4 SA Infantry Battalion in Middelburg, 35 Engineer Support Regiment in Dunnottar, 21 SA Infantry Battalion in Doornkop, 10 SA Infantry Battalion in Mafikeng, Air Defence Artillery School in Kimberley and the Naval Dockyard in Simons Town. Over the medium term, the programme is extended to include 24 small projects. The department also continues to fund 22 capital works building projects, which include the upgrade and construction of health and training facilities, security infrastructure, and living and office accommodation. Also included are improvements to accommodate disabled members.

Personnel information

Table 22.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	87 230	79 353	–	74 593	76 807	79 040	78 902	79 802	79 009	79 723
Salary level 1 – 6	57 792	55 714	–	51 954	53 901	55 746	55 230	55 521	54 772	55 485
Salary level 7 – 10	28 032	21 601	–	21 312	21 614	21 986	22 394	22 076	22 043	22 053
Salary level 11 – 12	1 105	1 768	–	1 066	1 031	1 039	1 013	1 939	1 929	1 921
Salary level 13 – 16	301	270	–	261	261	269	265	266	265	264
Administration	5 175	3 981	–	3 744	3 700	3 965	3 672	3 949	4 009	4 000
Salary level 1 – 6	2 066	1 575	–	1 520	1 424	1 647	1 525	1 716	1 774	1 782
Salary level 7 – 10	2 482	1 845	–	1 810	1 842	1 869	1 707	1 673	1 677	1 665
Salary level 11 – 12	474	446	–	314	324	334	325	447	446	442
Salary level 13 – 16	153	115	–	100	110	115	115	113	112	111
Force Employment	2 426	1 912	–	1 709	1 694	1 775	1 778	1 946	1 946	1 946
Salary level 1 – 6	1 315	982	–	809	794	862	865	1 011	1 011	1 011
Salary level 7 – 10	1 028	841	–	816	818	832	831	843	843	843
Salary level 11 – 12	66	73	–	66	65	65	66	76	76	76
Salary level 13 – 16	17	16	–	18	17	16	16	16	16	16
Landward Defence	43 354	41 123	–	33 260	39 147	40 286	39 754	40 276	39 699	41 126
Salary level 1 – 6	34 701	33 400	–	27 134	31 627	32 576	31 731	32 261	31 678	33 044
Salary level 7 – 10	8 491	7 519	–	5 952	7 335	7 522	7 847	7 815	7 826	7 887
Salary level 11 – 12	129	167	–	139	148	154	146	167	162	162
Salary level 13 – 16	33	37	–	35	37	34	30	33	33	33
Air Defence	12 818	11 501	–	10 599	10 855	11 192	11 378	11 943	12 043	11 772
Salary level 1 – 6	7 708	7 696	–	6 754	6 930	7 193	7 327	7 854	8 010	7 789
Salary level 7 – 10	4 984	3 650	–	3 715	3 798	3 871	3 926	3 931	3 877	3 830
Salary level 11 – 12	102	132	–	105	103	101	101	135	133	130
Salary level 13 – 16	24	23	–	25	24	27	24	23	23	23
Maritime Defence	7 175	7 281	–	6 708	7 409	7 508	7 395	7 152	7 004	6 813
Salary level 1 – 6	4 596	4 908	–	4 726	5 392	5 486	5 306	5 110	4 962	4 771
Salary level 7 – 10	2 468	2 282	–	1 876	1 910	1 911	1 982	1 930	1 930	1 930
Salary level 11 – 12	94	75	–	88	89	92	88	94	94	94
Salary level 13 – 16	17	16	–	18	18	19	19	18	18	18
Military Health Support	9 774	8 976	–	8 126	8 647	9 001	8 946	9 126	8 858	8 587
Salary level 1 – 6	3 759	4 471	–	4 044	4 572	4 944	4 839	4 390	4 122	3 851
Salary level 7 – 10	5 882	3 748	–	3 855	3 895	3 884	3 940	3 833	3 833	3 833
Salary level 11 – 12	110	731	–	196	158	151	145	878	878	878
Salary level 13 – 16	23	26	–	31	22	22	22	25	25	25
Defence Intelligence	1 086	779	–	719	706	768	770	790	800	812
Salary level 1 – 6	239	192	–	161	169	193	183	192	195	198
Salary level 7 – 10	777	518	–	488	466	504	519	529	536	545
Salary level 11 – 12	53	52	–	53	53	53	51	52	52	52
Salary level 13 – 16	17	17	–	17	18	18	17	17	17	17
General Support	5 422	3 800	–	9 728	4 649	4 545	5 209	4 620	4 650	4 667
Salary level 1 – 6	3 408	2 490	–	6 806	2 993	2 845	3 454	2 987	3 020	3 039
Salary level 7 – 10	1 920	1 198	–	2 800	1 550	1 593	1 642	1 522	1 521	1 520
Salary level 11 – 12	77	92	–	105	91	89	91	90	88	87
Salary level 13 – 16	17	20	–	17	15	18	22	21	21	21

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

2. As at 30 September 2011.

The department had an establishment of 87 230 posts, 79 353 of which were funded. The number of filled posts increased from 74 593 in 2008/09 to 78 902 in 2011/12. The originally planned number of 11 140 military skills development system members is being reduced to 6 673 in 2012/13, 4 159 in 2013/14 and 4 153 in 2014/15. A reduction in appointments of Public Service Act (1994) personnel will also take place due to funding restrictions, which requires the focus of recruitment on replacements only. The ratio of support staff to line staff is 1:8, while the percentage of consultants used in relation to the department's total number of personnel is 0.1 per cent.

Departmental receipts

Table 22.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	629 390	699 949	689 688	563 279	4 059 811	784 205	798 930	814 908
Sales of goods and services produced by department	165 268	194 411	255 338	261 221	261 222	289 804	294 153	300 035
Administrative fees	-	53	13	-	-	-	-	-
<i>of which:</i>								
Administrative fees	-	53	13	-	-	-	-	-
Other sales	165 268	194 358	255 325	261 221	261 222	289 804	294 153	300 035
<i>of which:</i>								
Services rendered	165 268	144 385	185 077	189 351	189 351	240 455	244 062	248 943
Sale of goods	-	2 117	5 739	5 872	5 872	2 727	2 769	2 824
Rental of capital assets	-	47 856	64 509	65 998	65 999	46 622	47 322	48 268
Sales of scrap, waste, arms and other used current goods	28 285	15 196	8 651	21 144	21 144	18 377	18 653	19 026
<i>of which:</i>								
Sales: Scrap	28 285	14 827	6 613	16 163	16 163	18 328	18 603	18 975
Military equipment sold	-	369	2 038	4 981	4 981	49	50	51
Transfers received	290 653	228 291	250 767	171 998	3 668 529	168 558	171 086	174 508
Fines, penalties and forfeits	1 058	3 724	4 459	11 796	11 796	3 720	3 776	3 851
Interest, dividends and rent on land	1 398	2 750	2 628	2 597	2 597	2 545	2 583	2 635
Interest	1 398	2 750	2 628	2 597	2 597	2 545	2 583	2 635
Sales of capital assets	122 066	19 481	23 068	28 500	28 500	54 211	55 025	56 125
Transactions in financial assets and liabilities	20 662	236 096	144 777	66 023	66 023	246 990	253 654	258 728
Total	629 390	699 949	689 688	563 279	4 059 811	784 205	798 930	814 908

Departmental receipts originate mainly from selling redundant or obsolete equipment and defence materiel, letting accommodation to personnel, and boarding and lodging. Departmental receipts, specifically financial transactions in assets and liabilities, fluctuate due to the unpredictable nature of reimbursements for peace missions. Revenue collection projections are also hampered by the unpredictable nature of the potential buyers of equipment as well as international treaties, protocols and licence agreements. Between 2008/09 and 2011/12, revenue increased from R629.4 million to R4.1 billion. The increase is due to a once off reimbursement of R3.5 billion due to the cancellation of the A400M Airbus contract. Over the medium term, revenue is projected to increase to R814.9 million in 2014/15, at an average annual rate of 13.1 per cent, due to projected underperformance by the defence industry.

Programme 1: Administration

Expenditure estimates

Table 22.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	21.0	50.2	97.3	56.3	65.0	69.9	74.8
Departmental Direction	16.2	20.8	27.2	39.1	55.7	58.1	61.2
Policy and Planning	58.8	69.0	72.5	95.5	103.9	109.2	114.4
Financial Services	186.3	218.3	240.8	278.9	281.7	293.6	306.8
Human Resources Support Services	498.8	541.5	609.7	595.9	614.7	639.3	666.1
Legal Services	110.8	122.5	159.0	162.6	175.3	184.6	196.6
Inspection Services	48.1	55.5	62.0	70.4	78.0	81.6	85.5
Acquisition Services	52.9	40.7	52.6	53.6	46.1	49.1	51.3
Communication Services	23.7	29.2	29.1	32.0	31.4	32.6	34.0
South African National Defence Force Command and Control	68.0	83.6	96.4	110.9	117.1	121.6	126.7
Religious Services	7.2	7.9	8.7	9.8	11.7	12.2	12.8
Defence Reserve Direction	10.2	13.0	15.0	18.1	16.9	17.6	18.6
Defence Foreign Relations	143.8	117.6	140.3	188.0	197.0	207.8	218.0
Office Accommodation	1 234.4	1 544.3	1 842.2	1 962.0	1 885.4	2 112.5	2 242.6
Military Veterans Management	–	–	–	45.4	51.2	50.9	53.5
Total	2 480.2	2 914.1	3 452.9	3 718.4	3 730.8	4 040.7	4 262.7
Change to 2011 Budget estimate				61.7	(150.5)	(195.5)	(202.9)

Economic classification

Current payments	2 401.7	2 830.8	3 371.6	3 672.9	3 624.5	3 931.7	4 148.5
Compensation of employees	853.0	952.3	1 134.4	1 256.3	1 301.6	1 373.6	1 440.2
Goods and services	1 548.7	1 878.4	2 237.3	2 416.5	2 322.9	2 558.1	2 708.2
<i>of which:</i>							
Computer services	27.7	69.4	62.2	104.3	107.0	109.2	112.8
Contractors	825.3	960.3	1 137.2	1 153.9	971.7	1 115.7	1 186.0
Inventory: Food and food supplies	5.4	12.9	10.0	22.3	8.7	11.2	11.9
Property payments	379.3	457.1	551.2	651.4	723.6	793.0	840.7
Transfers and subsidies	33.0	36.9	33.2	32.1	90.1	91.3	94.7
Provinces and municipalities	0.6	–	–	–	–	–	–
Departmental agencies and accounts	8.8	9.9	14.4	15.6	67.9	68.7	72.3
Non-profit institutions	3.9	4.0	4.8	5.9	6.2	6.5	6.9
Households	19.6	22.9	13.9	10.6	16.0	16.1	15.6
Payments for capital assets	34.4	35.9	29.1	13.4	16.1	17.7	19.5
Machinery and equipment	34.4	35.9	29.1	13.4	16.1	17.7	19.5
Payments for financial assets	11.1	10.6	19.0	–	–	–	–
Total	2 480.2	2 914.1	3 452.9	3 718.4	3 730.8	4 040.7	4 262.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	8.8	9.9	14.4	15.6	67.9	68.7	72.3
Safety and Security Sector Education and Training Authority	8.8	9.9	14.4	15.6	16.7	17.8	18.8
Military Veterans Management	–	–	–	–	51.2	50.9	53.5
Households							
Social benefits							
Current	19.6	22.9	13.9	10.6	16.0	16.1	15.6
Employee social benefits	19.6	22.9	13.9	10.6	16.0	16.1	15.6
Non-profit institutions							
Current	3.9	4.0	4.8	5.9	6.2	6.5	6.9
Reserve Force Council	3.9	4.0	4.8	5.9	6.2	6.5	6.9

Expenditure trends

Expenditure increased from R2.5 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 14.5 per cent, and is expected to increase over the medium term to R4.3 billion, at an average annual rate of 4.7 per cent. The high rate of increase during the beginning of the period is due to the creation of the military veterans function, increases in property management, and the implementation of the military salary dispensation. The slow rate of increase over the MTEF period is due to a decrease in the provision for office accommodation. As from 2012/13, the funds for this will be reallocated to establish the defence works formation unit within the *Logistics Services* subprogramme in the *General Support* programme.

The expansion of organisational structures within the office of the minister and the multimedia campaign launched in 2009 resulted in increases of 139.1 per cent and 94.1 per cent in the *Ministry* subprogramme in 2009/10 and 2010/11. The 31.7 per cent increase in spending in the *Policy and Planning* subprogramme in 2011/12 was due to an allocation for the implementation of a balance scorecard and structure management control system, while the 34 per cent increase in spending in the *Defence Foreign Relations* subprogramme in the same year was due to the establishment of additional military attaché offices. The projected increase of 42.2 per cent in the *Departmental Direction* subprogramme in 2012/13 is due to the establishment of a supply chain office in the defence secretariat, while the expected increase of 10.7 per cent in the *Inspection Services* subprogramme in the same year is due to the appointment of staff to finalise the closing down audits of the group headquarters and commando units.

Expenditure on consultants is expected to increase from R11.1 million in 2008/09 to R27.1 million in 2014/15, at an average annual rate of 16 per cent. This is mainly due to the appointment of consultants within the policy and planning environment in 2011/12 to assist with the implementation of process management and balanced scorecard.

Programme 2: Force Employment

Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint interdepartmental and multinational military exercises by:
 - providing and employing 1 special operations capability in accordance with national requirements
 - ensuring full participation in the number of peace missions as instructed by the president
 - conducting 20 joint, interdepartmental and multinational military force preparation exercises from 2012/13 to 2014/15, excluding Special Forces and multinational air transport exercises
 - conducting 5 operations per year protecting the territorial integrity and sovereignty of South Africa, supporting other government departments, and complying with international obligations on an ongoing basis.

Subprogrammes

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters. This subprogramme had a staff complement of 133 and a total budget of R109.6 million in 2011/12, of which 72.1 per cent was used for compensation of employees. The joint operations division focuses on enhancing and maintaining comprehensive defence capabilities; promoting peace, stability and security in the region and the continent; and supporting the people of South Africa in terms of South Africa's policies and international obligations for the promotion of peace, stability and security. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Operational Direction* provides direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. This subprogramme had a staff complement of 474 and a total budget of R264 million, of which 81.5 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.

- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the South African National Defence Force. This subprogramme had a staff complement of 1 169 and a total budget of R553.8 million, of which 50 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. This subprogramme had a total budget of R1 billion in 2011/12, of which 38.1 per cent was used for compensation of personnel. The personnel involved are mostly provided by the 4 arms of the South African National Defence Force: army, navy, air force and military health support. The defence force participates in the United Nations peace support operation in the Democratic Republic of the Congo, the United Nations/African Union peace support operation in Sudan and the provision of training to the armed forces of the Central African Republic. The defence force also executes an operation in support of the Mozambican defence force with counter piracy operations in the Mozambique Channel. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. This subprogramme had a total budget of R344.6 million in 2011/12, of which 48 per cent was used for compensation of personnel, who are mostly provided by force providers. The joint operations division provides assistance with border safeguarding tasks, authorised safety and security support commitments, disaster aid and disaster relief ordered commitments, and authorised search and rescue commitments. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises, the development of the joint force employment command and control plan, and capability development management. The total budget for the subprogramme in 2011/12 was R31.9 million, of which 59.6 per cent was used for goods and services, which are mostly provided by force providers. 7 military exercises are planned for 2012/13. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 22.6 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Strategic Direction	56.5	69.6	78.4	109.6	109.4	113.8	120.2
Operational Direction	144.0	169.7	228.1	264.0	233.6	246.2	260.7
Special Operations	373.2	417.2	480.3	553.8	631.8	628.1	681.6
Regional Security	1 092.2	1 091.3	959.6	1 028.1	1 076.9	1 223.8	1 369.7
Support to the People	234.7	94.9	502.4	344.6	596.9	725.8	744.7
Defence Capability Management	13.3	43.9	16.6	31.9	22.3	21.5	23.7
Total	1 913.9	1 886.5	2 265.5	2 332.0	2 670.9	2 959.2	3 200.7
Change to 2011 Budget estimate				90.5	171.6	208.7	274.8

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	1 661.6	1 662.3	2 011.5	2 054.5	2 395.3	2 710.2	2 910.9
Compensation of employees	741.2	881.3	1 184.6	1 126.7	1 297.4	1 435.8	1 551.1
Goods and services	920.4	780.9	826.9	927.8	1 097.9	1 274.4	1 359.8
of which:							
Computer services	1.6	3.1	3.2	4.6	3.1	3.4	2.9
Contractors	142.0	123.2	170.6	371.3	309.4	447.0	409.8
Inventory: Food and food supplies	97.2	67.2	81.0	34.9	111.1	107.5	116.4
Property payments	0.2	0.6	0.8	1.1	1.2	1.2	1.3
Transfers and subsidies	160.2	166.2	139.2	208.3	201.4	172.7	195.5
Provinces and municipalities	0.6	–	–	–	–	–	–
Departmental agencies and accounts	152.1	156.8	129.4	186.9	182.4	152.9	174.7
Public corporations and private enterprises	–	–	4.0	11.7	12.6	13.5	14.4
Households	7.6	9.4	5.8	9.7	6.4	6.4	6.4
Payments for capital assets	60.6	58.1	114.7	69.3	74.3	76.3	94.3
Buildings and other fixed structures	0.7	1.5	5.6	9.4	1.8	1.6	2.3
Machinery and equipment	60.0	56.6	105.6	57.4	69.3	71.3	88.8
Specialised military assets	–	0.0	3.5	2.4	3.2	3.5	3.2
Payments for financial assets	31.5	–	0.1	–	–	–	–
Total	1 913.9	1 886.5	2 265.5	2 332.0	2 670.9	2 959.2	3 200.7

Table 22.6 Force Employment (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	152.1	156.8	129.4	186.9	182.4	152.9	174.7
Special Defence Account	152.1	156.8	129.4	186.9	182.4	152.9	174.7
Households							
Social benefits							
Current	7.6	9.4	5.8	9.7	6.4	6.4	6.4
Employee social benefits	7.6	9.4	5.8	9.7	6.4	6.4	6.4
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	-	-	4.0	11.7	12.6	13.5	14.4
Armaments Corporation of South Africa Limited	-	-	4.0	11.7	12.6	13.5	14.4

Expenditure trends

Expenditure increased from R1.9 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 6.8 percent, and is expected to increase to R3.2 billion over the medium term, at an average annual rate of 11.1 per cent. These increases are mainly due to additional allocations for improved conditions of service of defence force members and border safeguarding and contributing to peace support operations in the region.

The significant increase in the *Support to the People* subprogramme between 2009/10 and 2010/11 was mainly due to an additional allocation of R200 million for the defence force's support to the South African Police Service during the 2010 FIFA World Cup and an additional allocation of R25 million for support provided during the 2010 public service strike. The projected increase in expenditure in this subprogramme between 2011/12 and 2014/15 is due to the allocation of additional funds for border safeguarding. This also explains the projected average annual increase of 11.2 per cent in spending on compensation of employees from R1.1 billion in 2011/12 to R1.6 billion in 2014/15, as well as an average annual increase of 13.6 per cent in spending on goods and services from R927.8 million to R1.4 billion over the same period. The projected increase in expenditure in the *Regional Security* subprogramme from R1 billion in 2011/12 to R1.4 billion in 2014/15 is based on tasking during that period.

Programme 3: Landward Defence

Objectives and measures

- Defend and protect South Africa and its territory by:
 - providing 2 infantry battalions for external deployment, and 1 airborne battalion as Chief of the South African National Defence Reaction Force, for internal safety and security including border safeguarding per year
 - exercising 1 tank and 1 armoured car regiment, and providing 1 squadron for internal deployment per year
 - exercising 1 composite artillery and 1 light (airborne) artillery capability, and providing 1 battery for internal deployment per year
 - exercising 1 air defence artillery and 1 light (airborne) air defence artillery capability and providing 1 battery for internal deployment per year
 - providing 1 sustained composite engineer capability for external deployment and for internal safety and security; exercising 1 light (airborne) engineer and 1 field engineer capability per year providing 2 signal squadrons for external deployment, internal signal support, and exercising 1 composite signal capability per year.

Subprogrammes

- *Strategic Direction* directs, orchestrates and controls the South African army in achieving its mission to prepare and provide supported landward capabilities for the defence and protection of South Africa. This subprogramme had a staff complement of 697 and a total budget of R556.1 million in 2011/12, of which 45 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. This subprogramme had a staff complement of 16 328 and a total budget of R3.4 billion in 2011/12, of which 86.7 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. This subprogramme had a staff complement of 1 537 and a total budget of R295.3 million in 2011/12, of which 93.3 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. This subprogramme had a staff complement of 1 582 and a total budget of R381.7 million, of which 76.8 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. This subprogramme had a staff complement of 1 028 and a total budget of R389 million in 2011/12, of which 53.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *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. This subprogramme had a staff complement of 2 641 and a total budget of R498.3 million, of which 92.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations through training, preparing, exercising and supporting intelligence units. This subprogramme had a staff complement of 736 and a total budget of R185.6 million, of which 83.2 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. This subprogramme had a staff complement of 476 and a total budget of R126 million, of which 92.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Support Capability* provides first, second and fourth line support capabilities to units and bases, and ensures support to deployed combat units through training, preparing, exercising and supporting of first and second line maintenance units and workshops. This subprogramme had a staff complement of 9 821 and a total budget of R4.4 billion, of which 43.5 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *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. This subprogramme had a staff complement of 1 152 and a total budget of R320.4 million, of which 84.1 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *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. This subprogramme had a staff complement of 3 984 and a total budget of R852.8 million, of

which 92.4 per cent of the total budget was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 22.7 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Strategic Direction	258.9	350.1	526.1	556.1	387.0	389.8	392.3
Infantry Capability	2 508.7	3 077.2	3 392.3	3 361.7	3 812.9	4 922.0	5 033.8
Armour Capability	230.3	240.3	296.8	295.3	332.0	342.4	360.7
Artillery Capability	343.8	328.0	317.6	381.7	499.4	426.6	454.9
Air Defence Artillery Capability	303.8	388.6	212.1	389.0	630.7	425.9	378.6
Engineering Capability	284.9	356.6	489.4	498.3	540.8	571.6	605.3
Operational Intelligence	197.0	264.7	229.6	185.6	237.1	172.6	177.4
Command and Control Capability	86.7	99.6	130.8	126.0	160.0	167.8	176.8
Support Capability	2 525.1	3 021.9	2 532.9	4 361.8	4 760.9	4 941.8	5 195.8
General Training Capability	219.5	269.5	355.2	320.4	400.1	419.8	444.6
Signal Capability	528.5	645.7	812.7	852.8	925.7	970.9	1 033.6
Total	7 487.2	9 042.2	9 295.6	11 328.6	12 686.7	13 751.3	14 254.0
Change to 2011 Budget estimate				(437.8)	(130.4)	117.8	(113.4)

Economic classification

Current payments	5 316.6	6 606.7	8 568.1	9 466.0	9 989.8	10 772.8	11 367.1
Compensation of employees	4 253.6	5 331.6	7 291.0	7 631.4	8 307.6	8 961.1	9 461.8
Goods and services	1 063.0	1 275.1	1 277.0	1 834.5	1 682.3	1 811.6	1 905.3
<i>of which:</i>							
Computer services	88.5	76.6	94.3	102.7	91.4	93.1	94.6
Contractors	147.1	186.7	193.4	317.3	267.7	289.5	304.2
Inventory: Food and food supplies	289.6	397.8	380.9	400.9	482.4	556.0	635.8
Property payments	4.3	3.7	4.1	6.8	6.9	7.2	7.5
Transfers and subsidies	2 077.1	2 326.1	496.6	1 808.0	2 351.3	2 652.0	2 555.4
Provinces and municipalities	6.1	–	–	–	–	–	–
Departmental agencies and accounts	2 016.6	2 286.9	414.4	1 710.7	2 249.7	2 549.8	2 452.6
Public corporations and private enterprises	1.4	–	39.0	51.3	53.6	54.6	55.1
Households	53.0	39.2	43.3	46.0	48.0	47.7	47.7
Payments for capital assets	83.8	107.1	226.6	54.7	345.6	326.5	331.5
Buildings and other fixed structures	–	0.1	0.2	0.1	0.1	0.1	0.2
Machinery and equipment	83.6	98.2	225.6	54.5	318.5	296.6	298.6
Specialised military assets	–	8.8	0.8	–	27.0	29.7	32.7
Software and other intangible assets	0.2	–	–	–	0.0	0.0	0.0
Payments for financial assets	9.7	2.3	4.3	–	–	–	–
Total	7 487.2	9 042.2	9 295.6	11 328.6	12 686.7	13 751.3	14 254.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 016.6	2 286.9	414.4	1 710.7	2 249.7	2 549.8	2 452.6
Special Defence Account	2 016.6	2 286.9	414.4	1 710.7	2 249.7	2 549.8	2 452.6
Households							
Social benefits							
Current	53.0	39.2	43.3	46.0	48.0	47.7	47.7
Employee social benefits	53.0	39.2	43.3	46.0	48.0	47.7	47.7
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	6.1	–	–	–	–	–	–
Regional Service Council Levies	6.1	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	1.4	–	39.0	51.3	53.6	54.6	55.1
Armaments Corporation of South Africa Limited	1.4	–	39.0	51.3	53.6	54.6	55.1

Expenditure trends

Expenditure increased from R7.5 billion in 2008/09 to R11.3 billion in 2011/12, at an average annual rate of 14.8 per cent, and is expected to increase to R14.3 billion over the medium term, at an average annual rate of 8 per cent. These increases are mainly due to the carry through effect of the improvements in conditions of service of defence force members in 2010, an increased maintenance requirement of the army's ageing operational vehicle fleet, operationalisation of landward defence equipment renewal projects, and the procurement of critical ammunition.

The increase of 72.2 per cent in spending in the *Support Capability* subprogramme in 2011/12 was due to the increase in compensation of employees, provision for transporting redundant assets to be disposed, procurement of ammunition and parachutes, and the delivery milestones of the mobile and rapid deployable mass feeding system. Expenditure in the *Infantry Capability* subprogramme is expected to increase from R3.4 billion in 2011/12 to R5 billion in 2014/15, at an average annual rate of 14.4 per cent, due to the extension of the development plan of the new generation infantry combat vehicle product system and the delivery milestones of the new generation operational supply support vehicle system. The projected 62.1 per cent increase in expenditure in the *Air Defence Artillery Capability* subprogramme in 2012/13 is due to the delivery milestones of the shoulder launched air defence artillery system.

Expenditure on consultants is expected to increase from R14.2 million in 2008/09 to R22.5 million in 2014/15, at an average annual rate of 7.9 per cent. This is mainly due to the appointment of consultants within the defence materiel division under the *Support Capability* subprogramme to provide advice regarding missile based engineering.

Programme 4: Air Defence

Objectives and measures

- Defend and protect South Africa and its airspace by providing:
 - 4 helicopter squadrons and 1 combat support squadron per year; 3 medium transport squadrons (including one VIP squadron), 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons at the required readiness levels per year
 - 1 air combat squadron per year
 - 24-hour air command and control capability.

Subprogrammes

- *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 the Chief of the South African National Defence Force. This subprogramme had a staff complement of 40 and a total budget of R14.7 million in 2011/12, of which 66 per cent was used for compensation of employees. The air force provides support to the people by executing flights during border safeguarding tasks, authorised safety and security support commitments, disaster aid and disaster relief ordered commitments and authorised search and rescue commitments.
- *Operational Direction* provides operational direction to the *Air Defence* programme by means of an air command. This subprogramme had a total budget of R129.9 million in 2011/12, of which 98 per cent was used for goods and services. The air force ensures that the planned daily availability of aircraft can be achieved and that the planned flying hours can be flown. There is no staff complement in this subprogramme.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel. This subprogramme had a staff complement of 508 and a total budget of R747.5 million in 2011/12, of which 52.4 per cent was used for goods and services.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft, crewed by appropriately qualified personnel. This subprogramme had a staff complement of

395 and a total budget of R711.3 million in 2011/12, of which 75.7 per cent was used for goods and services.

- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft, crewed by appropriately qualified personnel. This subprogramme had a staff complement of 185 and a total budget of R1.3 billion in 2011/12, of which 81 per cent was transferred to the special defence account.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and air force unique intelligence training. This subprogramme had a staff complement of 1 200 and a total budget of R287.1 million, of which 59.9 per cent was used for compensation of employees.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. This subprogramme had a staff complement of 503 and a total budget of R343.4 million, of which 34.4 per cent was used for compensation of employees and 36.9 per cent was transferred to the special defence account. The air force and air traffic and navigation services deploy and integrate a network of radars, observation posts and electronic warfare sensors across South Africa to detect and monitor compliance of published restrictions and to monitor and control the defence force's air traffic.
- *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. This subprogramme had a staff complement of 5 621 and a total budget of R1.4 billion, of which 84.3 per cent was used for compensation of employees.
- *Command Post* renders command and control over all missions flown. This subprogramme had a staff complement of 120 and a total budget of R49.8 million in 2011/12, of which 78.8 per cent was used for compensation of employees.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. This subprogramme had a staff complement of 601 and a total budget of R688.3 million, of which 49.8 per cent was used for compensation of employees.
- *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. This subprogramme had a staff complement of 2 183 and a total budget of R646.5 million, of which 50.3 per cent was used for compensation of employees.

Expenditure estimates

Table 22.8 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Strategic Direction	12.5	13.7	17.6	14.7	16.3	17.1	17.9
Operational Direction	170.7	141.5	131.5	129.9	195.9	35.5	49.8
Helicopter Capability	1 166.5	768.1	780.4	747.5	879.9	777.3	693.5
Transport and Maritime Capability	1 723.9	2 670.3	624.1	711.3	495.5	1 251.6	1 342.9
Air Combat Capability	2 833.3	2 536.0	763.0	1 335.1	1 584.7	1 671.5	2 051.4
Operational Support and Intelligence Capability	146.1	204.6	258.4	287.1	425.2	316.4	318.4
Command and Control Capability	203.0	223.9	305.7	343.4	410.3	366.2	357.7
Base Support Capability	1 013.7	1 116.8	1 370.0	1 402.1	1 568.1	1 576.5	1 649.2
Command Post	41.7	41.0	50.1	49.8	45.1	47.3	49.3
Training Capability	258.6	383.8	583.5	688.3	310.4	298.0	297.8
Technical Support Services	448.6	544.1	604.7	646.5	818.2	847.6	881.6
Total	8 018.8	8 643.8	5 488.9	6 355.8	6 749.7	7 204.9	7 709.5
Change to 2011 Budget estimate				(412.4)	90.0	137.4	259.7

Table 22.8 Air Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	3 009.9	3 427.3	4 041.0	4 460.7	4 898.4	4 608.8	4 719.7
Compensation of employees	1 636.8	1 885.1	2 350.1	2 514.5	2 719.4	2 881.4	3 025.9
Goods and services	1 373.1	1 542.2	1 690.9	1 946.2	2 179.0	1 727.4	1 693.8
<i>of which:</i>							
Computer services	19.4	31.0	22.4	34.6	33.2	29.3	24.2
Contractors	596.4	779.6	854.7	1 042.7	1 109.7	836.0	787.3
Inventory: Food and food supplies	49.6	67.9	84.4	79.8	78.6	55.8	41.7
Property payments	1.9	1.9	2.8	2.9	3.5	3.6	3.8
Transfers and subsidies	4 955.7	5 182.2	1 400.5	1 880.3	1 830.9	2 578.6	2 972.7
Provinces and municipalities	1.8	–	–	–	–	–	–
Departmental agencies and accounts	4 924.3	5 167.6	1 384.0	1 852.6	1 814.4	2 562.2	2 956.3
Public corporations and private enterprises	–	–	2.1	2.9	2.3	2.3	2.3
Households	29.6	14.6	14.4	24.8	14.2	14.2	14.2
Payments for capital assets	52.5	33.7	42.1	14.8	20.4	17.5	17.0
Buildings and other fixed structures	1.2	–	0.0	0.0	0.0	0.1	0.0
Machinery and equipment	51.0	27.9	39.3	8.2	12.4	9.0	8.3
Specialised military assets	–	5.8	2.6	6.6	8.0	8.4	8.7
Software and other intangible assets	0.2	0.0	0.1	–	–	–	–
Payments for financial assets	0.7	0.5	5.4	–	–	–	–
Total	8 018.8	8 643.8	5 488.9	6 355.8	6 749.7	7 204.9	7 709.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 924.3	5 167.6	1 384.0	1 852.6	1 814.4	2 562.2	2 956.3
Special Defence Account	4 924.3	5 167.6	1 384.0	1 852.6	1 814.4	2 562.2	2 956.3
Households							
Social benefits							
Current	29.6	14.6	14.4	24.8	14.2	14.2	14.2
Employee social benefits	29.6	14.6	14.4	24.8	14.2	14.2	14.2
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1.8	–	–	–	–	–	–
Regional Service Council Levies	1.8	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	–	–	2.1	2.9	2.3	2.3	2.3
Armaments Corporation of South Africa Limited	–	–	2.1	2.9	2.3	2.3	2.3

Expenditure trends

Expenditure decreased from R8 billion in 2008/09 to R6.4 billion in 2011/12, at an average annual rate of 7.5 per cent, and is expected to increase to R7.7 billion over the medium term, at an average annual rate of 6.6 per cent. Expenditure in the *Helicopter Capability* subprogramme is expected to decrease from R747.5 million in 2011/12 to R693.5 million in 2014/15, at an average annual rate of 2.5 per cent, due to the completion of the Rooivalk combat support helicopter project and the Oryx operational helicopter project upgrade. The projected 17.7 per cent increase in spending in this subprogramme in 2012/13 is for the backlog in terms of maintenance and repair on the helicopter systems.

The 54.9 per cent decrease in spending in the *Training Capability* subprogramme in 2012/13 is due to the finalisation of the replacement of the Astra training aircraft avionics suite project. Expenditure in the *Transport*

and *Maritime Capability* subprogramme is expected to decrease from R711.3 million in 2011/12 to R495.5 million in 2012/13 due to the finalisation of the replacement of the Astra training aircraft avionics suite project, and is expected to increase to R1.3 billion in 2013/14 due to the operationalisation of the acquisition project of the light/medium transport aircraft.

Programme 5: Maritime Defence

Objectives and measures

- Defend and protect South Africa and its maritime zones by providing:
 - a surface combat capability of 3 frigates, 1 combat support vessel, 2 offshore patrol vessels, and 3 inshore patrol vessels in each annual operational cycle
 - a sub-surface combat capability of 2 submarines in each annual operational cycle
 - a mine warfare capability of 2 vessels in each annual operational cycle to ensure safe access to South African harbours and where mine clearance may be required
 - a maritime reaction squadron capability comprising an operational boat division, and operational diving division and a naval reaction division in each annual operational cycle
 - an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet international obligations.

Subprogramme

- *Maritime Direction* provides strategic direction within the *Maritime Defence* programme by formulating and controlling strategies, policies, plans and advice in order to prepare and provide the maritime capabilities required for the defence and protection of South Africa. This subprogramme had a staff complement of 1 331 and a total budget of R489.4 million in 2011/12, of which 86.4 per cent was used for compensation of employees.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the department. This subprogramme had a staff complement of 1 446 and a total budget of R567.1 million, of which 51.7 per cent was used for compensation of employees.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. This subprogramme had a staff complement of 569 and a total budget of R756 million in 2011/12, of which 57.8 per cent was used for goods and services.
- *Maritime Human Resources and Training Capability* ensures that maritime combat capability requirements are met in terms of qualified personnel for regular and reserve members. This subprogramme had a staff complement of 1 529 and a total budget of R245 million, of which 83.6 per cent was used for compensation of employees.
- *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. This subprogramme had a staff complement of 2 460 and a total budget of R507.2 million, of which 83 per cent was used for compensation of employees.

Expenditure estimates

Table 22.9 Maritime Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Maritime Direction	298.8	327.8	391.3	489.4	445.5	465.2	483.8
Maritime Combat Capability	473.5	447.2	533.6	567.1	560.8	638.6	955.2
Maritime Logistic Support Capability	476.5	488.0	585.7	756.0	727.2	824.7	898.3
Maritime Human Resources and Training Capability	158.6	244.9	312.8	245.0	305.3	302.4	308.8
Base Support Capability	429.8	489.6	526.5	507.2	512.5	524.7	552.1
Total	1 837.2	1 997.5	2 349.9	2 564.7	2 551.3	2 755.5	3 198.2
Change to 2011 Budget estimate				64.2	1.8	(206.5)	(115.6)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	1 363.0	1 552.4	1 912.1	2 109.2	2 169.9	2 246.0	2 282.1
Compensation of employees	855.1	1 047.5	1 378.3	1 469.9	1 505.3	1 574.7	1 646.3
Goods and services	507.9	504.9	533.8	639.3	664.6	671.3	635.8
of which:							
Computer services	26.3	27.7	37.5	42.2	26.4	27.3	28.2
Contractors	145.6	175.7	175.1	207.3	214.1	240.2	208.8
Inventory: Food and food supplies	55.7	74.4	62.7	74.2	67.7	100.1	85.1
Property payments	8.9	10.5	7.5	7.2	2.0	3.6	3.7
Transfers and subsidies	386.5	366.4	378.1	421.8	348.1	488.5	897.1
Provinces and municipalities	0.3	–	–	–	–	–	–
Departmental agencies and accounts	255.5	249.5	222.8	231.2	146.9	277.6	676.0
Public corporations and private enterprises	117.7	104.2	148.4	170.6	187.6	197.3	207.5
Households	13.1	12.8	6.9	20.1	13.6	13.6	13.6
Payments for capital assets	87.5	78.0	59.0	33.7	33.3	21.0	18.9
Buildings and other fixed structures	41.1	33.3	15.5	22.1	9.6	14.4	13.5
Machinery and equipment	46.4	43.4	43.0	10.2	22.7	6.3	5.2
Specialised military assets	–	1.4	0.5	0.9	–	–	–
Software and other intangible assets	0.0	0.0	–	0.5	1.0	0.2	0.3
Payments for financial assets	0.2	0.7	0.8	–	–	–	–
Total	1 837.2	1 997.5	2 349.9	2 564.7	2 551.3	2 755.5	3 198.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	255.5	249.5	222.8	231.2	146.9	277.6	676.0
Special Defence Account	255.5	249.5	222.8	231.2	146.9	277.6	676.0
Households							
Social benefits							
Current	13.1	12.8	6.9	20.1	13.6	13.6	13.6
Employee social benefits	13.1	12.8	6.9	20.1	13.6	13.6	13.6
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	117.7	104.2	148.4	170.6	187.6	197.3	207.5
Armaments Corporation of South Africa Limited	117.7	104.2	148.4	170.6	187.6	197.3	207.5

Expenditure trends

Expenditure increased from R1.8 billion in 2008/09 to R2.6 billion in 2011/12, at an average annual rate of 11.8 per cent, and is expected to increase to R3.2 billion over the medium term, at an average annual rate of 7.6 per cent. The increase of 29.1 per cent in expenditure in the *Maritime Logistic Support Capability*

subprogramme in 2011/12 was due to the implementation of the military salary dispensation and the appointment of personnel with scarce skills such as divers, technicians and engineers. The projected increase of 24.6 per cent in expenditure in the *Maritime Human Resource and Training Capability* subprogramme in 2012/13 is due to the carry through effect of the military salary dispensation and an increase in advanced training. The projected increase of 49.6 per cent in expenditure in the *Maritime Combat Capability* subprogramme in 2014/15 will provide for the replacement of offshore and onshore patrol vessels and the procurement of harbour tugs for the naval base.

Programme 6: Military Health Support

Objectives and measures

- Provide prepared and supported health capabilities and services through:
 - a health support capability of 5 medical battalion groups, including 1 specialist medical battalion group, for deployed and contingency forces per year
 - a comprehensive multidisciplinary military health service to a projected patient population of 293 000 members per year.

Subprogrammes

- *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. This subprogramme had a staff complement of 267 and a total budget of R232.2 million in 2011/12, of which 53.2 per cent was used for compensation of employees.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. This also entails providing health services to provincial hospitals and the Department of Health as and when ordered. This subprogramme had a staff complement of 240 and a total budget of R122.9 million, of which 83.9 per cent was used for compensation of employees.
- *Area Military Health Service* provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters, and the command and control of 9 area military health units to ensure a healthy military community. This subprogramme had a staff complement of 2 792 and a total budget of R1.2 billion in 2011/12, of which 76.6 per cent was used for compensation of employees.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation, as contained in the South African military health service strategy. This subprogramme had a staff complement of 2 442 and a total budget of R1 billion, of which 75.5 per cent was used for compensation of employees.
- *Military Health Product Support Capability* provides for: the warehousing of pharmaceuticals, sundries, military health mobilisation equipment and unique stock; the procurement of unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. This subprogramme had a staff complement of 135 and a total budget of R187.3 million, of which 78.2 per cent was used for goods and services.
- *Military Health Maintenance Capability* provides general base support services to identified South African military health service units to sustain and maintain the approved force design and structure. This subprogramme had a staff complement of 801 and a total budget of R242.8 million, of which 66.4 per cent was used for compensation of employees.
- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. This subprogramme had a staff complement of 2 387 and a total budget of R386.8 million, of which 73.1 per cent was used for compensation of employees.

Expenditure estimates

Table 22.10 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Strategic Direction	150	169	197	232	240	224	260
Mobile Military Health Support	67	74	113	123	127	159	182
Area Military Health Service	733	823	965	1 055	1 002	1 057	1 109
Specialist / Tertiary Health Service	716	895	1 038	1 018	1 143	1 204	1 242
Military Health Product Support Capability	136	170	168	187	231	267	286
Military Health Maintenance Capability	223	196	222	243	199	221	234
Military Health Training Capability	153	281	448	387	373	383	381
Total	2 177	2 608	3 150	3 244	3 317	3 515	3 693
Change to 2011 Budget estimate				200	(41)	(26)	(63)

Economic classification

Current payments	2 027	2 455	3 026	3 168	3 271	3 446	3 578
Compensation of employees	1 377	1 667	2 080	2 267	2 458	2 575	2 705
Goods and services	650	788	947	901	814	871	873
<i>of which:</i>							
Computer services	37	36	57	43	56	58	61
Contractors	188	295	376	305	260	319	323
Inventory: Food and food supplies	35	50	58	66	62	72	70
Property payments	12	11	14	7	18	20	22
Transfers and subsidies	15	10	38	43	43	55	99
Provinces and municipalities	2	-	-	-	-	-	-
Departmental agencies and accounts	2	2	25	7	31	42	87
Households	12	8	13	35	13	13	13
Payments for capital assets	122	114	83	34	2	14	15
Buildings and other fixed structures	0	20	1	0	0	0	0
Machinery and equipment	122	94	82	33	1	14	14
Payments for financial assets	12	30	3	-	-	-	-
Total	2 176.9	2 608.1	3 150.1	3 244.3	3 316.5	3 515.1	3 692.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.5	1.8	24.7	7.1	30.8	42.4	86.7
Special Defence Account	1.5	1.8	24.7	7.1	30.8	42.4	86.7
Households							
Social benefits							
Current	11.9	7.9	13.3	35.0	12.7	12.7	12.7
Employee social benefits	11.9	7.9	13.3	35.0	12.7	12.7	12.7
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1.7	-	-	-	-	-	-
Regional Service Council Levies	1.7	-	-	-	-	-	-

Expenditure trends

Expenditure increased from R2.2 billion in 2008/09 to R3.2 billion in 2011/12, at an average annual rate of 14.2 per cent, and is expected to increase to R3.7 billion over the medium term, at an average annual rate of 4.4 per cent. These increases are due to inflation related adjustments and increased demand for ongoing procurement of pharmaceuticals, additional health care for the increase in members of the military skills development programme, allowances for health professionals with scarce skills and those who work in rural areas, improvements to the health information system, antiretroviral rollout, sustaining the presidential health

team, and replacing operational ambulances. The health service deployed medical elements in support of peace support operations, provided health support through the deployment of 902 members during the 2010 FIFA World Cup at a cost of R200 million, and provided medical support at 74 hospitals during the national public health sector strike in 2010/11 at a cost of R25 million. Expenditure over the MTEF period will enable the military health service to continue delivering a comprehensive health service to the approximately 230 000 member patients.

The increase of 12.4 per cent in the *Specialist/Tertiary Health Service* subprogramme in 2012/13 is due to the projected appointment of scarce skills personnel and the acquisition of medical and surgical equipment. The 23.3 per cent and 15.7 per cent increases in the *Military Health Product Support Capability* subprogramme in 2012/13 and 2013/14 can be attributed to the repair and replacement of operational ambulances. The increase of 24.4 per cent in spending in the *Mobile Military Health Support* subprogramme in 2013/14 is due to the operationalisation of a defence against chemical and biological warfare project.

Expenditure on consultants is expected to increase from R22.4 million in 2008/09 to R24.1 million in 2014/15, at an average annual rate of 1.2 per cent. Consultants are used to provide advice during the organisational restructuring of the military health service and to provide advice regarding the implementation of a medical administration system for outsourced patients.

Programme 7: Defence Intelligence

Objectives and measures

- The details of the outputs of the *Defence Intelligence* programme are classified and not available to the public.

Subprogrammes

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulation processes. This subprogramme had a total budget of R1.4 million in 2011/12. The division remains involved in peace processes in Africa in support of the South African government's peace initiatives by providing intelligence on the current security situation. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Operations* provides timely defence prediction, intelligence, and counterintelligence capabilities and services. This subprogramme had a total budget of R408 million in 2011/12. Defence related national strategic intelligence was provided to the highest level of decision makers through, among other things, briefings to the president, the council on defence and the inter-ministerial security committee. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Defence Intelligence Support Services* provides human resources, logistic, planning, security, labour relations and training, and information support services to the defence intelligence community. This subprogramme had a staff complement of 769 and a total budget of R252.2 million in 2011/12, of which 91.3 per cent was used for compensation of employees. Support was provided to the *Strategic Direction* and *Operations* subprogrammes. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 22.11 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Strategic Direction	1	1	0	1	0	0	0
Operations	334	393	398	408	424	436	454
Defence Intelligence Support Services	171	201	236	252	286	304	325
Total	507	595	634	662	710	740	779
Change to 2011 Budget estimate				(7)	5	(2)	(2)

Economic classification

Current payments	169	193	222	250	281	298	322
Compensation of employees	150	173	205	230	258	274	292
Goods and services	19	19	17	19	23	24	30
<i>of which:</i>							
Contractors	2	2	2	2	5	3	6
Inventory: Food and food supplies	2	2	1	2	3	5	7
Transfers and subsidies	337	400	405	409	425	439	453
Departmental agencies and accounts	332	392	397	407	421	435	449
Households	5	8	8	3	5	4	4
Payments for capital assets	1	3	7	2	3	4	4
Machinery and equipment	1	3	7	2	3	4	4
Total	506.8	594.7	633.9	661.6	709.7	740.5	778.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	332.4	391.5	396.8	406.7	420.6	435.0	449.2
Special Defence Account	332.4	391.5	396.8	406.7	420.6	435.0	449.2
Households							
Social benefits							
Current	4.6	8.0	7.8	2.8	4.8	4.3	3.9
Employee social benefits	4.6	8.0	7.8	2.8	4.8	4.3	3.9

Expenditure trends

Expenditure increased from R506.8 million in 2008/09 to R661.6 million in 2011/12, at an average annual rate of 9.3 per cent, and is expected to increase to R778.5 million over the medium term, at an average annual rate of 5.6 per cent, due to inflation adjustments. The increase between 2008/09 and 2011/12 was mainly due to the development of a strategic information collection capability and the new salary dispensation for military members.

Programme 8: General Support

Objectives and measures

- Provide ongoing general support capabilities and services to the department by:
 - providing appropriate, ready and sustained materiel, facilities, movement and logistics services focusing on supply chain and life cycle management to enable the defence mandate
 - replacing infrastructure assets through 10 projects carrying out maintenance and repairs through 15 projects
 - executing infrastructure upgrades and additions through 27 projects
 - executing rehabilitation, renovations and refurbishments through 28 projects
- Operationalise and capacitate the works capability that will enable the Department of Defence to assume selected custodian responsibilities from the national Department of Public Works, thereby creating job opportunities.

- Provide the department with key information and communication systems by:
 - ensuring continuously that the mainframe service, the wide area network and the telecommunications backbone are available 98 per cent of the time
 - delivering ongoing information and communication systems solutions in accordance with the defence enterprise information systems master plan according to programme and project milestones and associated deliverables.
- Provide military policing capability to the department by:
 - upgrading security measures and being more visible, thus reducing the number of new criminal cases under investigation by the military police by 10 per cent per year
 - sustaining 13 provost company for operational deployment on an ongoing basis
 - sustaining four regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases on an ongoing basis
 - sustaining 2 military correctional facilities for detention and rehabilitation on an ongoing basis.

Subprogrammes

- *Joint Logistic Services* provides logistic services to the department. This subprogramme had a staff complement of 2 966 and a total budget of R1.7 billion in 2011/12, of which 93.1 per cent was used for compensation of employees. Warehousing for ammunition, main equipment and stores is provided, while provisions are also made for the defence works capability, the capital works programme and the defence facility refurbishment programme.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. This subprogramme had a staff complement of 139 and a total budget of R960.4 million in 2011/12, of which 79.5 per cent was used for goods and services. The following provisions are made: information systems, communication infrastructure in relation to solutions, operating systems, continuous maintenance and upgrading requirements for the department.
- *Military Police* provides a military policing capability to the department. This subprogramme had a staff complement of 1 797 and a total budget of R432.5 million, of which 86.4 per cent was used for compensation of employees. Military police members support external operations, conduct crime prevention operations throughout the country and provide functional training at the military police school.
- *Technology Development* provides for the establishment and sustaining of selected science and technology capabilities in the defence industry. This subprogramme had a total budget of R339.9 million in 2011/12. There was no staff expenditure, as 99.9 per cent was spent on capital acquisition.
- *Departmental Support* provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external audits and bank charges. This subprogramme had a total budget of R711.4 million in 2011/12, of which 88.2 per cent was spent on transfer payments to the Armaments Corporation of South Africa.

Expenditure estimates

Table 22.12 General Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Joint Logistic Services	1 443	1 605	1 478	1 700	2 215	2 347	2 467
Command and Management Information Systems	876	830	783	960	1 021	1 103	1 152
Military Police	291	345	412	432	440	468	488
Technology Development	259	258	358	340	329	275	288
Departmental Support	511	599	775	711	1 073	784	842
Total	3 380	3 637	3 806	4 144	5 077	4 978	5 236
Change to 2011 Budget estimate				185	176	209	210

Table 22.12 General Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	1 945	2 048	2 335	2 910	3 527	3 772	3 969
Compensation of employees	753	768	974	1 059	1 121	1 177	1 241
Goods and services	1 192	1 281	1 361	1 850	2 406	2 595	2 727
<i>of which:</i>							
Computer services	553	598	580	733	816	895	934
Contractors	351	312	355	795	1 058	1 130	1 203
Inventory: Food and food supplies	35	28	30	25	203	232	239
Property payments	0	0	0	1	1	1	2
Transfers and subsidies	868	876	998	1 105	1 085	1 071	1 125
Provinces and municipalities	3	–	–	–	–	–	–
Departmental agencies and accounts	405	365	438	468	415	360	362
Public corporations and private enterprises	447	499	544	631	659	699	751
Households	13	12	15	6	12	12	12
Payments for capital assets	557	707	339	129	127	135	142
Buildings and other fixed structures	462	544	229	95	99	104	109
Machinery and equipment	95	96	50	24	17	19	20
Specialised military assets	–	67	0	11	11	12	12
Biological assets	–	–	59	–	–	–	–
Software and other intangible assets	1	–	0	–	–	–	–
Payments for financial assets	10	6	135	–	338	–	–
Total	3 380.4	3 637.3	3 805.6	4 143.7	5 077.4	4 977.6	5 236.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	405.4	365.1	438.3	467.6	415.3	359.9	362.5
Special Defence Account	405.4	365.1	438.3	467.6	415.3	359.9	362.5
Households							
Social benefits							
Current	13.4	12.3	15.2	6.5	11.5	11.5	11.5
Employee social benefits	13.4	12.3	15.2	6.5	11.5	11.5	11.5
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2.7	–	–	–	–	–	–
Regional Service Council levies	2.7	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	446.7	498.8	544.1	630.8	658.7	699.5	751.5
Armaments Corporation of South Africa Limited	446.7	498.8	544.1	630.8	658.7	699.5	751.5

Expenditure trends

Expenditure increased from R3.4 billion in 2008/09 to R4.1 billion in 2011/12, at an average annual rate of 7 per cent, and is expected to increase to R5.2 billion over the medium term, at an average annual rate of 8.1 per cent. Expenditure over the MTEF period will allow the department to begin implementing a facility refurbishment programme at 33 military bases, fund 28 capital works projects, continue with clearance operations at the Hell's Gate and Madimbo training areas in Eastern Cape and Limpopo, maintain the

mainframe and other computer systems, provide comprehensive policing services and deploy military police contingents during all operations.

The projected increase of 22.5 per cent in total programme spending in 2012/13 is due to the provision for the write-off of unauthorised expenditure that occurred in 1997/98. This is also the reason for the once-off provision in 2012/13 for payments of financial assets, and the reason for the projected 50.8 per cent increase in spending in the *Departmental Support* subprogramme in the same year. The expected increase of 30.3 per cent in spending in the *Joint Logistic Services* subprogramme in 2012/13 was due to the establishment of the defence works formation unit, while the 16.3 per cent decrease in spending in the *Technology Development* subprogramme in 2013/14 is due to the project milestones for the departmental systems test and evaluation capability being, and electronic research and development being completed.

Expenditure on consultants is expected to increase from R68 million in 2008/09 to R128.5 million in 2014/15, at an average annual rate of 11.2 per cent. Consultants are mainly used to do research on information based warfare, electronic warfare, network based warfare, psychological warfare and command and control warfare.

Savings of R71 million have been instituted over the MTEF period based on a reduction in intakes in the military skills development system intakes.

Other departments within the vote

Department of Military Veterans

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Military Veterans is outlined in the Military Veterans Act (2011). The main objective of the Department of Military Veterans is to provide national policy and standards on socioeconomic support to military veterans and to their dependants, including benefits and entitlements. The department will oversee and manage the implementation of this through line function departments, provinces, municipalities and relevant agencies. The Department of Military Veterans also initiates, manages and administers military veterans' affairs through the overall coordination and facilitation of the activities of government and the private sector, to ensure coherent provision of assistance to military veterans.

Specific strategic priorities include: facilitation, management and coordination of socioeconomic empowerment and stakeholder relations support services for military veterans; oversight of the national military veterans programme and periodic reporting to the sector, Cabinet and Parliament on the programmes and activities for military veterans that facilitate social and economic re-integration; and rendering effective socioeconomic services.

The current budget provides for the development of policies, systems and processes to deliver socioeconomic services. The aim is to obtain approval of critical policies by March 2013. The policy framework approved by Cabinet during 2010 following recommendations of the ministerial task team on military veterans will inform all new policies.

Selected performance indicators

Table 22.13 Military Veterans

Indicator ¹	Programme	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Total number of deserving military veterans with access to dedicated counselling and medical treatment per year	Socioeconomic support	-	-	-	-	1 000	2 000	3 000
Number of deserving military veterans with access to transport per year	Socioeconomic support	-	-	-	-	5 000	10 000	15 000
Number of deserving military veterans receiving pension per year	Socioeconomic support	-	-	-	-	8 000	13 000	15 000
Total number of deserving military veterans with access to health care services ²	Socioeconomic support	-	-	-	200	10 000	13 000	16 000
Total number of deserving military veterans with decent housing	Socioeconomic support	-	-	-	-	5 000	8 000	7 000
Number of deserving military veterans receiving burial support per year	Socioeconomic support	-	-	-	8	50	50	50

Table 22.13 Military Veterans (continued)

Indicator ¹	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of military veterans memorialised and honoured per year	Empowerment and stakeholder relations	-	-	-	-	2	5	9
Number of deserving military veterans to access training and skills development per year	Empowerment and stakeholder relations	-	-	-	-	2 000	2 500	3 000
Total number of private sector companies in partnership with the department	Empowerment and stakeholder relations	-	-	-	3	10	10	10
Number of programmes promoting the affairs of military veterans approved by Cabinet and gazetted per year	Administration	-	-	-	-	3	3	3

1. This is a new department with no historical data.

2. The updating of the database together with the new means test will enable the department to appropriately and more accurately identify military veterans and dependants who qualify for socioeconomic support services.

Objectives and measures

- Establish and maintain the credibility and security of the national military veterans' database through the clean-up, consolidation, and software updating of the database, and establishing its annual update capability.
- Develop strategic partnerships with government departments by 2014/15 to advance delivery on basic social security, housing, health care, education, and transport to eligible military veterans across the country, including the rural areas, by coordinating and monitoring the implementation of service level agreements with the relevant departments and agencies by reporting comprehensively on the national military veterans' programme, ensuring that:
 - 3 000 veterans are granted access to dedicated counselling and medical treatment
 - 16 000 veterans are granted access to health care services
 - 15 000 veterans are granted access to transport and pension benefits
 - 7 000 veterans are provided with housing
 - 50 veterans are provided with burial support
 - 9 veterans are memorialised and honoured.
- Provide strategic leadership by conducting ongoing research on pertinent issues affecting military veterans, developing policies, and implementing policy norms, standards, strategies, guidelines and efficiencies for leadership.
- Empower military veterans by establishing a special purpose vehicle to facilitate identified business opportunities and by entering into partnerships with 10 companies and organisations to facilitate business ventures by 2014/15.
- Promote the affairs of military veterans by gaining Cabinet approval of 3 programmes and their gazetting by 2014/15.
- Provide comprehensive hospital health care and wellness support services to military veterans eligible for such support by concluding dedicated service level agreements with the departments of defence and health and other relevant agencies by 2014/15.
- Ensure efficiency by capacitating provincial offices through ensuring 100 per cent staffing in all provincial offices by 2012/13.
- Strengthen relations with major stakeholders, government departments and agencies, by entering into a service level agreement and providing assistance agreed upon by all parties by 2014/15.
- Promote stakeholder relations at intra-governmental level and facilitate the interfacing of military veterans with the international community through establishment of relevant exchange programmes.
- Facilitate the integration of military veterans into the national workforce by providing 3 000 with relevant skills and strengthening the centre for advanced training by 2014/15.

Programmes

The total budget allocated to this department in 2011/12 was R45.4 million, of which 36.5 per cent was used in the *Administration* programme.

- *Administration* provides management, strategic administrative support to the ministry and overall management of the department. This programme had a staff complement of 10 and a total budget of R16.5 million in 2011/12, of which 49.3 per cent was used for goods and services. No savings or reductions have been identified in this programme as the department will only begin operating in 2012/13.
- *Socioeconomic Support* comprises four subprogrammes: database and benefits management, research and policy development, healthcare and wellbeing support, and socioeconomic support services. The programme develops and monitors the implementation of legislation, policy frameworks and service level agreements on primary and secondary health care services, home based care services, wellness and counselling services, and prevention and support services. This programme had a planned staff complement of 26 and a total budget of R64.4 million over the medium term, of which 20 per cent is used for compensation of employees. No savings or reductions have been identified in this programme as the department will only begin operating in 2012/13.
- *Empowerment and Stakeholder Relations* manages and facilitates the implementation of military veterans' empowerment and stakeholder management programmes, and comprises 3 subprogrammes: *Provincial Offices Management*; *Skills Development*; and *Heritage, Memorial, Burial and Honorary*. This programme had a planned staff complement of 34 and a total budget of R10.1 million in 2011/12, of which 50.2 per cent was used for compensation of employees. No savings or reductions have been identified in this programme as the department will only begin operating in 2012/13.

Expenditure estimates

Table 22.14 Military Veterans

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	-	-	7.3	16.5	16.5	18.7	18.6	19.2
Socioeconomic Support Services	-	-	8.3	18.7	18.7	21.1	21.0	22.3
Empowerment and Stakeholder Relations	-	-	4.5	10.1	10.1	11.4	11.3	12.0
Total	-	-	20.0	45.4	45.4	51.2	50.9	53.5

Economic classification

Current payments	-	-	19.3	43.8	43.8	49.5	49.1	51.7
Compensation of employees	-	-	6.0	13.5	13.5	16.5	17.6	19.5
Goods and services	-	-	13.3	30.4	30.4	33.0	31.5	32.2
<i>of which:</i>								
<i>Computer services</i>	-	-	0.3	0.7	0.7	0.8	0.7	0.8
<i>Inventory: Food and food supplies</i>	-	-	0.3	0.6	0.6	0.6	0.6	0.6
<i>Lease payments</i>			0.8	2.1	2.1	2.3	2.3	2.5
<i>Inventory: Stationery and printing</i>			1.4	3.2	3.2	3.5	3.3	3.4
<i>Rental and hiring</i>	-	-	0.3	0.6	0.6	0.7	0.6	0.6
Payments for capital assets	-	-	0.7	1.5	1.5	1.7	1.7	1.8
Machinery and equipment	-	-	0.7	1.5	1.5	1.7	1.7	1.8
Total	-	-	20.0	45.4	45.4	51.2	50.9	53.5

Expenditure trends

The spending focus over the MTEF period will be on strengthening departmental personnel capacity and providing national policy and standards on socioeconomic support to military veterans and their dependants.

Between 2010/11 and 2014/15, expenditure is expected to increase from R20 million to R53.5 million, at an average annual rate of 27.9 per cent. The increase over this period will cater for additional personnel and making the newly formed department operational.

Expenditure in the *Socioeconomic Support Services* programme, the department's largest programme, is expected to increase from R8.3 million in 2010/11 to R22.3 million in 2014/15, at an average annual rate of

28.2 per cent due to the appointment of additional personnel. The greatest portion of the allocation for 2010/11 was used to fast track the software update and data clean up of the national military veterans' database.

The department uses consultants to advertise vacant posts and short list candidates. R4.9 million was spent on consultants in 2010/11 to provide actuarial and recruitment services. In 2013/14, consultants will be used to provide support in IT and knowledge management and financial systems. This cost will be determined once the department is fully functional.

Personnel information

Table 22.15 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	141	-	28	-	-	1	11	70	89	96
Salary level 1 – 6	49	-	1	-	-	-	2	14	18	21
Salary level 7 – 10	27	-	23	-	-	-	2	15	19	22
Salary level 11 – 12	42	-	3	-	-	-	5	22	26	29
Salary level 13 – 16	23	-	1	-	-	1	2	19	24	24

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

2. As at 30 September 2011.

The department has an approved establishment of 141 posts. As at 30 November 2011, the department had 17 permanent employees and the remaining vacant posts were in the process of being filled. The staffing process for 43 posts, which were advertised in 2011/12, will be finalised during 2012/13.

Public entities and other agencies

Armaments Corporation of South Africa

Overview: 2008/09 – 2014/15

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003). Its mission is to meet the acquisition, maintenance and disposal needs of the Department of Defence and other clients for defence materiel, related products and related services. The corporation maintains strategic capabilities and technologies, and promotes the local defence industry, ensuring that the South African National Defence Force receives quality equipment to carry out its peacekeeping obligations.

The corporation focuses on acquiring equipment in an economic and efficient manner. It is responsible for providing an integrated support function to the defence industry, which involves facilitating the South African defence industry's participation in international defence exhibitions, promoting the industry, and managing requests from the private sector to use South African National Defence Force equipment, personnel and facilities for marketing purposes.

The corporation also manages the Simon's Town naval dockyard, the South African navy's primary repair and refit yard. The dockyard carries out planned preventative maintenance, corrective maintenance, reconstruction and repairs, and upgrades of the navy's ships and submarines. The corporation, through its defence institute, provides operational research and comprehensive test and evaluation services of defence systems and capabilities in both the military and civilian environments.

The organisation's total budget in 2012/13 is R1.8 billion, while the total revenue for the same period is R1.7 billion, resulting in a net shortfall of R39 million. The bulk of the expenses relate to compensation of employees at 40.9 per cent, followed by the cost of sales at 36.1 per cent. In terms to the organisation's objectives, 36.4 per cent of total expenses relate to logistics materiel and the support function, while the management of the defence materiel acquisition makes up 28.6 per cent of the expenses. The trend for these expenses is expected to remain stable over the medium term.

The Armaments Corporation of South Africa structures its activities around five programmes: acquisition, defence industrial participation, defence institutes, Armaments Corporation of South Africa dockyard, and defence institute engineering support.

Performance

Armcor's target is to place contracts worth at least 90 per cent of the confirmed commitment from the Department of Defence. Similarly, the corporation's target of 90 per cent cash flow would be measured against formally planned cash flow in terms of achieved commitments. Between 2008/09 and 2010/11, most targets relating to contracts placed, as well as cash flow, were exceeded as over 90 per cent was achieved during these periods. The overachievement of the management of defence industrial participation in 2010/11 is as a result of the Gripen obligation being discharged 18 months ahead of schedule. The corporation aims to maintain current performance levels over the MTEF period.

Selected performance indicators

Table 22.16 Armaments Corporation of South Africa

Indicator	Performance/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Capital defence materiel acquisition	99.9% (R583m)	94.4% (R376m)	96.1% (R428m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Capital defence materiel acquisition	86.2% (R3.5bn)	101% (R2.2bn)	101.9% (R2.2bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Strategic defence acquisition	99.9% (R73m)	94.86% (R55m)	99.89% (R33m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Strategic defence acquisition	98.3% (R4.6bn)	94.8% (R1.6bn)	100.76% (R1.1bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	System support acquisition and procurement	99.6% (R7.0m)	86.6% (R1.6m)	97.9% (R1.0m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	System support acquisition and procurement	95.6% (R2.1bn)	104% (R3.0bn)	99.89% (R2.7bn)	90%	90%	90%	90%
Defence industrial participation credits awarded in terms of contractually agreed milestones	Management of defence industrial participation	R1.08bn	R747m	R1.58bn	R209m	R349m	R136m	R441m
Execution of activities as a percentage of planned activities	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	- ¹	91%	95.97%	90%	90%	90%	90%

1. This indicator was only introduced in 2009/10.

Programmes/activities/objectives

Table 22.17 Armaments Corporation of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Management of defence matériel acquisition	500.8	443.8	492.4	506.5	507.3	536.9	568.5
Quality assurance	156.7	132.4	145.8	146.3	145.2	153.6	162.5
Tender management	2.8	2.8	3.1	3.4	3.5	3.7	3.9
Defence industrial participation	3.3	3.3	3.7	4.1	4.2	4.4	4.7
Logistics matériel and support	996.8	709.1	757.0	679.4	643.8	679.2	717.5
Management of strategic facilities:							
Armcor defence institutes							
Management of strategic facilities:							
Armcor dockyard	133.1	120.5	134.3	139.4	140.1	148.2	157.0
Total expense	2 164.1	1 718.0	1 871.2	1 812.1	1 782.1	1 882.8	1 990.3

The Armaments Corporation of South Africa had a total budget of R1.8 billion in 2011/12, of which 59.2 per cent was used for goods and services.

Savings and cost effectiveness measures

The corporation has identified efficiency savings over the medium term by implementing cost effectiveness measures. The measures reduced travel costs in 2011/12 and restricted growth in other operational expenditure items. In order to minimise the projected loss position of R39.3 million in 2012/13, vacancies to the value of R16.2 million are excluded and provision is only made for critical positions to the value of R38.1 million.

Expenditure estimates

Table 22.18 Armaments Corporation of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	1 636.3	1 173.3	1 293.4	927.1	828.0	867.7	908.8
Sale of goods and services other than capital assets	1 592.1	1 094.4	1 202.2	848.2	746.5	783.8	823.0
<i>of which:</i>							
<i>Sales by market establishments</i>	1 592.1	1 094.4	1 202.2	848.2	746.5	783.8	823.0
<i>Other non-tax revenue</i>	44.2	78.8	91.2	79.0	81.6	83.9	85.9
Transfers received	565.8	528.9	594.8	867.3	914.8	967.0	1 030.8
Total revenue	2 202.0	1 702.2	1 888.2	1 794.4	1 742.8	1 834.6	1 939.6
Expenses							
Current expenses	2 164.1	1 718.0	1 871.2	1 812.1	1 782.1	1 882.8	1 990.3
Compensation of employees	519.4	558.1	639.6	708.6	729.1	772.8	820.0
Goods and services	1 619.9	1 134.4	1 205.8	1 072.7	1 018.7	1 073.8	1 132.8
Depreciation	24.8	24.1	22.7	30.8	34.2	36.2	37.5
Interest, dividends and rent on land	–	1.3	3.1	–	–	–	–
Total expenses	2 164.1	1 718.0	1 871.2	1 812.1	1 782.1	1 882.8	1 990.3
Surplus / (Deficit)	37.9	(15.8)	17.0	(18.0)	(39.0)	(48.0)	(51.0)
Statement of financial position							
Carrying value of assets	215.1	216.9	236.3	230.6	232.5	234.4	236.4
<i>of which:</i>							
<i>Acquisition of assets</i>	37.2	26.6	44.6	25.1	36.1	38.1	39.5
Inventory	6.1	2.8	6.5	6.7	7.1	7.4	7.8
Receivables and prepayments	259.8	161.4	178.8	187.9	197.3	207.2	217.5
Cash and cash equivalents	336.2	341.1	374.8	358.9	326.1	285.3	242.3
Defined benefit plan assets	–	94.7	124.1	124.1	124.1	124.1	124.1
Total assets	817.2	816.9	920.5	908.2	887.1	858.4	828.1
Accumulated surplus / (deficit)	–	–	–	(17.7)	(57.0)	(105.2)	(155.9)
Capital and reserves	552.6	536.7	553.8	553.8	553.8	553.8	553.8
Deferred income	–	–	12.9	12.9	12.9	12.9	12.9
Trade and other payables	184.7	176.3	236.6	236.0	247.8	260.1	273.1
Provisions	79.9	103.9	117.2	123.3	129.7	136.7	144.2
Total equity and liabilities	817.2	816.9	920.5	908.2	887.1	858.4	828.1

Expenditure trends

The corporation's operating expenses 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. As the corporation's total revenue is not sufficient to cover its expenditure, the shortfall has to be funded from its existing reserves. Although this situation can be accommodated in the short term, an agreement will have to be reached with the departments of defence and military veterans on the funding level for services required.

Sales by market establishments decreased from R1.6 billion in 2008/09 to R848.2 million in 2011/12, at an average annual rate of 18.9 per cent, due to a reduction in the activities of the corporation's logistics division, which is responsible for the import and export of defence materiel. Over the medium term, sales by market establishments is expected to decrease to R823 million, at an average annual rate of 1 per cent.

Expenditure decreased from R2.2 billion in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 5.7 per cent, and is expected to increase to R2 billion over the medium term, at an average annual rate of 3.2 per cent. The decline in 2011/12 is due to the strategic defence procurement, which is nearing completion. Over the medium term, the Department of Defence is expected to increase its capital acquisition.

The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the Department of Defence. All reserves are considered 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.

Personnel information

Table 22.19 Armaments Corporation of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	9	–	–	9	8	9	9	9	9	9
Executive management	8	–	3	6	5	5	5	8	8	8
Senior management	64	–	5	59	59	60	59	64	64	64
Middle management	362	–	24	320	323	338	338	362	362	362
Professionals	91	–	6	80	81	85	85	91	91	91
Skilled	308	–	8	277	288	306	300	308	308	308
Semi-skilled	468	–	11	471	461	464	457	468	468	468
Very low skilled	158	–	17	128	121	158	141	158	158	158
Total	1 468	–	74	1 350	1 346	1 425	1 394	1 468	1 468	1 468
Compensation (R thousand)				519 368	558 135	639 556	708 587	727 901	771 490	818 670
Unit cost (R thousand)				385	415	449	508	496	526	558

1. As at 30 September 2011.

The corporation had an establishment of 1 468 posts, of which 1 394 were filled. There were 74 vacancies and strategic vacancies that still need to be filled, including the position of chief executive officer and two general manager posts. These vacancies existed as at 30 September mainly because the entity decided to fill only critical positions.

The number of filled posts grew from 1 350 in 2008/09 to 1 394 in 2011/12. Between 2010/11 and 2011/12, however, there was a decline in the number of filled posts, due to a decision made by the entity to only fill critical positions. Over the medium term, the number of filled positions is expected to increase to 1 468. The trend in terms of personnel numbers thereafter remains stable.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Castle Control Board** preserves and protects the military and cultural heritage of the Castle of Good Hope in Cape Town. The board's budget in 2012/13 is R6.1 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Rebuilding of runway at Air Force Base Waterkloof	Ripping of existing unserviceable runway, excavation and ground works for new runway, construction of new runway and tarmacadam placed and installation of runway lighting in order to finish the rebuilding of the new runway.	Construction	1 113.6	313.2	402.1	134.1	42.2	40.2	–	–
Upgrading of Medical Health Facilities	Construction of examination rooms, operating theatres, administration sections, wards, mechanical systems like gas, oxygen, water, fire detection and prevention.	Construction	231.0	70.0	34.0	42.5	31.5	26.0	8.0	10.4
Upgrading of infrastructure for disabled members	Upgrading of building (offices, workshops), pathways by means of the construction of ramps, installation of water closets, hand wash basins and enlarging toilet cubicles for members with disabilities.	Various	9.7	–	–	0.2	2.5	1.0	1.0	1.0
Construction of fences, installation of burglar bars and security gates	Protection of state assets through the installation of security fences, gates, burglar bars, lights and monitor systems	Various	133.5	–	49.8	20.7	5.5	12.5	4.0	7.0
Construction of live-in accommodation	Construction of buildings with revetments in order to comply with legislation in the storage of ordnance.	Construction	401.1	52.1	57.0	31.5	9.9	13.5	50.3	58.0
Construction of office accommodation	Construction of single and married housing in the form of houses and flats to accommodate military personnel.	Identification	109.1	27.9	1.2	–	–	–	32.0	22.0
Demolishing of infrastructure	Demolishing	Feasibility	60.0	–	–	–	5.0	7.0	9.0	11.0
Construction of military skills development system accommodation at Saldhana	Construction of single and married housing and flats to accommodate military personnel	Construction	149.0	40.9	33.1	15.5	22.1	9.5	14.4	13.5
Prefabricated structures	Procurement of prefabricated classroom and office accommodation	Construction	18.4	–	18.4	–	–	–	–	–
Recoverable projects	Upgrading of building (offices, workshops), pathways through the construction of ramps, installation of water closets, hand wash basins and enlarging toilet cubicles for members with disabilities	Construction	12.3	1.2	3.4	1.3	–	1.4	2.0	2.9
Specialised shipping containers	Protection of state assets through the installation of security fences, gates, burglar bars, lights and monitor systems	Various	13.2	–	–	5.4	7.8	–	–	–

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
R million									
Maintenance									
Refurbishment of workshop and store facilities	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel.	Construction	426.3	-	-	-	231.2	95.8	19.0
Refurbishment of training facilities	Construction of facilities to do functional training like offensive building penetration or defensive building protection, artisan training like electrical, electronic and construction and vehicle driving skills.	Various	16.5	-	-	0.8	3.1	0.4	-
Refurbishment of kitchens	Upgrading six kitchens comprising the replacement of conventional ovens, dishwashers, baine marines, potato peelers, grinders, food mixers, water coolers and preparation of floors, walls and ceilings to accommodate these equipment.	Various	0.9	-	-	0.9	-	-	-
Refurbishment of 1 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Construction	296.8	74.4	81.6	140.7	-	-	-
Refurbishment of Air Force Base Waterkloof	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	192.0	131.1	48.2	12.7	-	-	-
Refurbishment of 35 Engineer Support Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	70.1	13.1	41.6	11.9	-	-	-
Refurbishment of 2 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Construction	337.1	13.5	14.8	46.6	183.5	-	-
Refurbishment of 4 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Construction	183.8	41.4	48.1	26.1	24.2	-	-
Refurbishment of Naval Dockyard Simons Town	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Tender	339.5	6.9	5.6	54.5	141.0	-	-
Refurbishment of 21 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Tender	466.2	5.4	1.1	76.6	199.2	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Maintenance										
Refurbishment of 10 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Tender	249.9	1.8	1.5	41.1	98.6	106.9	-	-
Refurbishment of A-Mess Thaba Tshwane	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	360.0	-	-	-	40.0	80.0	108.0	108.0
Refurbishment of 1 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	25.5	1.0	0.5	-	-	12.0	12.0	-
Refurbishment of 4 Artillery Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	37.8	1.2	1.4	-	-	17.6	17.6	-
Refurbishment of 6 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	165.0	0.9	4.6	-	-	-	79.7	79.7
Refurbishment of 8 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	244.3	2.2	1.1	-	-	-	96.4	96.4
Refurbishment of School of Artillery	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	63.4	1.8	0.9	-	-	-	24.3	36.4
Refurbishment of 1 Parachute Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	7.9	0.3	0.2	-	-	-	7.4	-
Refurbishment of 10 Anti-Aircraft and Air Defence Artillery School	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	225.1	1.1	2.0	-	-	-	88.8	88.8
Refurbishment of 44 Parachute Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	31.5	1.0	0.8	-	-	-	11.9	17.8
Refurbishment of School of Engineers	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	131.0	2.6	1.2	-	-	-	50.9	76.3

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
Maintenance									
Refurbishment of 2 Field Engineering Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	95.8	2.0	1.1	-	-	37.1	55.6
Refurbishment of South African Army Combat Training Centre (including 16 maintenance unit)	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	893.6	3.7	4.3	38.4	85.1	249.7	130.3
Refurbishment of 1 Special Service Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Design	28.7	-	0.6	-	-	11.2	16.9
Refurbishment of 7 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	157.2	2.7	2.0	-	-	30.5	61.0
Refurbishment of South African Army office, Dequar Road	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	186.4	-	-	-	-	37.3	74.6
Refurbishment of South African Air Force Blenny complex	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	226.1	-	-	-	-	45.2	81.4
Refurbishment of Boekenhoukloof communication facility	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	47.1	-	-	-	-	23.5	15.7
Refurbishment of SAS Saldanha	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	165.7	-	-	-	-	66.3	88.4
Refurbishment of Military Veterinary Institute	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	73.5	-	-	-	-	29.4	39.2
Refurbishment of 3 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	90.0	-	-	-	-	36.0	36.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Maintenance										
Refurbishment of 121 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	138.8	-	-	-	-	-	35.0	51.6
Refurbishment of 1 Tactical Intelligence Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	52.3	-	-	-	-	-	-	-
Refurbishment of Force Base Bloemspruit	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	252.1	-	-	-	-	-	-	-
Refurbishment of 9 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	157.5	-	-	-	-	-	-	-
Refurbishment of Military Police School	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	66.6	-	-	-	-	-	-	-
Refurbishment of Military Base Musina	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	17.0	-	-	-	-	-	-	-
Refurbishment of Fort Scorpio	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and ground works	Identification	5.8	-	-	-	-	-	-	-
Total			8 775.4	813.5	862.0	699.9	846.6	1 360.4	1 315.2	1 298.9

Vote 23

Independent Police Investigative Directorate

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	92.9	91.6	0.1	1.1	100.3	108.9
Investigation and Information Management	98.8	94.1	–	4.6	109.4	117.8
Legal Services	5.4	5.3	–	0.0	5.6	5.9
Total expenditure estimates	197.0	191.1	0.1	5.8	215.3	232.6

Executive authority: Minister of Police
Accounting officer: Executive Director of the Independent Police Investigative Directorate
Website address: www.ipid.gov.za

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

Aim

Ensure independent oversight of the South African Police Service and the Municipal Police Services, and conduct independent and impartial investigations of identified criminal offences allegedly committed by members of the South African Police Service and the Municipal Police Services, and make appropriate recommendations.

Programme purposes

Programme 1: Administration

Purpose: Provide leadership, management and support services to the Independent Police Investigative Directorate.

Programme 2: Investigation and Information Management

Purpose: Coordinate and facilitate the Independent Police Investigative Directorate's processes, and develop policy and strategic frameworks that guide investigations.

Programme 3: Legal Services

Purpose: Provide investigation advisory services and legal and litigation support.

Strategic overview: 2008/09 – 2014/15

The Independent Police Investigative Directorate exercises its functions in accordance with the Independent Police Investigative Directorate Act (2011), independently from the South African Police Service. The act gives effect to the provisions of section 206(6) of the Constitution, ensuring independent oversight of the South African Police Service and Municipal Police Services. The thrust of the directorate's work is to address problems that are systemic within the police service and recommend appropriate interventions.

The strategic outcome oriented goals of the directorate are to contribute to ensuring that all people in South Africa are and feel safe (outcome 3) and realising an efficient, effective and development centred public service and an empowered, fair and inclusive citizenship (outcome 12). The directorate's overarching goal is to

contribute towards ensuring a police service that is trusted by the community and operates in line with the spirit of the Constitution. Since its establishment, the directorate has exceeded its targets with regard to the completion of cases investigated.

Legislative changes

The new act, which comes into effect on 1 April 2012, grants the directorate an extended mandate, which will change the directorate from a complaints driven organisation to one that prioritises the investigative function. The directorate will focus on more serious and priority crimes committed by members of the South African Police Service and the Municipal Police Services. It places stringent obligations on the South African Police Service and the Municipal Police Services for reporting on matters that must be investigated by the directorate and the implementation of disciplinary recommendations. In terms of section 28 of the act, the directorate is obliged to investigate: any death in police custody; death as result of police action; complaints relating to the discharge of an official firearm by any police officer; rape by a police officer, whether the police officer is on or off duty; rape of any person in police custody; any complaint of torture or assault against a police officer in the execution of his or her duties; corruption matters within the police initiated by the executive director, or after the receipt of a complaint from a member of the public or referred to the directorate by the minister, a member of the executive council in the provinces, or the secretary for the police service; and any other matter referred to it as a result of a decision by the executive director, the minister, a member of the executive council in the provinces, or the secretary for the police service.

Priorities over the medium term

Over the medium term, the directorate will focus on: conducting public awareness of its mandate and functions through community awareness programmes, media campaigns and the establishment of satellite offices to increase public accessibility; ensuring an effective performance management system, including internal controls and external performance reporting procedures, to promote accountability; establishing an efficient case management system that ensures the effective completion of cases and the generation of recommendation and feedback reports within appropriate timeframes.

Selected performance indicators

Table 23.1 Independent Police Investigative Directorate

Indicator	Programme	Past ¹			Current ¹	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of community outreach events conducted per year	Administration	307	386	307	307	306	306	306
Percentage of cases registered and allocated within 48 hours of receipt per year	Investigation and Information Management	100% (5 800)	100% (5 450)	96% (5 644)	98% (5 750)	95% (5 995)	98% (6 500)	100% (6 750)
Number of investigations older than 12 months from date of registration (excluding cases of systemic corruption) per year	Investigation and Information Management	–	–	–	875	656	492	369

1. The directorate's mandate changed and was extended as a result of the new act. New indicators have been introduced and previous indicators revised from 2011/12 onward. Dashes indicate that no past performance data is available for new indicators.

Expenditure estimates

Table 23.2 Independent Police Investigative Directorate

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	47.7	46.6	61.5	73.4	73.4	92.9	100.3	108.9
Investigation and Information Management	50.7	58.2	65.3	78.4	78.4	98.8	109.4	117.8
Legal Services	0.9	1.5	1.6	1.7	1.7	5.4	5.6	5.9
Total	99.3	106.2	128.4	153.5	153.5	197.0	215.3	232.6
Change to 2011 Budget estimate				1.9	1.9	36.0	45.0	52.1

Table 23.2 Independent Police Investigative Directorate (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	95.0	102.0	125.7	149.7	149.7	191.1	211.2	229.6
Compensation of employees	58.0	65.1	71.8	81.4	81.4	95.2	105.8	114.1
Goods and services	37.0	36.9	53.9	68.3	68.3	95.9	105.5	115.5
<i>of which:</i>								
Computer services	2.9	2.9	4.5	6.2	6.2	7.1	7.5	7.8
Lease payments	13.2	7.5	15.5	16.4	16.4	30.3	34.5	39.7
Property payments	2.5	4.0	5.0	6.2	6.2	8.3	8.7	9.1
Travel and subsistence	6.6	8.9	8.8	17.5	17.5	19.3	22.3	24.6
Transfers and subsidies	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	4.2	4.0	2.7	3.7	3.7	5.8	4.0	3.0
Machinery and equipment	4.2	4.0	2.7	3.7	3.7	5.8	4.0	3.0
Total	99.3	106.2	128.4	153.5	153.5	197.0	215.3	232.6

Expenditure trends

The spending focus over the MTEF period will be on increasing the capacity of the directorate in line with its new mandate as informed by provisions of the Independent Police Investigative Directorate Act (2011). The act provides for the establishment and assignment of national and provincial functions to the directorate. Investigations are conducted at provincial level while the national office provides strategic, management and administrative support. This is expected to increase travel costs associated with the investigation of the identified criminal offences.

Expenditure increased from R99.3 million in 2008/09 to R153.5 million in 2011/12, at an average annual rate of 15.6 per cent. This increase was mainly to provide for the increased activities in relation to the drafting of the Independent Police Investigative Directorate Act (2011), expanding office accommodation, and enhancing capacity in support services to give effect to legislative frameworks, segregation of duties and good governance. Over the medium term, expenditure is expected to grow to R232.6 million, at an average annual rate of 14.9 per cent, due to the enhancing of capacity in support services and the enhanced investigative capacity and access to the directorate's services.

R921 000 was spent on consultants in 2010/11. This consisted of R34 000 for audit committee members, R358 000 for competency assessments and reports for senior managers evaluated for director positions, editing the Domestic Violence Act (1999) and annual reports, drafting a monthly report template, realigning performance agreements of senior management staff members, and advising on the policy on incapacity leave and ill health retirement capacitation fee. R40 000 was also used for consultants to draft the regulations of the Independent Police Investigative Directorate Act (2011) and R18 000 to translate and transcribe documents. In addition, R471 million was spent on consultants in 2010/11 for legal services provided in labour related matters.

The 2012 Budget sets out additional allocations of R36 million in 2012/13, R45 million in 2013/14 and R52.1 million in 2014/15 to provide for salary adjustments and the implementation of the Independent Police Investigative Directorate Act (2011).

Personnel information

Table 23.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled/ planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	292	292	-	253	287	289	272	349	424	515
Salary level 1 – 6	100	100	-	86	98	99	93	119	129	133
Salary level 7 – 10	150	150	-	130	148	149	140	165	217	293
Salary level 11 – 12	25	25	-	21	24	25	23	30	43	54
Salary level 13 – 16	17	17	-	15	17	17	16	35	35	35
Administration	113	113	-	98	110	111	105	131	151	171
Salary level 1 – 6	57	57	-	50	56	55	53	58	68	72
Salary level 7 – 10	43	43	-	37	42	43	40	47	54	69
Salary level 11 – 12	10	10	-	8	9	10	9	15	18	19
Salary level 13 – 16	3	3	-	3	3	3	3	11	11	11
Investigation and Information Management	173	173	-	149	171	172	161	192	246	317
Salary level 1 – 6	43	43	-	37	42	43	40	41	41	41
Salary level 7 – 10	107	107	-	93	106	106	100	117	162	223
Salary level 11 – 12	11	11	-	9	11	11	10	13	22	32
Salary level 13 – 16	12	12	-	10	12	12	11	21	21	21
Legal Services	6	6	-	6	6	6	6	26	27	27
Salary level 1 – 6	-	-	-	-	-	-	-	20	20	20
Salary level 7 – 10	-	-	-	-	-	-	-	1	1	1
Salary level 11 – 12	4	4	-	4	4	4	4	2	3	3
Salary level 13 – 16	2	2	-	2	2	2	2	3	3	3

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

2. As at 30 September 2011.

As at 30 September 2011, the directorate had an establishment of 292 posts. The number of filled posts grew from 253 in 2008/09 to 272 in 2011/12, due to the establishment of additional satellite offices and the strengthening of the finance and internal audit components. Over the MTEF period, posts are expected to increase to 515 after the implementation of the new organisational structure required to give effect to the act governing the directorate's work.

There were 20 vacancies within the directorate as at 30 September 2011. Most of these were in the *Administration* programme in the national office at the chief director, director and deputy director level. The vacancies are due to high staff turnover and a delay in the recruitment process, which could only begin after job evaluations were completed and approved by the executive authority.

Departmental receipts

Table 23.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	69	154	168	123	106	132	139	145
Sales of goods and services produced by department	2	69	89	110	103	66	70	74
Sales by market establishments	-	25	37	58	59	11	12	13
of which:								
Market Establishments: Rental parking - Covered and open	-	25	37	58	59	11	12	13
Other sales	2	44	52	52	44	55	58	61
of which:								
Service rendered: Commission insurance and garnishee orders	2	44	52	52	44	55	58	61
Interest, dividends and rent on land	3	24	5	4	2	2	2	2
Interest	3	24	5	4	2	2	2	2
Transactions in financial assets and liabilities	64	61	74	9	1	64	67	69
Total	69	154	168	123	106	132	139	145

Revenue is mainly generated from sales of goods and services other than capital assets, interest and financial transactions in assets and liabilities. Between 2008/09 and 2011/12, departmental receipts grew from R69 000 to R123 000, at an average annual rate of 21.3 per cent, mainly due to an increase in commissions on insurance deductions and the recovery of bursary debt. Over the medium term, departmental receipts are expected to increase to R145 000, at an average annual rate of 5.6 per cent. This increase can be attributed to an anticipated increase in financial transactions in assets and liabilities in terms of the recovery of previous years' debt.

Programme 1: Administration

Expenditure estimates

Table 23.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Department Management	1.4	1.9	2.3	2.7	5.4	5.6	5.9
Corporate Services	30.0	29.1	37.0	46.1	57.9	63.5	70.2
Office Accommodation	6.7	4.1	8.1	8.6	9.1	9.6	10.2
Internal Audit	2.1	2.8	3.3	4.0	4.2	4.4	4.6
Finance Administration	7.5	8.7	10.9	12.0	16.3	17.2	18.0
Total	47.7	46.6	61.5	73.4	92.9	100.3	108.9
Change to 2011 Budget estimate				13.7	27.3	31.1	36.2

Economic classification

Current payments	46.4	45.0	60.3	71.7	91.6	99.2	107.7
Compensation of employees	23.0	22.3	25.8	29.6	36.6	38.5	40.5
Goods and services	23.5	22.6	34.5	42.1	55.0	60.7	67.3
<i>of which:</i>							
Computer services	1.5	1.3	1.7	3.3	1.9	2.0	2.1
Lease payments	12.4	6.7	14.4	15.1	28.2	32.3	37.4
Property payments	1.8	2.8	3.2	4.4	4.6	4.8	5.1
Travel and subsistence	2.8	4.6	5.4	8.7	9.2	9.9	10.4
Transfers and subsidies	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	1.3	1.6	1.2	1.7	1.1	1.0	1.1
Machinery and equipment	1.3	1.6	1.2	1.7	1.1	1.0	1.1
Total	47.7	46.6	61.5	73.4	92.9	100.3	108.9

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R47.7 million to R73.4 million, at an average annual rate of 15.4 per cent, mainly due to the reorganisation of the directorate and to provide for increased capacity in support services. The increased capacity also explains the growth in expenditure in the *Corporate Services* subprogramme, where spending increased from R30 million in 2008/09 to R46.1 million in 2011/12, at an average annual rate of 15.4 per cent.

Over the medium term, expenditure is projected to increase to R108.9 million, at an average annual rate of 14.1 per cent, and will be focused on further increasing capacity in support services, particularly in governance and finance. Expenditure in payments for capital assets is expected to decrease from R1.7 million in 2011/12 to R1.1 million in 2014/15, at an average annual rate of 13 per cent, as the directorate does not anticipate replacing many of its capital assets over the MTEF period.

Expenditure on leases is expected to increase significantly from R15.1 million to R37.4 million between 2011/12 and 2014/15, at an average annual rate of 35.1 per cent, due to adjustments to reflect actual expenditure, the expansion of the directorate's existing offices and the opening of new satellite offices to give effect to the new mandate.

Programme 2: Investigation and Information Management

Objectives and measures

- Strengthen the directorate's oversight role by conducting investigations without fear or favour and making recommendations that are acted upon and have a lasting impact on police conduct.
- Enhance efficiency in case management by registering and allocating cases within 48 hours of receipt, and generating recommendation reports within 30 days of completion and feedback reports within 30 days of closure of investigations.

Subprogrammes

- *Investigation Management* coordinates and facilitates the investigative process through the development of investigative policy and strategic frameworks that guide and report on investigations. This subprogramme had a staff complement of 126 and a total budget of R65.1 million in 2011/12, of which 67.7 per cent was used for compensation of employees. As this is a new mandate in terms of the Independent Police Investigative Directorate Act (2011), there is currently no baseline on the number of investigations to be completed. The baseline in respect of the completion rate of investigations will be determined in 2012/13, after which targets will be set to make provision for increased performance at a rate of 5 per cent each year. There have been no savings or reductions identified in this subprogramme.
- *Information Management* manages information and knowledge management services through the development and maintenance of a case flow management system and a database, and the analysis and compilation of statistical information. This includes the registration and allocation of new cases within 48 hours of receipt, the generation of all disciplinary and criminal recommendation reports within 30 days of completion of investigations, and the generation of all feedback reports to complainants, victims and referral authorities within 30 days of closure of cases. This subprogramme had a staff complement of 35 and a total budget of R13.3 million in 2011/12, of which 51.6 per cent was used for compensation of employees. The department aims to register and allocate 5 995 cases for investigation in 2012/13. There have been no savings or reductions identified in this subprogramme.
- *Policy Development and Provincial Coordination* develops investigation policy and coordinates strategic planning. Activities include the coordination and monitoring of provincial performance against strategic targets, the alignment of provincial strategic and business plans, and the development and review of investigation guidelines and policies. This subprogramme will only be established in 2012/13. There have been no savings or reductions identified in this subprogramme.

Expenditure estimates

Table 23.6 Investigation and Information Management

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Investigation Management	41.9	49.9	55.4	65.1	87.6	97.7	105.5
Information Management	8.8	8.2	9.9	13.3	8.5	8.9	9.4
Policy Development and Provincial Coordination	-	-	-	-	2.6	2.8	2.9
Total	50.7	58.2	65.3	78.4	98.8	109.4	117.8
Change to 2011 Budget estimate				4.2	22.9	28.9	31.6

Table 23.6 Investigation and Information Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	47.8	55.6	64.0	76.5	94.1	106.4	115.9
Compensation of employees	34.4	41.6	44.9	50.9	53.7	62.1	68.2
Goods and services	13.3	14.0	19.0	25.6	40.5	44.3	47.8
<i>of which:</i>							
Computer services	1.4	1.5	2.8	2.9	5.1	5.4	5.7
Lease payments	0.8	0.8	1.1	1.2	2.1	2.2	2.3
Property payments	0.7	1.2	1.8	1.9	3.6	3.8	4.0
Travel and subsistence	3.7	4.1	3.2	8.5	10.0	12.3	14.2
Payments for capital assets	2.9	2.4	1.3	1.9	4.6	3.0	1.8
Payments for financial assets	0.0	0.2	0.0	-	-	-	-
Total	50.7	58.2	65.3	78.4	98.8	109.4	117.8

Expenditure trends

Expenditure increased from R50.7 million in 2008/09 to R78.4 million in 2011/12, at an average annual rate of 15.6 per cent. This was mainly due to the additional allocations for increased investigative capacity. Over the medium term, expenditure is expected to grow to R117.8 million, at an average annual rate of 14.5 per cent, to provide for capacity building and skills development.

Expenditure on payments for capital assets is expected to decrease from R4.6 million to R1.8 million over the medium term, at an average annual rate of 1.4 per cent, as the directorate does not expect to replace much of its capital assets over the MTEF period.

Between 2008/09 and 2011/12, the directorate increased the percentage of investigations completed from 55 per cent in 2008/09 to 66 per cent in 2011/12. Using funds allocated over the medium term, this programme aims to increase the percentage of investigations completed within a financial year by 5 per cent in each year from 2012/13.

Programme 3: Legal Services

Objectives and measures

- Ensure that investigations are conducted efficiently and within the ambit of the law by providing investigators with adequate legal advice and guidance during and after completion of investigations within 24 hours of request.

Subprogrammes

- *Legal Support* manages the directorate's legal obligations, coordinates civil and labour litigation matters, and grants policing powers to investigators. This subprogramme had a staff complement of 4 and a total budget of R1.7 million in 2011/12, of which 56.3 per cent was used for compensation of employees. As this is a new programme, there is currently no baseline available to predict the amount of work to be generated. There have been no savings or reductions identified in this subprogramme.
- *Investigation Advisory Services* provides support during and after the completion of investigations, provides legal advice and guidance to investigators, and ensures that all cases that are forwarded for prosecution comply with the requirements of the prosecution process. This subprogramme is expected to have a staff complement of 2 and a budget of R4.1 million in 2012/13, of which 93.5 per cent is to be used for compensation of employees. As this is a new programme, there is currently no baseline available to predict the amount of work to be generated. The subprogramme aims to provide legal advice and guidance to investigators on an ongoing basis within 48 hours of request. There have been no savings or reductions identified in this subprogramme.

Expenditure estimates

Table 23.7 Legal Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Legal Support	0.9	1.5	1.6	1.7	1.3	1.4	1.4
Investigation Advisory Services	–	–	–	–	4.1	4.3	4.5
Total	0.9	1.5	1.6	1.7	5.4	5.6	5.9
Change to 2011 Budget estimate				(15.9)	(14.2)	(15.0)	(15.8)
Economic classification							
Current payments	0.8	1.4	1.5	1.5	5.3	5.6	5.9
Compensation of employees	0.6	1.2	1.1	1.0	4.9	5.1	5.4
Goods and services	0.2	0.3	0.4	0.6	0.4	0.5	0.5
Payments for capital assets	0.0	0.1	0.1	0.2	0.0	0.0	0.0
Machinery and equipment	0.0	0.1	0.1	0.2	0.0	0.0	0.0
Total	0.9	1.5	1.6	1.7	5.4	5.6	5.9

Expenditure trends

Expenditure increased from R855 000 in 2008/09 to R1.7 million in 2011/12, at an average annual rate of 25.5 per cent, mainly to provide for general salary increases. Over the medium term, expenditure is expected to grow significantly to R5.9 million, at an average annual rate of 51.7 per cent. The growth over the medium term is due to the planned establishment of the *Investigation Advisory Services* subprogramme in 2012/13. Using funds allocated over the medium term, this programme aims to increase the percentage of legal opinion provided to investigators within 24 hours of request by 5 per cent each year from 2012/13.

R59 000 was spent on consultants in 2010/11. Consultants assisted the directorate in effectively managing leave, and concluding labour and litigation matters expediently.

Vote 24

Justice and Constitutional Development

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 762.6	1 708.6	10.7	43.2	1 853.3	1 962.4
Court Services	5 284.6	4 194.7	24.6	1 065.3	5 608.6	5 952.1
State Legal Services	768.2	762.3	1.4	4.5	806.8	851.8
National Prosecuting Authority	2 815.8	2 742.5	9.3	64.0	2 964.6	3 145.2
Auxiliary and Associated Services	2 448.5	503.4	1 923.7	21.4	2 580.7	2 709.4
Subtotal	13 079.6	9 911.5	1 969.8	1 198.3	13 814.0	14 621.0
Direct charge against the National Revenue Fund						
Judges' Salaries	579.1	542.7	36.5	–	621.0	658.3
Magistrates' Salaries	1 822.7	1 763.2	59.5	–	1 954.7	2 072.0
Total expenditure estimates	15 481.5	12 217.4	2 065.7	1 198.3	16 389.7	17 351.2
Executive authority	Minister of Justice and Constitutional Development					
Accounting officer	Director General of Justice and Constitutional Development					
Website address	www.justice.gov.za					

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

Aim

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 and civil cases 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, insolvent and liquidation estates and the registration of trusts; manage the Guardian's Fund; prepare and promote legislation; and 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, removes the profit from crime, and protect certain witnesses.

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 Office of the Public Protector, Legal Aid South Africa, the Special Investigating Unit, the Represented Political Parties' Fund and the President's Fund.

Strategic overview: 2008/09 – 2014/15

The Department of Justice and Constitutional Development is committed to establishing and maintaining an accessible and affordable court system that delivers on the key strategic goals of: ensuring access to justice services; enhancing organisational efficiency and strategic leadership to improve internal control systems, compliance and accountability; transforming the justice system; and contributing to ensuring that all people in South Africa are and feel safe (outcome 3).

Focus over the medium term

Ensuring access to justice services

Twenty-four branch courts are to be converted into full service (magistrate) courts by 2012/13. This will give people access to full magisterial court services in areas where there are only limited services. The building of the high courts in Nelspruit and Polokwane forms part of the department's objective to improve access to high courts by rationalising jurisdictions and ensuring that the jurisdictions are consistent with the provincial dispensation in terms of aligning court boundaries within provincial boundaries.

To improve overall access to justice, the department is designating two child justice one-stop centres in each financial year, and implementing maintenance turnaround strategies, such as the Kha Ri Unde project, to improve the turnaround times in the maintenance service delivery chain. This includes reducing the amount of time spent in maintenance queues and unblocking delays and inefficiencies that often impact on children. To ensure optimal response to the special needs of victims of sexual violence and more efficient court performance in these cases, the department is considering the reintroduction of sexual offences courts.

Improving organisational efficiency and internal control systems to ensure compliance and accountability

To further improve the standard of service delivery, the department will continue to fill critical vacancies, improve document management, introduce interventions to enhance asset and contract management, reduce the case backlog and improve overall case flow management. The department will intensify the use of ICT and related skills development to function more effectively and efficiently. The integrated case management system will be developed to automate and monitor end-to-end business processes. The rollout of a justice administration management system will automate key internal processes to improve internal effectiveness and efficiency.

Improving the criminal justice system

To coordinate crime fighting and remove blockages in the criminal justice system, the implementation of the plan to review the criminal justice system will continue. To improve justice services to victims of crime, the number of care centres for the victims of sexual offences has been increased and more care centres are planned. The anti-corruption task team has made good progress in the fight against corruption by initiating prosecutions and bringing new orders to restrain assets of those who have benefited by at least R5 million. The task team is also dealing more effectively with fraud and corruption in the justice, crime prevention and security cluster. Data collection and reporting processes have been put in place to keep track of matters relating to corrupt officials.

The establishment of the Office of the Chief Justice as a national department with effect from September 2010 is part of the drive to reform institutions to strengthen the organisational and governance arrangements relating to the judiciary.

Contributing to ensuring that all people in South Africa being and feeling safe

Although the department will be involved in all the outputs related to this outcome, specific outputs include: providing resources to assist the finalisation of criminal cases and the reduction of case backlogs; reviewing legislation to support alternative dispute resolution mechanisms and admission of guilt legislation; collaborating

with the criminal justice cluster to ensure that fraud and corruption that originate within it, is identified, monitored and dealt with effectively; and leading and coordinating the cluster in the development and implementation of a cyber security policy.

Policy developments

Policy development work over the medium term will include amending the restorative justice national policy framework and the national policy framework on the management of sexual offences, and drafting a national prevention strategy on domestic violence to reduce the rate of offending and re-offending in these cases. In addition to empowerment programmes aimed at discouraging violence in domestic relationships, the department will also embark on developing standards based learning programmes for sexual offences, restorative justice and child justice.

Selected performance indicators

Table 24.1 Justice and Constitutional Development

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Average court hours per day	Court Services	3h50	3h46	3h50	4h00	4h10	4h20	4h30
Number of case backlogs per year	Court Services	42 495	38 563	37 034	37 035	36 295	35 569	34 858
Number of criminal court cases finalised through alternative dispute resolution mechanisms per year	National Prosecuting Authority	119 776	118 631	129 846	133 482	137 219	142 357	146 343
Number of criminal court cases with verdict per year	National Prosecuting Authority	311 825	350 910	331 045	337 666	344 419	351 308	358 344
Conviction rate: per year	National Prosecuting Authority	86% (1 461) 73% (29 431) 88%(276 154)	88% (1 083) 74% (28 578) 91% (281 290)	87.8% (921) 73% (27 385) 91% (265 348)	87% (939) 74% (27 933) 87%(270 655)	87% (958) 74% (28 491) 87%(276 068)	87% (977) 74% (29 061) 87%(281 589)	87% (997) 74%(29 642) 87%(287 221)
Asset forfeiture unit :	National Prosecuting Authority							
- number of completed forfeiture matters per year		277	271	320	310	330	350	375
- number of new freezing orders per year		275	315	333	330	350	375	400
- value of completed forfeiture matters per year		R271m	R184m	R212m	R200m	R225m	R250m	R275m
- value of new freezing orders		R320m	R491m	R549.2m	R500m	R550m	R600m	R650m
- success rate		87% (196)	92% (262)	96% (328)	90% (310)	93% (330)	93% (350)	93% (370)
Sexual offences and community affairs:	National Prosecuting Authority							
- total number of Thuthuzela care centres		17	20	27	30	35	40	45
Witness protection unit:	National Prosecuting Authority							
- number of witnesses harmed or threatened		0	0	0	0	0	0	0

Expenditure estimates

Table 24.2 Justice and Constitutional Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	1 185.3	1 031.6	1 693.0	1 686.3	1 706.2	1 762.6	1 853.3	1 962.4
Court Services	3 083.3	4 087.1	3 912.7	4 346.0	4 374.0	5 284.6	5 608.6	5 952.1
State Legal Services	537.4	548.6	670.8	721.4	698.8	768.2	806.8	851.8
National Prosecuting Authority	1 926.9	2 188.2	2 495.3	2 651.7	2 653.6	2 815.8	2 964.6	3 145.2
Auxiliary and Associated Services	1 511.5	1 798.1	1 913.2	2 176.3	2 132.0	2 448.5	2 580.7	2 709.4
Subtotal	8 244.4	9 653.5	10 684.9	11 581.7	11 564.5	13 079.6	13 814.0	14 621.0
Direct charge against the National Revenue Fund	1 601.1	1 774.9	1 910.2	2 104.2	2 104.2	2 401.9	2 575.7	2 730.3
Judges' Salaries	504.8	601.7	644.1	700.0	700.0	579.1	621.0	658.3
Magistrates' Salaries	1 096.3	1 173.1	1 266.2	1 404.2	1 404.2	1 822.7	1 954.7	2 072.0
Total	9 845.5	11 428.4	12 595.2	13 685.9	13 668.7	15 481.5	16 389.7	17 351.2
Change to 2011 Budget estimate				168.2	151.0	405.3	404.7	407.1

Economic classification

Current payments	8 093.7	9 174.0	10 182.2	10 888.0	10 870.8	12 217.4	12 948.9	13 738.4
Compensation of employees	5 326.2	6 028.1	6 944.9	7 703.3	7 669.9	8 491.9	9 005.0	9 522.5
Goods and services	2 767.1	3 116.2	3 222.4	3 165.1	3 181.3	3 696.8	3 913.8	4 184.2
<i>of which:</i>								
Computer services	309.2	525.2	380.7	436.8	392.5	556.0	587.6	619.2
Lease payments	431.4	393.7	585.1	536.2	536.2	594.0	630.8	699.4
Property payments	405.2	277.6	634.7	469.3	500.0	639.5	675.2	703.9
Travel and subsistence	473.8	632.5	464.3	381.2	409.1	485.4	502.1	512.0
Interest and rent on land	0.3	29.7	14.9	19.6	19.6	28.7	30.1	31.7
Transfers and subsidies	1 266.2	1 473.3	1 654.4	1 911.5	1 911.5	2 065.7	2 171.7	2 275.8
Provinces and municipalities	0.0	0.0	–	0.3	0.3	0.3	0.3	0.3
Departmental agencies and accounts	1 193.8	1 349.6	1 575.8	1 784.8	1 784.8	1 930.6	2 029.7	2 125.4
Foreign governments and international organisations	5.1	13.1	6.3	5.0	5.0	5.2	5.5	5.8
Non-profit institutions	–	1.8	–	–	–	–	–	–
Households	67.4	108.8	72.2	121.5	121.5	129.6	136.2	144.3
Payments for capital assets	482.2	780.6	740.1	886.4	886.4	1 198.3	1 269.1	1 337.1
Buildings and other fixed structures	416.8	662.0	560.9	698.3	698.3	1 051.0	1 100.1	1 160.1
Machinery and equipment	63.8	115.0	179.3	187.9	187.9	147.2	169.0	177.0
Software and other intangible assets	1.6	3.7	–	0.2	0.2	0.1	0.0	0.0
Payments for financial assets	3.4	0.4	18.4	–	–	–	–	–
Total	9 845.5	11 428.4	12 595.2	13 685.9	13 668.7	15 481.5	16 389.7	17 351.2

Expenditure trends

The spending focus over the medium term will be on: reviewing the criminal justice system; implementing approved pieces of legislation such as the Children's Act (2005), the Child Justice Act (2008), the Criminal Law (Sexual Offences and Related Matters) Amendment Act (2007), the Maintenance Act (1998) and the Domestic Violence Act (1998); building high courts in Nelspruit and Polokwane; and continuing to modernise systems and procedures in the courts, including case flow management and digital court recording equipment replacement.

Expenditure increased from R9.8 billion in 2008/09 to R13.7 billion in 2011/12, at an average annual rate of 11.6 per cent, and is expected to grow to R17.4 billion over the medium term, at an average annual rate of 8.2 per cent. The increase in both periods is due to continually improving capacity in terms of personnel and infrastructure, extending justice services by means of building and expanding existing courts, and extending court accommodation and office accommodation for officials.

Compensation of employees grew from R5.3 billion in 2008/09 to R7.7 billion in 2011/12, at an average annual rate of 13.1 per cent, mainly as a result of improved conditions of service and implementing the occupation specific dispensation for legally qualified professionals in 2008/09. As a result, expenditure on compensation of employees is expected to grow to R9.5 billion over the medium term, at an average annual rate of 7.3 per cent. Over the same period, payments for capital assets will increase from R886.4 million to R1.3 billion, at an average annual rate of 14.7 per cent, mostly to provide for the building of new courts and the upgrading and revamping of existing courts.

Between 2008/09 and 2011/12, expenditure on consultants increased from R209.7 million to R217.3 million, at an average annual rate of 1.2 per cent, and is expected to decrease to R173.9 million over the medium term, at an average annual rate of 7.2 per cent. The decrease between 2011/12 and 2014/15 can be attributed to the completion of the development of the justice deposit account system and the justice management information system for third party funds and the Guardian's Fund.

The 2012 Budget sets out additional allocations over the medium term of R405.3 million, R404.7 million and R407.1 million as follows:

- R632.2 million for improvements to conditions of service for the department and entities
- R300 million for court infrastructure
- R285 million for additional capacity for the Special Investigating Unit and the Office of the Public Protector.

The department has also made available R14.4 million, R15.1 million and R15.9 million over the medium term from its own baseline to Legal Aid South Africa to implement the Children's Act (2005) and the Child Justice Act (2008).

Infrastructure spending

Spending on infrastructure increased from R479.5 million in 2008/09 to R759.3 million in 2011/12 and is expected to increase to R1.3 billion over the medium term. In 2010/11, the department completed the construction of new courts in Ekangala in Gauteng, Hankey in Eastern Cape and Ashton in Western Cape, at a cost of R64.9 million.

The department has six large projects, which include extending the Johannesburg high court, making courts accessible to people with physical disabilities, and building new magistrates' and high courts. Large projects to be prioritised over the medium term include building the Polokwane and Nelspruit high courts, which are due to be completed in 2012/13 and 2014/15. When completed, these two high courts will operate independently from the Pretoria high court and will offer full services of the high court, thus improving access to services, speeding up the finalisation of cases and improving overall service delivery.

At a total cost of R1.3 billion over the medium term, the projects to build new smaller court facilities will continue or begin in Orlando, Kathlehong and Mamelodi in Gauteng; Richard's Bay in KwaZulu-Natal; and Bityi and Dimbaza in Eastern Cape. Extensions to existing court facilities will begin in various towns, including: Soshanguve in Gauteng; Port Elizabeth, Humansdorp, Whittlesea and Umtata in Eastern Cape; Calvinia in Northern Cape; KwaMbonambi and Umbumbulu in KwaZulu-Natal; and Riversdale in Western Cape.

Personnel information

Table 24.3 Details of approved establishment and personnel numbers according to salary level¹

Department	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	23 395	23 395	112	21 307	21 515	21 996	22 176	23 378	23 673	23 968
Salary level 1 – 6	12 693	12 693	96	12 137	12 197	12 340	12 441	12 967	13 108	13 403
Salary level 7–10	7 214	7 214	16	6 635	6 546	6 676	6 776	7 034	7 190	7 190
Salary level 11 –12	2 915	2 915	–	1 967	2 182	2 495	2 435	2 738	2 736	2 736
Salary level 13 –16	573	573	–	568	590	485	524	639	639	639
Administration	1 494	1 494	12	764	942	1 050	1 198	1 163	1 152	1 152
Salary level 1 – 6	447	447	10	242	254	316	367	357	352	352
Salary level 7 – 10	730	730	2	379	459	547	571	554	550	550
Salary level 11 –12	211	211	–	87	157	98	169	164	162	162
Salary level 13 –16	106	106	–	56	72	89	91	88	88	88
Court Services	14 642	14 642	100	14 312	14 234	14 440	14 474	14 399	14 525	14 820
Salary level 1 – 6	10 846	10 846	86	10 702	10 624	10 778	10 568	10 689	10 715	11 010
Salary level 7 – 10	3 312	3 312	14	3 249	3 249	3 296	3 479	3 226	3 326	3 326
Salary level 11 –12	381	381	–	282	282	286	335	381	381	381
Salary level 13 –16	103	103	–	79	79	80	92	103	103	103
State Legal Services	1 601	1 601	–	1 601	1 679	1 690	1 664	2 158	2 338	2 338
Salary level 1 – 6	592	592	–	592	627	636	896	1 113	1 233	1 233
Salary level 7 – 10	478	478	–	478	513	515	408	560	620	620
Salary level 11 –12	428	428	–	428	435	435	231	298	298	298
Salary level 13 –16	103	103	–	103	104	104	129	187	187	187
National Prosecuting Authority	5 658	5 658	–	4 630	4 660	4 816	4 840	5 658	5 658	5 658
Salary level 1 – 6	808	808	–	601	692	610	610	808	808	808
Salary level 7 – 10	2 694	2 694	–	2 529	2 325	2 318	2 318	2 694	2 694	2 694
Salary level 11–12	1 895	1 895	–	1 170	1 308	1 676	1 700	1 895	1 895	1 895
Salary level 13 –16	261	261	–	330	335	212	212	261	261	261

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

². As at 30 September 2011.

As at 30 September 2011, the department had an approved establishment of 23 395 funded posts and had 112 posts over and above the approved establishment. The number of posts filled increased from 21 307 in 2008/09 to 22 176 in 2011/12 and is expected to grow to 23 968 over the medium term. This is as a result of additional allocations to increase regional capacity, implement new legislation and expand the master offices. There are 1 219 vacancies within the department distributed across all programmes. The vacancies are mainly in salary levels 4 and 7, which are entry level positions. The vacancies are the result of high staff turnover and promotions. The time it takes to recruit new staff also contributes to the vacancy rate. The ratio of support staff to line staff is 1:9.

Departmental receipts

Table 24.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	356 775	382 853	414 242	374 267	374 267	444 393	508 410	572 255
Sales of goods and services produced by department	14 394	15 881	65 744	45 698	45 698	47 416	49 746	52 076
Sales by market establishments	4 770	3 232	5 913	5 901	5 901	5 930	5 955	5 980
<i>of which:</i>								
<i>Market establishment: Rental dwelling</i>	3 122	2 629	5 323	5 350	5 350	5 377	5 400	5 423
<i>Market establishment: Non-residential buildings</i>	546	38	40	–	–	–	–	–
<i>Market Establishment: Rental parking - Covered and open</i>	439	565	550	551	551	553	555	557
<i>Sales of goods</i>	33	–	–	–	–	–	–	–
<i>Services rendered</i>	630	–	–	–	–	–	–	–
Administration fees	–	94	23	24	24	27	30	33
<i>of which:</i>								
<i>Game licences</i>	–	62	6	6	6	7	8	9
<i>Request for Information: Promotion of Access to Information Act (2000)</i>	–	32	17	18	18	20	22	24
Other sales	9 624	12 555	59 808	39 773	39 773	41 459	43 761	46 063
<i>of which:</i>								
<i>Services rendered: Commission on insurance and garnishee orders</i>	3 841	4 959	3 810	4 000	4 000	4 200	4 400	4 600
<i>Services rendered: Insolvent estates (Master office)</i>	337	1 919	2	25 718	25 718	27 000	29 000	31 000
<i>Services rendered: Fee for recovery of debt</i>	4 824	4 979	54 976	9 000	9 000	9 200	9 300	9 400
<i>Services rendered: Photocopier and faxes</i>	518	623	996	1 005	1 005	1 007	1 008	1 009
<i>Sale of assets less than R5 000</i>	104	75	24	50	50	52	53	54
Sales of scrap, waste, arms and other used current goods	33	17	40	9	9	10	11	12
<i>of which:</i>								
<i>Sales: Scrap</i>	16	4	40	9	9	10	11	12
<i>Sales: Waste paper</i>	17	13	–	–	–	–	–	–
Transfers received	21	817	–	–	–	–	–	–
Fines, penalties and forfeits	271 506	296 461	306 677	305 466	305 466	365 234	425 334	485 437
Interest, dividends and rent on land	45 170	28 116	11 278	3 168	3 168	10 000	10 500	11 000
Interest	45 170	28 116	11 278	3 168	3 168	10 000	10 500	11 000
Sales of capital assets	10	264	81	455	455	160	168	–
Transactions in financial assets and liabilities	25 641	41 297	30 422	19 471	19 471	21 573	22 651	23 730
Total	356 775	382 853	414 242	374 267	374 267	444 393	508 410	572 255

Departmental receipts are mainly generated from fines, penalties and forfeits imposed by the courts, photocopy charges for court cases and access to information, service charges on insolvent estates, and money recovered by state attorneys. Between 2008/09 and 2011/12, departmental receipts grew from R356.8 million to R374.3 million, at an average annual rate of 1.6 per cent.

Over the medium term, departmental receipts are expected to increase to R572.3 million in 2014/15, at an average annual rate of 15.2 per cent, as the interventions on collection of third party funds are implemented and the charges for services are revised. Fines, penalties and forfeits are expected to increase by 19.6 per cent, from R305.5 million in 2011/12 to R365.2 million in 2012/13, due to the improvement on the third party funds processes and systems as well as the revised charges for services.

Programme 1: Administration

Table 24.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	20.9	33.7	35.7	39.3	36.4	38.3	40.3
Management	47.8	51.5	35.6	76.8	65.1	67.5	70.0
Corporate Services	723.0	497.5	952.3	946.4	966.8	1 005.3	1 065.4
Office Accommodation	393.6	448.9	669.4	623.7	694.2	742.2	786.7
Total	1 185.3	1 031.6	1 693.0	1 686.3	1 762.6	1 853.3	1 962.4
Change to 2011 Budget estimate				9.4	20.1	21.6	20.9

Economic classification

Current payments	1 166.5	1 000.0	1 620.2	1 597.3	1 708.6	1 798.2	1 906.2
Compensation of employees	214.3	220.5	282.5	360.1	383.0	402.8	425.2
Goods and services	952.3	779.4	1 337.5	1 237.1	1 325.4	1 395.3	1 480.9
<i>of which:</i>							
Computer services	21.3	17.3	47.4	57.0	45.4	47.9	50.4
Lease payments	296.6	340.5	499.7	428.5	470.3	496.2	547.4
Property payments	344.9	182.4	507.1	364.7	503.9	535.8	551.7
Travel and subsistence	88.9	83.4	96.5	90.5	87.9	94.9	99.4
Interest and rent on land	–	0.1	0.2	0.2	0.2	0.2	0.2
Transfers and subsidies	9.2	17.8	7.9	10.2	10.7	11.3	12.0
Departmental agencies and accounts	3.0	4.3	–	5.1	5.3	5.6	5.9
Foreign governments and international organisations	5.1	13.1	6.3	5.0	5.2	5.5	5.8
Households	1.1	0.4	1.6	0.2	0.2	0.2	0.2
Payments for capital assets	9.3	13.8	64.8	78.7	43.2	43.8	44.2
Buildings and other fixed structures	–	0.3	–	–	–	–	–
Machinery and equipment	9.3	10.3	64.8	78.5	43.2	43.7	44.2
Software and other intangible assets	–	3.2	–	0.1	0.0	0.0	0.0
Payments for financial assets	0.2	–	0.0	–	–	–	–
Total	1 185.3	1 031.6	1 693.0	1 686.3	1 762.6	1 853.3	1 962.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.0	4.3	–	5.1	5.3	5.6	5.9
Safety and security sector education and training authority	3.0	4.3	–	5.1	5.3	5.6	5.9
Foreign governments and international organisations							
Current	5.1	13.1	6.3	5.0	5.2	5.5	5.8
International Criminal Court	5.1	13.1	6.3	5.0	5.2	5.5	5.8
Households							
Social benefits							
Current	1.1	0.4	1.6	0.2	0.2	0.2	0.2
Employee social benefits	1.1	0.4	1.6	0.2	0.2	0.2	0.2

Expenditure trends

Expenditure in this programme grew from R1.2 billion in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 12.5 per cent and is expected to increase to R2 billion over the medium term, at an average annual rate of 5.2 per cent. The growth in both periods is mostly in the *Office Accommodation* subprogramme and can be attributed to additional allocations in the 2008 budgets for increased municipal and accommodation charges.

Between 2008/09 and 2011/12, expenditure on compensation of employees increased from R214.3 million to R360.1 million, at an average annual rate of 18.9 per cent, to provide for improved conditions of service, the appointment of interns and expanding capacity in the *Ministry* subprogramme. Over the medium term, spending on compensation of employees is expected to grow to R425.2 million, at an average annual rate of 5.7 per cent, and will mainly provide for improved conditions of service.

Payments for capital assets increased from R13.8 million in 2009/10 to R78.7 million in 2011/12, due to additional payments made for physical security work on buildings. Over the medium term, payments for capital assets is projected to decrease to R44.2 million, at an average annual rate of 17.5 per cent, due to the winding down of departmental spending on security equipment for courts.

Between 2008/09 and 2011/12, expenditure on consultants increased from R6 million to R49.1 million, at an average annual rate of 101.9 per cent, mainly due to the compilation of credible financial statements for the third party funds by a consultancy firm, which will train departmental employees on related processes and procedures and on how to account and report on these. Over the medium term, expenditure on consultants is expected to decrease to R2.2 million, at an average annual rate of 64.4 per cent.

Programme 2: Court Services

Objectives and measures

- Ensure that justice proceedings are prompt by:
 - reducing the case backlogs from 37 034 in 2010/11 to 34 858 in 2014/15, through 78 dedicated case backlog courts (56 regional and 22 district backlog courts)
 - designating at least one child justice one-stop centre in each province by 2014/15
 - converting 20 per cent of identified periodical courts (46 of 230) to provide full court services by the end of 2012/13, through extending their jurisdictions and by providing additional staff, training and office accommodation.
- Provide adequate family law litigation services and family mediation services to protect the interests of children by finalising 33 per cent of all cases handled by the family advocate within 6 months in 2012/13.

Subprogrammes

- *Constitutional Court* funds the activities and operations of the Constitutional Court, which has jurisdiction over constitutional matters only. The court has 10 judges, and a minimum of 8 judges must hear a case, with the chief justice or deputy chief justice presiding. This subprogramme had a staff complement of 73 and a total budget of R122.1 million in 2011/12, of which 68 per cent was used for goods and services such as travel and subsistence. The court will have dealt with about 120 cases by the end of 2011/12. On an annual basis, the department introduces measures to effect cost reduction by means of a circular where spending on advertising, communication, catering and entertainment, stationery and printing, travel and subsistence, and venues and facilities is specifically targeted. These measures include but are not limited to: reduced advertising of posts, staff to pay for all private calls, discretion when purchasing stationery and other goods, reduced printing, reduced subscriptions to magazines, only key staff to attend hearings and meetings in Parliament, economy class domestic flights for all staff, reduced overnight accommodation, shared vehicles for officials travelling to the same place, and limited use of outside venues for strategic sessions or workshops. It should be noted that these measures apply to the whole department.
- *Supreme Court of Appeal* funds the activities and operations of the Supreme Court of Appeal, which adjudicates appeals and questions of law from the high courts. The court has 25 judges, including a president and deputy president, and a minimum of 3 to 5 judges sit per case. This subprogramme had a staff complement of 54 and a total budget of R24.7 million in 2011/12, of which 67.8 per cent was used for compensation of employees. By the end of 2011/12, the court will have received and finalised 36 criminal appeals, 186 civil appeals and 338 civil petitions.
- *High Courts* funds the activities and operations of the various high court divisions, which have jurisdiction over the defined geographical areas in which they are located. There are currently 14 high courts and 190 judges. This subprogramme had a staff complement of 1 070 and a total budget of R279.7 million in 2011/12, of which 66.3 per cent was used for compensation of employees. The number of cases submitted to high courts will have increased marginally by 0.4 per cent from 2010/11. In 2010/11, high courts finalised 1 959 criminal cases against a target of 1 297, 23 527 civil cases against a target of 21 603, 322 civil appeals against a target of 235, 6 269 automatic review cases against a target of 7 968, 62 571 civil motion applications against a target of 65 596, and 37 890 civil default judgments against a target of 42 610.

- *Specialised Courts* funds the activities and operations of labour and labour appeal courts, the land claims court, the special tribunal and family courts. This subprogramme had a staff complement of 126 and a total budget of R31.2 million in 2011/12, of which 63.9 per cent was used for compensation of employees. By the end of 2011/12, 340 cases will have been settled in the land claims court, and 11 500 in the labour and labour appeal court.
- *Lower Courts* funds the activities and operations of the various regional and district courts. More than 200 regional courts adjudicate serious criminal matters and civil cases, and over 800 district courts adjudicate civil cases and less serious criminal cases. This subprogramme had a staff complement of 11 789 and a total budget of R2.6 billion in 2011/12, of which 75.9 per cent was used for compensation of employees. By the end of 2011/12, the number of new cases in lower courts will have increased by 0.7 per cent compared to 2010/11. In 2010/11, regional courts enrolled 75 428 new criminal cases against a target of 88 001 and disposed of 39 078, while district courts enrolled 877 623 new criminal cases against a target of 983 353 and disposed of 412 857.
- *Family Advocate* funds family advocate offices, which make recommendations to the court where there is litigation and mediation relating to children in family matters. This subprogramme had a staff complement of 294 and a total budget of R123.7 million in 2011/12, of which 91.4 per cent was used for compensation of employees. By the end of 2011/12, more than 11 700 new cases will have been received and 10 197 will have been finalised.
- *Magistrate's Commission* funds the Magistrate's Commission, which makes recommendations on the appointment and tenure of magistrates. This subprogramme had a staff complement of 20 and a total budget of R10.6 million in 2011/12, of which 58.4 per cent was used for compensation of employees. Between January 2009 and October 2010, with the approval of the Minister of Justice and Constitutional Development, the commission appointed 109 magistrates on various levels at a cost of R73 million. An additional 103 magistrates will have been appointed by the end of 2011/12 at a cost of R69 million.
- *Government Motor Transport* funds vehicles for judges and departmental officials. This subprogramme had a total budget of R28.7 million in 2011/12, which is used for the purchase of vehicles. By the end of 2011/12, about 12 vehicles for only newly appointed judges will have been purchased at a cost of R14.4 million.
- *Facilities Management* funds the building and upgrading of courts and justice service delivery points. This subprogramme had a total budget of R759.3 million in 2011/12, of which 89.9 per cent was used for buildings and other fixed structures.
- *Administration of Courts* funds the management of courts' administration and performance evaluation functions, and includes a national office and 9 provincial offices. This subprogramme had a staff complement of 1 048 and a total budget of R357.8 million in 2011/12, of which 80.9 per cent was used for compensation of employees.

Expenditure estimates

Table 24.6 Court Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Constitutional Court	61.8	70.8	74.7	122.1	125.2	128.6	134.2
Supreme Court of Appeal	12.1	20.6	13.5	24.7	19.5	20.5	21.4
High Courts	246.3	310.1	324.9	279.7	316.0	333.7	352.7
Specialised Courts	26.9	34.5	35.3	31.2	32.8	34.7	36.7
Lower Courts	1 824.6	2 602.0	2 368.6	2 608.3	3 051.5	3 244.5	3 454.1
Family Advocate	85.2	100.8	101.8	123.7	120.0	126.8	135.3
Magistrate's Commission	7.4	9.9	9.4	10.6	11.0	11.5	12.1
Government Motor Transport	17.3	18.5	24.9	28.7	26.4	48.0	50.9
Facilities Management	479.5	590.1	624.1	759.3	1 205.0	1 261.7	1 331.4
Administration of Courts	322.3	329.8	335.6	357.8	377.2	398.5	423.4
Total	3 083.3	4 087.1	3 912.7	4 346.0	5 284.6	5 608.6	5 952.1
Change to 2011 Budget estimate				23.1	187.1	198.4	217.4

Table 24.6 Court Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	2 613.4	3 377.4	3 298.2	3 600.3	4 194.7	4 452.4	4 732.6
Compensation of employees	1 713.4	2 025.5	2 331.4	2 647.6	2 974.7	3 153.6	3 322.0
Goods and services of which:	900.0	1 348.0	963.0	948.5	1 216.8	1 295.7	1 407.5
Computer services	6.3	100.8	61.8	28.2	58.3	59.1	59.4
Lease payments	27.2	34.4	19.2	29.8	34.1	41.1	53.9
Property payments	26.2	19.5	58.7	61.5	89.1	90.3	99.1
Travel and subsistence	277.2	444.8	266.5	203.4	304.8	311.4	311.4
Interest and rent on land	–	4.0	3.8	4.1	3.1	3.2	3.2
Transfers and subsidies	9.9	31.4	10.9	24.3	24.6	25.4	26.9
Provinces and municipalities	0.0	0.0	–	0.2	0.2	0.3	0.3
Non-profit institutions	–	1.8	–	–	–	–	–
Households	9.9	29.6	10.9	24.0	24.3	25.1	26.6
Payments for capital assets	456.9	678.3	603.6	721.5	1 065.3	1 130.8	1 192.6
Buildings and other fixed structures	416.8	640.6	542.5	682.5	1 034.4	1 082.6	1 141.6
Machinery and equipment	40.0	37.7	61.1	38.9	30.8	48.1	51.0
Software and other intangible assets	0.1	0.0	–	0.0	0.0	–	–
Payments for financial assets	3.1	–	–	–	–	–	–
Total	3 083.3	4 087.1	3 912.7	4 346.0	5 284.6	5 608.6	5 952.1

Details of selected transfers and subsidies

Non-profit institutions							
Current	–	1.8	–	–	–	–	–
National Institute for Crime Prevention and Re-integration of Offenders	–	1.8	–	–	–	–	–
Households							
Social benefits							
Current	9.9	29.6	10.5	24.0	24.3	25.1	26.6
Employee social benefits	9.9	29.6	10.5	24.0	24.3	25.1	26.6

Expenditure trends

Between 2008/09 and 2011/12, expenditure grew from R3.1 billion to R4.3 billion, at an average annual rate of 12.1 per cent, and is expected to grow to R6 billion over the medium term, at an average annual rate of 11.1 per cent. The growth in both periods can be attributed to additional allocations to allow the department to implement legislation protecting vulnerable groups, building new court infrastructure and improved conditions of service.

Spending in the *Lower Courts* subprogramme grew from R1.8 billion in 2008/09 to R2.6 billion in 2011/12, at an average annual rate of 12.7 per cent, and is expected to grow to R3.5 billion over the medium term, at an average annual rate of 9.8 per cent. Expenditure growth during the two periods is mainly due to additional allocations to allow the department to implement new legislation. On average, the subprogramme accounts for 58.4 per cent of the programme's budget over the medium term. The number of cases on the backlog roll declined from 42 495 in 2008/09 to 37 034 in 2010/11 and it is expected to be reduced further to 34 858 in 2014/15.

Expenditure in the *Facilities Management* subprogramme grew from R479.5 million in 2008/09 to R759.3 million in 2011/12, at an average annual rate of 16.6 per cent, and is expected to grow to R1.3 billion over the medium term, at an average annual rate of 20.6 per cent. This growth is mainly due to significant additional allocations to build new courts and also explains the increase in expenditure on payments for capital assets over the medium term.

Spending on compensation of employees increased from R1.7 billion in 2008/09 to R2.6 billion in 2011/12, at an average annual rate of 15.6 per cent, to provide for improved conditions of service and implementation costs

associated with the occupation specific dispensation for legally qualified professionals in 2008/09 and 2010/11. Over the medium term, spending on compensation of employees is expected to increase to R3.3 billion in 2014/15, at an average annual rate of 7.9 per cent.

Between 2008/09 and 2011/12, expenditure on consultants increased from R47.7 million to R99.1 million, at an average annual rate of 27.6 per cent. Over the medium term, expenditure is expected to decrease to R84.6 million, at an average annual rate of 5.2 per cent. Expenditure on this item caters mainly for the translation and transcription of court cases, and payments to the sheriffs or messenger of the court appointed by the minister in terms of the Sheriffs Act (1986).

Programme 3: State Legal Services

Objectives and measures

- Improve the legal system by:
 - preparing at least 10 bills and 20 subordinate legislative instruments (regulations, proclamations and notices) for submission to the ministry by 2012/13
 - preparing at least 10 rules of court and rule amendments for submission to the rules board for courts of law in 2012/13.
- Facilitate law reform by submitting 7 research documents to line function departments for comment and at least 13 research publications to the South African Law Reform Commission for consideration and approval in 2012/13.
- Reduce litigation costs for the department by 25 per cent by developing and implementing a blueprint on state litigation to streamline processes with regard to defending litigation against the state in 2012/13.
- Improve the administration of estates and the Guardian's Fund in 2012/13 by:
 - finalising registered deceased estates worth less than R125 000 within 4 months of receipt
 - finalising registered deceased estates worth more than R125 000 within 12 months of receipt
 - finalising registered insolvency estates and liquidation estates within 15 months of receipt
 - providing beneficiaries of the Guardian's Fund with access to funds within 40 days of application, after all necessary documentation have been received.
- Promote and strengthen constitutional development by:
 - depositing the national action plan to combat racism with the United Nations by the end of 2012/13
 - enhancing the implementation of the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) through the rollout of the training programme for civil society organisations in all nine provinces by 2012/13
 - finalising appointments to the equality review committee, and ensuring at least 2 sittings of the equality review committee by the end of 2012/13.

Subprogrammes

- *State Law Advisors* provides legal advisory services to the executive, all state departments, state owned enterprises and autonomous government bodies through the office of the chief state law adviser. This subprogramme had a staff complement of 89 and a total budget of R48.1 million in 2011/12, of which 89 per cent was used for compensation of employees. By the end of 2011/12, the office will have received more instructions such as those on legislation, legal opinions and international agreements due to the new and more important role that South Africa is expected to play internationally as a result of its appointment as a non-permanent member of the United Nations (UN) Security Council, its admission to the Brazil-Russia-India-China economic cooperative arrangement, and the emphasis on Africa as a means of helping South Africa to meet its own economic, social and political agenda.
- *Litigation and Legal Services* provides attorney, conveyancing and notary services to the executive, all state departments, state owned enterprises and other government bodies through the 11 offices of the state attorney, and provides legal support to the department and the ministry. This subprogramme had a staff complement of 593 and a total budget of R259.3 million in 2011/12, of which 83.2 per cent was used for

compensation of employees. By the end of 2011/12, 2 822 briefs will have been issued and 6 447 cases will have been enrolled.

- *Legislative Development and Law Reform* conducts research and prepares and promotes new and amended legislation. This subprogramme had a staff complement of 74 and a total budget of R55.8 million in 2011/12, of which 80.2 per cent was used for compensation of employees. By the end of 2011/12, 3 research documents will have been submitted to line function departments for comment, 16 research publications will have been submitted to the South African Law Reform Commission for consideration and approval, 12 bills and 20 subordinate legislative instruments (regulations, proclamations and notices) will have been prepared and 13 rules of court or rule amendments will have been submitted to the Rules Board for Courts of Law for consideration and approval.
- *Master of the High Court* funds the Master's Office, which supervises the administration of deceased and insolvent estates, trusts, curatorships and the Guardian's Fund. There are 14 Master's offices. This subprogramme had a staff complement of 908 and a total budget of R323.5 million in 2011/12, of which 85.4 per cent was used for compensation of employees. By the end of 2011/12, the Master's Office will have finalised 89 836 files on estates worth less than R125 000 against a target of 89 996, and 38 599 files on estates worth more than R125 000 against a target of 38 842.
- *Constitutional Development* conducts research; coordinates the implementation of constitutionally mandated legislation such as the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the Promotion of Administrative Justice Act (2000); promotes the Constitution and its values; assists and protects independent institutions supporting constitutional democracy to ensure their independence and effectiveness; and coordinates, promotes and develops programmes in support of social justice and participatory democracy. Constitutional research was conducted on criminalising racism, xenophobia and related intolerances, which will inform the development of legislative proposals on a draft Hate Crimes Bill. Research commenced in the middle of 2011 and was finalised in December 2011. The new branch, constitutional development, will intensify its research agenda dealing with issues such as comparative study on constitutional trends in democracies across the world, compliance with international human rights treaties and reporting obligations to multilateral bodies in this regard and promotion of constitutional rights. This subprogramme had a staff complement of 22 and a total budget of R34.7 million in 2011/12, of which 76.1 per cent was used for compensation of employees. The department identified savings of R15 million in 2012/13, which are as a result of a non-performing project, a presidential initiative called United in Diversity. The funds were reprioritised to fund the commission of enquiry into the strategic defence procurement packages.

Expenditure estimates

Table 24.7 State Legal Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
State Law Advisors	30.1	33.9	42.2	48.1	51.1	53.4	56.7
Litigation and Legal Services	198.1	215.3	243.1	259.3	274.8	288.8	306.4
Legislative Development and Law Reform	29.9	36.6	35.7	55.8	57.6	60.2	63.8
Master of the High Court	267.2	251.1	328.6	323.5	349.3	367.0	385.6
Constitutional Development	12.1	11.6	21.2	34.7	35.4	37.3	39.3
Total	537.4	548.6	670.8	721.4	768.2	806.8	851.8
Change to 2011 Budget estimate				3.7	1.0	0.7	(2.7)

Table 24.7 State Legal Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	531.9	540.5	647.8	714.6	762.3	800.6	845.3
Compensation of employees	394.3	445.8	520.4	606.2	648.0	679.9	717.6
Goods and services	137.5	94.1	126.7	107.8	113.7	120.1	127.0
of which:							
Computer services	0.5	0.6	0.4	0.8	0.5	0.5	0.5
Lease payments	3.8	3.1	28.6	21.8	25.9	27.4	29.1
Property payments	0.3	0.5	0.2	0.4	0.2	0.2	0.3
Travel and subsistence	26.2	19.2	19.2	14.3	17.3	17.4	18.1
Interest and rent on land	–	0.5	0.7	0.6	0.6	0.6	0.7
Transfers and subsidies	1.7	2.5	2.2	1.3	1.4	1.5	1.6
Households	1.7	2.5	2.2	1.3	1.4	1.5	1.5
Payments for capital assets	3.7	5.6	6.4	5.5	4.5	4.7	5.0
Machinery and equipment	3.7	5.5	6.4	5.5	4.5	4.7	5.0
Software and other intangible assets	0.0	0.1	–	–	–	–	–
Payments for financial assets	0.1	–	14.5	–	–	–	–
Total	537.4	548.6	670.8	721.4	768.2	806.8	851.8
Details of selected transfers and subsidies							
Households							
Social benefits							
Current	1.7	2.5	2.2	1.3	1.4	1.5	1.5
Employee social benefits	1.7	2.5	2.2	1.3	1.4	1.5	1.5
Provinces and municipalities							

Expenditure trends

Expenditure increased from R537.4 million in 2008/09 to R721.4 million in 2011/12, at an average annual rate of 10.3 per cent, and is expected to increase to R851.8 million over the medium term, at an average annual rate of 5.7 per cent. The growth in both periods can be attributed to additional allocations for the United in Diversity presidential project, improving access to the Guardian's Fund, including deceased and insolvent estates services, and increasing capacity in the master's and state attorney offices. The budget allocated over the medium term will enable the department to increase the percentage of estates of less than R125 000 administered to a stage where creditors and heirs can receive their dues within four months from 70 per cent in 2012/13 to 90 per cent in 2014/15.

Expenditure on compensation of employees grew from R394.3 million in 2008/09 to R606.2 million in 2011/12, at an average annual rate of 15.4 per cent. The growth was largely as a result of the implementation of the occupation specific dispensation for legally qualified professionals in 2008/09 and 2010/11. Spending on compensation of employees is expected to grow to R717.6 million over the medium term, at an average annual rate of 5.8 per cent, and will provide for improved conditions of service.

Spending on consultants decreased from R21.5 million in 2008/09 to R18.8 million in 2011/12, at an average annual rate of 4.4 per cent, and is expected to increase to R26.1 million over the medium term, at an average annual rate of 11.6 per cent. Spending on consultants in this programme relates mainly to the services of private lawyers obtained for their specific expertise on matters brought against any state department when such expertise does not always exist in the office of the state attorneys.

Programme 4: National Prosecuting Authority

Objectives and measures

- Improve prosecutorial efficiency by increasing the number of cases finalised, including alternative dispute resolution mechanisms, by 2 per cent, from 460 891 in 2010/11 to 504 687 in 2014/15.
- Improve justice services for the victims of sexual offences by increasing the number of Thuthuzela care centres from 30 in 2011/12 to 45 by 2014/15.
- Remove the proceeds of crime from the control of criminals by increasing the value of freezing orders (court orders to freeze an individual's assets) from R549.2 million in 2010/11 to R650 million in 2014/15.
- Contribute to improving investor perception, trust and willingness to invest by freezing the assets of 100 people who have assets of more than R5 million through illicit means by 2013/14.
- Contribute to the effectiveness of the criminal justice system by ensuring that no witnesses are threatened or harmed while on the witness protection programme over the medium term.

Subprogrammes

- *Public Prosecutions* provides for general prosecutions and several specialised prosecution units such as those for priority crimes litigation, sexual offences and community affairs, and specialised commercial crime. On average, there are 1 673 courts in session countrywide each day. This subprogramme had a staff complement of 4 247 and a total budget of R1.9 billion in 2011/12, of which 92.5 per cent was used for compensation of employees. By the end of 2011/12, more than 471 148 criminal cases will have been finalised.
- *Office for Witness Protection* provides for the protection, support and related services to vulnerable witnesses and related people in judicial proceedings. This subprogramme had a staff complement of 133 and a total budget of R148.2 million in 2011/12, of which 50.2 per cent was used for goods and services items such as operating expenditure, while 40.8 per cent was used for compensation of employees. By the end of 2011/12, the office will have provided protection services for approximately 500 people.
- *Asset Forfeiture Unit* seizes assets that are the proceeds of crime or have been part of an offence through a criminal or civil process. This subprogramme had a staff complement of 142 and a total budget of R122.6 million in 2011/12, of which 81 per cent was used for compensation of employees. By the end of 2011/12, the unit will have obtained 330 new orders to restrain assets of approximately R500 million, and will have achieved a success rate of 95 per cent against a target of 90 per cent.
- *Support Services* provides corporate support services in terms of finance, human resources, ICT, supply chain, and risk management of the National Prosecuting Authority. This subprogramme had a staff complement of 318 and a total budget of R447.7 million, of which 58.4 per cent was used for goods and services items, such as computer services and lease payments. Savings of R1.3 million in 2010/11 and R2.9 million in 2011/12 have been realised due to the combined utilisation of the Telkom bundle saver and least cost routing. The savings will be used to fund outstanding court settlements.

Expenditure estimates

Table 24.8 National Prosecuting Authority

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Public Prosecutions	1 427.9	1 582.5	1 861.4	1 933.2	2 017.1	2 123.0	2 252.7
Office for Witness Protection	103.6	120.4	128.0	148.2	158.5	167.0	177.1
Asset Forfeiture Unit	64.5	78.6	157.0	122.6	129.7	136.6	144.9
Support Services	330.9	406.7	348.9	447.7	510.6	538.0	570.5
Total	1 926.9	2 188.2	2 495.3	2 651.7	2 815.8	2 964.6	3 145.2
Change to 2011 Budget estimate				11.4	45.1	50.0	55.7

Table 24.8 National Prosecuting Authority (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	1 919.7	2 098.5	2 427.8	2 581.8	2 742.5	2 887.4	3 063.4
Compensation of employees	1 454.0	1 620.2	1 952.2	2 072.2	2 180.2	2 294.3	2 434.7
Goods and services	465.4	453.2	465.4	494.9	537.5	567.0	601.0
<i>of which:</i>							
Computer services	47.7	56.7	29.3	67.1	72.9	76.9	81.5
Lease payments	103.8	15.7	34.9	53.3	59.9	62.0	64.7
Property payments	33.8	75.2	68.8	42.6	46.3	48.8	52.8
Travel and subsistence	81.5	85.0	81.0	71.8	73.7	76.7	81.3
Interest and rent on land	0.3	25.1	10.2	14.7	24.8	26.1	27.7
Transfers and subsidies	4.9	18.9	7.4	10.4	9.3	9.8	10.4
Departmental agencies and accounts	1.1	1.4	1.8	1.6	1.6	1.7	1.8
Households	3.8	17.6	5.6	8.9	7.7	8.1	8.6
Payments for capital assets	2.3	70.3	56.1	59.4	64.0	67.3	71.3
Buildings and other fixed structures	–	21.0	14.7	15.8	16.6	17.4	18.5
Machinery and equipment	2.3	49.3	41.3	43.6	47.4	49.9	52.9
Payments for financial assets	0.0	0.4	3.9	–	–	–	–
Total	1 926.9	2 188.2	2 495.3	2 651.7	2 815.8	2 964.6	3 145.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.1	1.4	1.8	1.6	1.6	1.7	1.8
Safety and security sector education and training authority	1.1	1.4	1.8	1.6	1.6	1.7	1.8
Households							
Social benefits							
Current	3.8	9.8	5.6	8.9	7.7	8.1	8.6
Employee social benefits	3.8	9.8	5.6	8.9	7.7	8.1	8.6
Households							
Other transfers to households							
Current	–	7.8	–	–	–	–	–
Employee social benefits	–	7.8	–	–	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R1.9 billion to R2.7 billion, at an average annual rate of 11.2 per cent, to provide for the carry through costs of appointing at least two prosecutors per court and implementing the occupation specific dispensation for legally qualified professionals in 2008/09 and 2010/11. Over the medium term, expenditure is expected to increase to R3.1 billion, at an average annual rate of 5.9 per cent, mainly due to additional allocations for improved conditions of service.

The *Public Prosecutions* subprogramme accounts for on average 71.9 per cent of the programme's budget over the medium term. Spending in this subprogramme is expected to increase from R1.9 billion in 2011/12 to R2.3 billion in 2014/15, at an average annual rate of 5.2 per cent. The number of criminal court cases finalised increased from 431 601 in 2008/09 to 460 891 in 2010/11 and it is expected to increase to 504 687 in 2014/15.

Spending on compensation of employees increased from R1.5 billion in 2008/09 to R2.1 billion in 2011/12, at an average annual rate of 12.5 per cent, due to higher than expected salary increases and the implementation costs associated with the occupational specific dispensation for legally qualified professionals. Over the medium term, spending on compensation of employees is expected to increase to R2.4 billion, at an average annual rate of 5.5 per cent.

Between 2008/09 and 2011/12, expenditure on consultants decreased from R63.5 million to R52.1 million, at an average annual rate of 6.4 per cent, and is expected to increase to R61 million over the medium term, at an average annual rate of 5.4 per cent. Spending on consultants in this programme focuses mainly on specialised services from accountants and auditors and is mainly related to forensic investigations for specialised criminal cases.

Programme 5: Auxiliary and Associated Services

- *South African Human Rights Commission* funds the South African Human Rights Commission, which promotes and monitors the observance of human rights in South Africa. This subprogramme had a staff complement of 155 and a total budget of R90.1 million in 2011/12, of which 64 per cent was used for compensation of employees. By the end of 2011/12, the commission will have finalised 7 254 complaints and enquiries.
- *Special Investigating Unit* funds the Special Investigating Unit, which provides professional forensic investigating and litigation services to all state institutions at national, provincial and local levels to combat maladministration, corruption and fraud, and to protect state assets and public funds. This subprogramme had a staff complement of 512 and a total budget of R450 million in 2011/12, of which 49 per cent was used for compensation of employees. By the end of 2011/12, the unit will have prepared 10 000 cases for criminal prosecution, civil litigation, disciplinary and other remedial actions.
- *Legal Aid South Africa* funds Legal Aid South Africa, which provides legal aid to indigent people and legal representation at the state's expense, as set out in the Constitution. The entity had a staff complement of 2 549 and received transfer payments totalling R1.1 billion in 2011/12. Of the total budget, about 70 per cent was used for compensation of employees. By the end of 2011/12, the entity will have received 435 460 new matters, of which 422 509 will have been finalised.
- *Office of the Public Protector* funds the Office of the Public Protector, 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. This subprogramme had a staff complement of 267 and a total budget of R154.2 million in 2011/12, of which 63 per cent was used for compensation of employees. In 2011/12, the office expects to finalise 16 416 complaints and conduct 940 awareness outreach clinics.
- *Justice Modernisation* designs and implements IT infrastructure and networks to reengineer business processes for the administration of civil and criminal justice in the integrated justice system. This subprogramme had a total budget of R398.1 million in 2011/12, of which 94.6 per cent was used for goods and services items such as computer services.
- *President's Fund* provides funding for reparations flowing from the findings of the Truth and Reconciliation Commission. This subprogramme had no budget allocations. To date, 16 300 victims have been paid interim reparation amounts of R30 000 each and 42 families were paid R17 000 each towards the reburial of missing victims whose remains were located and exhumed. Draft regulations for education and health assistance are in the Cabinet process before being approved by the president. A memorandum of agreement is in the process of being concluded with the Independent Development Trust, which will undertake the community reparation aspect on behalf of the department.
- *Represented Political Parties' Fund* provides funding for political parties participating in Parliament and provincial legislatures. Allocations to political parties are divided into 2: the first 90 per cent is distributed in proportion to each party's seats in the National Assembly and provincial legislatures, while the remaining 10 per cent is shared equally among the 9 provinces and subsequently divided among the parties in each provincial legislature. The fund is managed by the Electoral Commission and funds are paid over to political parties in accordance with the number of their representatives in national and provincial government. This subprogramme had a total budget of R104 million in 2011/12.

Expenditure estimates

Table 24.9 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
South African Human Rights Commission	60.6	70.1	74.4	89.8	100.7	108.0	114.5
Special Investigating Unit	116.3	154.7	171.1	293.2	307.3	298.2	286.6
Legal Aid South Africa	838.1	917.4	1 116.4	1 137.5	1 232.7	1 311.1	1 389.4
Office of the Public Protector	86.5	108.9	114.1	153.7	173.8	189.9	205.0
Justice Modernisation	321.8	454.1	339.2	398.1	524.8	558.3	591.8
Represented Political Parties' Fund	88.2	92.8	98.1	104.0	109.2	115.2	122.1
Total	1 511.5	1 798.1	1 913.2	2 176.3	2 448.5	2 580.7	2 709.4
Change to 2011 Budget estimate				120.6	152.1	134.0	115.8

Economic classification

Current payments	311.9	441.5	329.8	376.8	503.4	535.7	567.9
Goods and services	311.9	441.5	329.8	376.8	503.4	535.7	567.9
<i>of which:</i>							
Computer services	233.3	349.9	241.7	283.6	378.9	403.2	427.4
Lease payments	–	–	2.7	2.9	3.8	4.1	4.3
Travel and subsistence	0.0	0.1	1.1	1.2	1.6	1.7	1.8
Transfers and subsidies	1 189.7	1 343.9	1 574.0	1 778.2	1 923.7	2 022.4	2 117.6
Departmental agencies and accounts	1 189.7	1 343.9	1 574.0	1 778.2	1 923.7	2 022.4	2 117.6
Payments for capital assets	9.9	12.6	9.3	21.3	21.4	22.5	23.9
Buildings and other fixed structures	–	–	3.7	–	–	–	–
Machinery and equipment	8.5	12.2	5.7	21.3	21.4	22.5	23.9
Software and other intangible assets	1.4	0.4	–	–	–	–	–
Total	1 511.5	1 798.1	1 913.2	2 176.3	2 448.5	2 580.7	2 709.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 189.7	1 343.9	1 574.0	1 778.2	1 923.7	2 022.4	2 117.6
South African Human Rights Commission	60.6	70.1	74.4	89.8	100.7	108.0	114.5
Special Investigating Unit	116.3	154.7	171.1	293.2	307.3	298.2	286.6
Legal Aid South Africa	838.1	917.4	1 116.4	1 137.5	1 232.7	1 311.1	1 389.4
Office of the Public Protector	86.5	108.9	114.1	153.7	173.8	189.9	205.0
Represented Political Parties' Fund	88.2	92.8	98.1	104.0	109.2	115.2	122.1

Expenditure trends

Spending in this programme is dominated by transfer payments to public entities and constitutional institutions. Expenditure increased from R1.5 billion in 2008/09 to R2.2 billion in 2011/12, at an average annual rate of 12.9 per cent, and is expected to increase to R2.7 billion over the medium term, at an average annual rate of 7.6 per cent. These increases are mainly the result of additional allocation for increasing personnel capacity in the public entities and constitutional institutions.

Spending on goods and services increased from R311.9 million in 2008/09 to R376.8 million in 2011/12, at an average annual rate of 6.5 per cent, and is expected to increase to R567.9 million over the medium term, at an average annual rate of 14.7 per cent. The increase between 2008/09 and 2011/12 can be attributed to additional allocations to modernise systems and procedures while the increase over the medium term is due to additional allocations for the renewal of ICT infrastructure.

Public entities and other agencies

Legal Aid South Africa

Overview: 2008/09 – 2014/15

The Legal Aid Board, trading as Legal Aid South Africa, was established by the Legal Aid Act (1969) to provide legal aid to indigent people at the state's expense. It 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 entity's strategic objectives are mainly to: increase access to independent legal services (civil and criminal), especially for rural and remote communities; protect vulnerable groups; and to promote alternative dispute resolution and restorative justice. The following priority groups have been identified: 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 entity also assists in deceased estate matters mainly affecting children.

The entity uses six programmes to fulfil its mandate: justice centres, which fund the cost of legal staff directly involved with the delivery of legal services; cooperation agreements, which provide funding to organisations and agencies to undertake matters for which the entity's practitioners have no expertise or capacity or in areas where the entity has no footprint; judicare, which funds the cost of legal matters assigned to private practitioners where there is no internal expertise and capacity or where there is a conflict of interest; impact litigation, which relates to services rendered with regard to matters that have impact on societies at large and/or a significant number of people in communities; administration, which includes all expenditure incurred with regard to administration and other operating activities necessary for the execution of the entity's mandate; and special projects, which includes projects such as working on the reduction of case backlog in courts, and implementing the Children's Act (2005) and Child Justice Act (2008).

Performance

In 2011/12, there were 1 715 legal practitioners at justice centres. The entity has a national network of 64 fully functional justice centres, 64 satellite offices and 13 high court units established in the 13 justice centres situated next to high courts. There were 5 cooperation agreements in place. With regards to judicare, there were 4 255 accredited private legal firms handling matters compared to 4 254 in 2010/11. The entity has thus far established 1 impact litigation unit that coordinates and handles all impact litigation matters.

Legal matters finalised through all the five delivery programmes increased from 400 310 in 2008/09 to 405 907 in 2010/11, while expenditure increased from R548.6 million to R761.3 million in the same period. Cases finalised are projected to increase from 422 509 in 2011/12 to 448 369 in 2014/15. In the same period, expenditure is projected to increase from R739 million to R946 million.

Selected performance indicators

Table 24.10 Legal Aid South Africa

Indicator	Programme/ Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new legal matters per year	Justice centre, judicare, cooperation agreement, impact litigation and special projects	434 922	416 149	421 381	435 460	444 169	453 052	462 113
Number of legal matters finalised per year: - criminal	Justice centre, judicare, cooperation agreement, impact litigation and special projects	400 310	422 882	405 907	422 509	430 959	439 578	448 369
		368 201 (92%)	391 231 (92%)	385 612 (95%)	385 751 (91%)	395 189 (91%)	395 620 (90%)	400 842 (89%)
		32 109 (8%)	31 651 (8%)	20 295 (5%)	36 758 (8.6%)	35 770 (9.3%)	43 958 (10%)	47 527 (10.6%)
Civil acquittal rate (excluding withdrawals) per year	Justice centre, judicare, cooperation agreement, impact litigation and special projects	22 277 (20%)	23 019 (20%)	24 413 (20%)	27 262 (20%)	30 573 (20%)	31 133 (20%)	31 808 (20%)
Ratio of legal aid practitioners per district court per year	Justice centre, judicare, cooperation agreement, impact litigation and special projects	0.91:1	1:1	1:1	1:1	1:1	1:1	1:1
Ratio of legal aid practitioners per regional court per year	Justice centre, judicare, cooperation agreement, impact litigation and special projects	1.17:1	1.18:1	1.20:1	1.25:1	1.25:1	1.25:1	1.25:1

Programmes/activities/objectives

Table 24.11 Legal Aid South Africa

R million	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Justice centre	428.8	505.9	576.7	602.6	694.8	717.3	802.3
Judicare	87.7	101.7	138.5	78.8	78.8	78.8	78.8
Cooperation agreements	3.4	4.7	6.4	8.0	8.1	7.5	7.5
Impact litigation	4.0	3.2	1.7	6.1	5.1	5.6	5.6
Administration	302.5	303.5	344.2	419.9	415.2	472.3	463.1
Special projects	24.6	21.6	38.0	43.7	46.4	49.1	51.9
Total expense	851.1	940.6	1 105.6	1 159.1	1 248.3	1 330.6	1 409.1

Legal Aid South Africa had a total budget of R1.2 billion in 2011/12, of which 71.1 per cent was used for compensation of employees.

Savings and cost effective service delivery

The entity has implemented a number of cost saving measures, which includes replacing furniture under the capital replacement programme only when it is impaired. In addition, assets such as vehicles will be used for a longer period of time.

Expenditure estimates

Table 24.12 Legal Aid South Africa

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	34.2	21.3	20.9	21.6	15.6	19.4	19.7
<i>Other non-tax revenue</i>	34.2	21.3	20.9	21.6	15.6	19.4	19.7
Transfers received	838.1	917.4	1 116.4	1 137.5	1 232.7	1 311.1	1 389.4
Total revenue	872.3	938.7	1 137.3	1 159.1	1 248.3	1 330.6	1 409.1
Expenses							
Current expenses	851.1	940.6	1 105.6	1 159.1	1 248.3	1 330.6	1 409.1
Compensation of employees	609.7	658.9	767.0	824.4	898.5	967.9	1 066.8
Goods and services	225.1	255.1	304.6	298.0	311.0	321.6	299.1
Depreciation	16.0	25.5	33.4	36.5	38.7	40.9	43.1
Interest, dividends and rent on land	0.2	1.1	0.5	0.2	0.1	0.1	0.1
Total expenses	851.1	940.6	1 105.6	1 159.1	1 248.3	1 330.6	1 409.1
Surplus / (Deficit)	21.2	(1.9)	31.7	-	-	-	-
Statement of financial position							
Carrying value of assets	97.6	102.2	120.9	99.8	82.2	85.4	63.0
<i>of which:</i>							
<i>Acquisition of assets</i>	47.7	23.5	52.2	15.6	23.5	46.6	23.4
Receivables and prepayments	5.0	7.1	9.1	6.1	6.2	6.4	6.7
Cash and cash equivalents	230.7	229.2	276.6	267.0	262.2	248.2	273.8
Non-current assets held for sale	0.0	0.4	0.0	7.8	8.2	8.8	8.7
Total assets	333.3	338.9	406.6	380.7	358.9	348.9	352.2
Accumulated surplus/ (deficit)	164.9	163.0	194.8	194.8	194.8	194.8	194.8
Finance lease	2.0	6.8	3.8	3.4	0.4	1.2	1.3
Trade and other payables	43.6	54.9	63.1	38.7	46.1	39.1	46.5
Provisions	122.8	114.1	144.9	143.9	117.6	113.7	109.6
Total equity and liabilities	333.3	338.9	406.6	380.7	358.9	348.9	352.2

Expenditure trends

The spending focus over the medium term will be on increasing the number of legal practitioners, particularly to provide civil legal aid.

The entity derives revenue mainly from transfers from the Department of Justice and Constitutional Development, and has been allocated R1.2 billion, R1.3 billion and R1.4 billion over the medium term. The entity also generates interest income. Revenue increased from R872.3 million in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 9.9 per cent, and is expected to increase to R1.4 billion in 2014/15, at an average annual rate of 6.7 per cent.

Between 2008/09 and 2011/12, expenditure grew from R851.1 million in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 10.8 per cent, mainly due to additional allocations for increased capacity and improved conditions of service. Expenditure is expected to increase to R1.4 billion over the medium term, at an average annual rate of 6.7 per cent. This allocation will allow the entity to increase the number of cases finalised from 422 509 in 2011/12 to 448 369 in 2014/15.

Compensation of employees grew from R609.7 million in 2008/09 to R824.4 million in 2011/12, at an average annual rate of 10.6 per cent, mainly as a result of the implementation of the occupation specific dispensation for legally qualified professionals and additional legal capacity. Expenditure on this item is expected to grow to R1.1 billion over the medium term, at an average annual rate of 9 per cent, as the entity appoints additional staff to increase civil work. The 2012 Budget provides additional allocations of R15 million in 2012/13, R15.8 million in 2013/14 and R16.5 million in 2014/15 for improved conditions of service. Allocations of R14.4 million in 2012/13, R15 million in 2013/14 and R15.8 million in 2014/15 are also made for increasing capacity in respect of implementation of the Children's Act (2005) and the Child Justice Act (2008).

In 2010/11, R78.8 million was spent on private practitioners in the judicare programme compared to R101.7 million in 2009/10. It is projected that R78.8 million will be spent on private practitioners in 2011/12.

Personnel Information

Table 24.13 Legal Aid South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive board members	18	18	–	18	17	18	18	18	18	18
Executive management	16	16	–	16	15	16	16	16	16	16
Senior management	97	97	3	86	88	83	94	97	97	97
Middle management	97	97	7	95	87	97	90	97	97	97
Professionals	1 839	1 839	124	1 542	1 601	1 680	1 715	1 874	1 874	1 874
Skilled	230	230	10	175	176	198	220	220	220	220
Semi-skilled	110	110	7	82	99	110	103	110	110	110
Very low skilled	303	303	10	303	303	303	293	303	303	303
Total	2 710	2 710	161	2 317	2 386	2 505	2 549	2 735	2 735	2 735
Compensation (R thousand)				609 734	658 926	767 007	824 393	898 511	967 935	1 066 809
Unit cost (R thousand)				263	276	306	323	329	354	390

1. As at 30 September 2011.

As at 30 September, Legal Aid South Africa had an establishment of 2 710 posts, all of which are funded. The number of filled posts increased from 2 317 in 2008/09 to 2 549 in 2011/12 and is expected to grow to 2 735 over the medium term. The increases in both periods are due to additional allocations for increasing personnel capacity to increase the number of cases finalised, especially civil cases. Headcount in the judicare programme will be maintained at current levels, which is why the number of posts in the professional salary category increases from 1 715 to 1 874 over the medium term. The ratio of private practitioners to total staff is 1.5:1. Private practitioners are used when the need arises, especially in areas where Legal Aid South Africa has no offices or capacity.

There are 161 vacancies within the entity, 77 per cent of which are in the professional salary level. Vacant posts are mainly due to new posts established in respect of increase in legal capacity as a result of the additional allocation.

The ratio of support staff to line staff is 1:4.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Special Investigating Unit** investigates cases referred to it by the president, providing forensic investigating and litigation services to all state institutions at all levels to combat maladministration, corruption and fraud, and to protect state assets and public money. The unit's budget for 2012/13 is R483.8 million.
- The **South African Human Rights Commission** is an independent statutory body to support constitutional democracy by promoting, protecting and monitoring human rights. Its budget for 2012/13 is R100.7 million.
- The **Office of the Public Protector** is mandated to investigate any conduct in state affairs or in the public administration in any sphere of government that is alleged to be improper or result in any impropriety or prejudice. It also reports on such conduct and takes appropriate remedial action. The entity's budget for 2012/13 is R174.2 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Nelspruit high court	New high court building in the province	Design	560.0	-	14.8	5.0	-	120.0	190.0	260.0
Polokwane high court	New high court building in the province	Construction	460.0	-	35.5	51.4	201.7	100.0	-	-
Niuzuma magistrate's office	New magistrate's office building	Construction	267.9	-	20.8	61.5	89.6	5.0	-	-
Port Shepstone magistrate's office	New magistrate's office building	Design	226.8	-	11.9	-	-	80.0	100.0	46.0
Johannesburg high court	Extensions to existing building	Construction	333.8	18.5	11.6	77.0	62.3	80.0	-	-
Accessibility programme: Phase 2	Accessibility to court facilities	Feasibility	100.0	54.9	7.2	-	-	10.0	100.0	100.0
Orlando magistrate's office (New Canada)	New magistrate's office building	Feasibility	209.9	-	-	-	5.3	-	5.0	104.0
Kathlehong magistrate's office	New magistrate's office building	Construction	319.8	7.3	7.2	78.9	170.2	12.0	-	-
Mamelodi magistrate's office	New magistrate's office building	Tender	101.0	9.3	4.4	0.1	-	80.0	21.0	-
Booysems magistrate's office	New magistrate's office building	Feasibility	262.4	-	12.7	-	-	-	-	-
Galeshewe magistrate's office	New magistrate's office building	Handed over	56.0	29.6	14.1	1.4	-	-	-	-
Richard's Bay magistrate's office	New magistrate's office building	Design	155.0	-	1.3	3.4	-	-	15.0	95.0
Kagiso magistrate's office	New magistrate's office building	Construction	68.8	11.0	7.5	28.3	10.0	-	-	-
Colesberg magistrate's office	New magistrate's office building	Handed over	31.3	10.7	6.5	-	-	-	-	-
Plettenberg Bay magistrate's office	New magistrate's office building	Design	119.9	-	1.3	6.8	-	95.0	110.0	10.0
Jan Kempdorp magistrate's office	New magistrate's office building	Design	55.8	2.5	-	-	-	-	15.0	30.0
Hankey magistrate's office	New magistrate's office building	Construction	34.7	2.5	8.3	8.9	1.3	-	-	-
Tsakane magistrate's office	New magistrate's office building	Construction	18.6	2.3	1.7	4.5	-	-	-	-
Ekangala magistrate's office	New magistrate's office building	Handed over	20.8	9.1	4.0	3.0	-	-	-	-
Garies magistrate's office	New magistrate's office building	Design	25.0	1.3	-	-	2.1	10.5	15.0	8.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Lothair periodical court	New magistrate's office building	Design	7.4	1.5	-	0.5	-	-	5.0	35.0
Lutzville periodical court	New magistrate's office building	Handed over	11.8	1.1	4.4	1.8	-	-	-	-
Bfityi periodical court	New magistrate's office building	Design	50.0	0.8	0.0	0.4	-	15.0	23.0	12.0
Dimbaza periodical court	New magistrate's office building	Tender	75.0	2.8	0.2	0.6	-	25.0	30.0	20.0
Bloemfontein Supreme Court of Appeal	Extensions to existing building	Construction	103.0	12.5	11.1	11.9	-	-	-	-
Pietermaritzburg Master's Office: Colonial building	Extensions to existing building	Handed over	125.9	63.3	42.1	36.5	-	-	-	-
Butterworth magistrate's office	Extensions to existing building	Construction	49.9	5.7	29.0	5.9	3.4	-	-	-
Slangers magistrate's office	Extensions to existing building	Handed over	52.5	18.2	4.0	6.6	0.8	-	-	-
Soshanguve magistrate's office	Extensions to existing building	Design	53.0	1.1	-	-	6.3	27.3	17.4	23.0
Port Elizabeth high court	Extensions to existing building	Design	79.6	-	0.6	0.3	-	-	-	-
Thembalethu magistrate's office	Extensions to existing building	Construction	26.7	3.3	8.4	10.2	3.9	-	-	-
Humansdorp magistrate's office	Extensions to existing building	Design	16.3	-	0.0	-	-	2.4	12.1	-
Bredasdorp magistrate's office	Extensions to existing building	Handed over	20.4	13.5	3.4	1.8	-	-	-	-
Calvinia magistrate's office	Extensions to existing building	Design	13.2	-	-	0.2	-	2.3	10.7	-
KwaMbonambi periodical court	Extensions to existing building	Design	13.8	0.0	0.5	0.0	-	3.2	10.1	-
Umtata magistrate's office	Extensions to existing building	Design	123.7	0.3	-	2.5	-	6.4	82.5	-
Cala magistrate's office	Extensions to existing building	Design	9.3	5.9	-	0.3	-	3.1	-	-
Tarkastad magistrate's office	Extensions to existing building	Construction	14.0	6.1	4.3	3.0	0.6	-	-	-
Schweizer-Reneke magistrate's office	Extensions to existing building	Construction	14.1	7.1	1.0	6.0	-	-	-	-
Danielskuil periodical court	Extensions to existing building	Construction	10.0	5.6	1.9	2.4	-	-	-	-
Nyoni periodical court	Extensions to existing building	Design	13.8	4.1	0.0	-	-	4.8	4.8	-
Wolmarstad magistrate's office	Extensions to existing building	Design	13.6	4.0	0.5	-	-	9.1	-	-
Bisho high court	Extensions to existing building	Design	8.3	-	-	0.4	2.8	-	15.0	104.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Mount Ayliff magistrate's office	Extensions to existing building	Design	12.3	3.7	-	0.9	-	5.1	2.7	-
Barkley East magistrate's office	Extensions to existing building	Design	5.5	-	-	0.2	-	2.3	3.0	-
Whitlissea magistrate's office	Extensions to existing building	Design	39.2	-	-	1.4	-	20.0	19.8	-
Christianna magistrate's office	Extensions to existing building	Design	12.1	3.0	0.1	-	5.3	3.6	-	-
Fraserburg magistrate's office	Extensions to existing building	Design	7.6	2.4	-	-	-	-	-	-
Deben periodical court	Extensions to existing building	Handed over	3.6	3.1	0.5	-	-	-	-	-
Umbumbulu magistrate's office	Extensions to existing building	Design	18.3	2.1	0.8	0.2	1.6	13.1	40.0	-
Riversdale magistrate's office	Extensions to existing building	Construction	18.1	0.3	0.9	3.0	10.6	0.3	-	-
Galvendale magistrate's office	Extensions to existing building	Construction	51.0	-	8.2	11.0	20.9	-	-	-
Repairs and maintenance	Repairs and maintenance to various offices	Various	-	38.3	78.8	79.6	76.4	78.1	150.0	-
Upgrading, renovations and refurbishments	Upgrading of various offices	Various	-	62.0	144.3	105.0	84.5	92.4	92.0	88.4
Various smaller courts	Upgrading of various offices	Design	-	22.9	25.3	-	-	-	74.7	120.0
Various smaller courts	Smaller construction projects	Construction	-	25.0	44.1	-	-	215.3	-	50.0
Goodwood magistrate's office	New magistrate's office building	Construction	-	-	-	-	-	-	10.0	120.0
Planning for various courts	Smaller construction projects	Identification	-	-	-	-	-	83.5	80.0	50.0
Tshilwathusiku magistrate's office	New magistrate's office building	Design	45.0	-	-	-	-	-	5.0	34.0
Tsineng magistrate's office	New magistrate's office building	Identification	-	-	-	-	-	-	3.0	22.0
Total			4 554.6	479.5	590.1	624.1	759.3	1 205.0	1 261.7	1 331.4

Vote 25

Police

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	16 281.1	14 402.7	250.2	1 628.2	17 162.1	18 109.1
Visible Policing	28 684.5	27 445.6	174.2	1 064.8	31 105.4	33 029.5
Detective Services	13 159.8	12 637.1	55.4	467.2	14 072.5	14 874.4
Crime Intelligence	2 549.2	2 497.1	8.2	43.8	2 692.3	2 840.4
Protection and Security Services	1 810.8	1 741.7	4.1	65.0	1 889.0	1 994.5
Total expenditure estimates	62 485.4	58 724.2	492.1	3 269.0	66 921.3	70 848.0

Executive authority

Minister of Police

Accounting officer

National Commissioner of the South African Police Service

Website address

www.saps.gov.za

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

Aim

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 borders.

Programme 3: Detective Services

Purpose: Enable the investigative work of the South African Police Service, including providing support to investigators in terms of forensic evidence and the Criminal Record Centre.

Programme 4: Crime Intelligence

Purpose: Manage crime intelligence and analyse crime information, and provide technical support for investigations and crime prevention operations.

Programme 5: Protection and Security Services

Purpose: Provide protection and security services to all identified dignitaries and government interests.

Strategic overview: 2008/09 – 2014/15

The key policy documents governing policing in South Africa are section 205 of the Constitution and the South Africa Police Service Act (1995) as amended. This legislation regulates the police service in terms of its core function, which is to prevent, investigate and combat crime. Ensuring that all South Africans are and feel safe (outcome 3) is the broad outcome for the justice, crime prevention and security cluster, and also underpins the work of the South African Police Service. It is also imperative for the police service to ensure adequate availability and access to its service points to improve the levels of service delivery and accessibility to services by bringing the South African Police Service's service points closer to communities.

The intended review of the 1998 White Paper for Safety and Security and the envisaged approach to integrated policing approach will assist in ensuring that the policing priorities and objectives are realised over the medium term.

Focus over the medium term

In order to deliver on outcome 3 and the objectives of related policies, the department will focus on the following priorities over the medium term: crime prevention, by reducing levels of contact crimes, trio crimes, (house robbery, business robbery and carjacking) and crimes against women and children; increasing the visibility of police, particularly at the station level; partnership policing and mobilising the community in fighting crime; police public disorder incidents; the effective investigation of crime by improving detection and court ready case docket rates on serious crimes, increasing the capacity and professionalism of detectives, and improving forensic services; and improving crime intelligence for serious crimes, drug and people smuggling syndicates, and human trafficking.

The department has identified three organisational priorities to support its operations: skills development and retention; budget and resource management, such as building new police stations based on set criteria and refurbishing existing ones; and enhancing information systems and ICT. Crime prevention activities will, among other things, are focused on reducing the number of contact crimes and trio crimes by 4 per cent to 7 per cent per year over the medium term within the baseline allocation.

Selected performance indicators

Table 25.1 Police¹

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of serious crimes per year	Visible Policing	2 098 229	2 121 887	2 071 487	2 079 449	1 989 456	1 949 667	1 910 674
Number of contact crimes per year	Visible Policing	685 185	676 445	638 468	Between 649 387 and 629 093	Between 588 412 and 552 211 ²	Between 564 876 and 513 556	Between 542 281 and 447 607
Number of trio crimes (house robbery, business robbery and carjacking) per year	Visible Policing	47 273	47 222	42 183	Between 40 496 and 39 230	Between 38 876 and 36 484 ²	Between 37 321 and 33 930	Between 35 828 and 31 555
Detection rate for serious crimes ³ per year	Detective Services	42.82% (1 066 422)	46.16% (1 108 674)	51.84% (1 092 861)	Between 46% and 65%	55.0% (1 066 859) ⁴	57% (1 088 196)	59% (1 109 960)
Detection rate for contact crimes per year	Detective Services	52.45% (445 202)	59.62% (459 319)	56.99% (445 123)	Between 60% and 65%	60% (406 621)	60% (406 621)	60% (406 621)
Detection rate for trio crimes (house robbery, business robbery and carjacking) per year	Detective Services	12.42% (10 035)	14.77% (10 841)	16.02% (10 900)	18.25% (15 108)	23% (11 671)	28% (12 255)	34% (12 990)
Conviction rate for serious crime per year	Detective Services	88.02% (308 264)	88.83% (314 670)	87.65% (309 295)	88.2% (311 274)	88.85% (312 208)	88.85% (312 208)	88.85% (312 208)

Table 25.1 Police¹ (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of original previous conviction reports for formally charged individuals generated within 20 days per year	Detective Services	75.25% (809 290) previous conviction reports generated within 30 days	63.41% (750 844) previous conviction reports generated within 30 days	81.46% (994 020) previous conviction reports generated within 30 days	80% previous conviction reports generated within 20 days	82% previous conviction reports generated within 20 days	83% previous conviction reports generated within 18 days	86% previous conviction reports generated within 16 days
Number of network operations conducted per year	Crime Intelligence	17 035	24 368	24 384	26 805	28 145	29 552	32 507
Number of national key points evaluated in compliance with the National Key Points Act (1980) per year	Protection and Security Services	145	130 (83.3%)	164 (99.4%)	171 (58.3%)	182 (100%)	185 (100%)	190 (100%)

1. Some of the performance indicator formulations have been revised to comply with SMART principles.

2. The target ranges are in line with the justice, crime prevention and security delivery agreement target.

3. Serious crimes include contact crime, contact related crime, property related crime and other serious crime and excludes crime detected as result of police action.

4. These projects are based on a 2 per cent annual increase.

Expenditure estimates

Table 25.2 Police

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
R million								
Administration	11 081.7	12 600.2	13 945.6	15 204.2	15 204.2	16 281.1	17 162.1	18 109.1
Visible Policing	20 233.4	23 458.0	25 799.9	27 268.3	27 268.3	28 684.5	31 105.4	33 029.5
Detective Services	7 587.0	8 449.2	10 120.1	11 960.6	11 960.6	13 159.8	14 072.5	14 874.4
Crime Intelligence	1 579.7	1 814.8	2 115.7	2 391.6	2 391.6	2 549.2	2 692.3	2 840.4
Protection and Security Services	1 153.5	1 340.3	1 548.4	1 725.8	1 725.8	1 810.8	1 889.0	1 994.5
Total	41 635.2	47 662.5	53 529.7	58 550.5	58 550.5	62 485.4	66 921.3	70 848.0
Change to 2011 Budget estimate				489.0	489.0	407.8	224.6	149.4

Economic classification

Current payments	38 647.6	44 424.9	49 733.6	55 085.4	55 085.4	58 724.2	63 025.0	66 742.3
Compensation of employees	29 147.4	33 771.5	38 415.3	42 298.6	42 298.6	45 042.2	48 180.7	50 770.2
Goods and services	9 500.2	10 653.4	11 318.3	12 786.8	12 786.8	13 682.0	14 844.3	15 972.2
<i>of which:</i>								
Computer services	1 611.9	2 078.9	2 130.7	3 326.1	3 326.1	3 450.9	3 511.3	3 593.3
Contractors	622.4	816.6	819.5	867.9	867.9	965.9	1 103.6	1 223.1
Inventory: Fuel, oil and gas	1 874.8	1 537.4	1 639.1	1 655.8	1 655.8	1 757.6	2 121.6	2 383.0
Lease payments	1 187.1	1 503.5	1 704.5	1 930.5	1 930.5	2 132.8	2 254.2	2 395.7
Transfers and subsidies	379.9	437.8	500.3	464.6	464.6	492.1	516.0	542.3
Provinces and municipalities	22.4	25.2	25.7	25.3	25.3	26.6	28.0	29.6
Departmental agencies and accounts	18.4	20.8	23.9	24.3	24.3	27.7	29.7	31.8
Non-profit institutions	–	–	–	1.0	1.0	–	–	–
Households	339.1	391.8	450.7	414.0	414.0	437.8	458.4	480.9
Payments for capital assets	2 605.6	2 798.8	3 292.9	3 000.5	3 000.5	3 269.0	3 380.3	3 563.4
Buildings and other fixed structures	991.2	1 070.1	1 182.1	1 235.3	1 235.3	1 344.6	1 429.5	1 527.3
Machinery and equipment	1 612.5	1 726.8	2 109.9	1 765.0	1 765.0	1 924.2	1 950.5	2 035.8
Biological assets	2.0	1.9	0.9	0.2	0.2	0.3	0.3	0.3
Payments for financial assets	2.1	1.0	2.9	–	–	–	–	–
Total	41 635.2	47 662.5	53 529.7	58 550.5	58 550.5	62 485.4	66 921.3	70 848.0

Expenditure trends

The spending focus over the medium term will be on increasing personnel numbers and physical resources such as basic equipment needs, capital infrastructure, skills development and technological enhancements in the information and telecommunications environments. This supports the achieving the strategic objective of reducing trio and contact crimes by 4 to 7 per cent per year over the medium term.

Expenditure increased from R41.6 billion in 2008/09 to R58.6 billion in 2011/12, at an average annual rate of 12 per cent, driven mainly by increased expenditure in compensation of employees to provide for additional capacity and improved conditions of service. Over the medium term, expenditure is expected to grow to R70.8 billion, at an average annual rate of 6.6 per cent. The growth in expenditure over the medium term is primarily due to: the investment in capital infrastructure and technological enhancements, especially in the forensic science and investigative functions; additional capacity for the Directorate for Priority Crime Investigation; the upgrading of the IT network; and the review and modernisation of the criminal justice system to create an integrated criminal justice environment.

The 2012 Budget sets out additional allocations of R872.9 million in 2012/13, R990.8 million in 2013/14 and R1.1 billion in 2014/15 for improved conditions of service. A Cabinet approved baseline cut of R2.2 billion over the medium term has also been made, relating mainly to a reduced intake of new recruits.

Infrastructure spending

Spending on infrastructure increased from R991.1 million in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 7.6 per cent, and is expected to increase to R1.5 billion over the medium term, at an average annual rate of 7.3 per cent. Allocations earmarked for infrastructure will be used to build and upgrade police stations. Spending on office accommodation functions devolved from the Department of Public Works increases from R1.4 billion in 2008/09 to R3.2 billion in 2014/15, at an average annual rate of 19.5 per cent.

In 2008/09, the department began building a forensic laboratory in Western Cape and expects it to be completed in 2012/13. The new building will accommodate all the different forensic disciplines to eliminate the duplication of certain administration processes. The new laboratory complex will also require an increase in personnel capacity and analytical instrumentation. This project is expected to cost R658.3 million and R520.4 million has been spent to date.

Personnel information

Table 25.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	197 930	197 930	–	182 754	190 199	193 947	192 622	194 130	190 590	188 490
Salary level 1 – 6	127 484	127 484	–	110 807	119 083	123 831	122 381	123 795	120 215	118 815
Salary level 7 – 10	67 694	67 694	–	69 461	68 385	67 375	67 488	67 573	67 613	66 913
Salary level 11 – 12	2 062	2 062	–	1 842	2 079	2 059	2 050	2 072	2 072	2 072
Salary level 13 – 16	690	690	–	644	652	682	703	690	690	690
Administration	33 954	33 954	–	32 928	33 518	33 411	33 684	33 454	33 154	32 954
Salary level 1 – 6	20 747	20 747	–	19 812	20 314	20 262	20 380	20 247	19 947	19 747
Salary level 7 – 10	12 258	12 258	–	12 157	12 259	12 213	12 343	12 258	12 258	12 258
Salary level 11 – 12	708	708	–	716	713	695	710	708	708	708
Salary level 1 – 6	77 654	77 654	–	61 894	65 419	65 387	72 347	74 537	71 057	69 057
Salary level 7 – 10	33 653	33 653	–	33 374	32 141	31 307	32 482	33 532	33 532	32 832
Salary level 11 – 12	666	666	–	562	671	606	630	676	676	676
Salary level 13 – 16	325	325	–	265	291	313	323	325	325	325
Detective Services	37 144	37 144	–	30 753	33 651	37 385	37 745	37 092	37 332	38 152
Salary level 1 – 6	20 161	20 161	–	13 530	16 561	20 479	20 119	20 109	20 309	21 129
Salary level 7 – 10	16 520	16 520	–	16 852	16 657	16 423	17 138	16 520	16 560	16 560
Salary level 11 – 12	406	406	–	309	376	417	415	406	406	406
Salary level 13 – 16	57	57	–	62	57	66	73	57	57	57
Crime Intelligence	8 134	8 134	–	7 142	7 542	8 820	8 988	8 164	8 194	8 194
Salary level 1 – 6	4 021	4 021	–	3 287	3 568	4 640	4 768	4 051	4 081	4 081
Salary level 7 – 10	3 844	3 844	–	3 652	3 715	3 902	3 936	3 844	3 844	3 844

Table 25.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Visible Policing	112 298	112 298	–	96 095	98 522	97 613	105 782	109 070	105 590	102 890
Salary level 11 – 12	230	230	–	165	219	243	250	230	230	230
Salary level 13 – 16	39	39	–	38	40	35	34	39	39	39
Protection and Security Services	6 400	6 400	–	15 836	16 966	16 718	6 423	6 350	6 320	6 300
Salary level 1 – 6	4 901	4 901	–	12 284	13 221	13 063	4 767	4 851	4 821	4 801
Salary level 7 – 10	1 419	1 419	–	3 426	3 613	3 530	1 589	1 419	1 419	1 419
Salary level 11 – 12	52	52	–	90	100	98	45	52	52	52
Salary level 13 – 16	28	28	–	36	32	27	22	28	28	28

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

2. As at 30 September 2011.

The department had an establishment of 193 947 posts in 2010/11 and projects it to grow to 197 930 posts in 2011/12. In 2010/11, the *Visible Policing* programme's staff made up 50.4 per cent of the department's personnel, followed by the *Administration* and *Detective Services* programmes at 17.2 per cent and 19.3 per cent. The *Detective Services* programme is expected to increase from 37 745 in 2011/12 to 38 152 in 2014/15. Due to the baseline reductions that come into effect in 2012/13, the total establishment will be reduced to 188 490 in 2014/15. The ratio of support staff to line function staff was 1:4.8 as at 30 September 2011. There were 5 308 vacant posts, mainly due to natural attrition. Most of the vacancies were in the *Visible Policing* programme.

Departmental receipts

Table 25.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	376 456	347 572	287 737	272 055	272 055	278 520	273 495	274 388
Sales of goods and services produced by department	217 375	147 655	123 816	121 674	121 674	117 224	118 930	118 935
Administration fees	52 742	42 969	16 321	13 971	13 971	13 400	15 250	14 155
of which:								
Firearm licences	52 742	42 969	16 321	13 971	13 971	13 400	15 250	14 155
Other sales	164 633	104 686	107 495	107 703	107 703	103 824	103 680	104 780
of which:								
House rent	92 777	33 063	35 344	34 123	34 123	33 640	34 250	34 109
Commission on insurance	29 875	33 170	37 630	41 989	41 989	35 278	34 220	33 687
Other sales	41 981	38 453	34 521	31 591	31 591	34 906	35 210	36 984
Sales of scrap, waste, arms and other used current goods	5 648	21 214	9 814	7 027	7 027	9 870	8 875	9 258
of which:								
Sales of scrap, waste and other used goods	5 648	21 214	9 814	7 027	7 027	9 870	8 875	9 258
Fines, penalties and forfeits	24 336	10 043	12 276	13 573	13 573	14 251	14 850	13 960
Interest, dividends and rent on land	2 235	1 365	1 116	1 040	1 040	985	885	858
Interest	2 235	1 365	1 116	1 040	1 040	985	885	858
Sales of capital assets	2 515	4 879	1 141	936	936	1 190	1 215	1 163
Transactions in financial assets and liabilities	124 347	162 416	139 574	127 805	127 805	135 000	128 740	130 214
Total	376 456	347 572	287 737	272 055	272 055	278 520	273 495	274 388

The largest component, 47 per cent, of departmental receipts is financial transactions in assets and liabilities, which is primarily due to the recovery of debt. The renewal of firearm licences constitutes only 5 per cent of receipts for the department. With the implementation of firearms control legislation, a five-year cut off period resulted in the cyclical nature of revenue collection.

Between 2008/09 and 2011/12, total revenue decreased from R376.5 million to R272.1 million, at an average annual rate of 10.3 per cent, and is expected to increase to R274.4 million over the medium term, at an average annual rate of 0.3 per cent. For both periods, the changes are due to the cyclical nature of firearm licence renewals.

Programme 1: Administration

Expenditure estimates

Table 25.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Ministry	34.2	25.3	18.9	28.9	31.0	33.2	35.0
Management	53.6	52.6	76.1	87.8	101.3	111.9	117.2
Corporate Services	9 514.5	10 652.1	11 694.4	12 550.9	13 309.6	13 986.6	14 744.7
Office Accommodation	1 479.4	1 870.2	2 156.2	2 536.6	2 839.2	3 030.5	3 212.3
Total	11 081.7	12 600.2	13 945.6	15 204.2	16 81.1	17 62.1	18 109.1
Change to 2011 Budget estimate				(5 010.8)	(5364.0)	(5739.7)	(6166.8)

Economic classification

Current payments	9 587.5	11 070.5	12 193.5	13 472.8	14 02.7	15 4.0	16 29.7
Compensation of employees	4 974.4	5 642.9	6 220.2	6 968.1	7 390.2	7 800.9	8 227.8
Goods and services	4 613.2	5 427.6	5 973.3	6 504.7	7 012.5	7 403.1	7 801.9
<i>of which:</i>							
Computer services	1 557.6	1 914.8	2 096.5	2 210.8	2 345.8	2 442.8	2 564.2
Contractors	67.5	108.0	152.8	163.0	209.1	221.2	232.4
Inventory: Fuel, oil and gas	144.8	121.0	126.2	149.0	156.4	167.6	205.9
Lease payments	1 123.6	1 413.0	1 603.4	1 840.2	2 033.5	2 146.3	2 275.7
Transfers and subsidies	195.6	219.8	295.1	232.5	250.2	262.0	275.3
Provinces and municipalities	3.3	3.5	3.4	3.7	3.9	4.1	4.4
Departmental agencies and accounts	17.9	20.8	23.9	24.3	27.7	29.7	31.8
Households	174.4	195.5	267.8	204.5	218.5	228.2	239.1
Payments for capital assets	1 296.5	1 308.8	1 454.1	1 498.9	1 628.2	1 696.2	1 804.1
Buildings and other fixed structures	986.3	1 055.8	1 174.7	1 235.3	1 344.6	1 429.5	1 527.3
Machinery and equipment	308.2	251.2	278.5	263.4	283.4	266.4	276.5
Biological assets	1.9	1.8	0.9	0.2	0.3	0.3	0.3
Payments for financial assets	2.1	1.0	2.9	-	-	-	-
Total	11 81.7	12 00.2	13 45.6	15 204.2	16 81.1	17 62.1	18 09.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	17.9	20.8	23.9	24.3	27.7	29.7	31.8
Safety and security sector education and training authority	17.9	20.8	23.9	24.3	27.7	29.7	31.8
Households							
Social benefits							
Current	109.7	108.2	145.3	127.0	132.1	137.7	144.1
Employee social benefits	109.7	108.2	145.3	127.0	132.1	137.7	144.1
Households							
Other transfers to households							
Current	64.6	87.4	122.5	77.5	86.4	90.5	95.0
Claims against the state	64.6	87.4	122.5	77.5	86.4	90.5	95.0
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	3.3	3.5	3.4	3.7	3.9	4.1	4.4
Vehicle licences	3.3	3.5	3.4	3.7	3.9	4.1	4.4

Expenditure trends

Expenditure increased from R11.1 billion in 2008/09 to R15.2 billion in 2011/12, at an average annual rate of 11.1 per cent, and is expected to increase to R18.1 billion over the medium term, at an average annual rate

of 6.0 per cent. The increase in both periods is due to the focus on developing human capital and skills and annual increases in accommodation budgets devolved from the Department of Public Works.

Expenditure on payments for capital assets is expected to increase from R1.3 billion in 2008/09 to R1.8 billion in 2014/15, at an average annual rate of 5.7 per cent. This is as a result of previously made additional allocations of R1.2 billion over the years for new policing facilities. Spending on machinery and equipment is expected to increase from R263.4 million in 2011/12 to R276.5 million in 2014/15, due to an increase in the provision for work stations at local level.

Programme 2: Visible Policing

Objectives and measures

- Provide a proactive and responsive policing service to discourage and prevent priority crimes by:
 - reducing the number of serious crimes from 2 071 487 in 2010/11 to 1 910 674 in 2014/15
 - reducing the number of contact crimes from 638 468 in 2010/11 to between 542 281 and 447 607 by 2014/15
 - reducing the number of trio crimes from 42 183 in 2010/11 to between 35 828 and 31 555 by 2014/15
 - reacting to 100 per cent crime related hits as a result of movement control system screening on wanted persons and circulated stolen and robbed vehicles in 2004/15.

Subprogrammes

- *Crime Prevention* provides for basic crime prevention and visible policing services rendered at police stations including community service centres. This subprogramme had a staff complement of 92 097 and a total budget of R23.8 billion in 2011/12, of which 84.1 per cent was used for compensation of employees. In 2010/11, 688 937 priority crime arrests were made during 29 891 crime prevention operations (an increase of 31 264 arrests from 2009/10). From 1 April 2011 to 30 September 2011, 348 240 priority crime arrests were made during 14 898 crime prevention operations. 4 562 lost or stolen firearms and 13 784 stolen or robbed vehicles were recovered. No savings in 2012/13 have been identified in this subprogramme.
- *Border Security* provides for the policing of South African borders. This subprogramme had a staff complement of 6 482 and a total budget of R1.6 billion in 2011/12, of which 85.4 per cent was used for compensation of employees. In 2010/11, 14 515 arrests were made at ports of entry and exit for illegal firearms and ammunition, stolen vehicles, illegal drugs, illegal goods, maritime related offences and violations in terms of the Immigration Act (2002). In the first half of 2011/12, a total of 2 439 policing actions were conducted at ports of entry, while 48 firearms and 207 vehicles were recovered. No savings in 2012/13 have been identified in this subprogramme.
- *Specialised Interventions* provides for interventions in medium to high risk operations including the air wing, the special task force, crime combating units and the protection of valuable and/or dangerous cargo, among others. This subprogramme had a staff complement of 7 203 and a total budget of R1.9 billion in 2011/12, of which 83.7 per cent was used for compensation of employees. In 2010/11, 3 671 persons were arrested during 971 unrest related incidents in which violence erupted and South African Police Service action was required to restore peace and order. In the first half of 2011/12, 686 unrest related incidents were policed by the South African Police Service. 1 419 arrests were made in 135 of these incidents. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 25.6 Visible Policing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Crime Prevention	17 665.8	20 356.8	22 600.0	23 835.0	25 016.0	27 209.2	28 907.5
Border Security	1 051.6	1 327.0	1 482.5	1 571.5	1 533.5	1 629.9	1 719.4
Specialised Interventions	1 516.1	1 774.3	1 717.3	1 861.7	2 135.0	2 266.3	2 402.6
Total	20 233.4	23 458.0	25 799.9	27 268.3	28 684.5	31 105.4	33 029.5
Change to 2011 Budget estimate				2 896.4	2 765.8	2 909.5	3 141.8

Economic classification

Current payments	19 212.1	22 189.5	24 753.9	26 040.5	27 445.6	29 812.0	31 681.7
Compensation of employees	15 983.1	18 700.2	21 226.9	22 954.3	24 364.7	26 213.4	27 633.4
Goods and services	3 229.0	3 489.3	3 527.1	3 086.2	3 080.8	3 598.6	4 048.3
<i>of which:</i>							
Computer services	6.2	12.2	4.8	2.8	11.1	12.1	13.7
Contractors	421.4	563.0	517.1	532.6	510.9	598.4	671.3
Inventory: Fuel, oil and gas	1 071.5	878.9	939.3	833.1	857.9	1 139.4	1 284.5
Lease payments	40.0	64.8	72.1	58.7	62.3	67.9	76.7
Transfers and subsidies	127.7	155.8	146.6	167.1	174.2	182.9	192.1
Provinces and municipalities	14.1	15.6	16.3	15.3	16.0	16.8	17.8
Departmental agencies and accounts	0.5	–	–	–	–	–	–
Non-profit institutions	–	–	–	1.0	–	–	–
Households	113.1	140.2	130.3	150.9	158.1	166.0	174.3
Payments for capital assets	893.6	1 112.8	899.4	1 060.6	1 064.8	1 110.6	1 155.6
Buildings and other fixed structures	4.7	9.3	4.4	–	–	–	–
Machinery and equipment	888.8	1 103.4	894.9	1 060.6	1 064.8	1 110.6	1 155.6
Biological assets	0.1	0.1	–	–	–	–	–
Total	20 233.4	23 458.0	25 799.9	27 268.3	28 684.5	31 105.4	33 029.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.5	–	–	–	–	–	–
Civil aviation	0.5	–	–	–	–	–	–
Non-profit institutions							
Current	–	–	–	1.0	–	–	–
Education trust	–	–	–	1.0	–	–	–
Households							
Social benefits							
Current	79.8	102.3	94.6	106.8	112.1	117.8	125.1
Employee social benefits	79.8	102.3	94.6	106.8	112.1	117.8	125.1
Households							
Other transfers to households							
Current	33.3	37.9	35.7	44.0	46.0	48.2	49.2
Claims against the state	0.2	0.1	0.7	–	–	–	–
Detainee medical expenses	33.2	37.8	35.0	44.0	46.0	48.2	49.2
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	14.1	15.6	16.3	15.3	16.0	16.8	17.8
Vehicle licences	14.1	15.6	16.3	15.3	16.0	16.8	17.8

Expenditure trends

Between 2008/09 and 2011/12, spending grew from R20.2 billion to R27.3 billion, at an average annual rate of 10.5 per cent, due to increased funding levels to hire and train new recruits. This has contributed to a decrease in the number of trio crimes from 47 273 in 2008/09 to between 40 496 and 39 230 in 2011/12. Spending in the *Border Security* subprogramme increased from R1.1 billion in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 14.3 per cent, due to increasing physical resources, such as the procurement of two helicopters, at ports of entry. Spending in this subprogramme is expected to reach R1.7 billion over the medium term, at an average annual rate of 3 per cent.

Expenditure is expected to increase to R33 billion over the medium term, at an average annual rate of 6.6 per cent. The increase over the medium term will provide for sustaining spending levels in compensation of employees and goods and services. The 2011 Budget provided for additional allocations of R30 million in 2012/13 and R40 million in 2013/14 for the establishment of tactical response teams, which provide tactical support to police stations for medium and high risk operations. The number of serious crimes is expected to decrease from 2 098 229 in 2008/09 to 1 910 674 in 2014/15, while the number of trio crimes is expected to decrease from 47 273 in 2008/09 to between 35 828 and 31 555 in 2014/15, due to overall crime fighting efforts.

Expenditure in compensation of employees is the most significant cost in this programme's budget. Between 2008/09 and 2011/12, spending on this item increased by R7 billion compared to R4.7 billion over the medium term. The larger historical increase was mainly the result of additional allocations for new recruits, security for the 2010 FIFA World Cup, and implementing the 2010 and 2011 resolutions of the Public Service Coordinating Bargaining Council.

Programme 3: Detective Services

Objectives and measures

- Contribute to the successful prosecution of crime by:
 - increasing the detection rate for serious crimes from 51.84 per cent (1 092 861 charges) in 2010/11 to 59 per cent (1 109 960 charges) in 2014/15
 - increasing the detection rate for contact crime from 56.99 per cent (445 123 charges) in 2010/11 to 60 per cent (406 621 charges) in 2014/15
 - increasing the detection rate for trio crimes from 16.02 per cent (10 900 charges) in 2010/11 to 34 per cent (12 990 charges) in 2014/15
 - increasing the court ready case dockets rate for serious crimes from 30.84 per cent (155 933) in 2010/11 to 42.84 per cent (175 503) in 2014/15
 - increasing the conviction rate for serious crimes from 87.56 per cent (309 295) in 2010/11 to 88.50 per cent (312 208) in 2014/15
 - increasing the detection rate for serious commercial crime related charges from 37 per cent in 2009/10 to 55 per cent in 2014/15
 - generating 86 per cent of original previous conviction reports for formally charged individuals within 16 days by 2014/15.

Subprogrammes

- *Crime Investigations* accommodates detectives at police stations who investigate general crime and serious crime, including crimes against women and children. This subprogramme had a staff complement of 28 453 and a total budget of R7.6 billion in 2011/12, of which 85 per cent was used for compensation of employees. Between 2009/10 and 2010/11, the detection rate for contact crime increased from 53.46 per cent to 56.99 per cent (3.5 per cent increase). From 1 April 2011 to 30 September 2011, a detection rate of 59.68 per cent for contact crimes was achieved, against a target of between 60 per cent and 65 per cent. No savings in 2012/13 have been identified in this subprogramme.

- *Criminal Record Centre* provides for an effective and credible criminal record centre in respect of crime scene management or processing, and the provision of criminal history and related information. This subprogramme had a staff complement of 5 075 and a total budget of R1.3 billion in 2011/12, of which 75.4 per cent was used for compensation of employees. In 2010/11, 1 220 205 offenders' previous conviction reports for crime related fingerprints were generated, of which 81.46 per cent (994 020) were generated within 30 days. In the same year, 1 163 209 commercial/non-criminal related enquiries were received. These enquiries are made in order to determine whether or not persons applying for, among others, firearm licences, professional driver's permits and new employment have had any previous convictions. From 1 April 2011 to 30 September 2011, 91.4 per cent (533 793) offenders' previous conviction reports for crime related fingerprints were generated within 20 days. No savings in 2012/13 have been identified in this subprogramme.
- *Forensic Science Laboratory* funds forensic science laboratories, which provide specialised technical analysis and support to investigators regarding evidence. This subprogramme had a staff complement of 1 323 and a total budget of R1.9 billion in 2011/12, of which 18.7 per cent was used for compensation of employees. In 2010/11, forensic analysts analysed a total of 318 665 entries, of which 93.5 per cent (297 955) were analysed within 35 days, an improvement of 7.5 per cent compared to 2009/10. No savings in 2012/13 have been identified in this subprogramme.
- *Specialised Investigations* provides for the prevention, combating and investigation of national priority offences, including the investigation of organised crime syndicates, serious and violent crime, commercial crime, and corruption. This subprogramme had a staff complement of 2 894 and a total budget of R1.1 billion in 2011/12, of which 79.3 per cent was used for compensation of employees. In 2010/11, the following outputs were achieved: 57 organised crime groups were successfully terminated, resulting in the arrest of 282 suspects; and 32 clandestine drug laboratories were detected and dismantled. In the first half of 2011/12, 13 organised crime project investigations were successfully completed. In 2010/11, the specialised commercial crime unit received 28 720 cases, 9 180 persons were arrested or made their first appearance in court and 5 961 persons were convicted on 26 475 counts. In the first six months in 2011/12, a 50.5 per cent detection rate for serious commercial crime related charges was achieved. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 25.7 Detective Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Crime Investigations	5 511.1	6 111.5	6 939.3	7 651.7	8 597.1	9 350.8	9 982.7
Criminal Record Centre	717.6	842.2	1 157.8	1 338.6	1 511.5	1 561.9	1 616.7
Forensic Science Laboratory	479.8	593.5	1 033.3	1 916.5	1 824.6	1 850.4	1 890.8
Specialised Investigations	878.5	901.9	989.8	1 053.8	1 226.6	1 309.3	1 384.2
Total	7 587.0	8 449.2	10 120.1	11 960.6	13 159.8	14 072.5	14 874.4
Change to 2011 Budget estimate				2 149.7	2 540.8	2 627.0	2 742.1
Economic classification							
Current payments	7 230.2	8 091.0	9 182.1	11 543.6	12 637.1	13 524.4	14 297.7
Compensation of employees	5 899.9	6 691.3	7 733.6	8 708.9	9 435.9	10 093.5	10 611.3
Goods and services	1 330.3	1 399.8	1 448.6	2 834.7	3 201.2	3 430.9	3 686.3
of which:							
Computer services	45.5	150.7	28.3	1 110.8	1 092.1	1 054.3	1 013.2
Contractors	109.1	116.8	122.0	141.8	213.8	249.6	282.9
Inventory: Fuel, oil and gas	568.1	461.3	493.1	582.8	647.0	712.2	784.4
Lease payments	13.7	17.2	17.6	22.2	26.1	28.3	30.9
Transfers and subsidies	47.1	50.3	43.7	53.2	55.4	58.2	61.3
Provinces and municipalities	4.1	4.9	4.7	5.1	5.4	5.7	6.0
Households	43.0	45.4	39.0	48.1	50.0	52.5	55.2
Payments for capital assets	309.7	307.9	894.2	363.8	467.2	489.8	515.5
Buildings and other fixed structures	0.0	2.8	2.9	–	–	–	–
Machinery and equipment	309.7	305.1	891.3	363.8	467.2	489.8	515.5
Total	7 587.0	8 449.2	10 120.1	11 960.6	13 159.8	14 072.5	14 874.4

Table 25.7 Detective Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Households							
Social benefits							
Current	43.0	45.4	38.9	48.1	50.0	52.5	55.2
Employee social benefits	43.0	45.4	38.9	48.1	50.0	52.5	55.2
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	4.1	4.9	4.7	5.1	5.4	5.7	6.0
Vehicle licences	4.1	4.9	4.7	5.1	5.4	5.7	6.0

Expenditure trends

Expenditure increased from R7.6 billion in 2008/09 to R12 billion in 2011/12, at an average annual rate of 16.4 per cent. This was due to provisions made for the increased capacity of the detective services function, including the transfer of the Directorate of Special Operations from the Department of Justice and Constitutional Development to this programme in 2009/10. The increase of R1.4 billion in the *Forensic Science Laboratory* subprogramme between 2008/09 and 2011/12 was as a result of additional allocations for the criminal justice system revamp initiative. This provided for specialised technical analysis equipment and related resources. These include semi-automated equipment with enhanced chemistries for better results to be obtained on degraded and difficult DNA samples. Payments for capital assets increased by R54.1 million between 2008/09 and 2011/12, and are expected to increase by R151.7 million over the medium term. This is mostly to establish capacity at criminal record centres and forensic science laboratories countrywide. This is also reflected in the increase in spending on personnel, vehicles and day-to-day operational expenditure requirements during the same period.

Over the medium term, expenditure is expected to increase to R14.9 billion, at an average annual rate of 7.5 per cent, to strengthen the capacity of forensic services through implementing and rolling out the criminal justice system revamp. The detection rate for serious crimes is expected to increase from 42.8 per cent (1 066 422) in 2008/09 to 59 per cent (1 109 960) in 2014/15. The detection rate for trio crimes is expected to increase from 12.4 per cent (10 035) in 2008/09 to 34 per cent (12 990) in 2014/15. In addition, tracking units established in 2011/12 to trace wanted persons and the re-establishment of the family violence, child protection and sexual offences units will also receive greater focus over the medium term. Specific attention will also be given to the expansion and refocus of the stock theft units and crime prevention initiatives in this regard.

Programme 4: Crime Intelligence

Objectives and measures

- Contribute to combating crime by increasing the number of network operations conducted from 24 384 in 2010/11 to 32 507 in 2014/15 in support of crime prevention, investigation and prosecution.

Subprogrammes

- *Crime Intelligence Operations* provides for intelligence based crime investigations. This subprogramme had a staff complement of 3 208 and a total budget of R928 million in 2011/12, of which 86.4 per cent was used for compensation of employees. In 2010/11, 24 384 operations were conducted (compared to 24 368 in 2009/10), resulting in the arrest of 10 016 individuals and the recovery of goods valued at R1.3 billion. Between 1 April 2011 and 30 September 2011, a total of 20 073 crime intelligence operations were conducted. No savings in 2012/13 have been identified in this subprogramme.
- *Intelligence and Information Management* provides for the analysis of crime intelligence patterns that will facilitate crime detection in support of crime prevention and crime investigation. This subprogramme had a

staff complement of 5 780 and a total budget of R1.5 billion in 2011/12, of which 91.8 per cent was used for compensation of employees. In 2010/11, 317 976 analysis and strategic reports were produced. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 25.8 Crime Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Crime Intelligence Operations	708.8	706.9	819.9	928.7	992.3	1 041.0	1 096.8
Intelligence and Information Management	870.9	1 107.9	1 295.8	1 462.9	1 556.9	1 651.3	1 743.7
Total	1 579.7	1 814.8	2 115.7	2 391.6	2 549.2	2 692.3	2 840.4
Change to 2011 Budget estimate				274.6	289.7	270.7	273.6
Economic classification							
Current payments	1 537.3	1 767.2	2 073.5	2 341.0	2 497.1	2 637.9	2 783.2
Compensation of employees	1 333.1	1 569.3	1 848.2	2 121.4	2 263.5	2 389.5	2 520.8
Goods and services	204.2	197.8	225.2	219.6	233.6	248.3	262.4
<i>of which:</i>							
Computer services	2.0	0.9	1.0	1.5	1.7	1.8	1.9
Contractors	13.2	11.9	14.8	13.8	14.6	15.5	16.4
Inventory: Fuel, oil and gas	69.2	57.3	59.6	69.3	73.5	78.4	82.8
Lease payments	8.4	6.9	9.4	8.3	9.0	9.6	10.1
Transfers and subsidies	7.6	9.0	12.6	7.8	8.2	8.6	9.1
Provinces and municipalities	0.6	0.7	0.7	0.7	0.7	0.8	0.8
Households	7.1	8.3	11.9	7.1	7.5	7.9	8.3
Payments for capital assets	34.8	38.6	29.6	42.7	43.8	45.8	48.1
Machinery and equipment	34.8	38.6	29.6	42.7	43.8	45.8	48.1
Total	1 579.7	1 814.8	2 115.7	2 391.6	2 549.2	2 692.3	2 840.4

Details of selected transfers and subsidies

Households							
Social benefits							
Current	7.1	8.3	11.9	7.1	7.5	7.9	8.3
Employee social benefits	7.1	8.3	11.9	7.1	7.5	7.9	8.3
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	0.6	0.7	0.7	0.7	0.7	0.8	0.8
Vehicle licences	0.6	0.7	0.7	0.7	0.7	0.8	0.8

Expenditure trends

Between 2008/09 and 2011/12, expenditure grew from R1.6 billion to R2.4 billion, at an average annual rate of 14.8 per cent, mainly due to additional funds for improved conditions of service. Expenditure in the *Intelligence and Information Management* subprogramme increased from R870.9 million to R1.5 billion, at an average annual rate of 18.9 per cent, and is expected to grow to R1.7 billion in 2014/15, at an average annual rate of 6 per cent. The growth in both periods can be mainly attributed to the enhancing of the capacity of the crime intelligence division and additional allocations of R30 million in 2012/13 and R40 million in 2013/14 for operational centres and the vetting of personnel.

Over the medium term, expenditure is expected to grow to R2.8 billion, at an average annual rate of 5.9 per cent. The increase is due to provisions made for enhancing overall personnel capacity and aligning functions with the organisational profile of the crime intelligence division, which was reviewed in 2007/08. The number of network operations conducted is expected to grow from 17 035 in 2008/09 to 32 507 in 2014/15. The department is enhancing crime intelligence capacity in terms of personnel at the local level, such as at stations.

It has moved from a centralised unit approach to perform functions directly at stations. Once new personnel have become fully fledged constables they are based at the stations to perform intelligence functions.

Programme 5: Protection and Security Services

Objectives and measures

- Minimise security violations through:
 - ongoing protection of all identified dignitaries and local and foreign dignitaries while in transit without any security breaches
 - ongoing protection of the locations in which dignitaries, including persons related to the president and the deputy president are present, without any security breaches
 - auditing 124 of a total of 248 strategic installations and evaluating 100 per cent (182) national key points by 2012/13.

Subprogrammes

- *VIP Protection Services* provides for the protection of the president, deputy president, former presidents, and their spouses, and other identified dignitaries while in transit. This subprogramme had a staff complement of 1 717 and a total budget of R635 million in 2011/12, of which 83.3 per cent was used for compensation of employees. In 2010/11, protection was provided to 433 South African and foreign dignitaries while in transit and in 1 instance was there a security breach. In the first half of 2011/12, 1 security breach was recorded during the protection of South African and foreign dignitaries. No savings in 2012/13 have been identified in this subprogramme.
- *Static and Mobile Security* provides for the protection of other local and foreign dignitaries and the places in which all dignitaries, including persons related to the president and the deputy president, are present. This subprogramme had a staff complement of 3 665 and a total budget of R794.5 million in 2011/12, of which 95 per cent was used for compensation of employees. In 2010/11, protection was provided at 28 installations/government buildings, and 93 presidential and national ministerial residences. There were security breaches in 8 instances, compared to 13 in 2009/10. From 1 April 2011 to 30 September 2011, 1 security breach was recorded during the protection of strategic sites, venues and identified residences of dignitaries. No savings in 2012/13 have been identified in this subprogramme.
- *Government Security Regulator* provides for security regulations, evaluations and the administration of national key points and strategic installations. This subprogramme had a staff complement of 288 and a total budget of R82.9 million in 2011/12, of which 92.4 per cent was used for compensation of employees. In 2010/11, 107 strategic installations were audited and 164 national key points were evaluated. 102 national key points were evaluated and 83 strategic installations were audited in the first half of 2011/12. No savings in 2012/13 have been identified in this subprogramme.
- *Operational Support* provides administrative support for the programme, including personnel development. This subprogramme had a staff complement of 753 and a total budget of R213.4 million in 2011/12, of which 87.4 per cent was used for compensation of employees. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 25.9 Protection and Security Services

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
VIP Protection Services	385.8	442.8	530.6	635.0	695.0	703.2	742.9
Static and Mobile Security	542.8	642.8	733.2	794.5	845.1	895.5	946.1
Government Security Regulator	47.0	51.4	63.4	82.9	85.2	90.3	95.3
Operational Support	177.9	203.3	221.3	213.4	185.5	199.9	210.3
Total	1 153.5	1 340.3	1 548.4	1 725.8	1 810.8	1 889.0	1 994.5
Change to 2011 Budget estimate				179.1	175.5	157.1	158.8

Table 25.9 Protection and Security Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	1 080.4	1 306.6	1 530.6	1 687.5	1 741.7	1 846.8	1 950.0
Compensation of employees	956.9	1 167.7	1 386.4	1 546.0	1 587.8	1 683.4	1 776.8
Goods and services	123.5	138.9	144.1	141.5	153.8	163.4	173.2
<i>of which:</i>							
Computer services	0.7	0.2	0.0	0.2	0.2	0.3	0.3
Contractors	11.3	17.0	12.7	16.7	17.6	18.9	20.0
Inventory: Fuel, oil and gas	21.3	18.9	20.8	21.6	22.8	24.0	25.5
Lease payments	1.4	1.5	2.1	1.2	1.9	2.1	2.2
Transfers and subsidies	2.0	2.9	2.2	3.9	4.1	4.3	4.5
Provinces and municipalities	0.4	0.6	0.6	0.5	0.5	0.6	0.6
Households	1.6	2.4	1.7	3.4	3.6	3.8	3.9
Payments for capital assets	71.0	30.8	15.6	34.4	65.0	37.9	40.0
Buildings and other fixed structures	0.1	2.2	0.1	–	–	–	–
Machinery and equipment	71.0	28.5	15.5	34.4	65.0	37.9	40.0
Total	1 153.5	1 340.3	1 548.4	1 725.8	1 810.8	1 889.0	1 994.5
Details of selected transfers and subsidies							
Households							
Social benefits							
Current	1.6	2.4	1.7	3.4	3.6	3.8	3.9
Employee social benefits	1.6	2.4	1.7	3.4	3.6	3.8	3.9

Expenditure trends

Expenditure grew from R1.2 billion in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 14.4 per cent, during which time the number of national key points evaluated increased from 145 in 2008/09 to 171 in 2011/12. The increases between 2008/09 and 2011/12 were due to the establishment of the protection and security services division in 2002, which has to be strengthened due to the increased demand for protection services. Over the medium term, expenditure is expected to increase to R2 billion, at an average annual rate of 4.9 per cent, to increase capacity in terms of personnel numbers for protection and security services.

Compensation of employees increased from R956.9 billion in 2008/09 to R1.5 billion in 2011/12, at an average annual rate of 17.3 per cent between 2008/09 and 2011/12, due to salary progressions for student officers. Expenditure on goods and services is expected to increase from R141.5 million in 2011/12 to R173.2 million in 2014/15, at an average annual rate of 7 per cent, due to capacity building in terms of carry through costs, as student officers become fully fledged constables, with higher unit costs.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Parow forensic laboratory	Increased capacity to analyse exhibits (firearms, counterfeit notes, documents and substances)	Construction	658.3	104.2	165.8	250.4	130.3	14.1	–	–
Police stations	New and re-established police stations	Various	5 698.0	776.4	729.3	772.2	728.6	623.9	819.8	1 068.4
Member and office accommodation	Living quarters and offices	Construction	599.6	47.2	96.7	78.9	171.3	35.4	109.9	160.3
Small infrastructure projects	Repaired and renovated infrastructure	Construction	43.5	2.6	11.4	5.7	0.1	327.4	–	133.3
Forensic science laboratory	Increased capacity to analyse exhibits (firearms, counterfeit notes, documents and substances)	Construction	48.1	7.7	18.3	19.1	1.5	0.1	–	–
Shooting ranges	Facilities to improve shooting competency of police officials	Construction	377.3	2.0	–	–	97.8	217.8	47.5	23.3
Training facilities	Facilities to improve police personnel capabilities	Construction	867.1	45.6	32.2	37.9	105.8	125.8	452.4	141.9
Mobile homes and storage facilities	Basic services for accommodation and storage	Handed over	29.4	5.2	16.4	18.0	–	–	–	–
Total			8 321.3	991.2	1 070.1	1 182.1	1 235.3	1 344.6	1 429.5	1 527.3

Vote 26

Agriculture, Forestry and Fisheries

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	612.9	604.4	1.6	6.9	656.7	688.6
Agricultural Production, Health and Food Safety	1 891.6	494.7	1 358.5	38.4	1 948.5	2 117.2
Food Security and Agrarian Reform	1 408.6	178.4	1 197.3	32.9	1 600.3	1 713.0
Trade Promotion and Market Access	212.0	123.5	87.9	0.6	223.8	243.6
Forestry	1 261.8	690.7	520.8	50.3	1 193.5	1 194.2
Fisheries	411.8	158.8	253.0	–	352.9	372.4
Total expenditure estimates	5 798.8	2 250.6	3 419.1	129.1	5 975.7	6 329.1

Executive authority

Minister of Agriculture, Forestry and Fisheries

Accounting officer

Director General of Agriculture, Forestry and Fisheries

Website address

www.daff.gov.za

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

Aim

Lead, support and promote agricultural, forestry and fisheries resources management through policies, strategies and programmes to enhance sustainable use, and to achieve economic growth, job creation, food security, rural development and transformation.

Programme purposes

Programme 1: Administration

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

Programme 2: Agricultural Production, Health and Food Safety

Purpose: Manage the risks associated with animal diseases, plant pests, genetically modified organisms and the registration of products used in agriculture. Promote food safety and create an enabling environment for increased and sustainable agricultural production.

Programme 3: Food Security and Agrarian Reform

Purpose: Facilitate and promote food security and agrarian reform programmes and initiatives.

Programme 4: Trade Promotion and Market Access

Purpose: Ensure value chain integration, and facilitate market access for agriculture, forestry and fisheries products.

Programme 5: Forestry

Purpose: Develop and facilitate the implementation of policies and targeted programmes to ensure the management of forests, and the sustainable use and protection of land and water. Manage agricultural risks and disasters.

Programme 6: Fisheries

Purpose: Promote development, management, monitoring and sustainable use of marine living resources and the development of the fisheries sector.

Strategic overview: 2008/09 – 2014/15

The Department of Agriculture, Forestry and Fisheries' legal mandate covers the agriculture, forestry and fisheries value chains, from inputs, production and value adding, to retailing. The department aims to create effective national regulatory services and risk management systems by establishing and maintaining effective early warning and mitigation systems to manage the risks associated with food, diseases, pests, natural disasters and trade. The department is working towards the sustained management of natural resources by promoting environmentally sustainable production systems and the efficient use of natural resources to ensure the protection of indigenous genetic resources and to improve livelihoods. This strategic goal underpins government's food security initiative to improve production systems, by promoting efficient production, handling and processing of food, commodities fibre and timber. By coordinating the provision of training and extension support, the department will ensure increasingly profitable production of food, fibre and timber products by subsistence, smallholder and commercial producers.

Outcomes based approach

In relation to government's outcomes based performance management approach, the department directly contributes to: decent employment through inclusive economic growth (outcome 4) through improved support to small business and cooperatives (output 2); vibrant, equitable and sustainable rural communities and food security for all (outcome 7) through sustainable agrarian reform (output 1), improved access to affordable and diverse food (output 2), improved rural services to support livelihoods (output 3), and rural job creation linked to skills training and promoting economic livelihoods (output 4); and environmental assets and natural resources that are well protected and continually enhanced (outcome 10) by protecting the country's biodiversity (output 4).

The department is focusing on policy development that targets smallholder producers, the implementation of the Zero Hunger programme, job creation, and broader levels of economic participation.

Focus over the medium terms

The agriculture, forestry and fisheries sectors contributed 2.4 per cent to GDP in 2010, a decrease from 2.9 per cent in 2009. By contrast, the tertiary sector contributed 67.2 per cent. In total, the agriculture, forestry and fisheries sector employs approximately 625 000 workers. The agriculture value chain is one of the priority sectors in government's industrial policy action plan 2 for economic growth and job creation. With the implementation of agro-processing initiatives under this plan and plans to elevate agriculture to a priority sector in the new growth path, the department will attempt to reverse declining employment trends over the medium to long term. Resources will be redirected to smallholder farmer support programmes, such as extension services, and farmer training and market access support.

The department will continue to facilitate increased growth, income, private and public investment, and access to domestic and international markets for South African agricultural, forestry and fisheries products. Sustainable job opportunities in the value chain will ensure improved social and working conditions in the sector. All these functions are critical for the department to ensure comprehensive support for rural development and food security. Facilitating greater economic participation by previously disadvantaged individuals, and increased equity and wider ownership may also contribute towards a transformed and united sector.

Selected performance indicators

Table 26.1 Agriculture, Forestry and Fisheries

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of smallholder farmers supported per year to increase production ¹	Agricultural Production, Health and Food Safety	–	–	–	18 194	18 026	18 104	17 754
Number of biosecurity standards, operating procedures and directives issued each year	Agricultural Production, Health and Food Safety	2	2	2	2	3	3	3
Number of farmers benefiting from production guidelines and other interventions per year	Agricultural Production, Health and Food Safety	500	1 000	2 000	5 000	10 000	15 000	20 000
Number of trainees on industry focused farmer training programmes per year	Food Security and Agrarian Reform	1 000	2 000	3 000	3 000	4 000	4 000	4 000
Number of beneficiaries accessing the comprehensive agricultural support programme each year	Food Security and Agrarian Reform	37 900	26 300	32 175	33 000	35 000	35 000	35 000
Number of farmers awarded production loans under the Micro Agricultural Financial Institutions of South Africa scheme each year	Food Security and Agrarian Reform	150	5 324	5 500	6 000	6 500	7 000	7 500
Number of new smallholder farmers established per year	Food Security and Agrarian Reform	–	–	5 000	15 000	15 000	15 000	15 000
Number of cooperatives established per year	Food Security and Agrarian Reform	–	–	–	90	108	126	144
Number of commodity associations established per year	Food Security and Agrarian Reform	–	–	–	12	12	12	9
Number of extension personnel accessing extension recovery plan packages per year	Food Security and Agrarian Reform	2 000	2 350	2 567	2 975	3 300	3 500	3 500
Number of smallholder producers accessing appropriate training per year	Food Security and Agrarian Reform	–	–	5 000	15 000	15 000	15 000	15 000
Number of new jobs created in agro-processing per year	Trade Promotion and Market Access	–	11 400	46 000	28 410	10 820	11 870	13 021
Number of hectares revitalised for irrigation per year ²	Forestry	28 874	30 000	33 000	250	250	250	250
Number of trees planted in the Million Trees programme per year ³	Forestry	1million	1million	1million	100 000	120 000	150 000	100 000
Number of jobs created through the community works programme and expanded public works programme in rural areas per year	Forestry	–	–	–	65	60	60	60
Number of hectares of degraded indigenous forests and woodlands rehabilitated per year	Forestry	–	–	800	800	10 000	10 000	10 000
Number of hectares of land under rehabilitation per year	Forestry	–	–	–	150 000	150 000	150 000	150 000
Number of hectares planted/afforested per year	Forestry	–	–	–	10 000	10 000	10 000	10 000

Table 26.1 Agriculture, Forestry and Fisheries (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of small growers supported per year	Forestry	-	-	-	2 500	1 000	1 000	1 000
Number of jobs created through the refurbishment of category B and C plantations per year	Forestry	-	-	150	250	2 300	2 700	2 200
Number of assessments conducted per year to determine the state of resources in the fisheries sector	Fisheries	21	21	22	22	22	22	22
Number of research projects conducted per year on the feasibility of South Africa's aquaculture species	Fisheries	2	2	2	2	2	2	2
Number of aquaculture (fish farming) pilot projects launched per year	Fisheries	2	3	1	1	3	2	2
Number of job opportunities, as measured by full time equivalents, created through the expanded public works programme per year ⁴	Fisheries	-	-	978	1 100	1 091	-	-
Number of fish farms established per year	Fisheries	-	-	-	3	3	3	3
Number of fish processing units established per year	Fisheries	-	-	-	2	3	3	2
Number of community projects implemented through Working for Fisheries per year	Fisheries	-	-	-	10	15	15	10

1. The process started in 2011/12.

2. Targets were revised as previous projections were not achievable. The revised projections are more realistic.

3. Targets were revised to reflect what the national department is responsible for and exclude what is done by provincial departments.

4. Projections could not be provided for this indicator as funding is not available in the last two years of the MTEF period.

Expenditure estimates

Table 26.2 Agriculture, Forestry and Fisheries

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	430.4	785.1	481.2	574.5	574.5	612.9	656.7	688.6
Agricultural Production, Health and Food Safety	1 167.6	1 029.2	1 234.4	1 689.8	1 689.8	1 891.6	1 948.5	2 117.2
Food Security and Agrarian Reform	797.9	900.6	1 048.5	1 253.9	1 253.9	1 408.6	1 600.3	1 713.0
Trade Promotion and Market Access	186.6	185.2	145.3	205.4	205.4	212.0	223.8	243.6
Forestry	804.1	861.6	682.1	895.4	895.4	1 261.8	1 193.5	1 194.2
Fisheries	178.2	200.0	259.1	345.5	345.5	411.8	352.9	372.4
Total	3 564.9	3 961.8	3 850.7	4 964.4	4 964.4	5 798.8	5 975.7	6 329.1
Change to 2011 Budget estimate				244.7	244.7	486.7	472.5	550.9

Economic classification

	1 602.7	1 724.3	1 755.4	2 033.6	2 033.6	2 250.6	2 399.0	2 540.1
Current payments								
Compensation of employees	931.3	1 082.2	1 189.9	1 296.8	1 296.8	1 502.6	1 577.0	1 658.5
Goods and services	671.4	641.3	564.2	735.0	735.0	746.4	820.3	879.8
of which:								
Agency and support / outsourced services	76.3	51.9	59.9	61.8	61.8	59.1	72.0	77.4
Inventory: Other consumables	57.7	56.1	24.4	47.8	47.8	60.8	66.7	70.5
Lease payments	13.4	17.5	20.4	33.2	33.2	58.1	62.0	68.8
Travel and subsistence	164.7	175.7	133.1	128.6	128.6	125.3	137.0	140.7
Interest and rent on land	0.0	0.8	1.2	1.8	1.8	1.6	1.8	1.8

Table 26.2 Agriculture, Forestry and Fisheries (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Transfers and subsidies	1 903.8	2 155.0	1 983.7	2 785.3	2 785.3	3 419.1	3 443.4	3 655.3
Provinces and municipalities	898.3	974.2	1 126.2	1 652.2	1 652.2	2 066.9	2 148.0	2 194.0
Departmental agencies and accounts	696.9	682.4	792.9	1 007.8	1 007.8	1 271.4	1 211.2	1 370.1
Higher education institutions	6.3	1.9	–	2.7	2.7	5.8	6.1	6.3
Foreign governments and international organisations	35.3	29.7	29.6	35.2	35.2	22.5	22.1	23.9
Public corporations and private enterprises	98.3	438.8	8.3	39.9	39.9	37.4	40.2	42.5
Non-profit institutions	17.2	14.3	6.7	12.2	12.2	13.3	13.9	16.4
Households	151.4	13.8	19.9	35.2	35.2	1.8	2.0	2.0
Payments for capital assets	57.5	82.0	111.3	145.6	145.6	129.1	133.3	133.7
Buildings and other fixed structures	22.5	22.8	47.1	43.0	43.0	36.9	38.4	40.1
Machinery and equipment	34.0	58.6	62.4	102.2	102.2	91.8	94.4	93.1
Biological assets	0.6	0.1	0.0	–	–	0.3	0.3	0.3
Software and other intangible assets	0.4	0.4	1.8	0.4	0.4	0.1	0.1	0.1
<i>of which:</i>								
<i>Capitalised compensation</i>	9.6	11.6	17.8	13.3	13.3	15.0	15.8	16.6
<i>Capitalised goods and services</i>	13.3	8.8	46.3	57.5	57.5	64.1	66.0	64.5
Payments for financial assets	0.9	0.5	0.3	–	–	–	–	–
Total	3 564.9	3 961.8	3 850.7	4 964.4	4 964.4	5 798.8	5 975.7	6 329.1

Expenditure trends

The spending focus over the medium term will be on making transfer payments to the Agricultural Research Council (R2.9 billion); the National Agricultural Marketing Council (R99.2 million); the Land and Agricultural Development Bank of South Africa in respect of the broad based black economic empowerment framework for agriculture (R99.8 million); conditional grants to provinces for the comprehensive agricultural support programme, LandCare and Ilima/Letsema (R6.4 billion); public corporation and private enterprises (R20.3 million); and international organisations for membership fees (R68.6 million).

Expenditure increased from R3.6 billion in 2008/09 to R5 billion in 2011/12, at an average annual rate of 11.7 per cent, and is projected to increase to R6.3 billion over the medium term, at an average annual rate of 8.4 per cent. The historical increase is due to funds transferred to the department from the departments of water affairs and environmental affairs for forestry and fishery in 2009/10 and 2010/11. The increase over the medium term is due to increases in the conditional grant allocation for the comprehensive agricultural support programme, Ilima/Letsema, and LandCare. These allocations are projected to increase from R1.7 billion in 2011/12 to R2.2 billion in 2014/15, at an average annual rate of 9.9 per cent. Expenditure on consultants is expected to decrease from R59.3 million in 2011/12 to R56.3 million in 2012/13, due to the conclusion of the programme to combat the avian influenza and foot and mouth disease outbreaks in 2011/12.

The department receives additional allocations of R551.7 million, R507.3 million and R610.5 million over the medium term for the following:

- R27.9 million, R31 million and R34.5 million to improve conditions of service
- R8.7 million in 2012/13 for the Working for Fisheries component of the expanded public works programme incentive
- R398.2 million, R299 million and R298.2 million for the disasters and flood damaged infrastructure component of the comprehensive agricultural support programme
- R77 million, R128 million and R195 million for the Agricultural Research Council for the economic competitiveness and support package
- R33 million, R42 million and R75 million for provincial and rural agricultural colleges for the economic competitiveness and support package
- R2.8 million, R3 million and R3.2 million to be transferred from the Department of Water Affairs for the forestry function's accommodation costs

- R6 million, R6.3 million and R6.6 million for improvements to conditions of service for the Agricultural Research Council
- R1 million, R1.1 million and R1.1 million for improvements to conditions of service for the National Agricultural Marketing Council.

A Cabinet approved baseline cut of R416.3 million was also made over the MTEF period (R114.8 million, R124.5 million and R146.9 million), details of which are discussed in the subprogrammes where applicable.

Infrastructure spending

The department is funding numerous small infrastructure projects, which are in various stages of implementation. The total cost of the project is estimated at R1.3 billion, including R76 million for fences along South Africa's borders with Zimbabwe and Mozambique to manage the spread of foot and mouth disease, R24.9 million to drill and fit boreholes for agricultural purposes in rural communities across the country, and R22 million for the Lesotho border fence. R55 million in 2012/13 and R45 million in 2013/14 will be used for fencing under the LandCare programme grant. Between 2008/09 and 2010/11, the department spent R145.4 million on these small infrastructure projects, and expects to spend R180.9 million on these over the medium term.

Personnel information

Table 26.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	7 094	7 094	185	2 796	7 042	7 094	7 083	7 056	7 056	7 056
Salary level 1 – 6	4 348	4 348	134	1 410	4 334	4 348	4 335	4 309	4 309	4 309
Salary level 7 – 10	2 134	2 134	28	1 168	2 237	2 163	2 127	2 147	2 147	2 147
Salary level 11 – 12	481	481	15	163	362	452	489	468	468	468
Salary level 13 – 16	131	131	8	55	109	131	132	132	132	132
Administration	1 093	1 093	120	705	992	1 093	1 078	1 078	1 078	1 078
Salary level 1 – 6	534	534	101	391	488	534	519	519	519	519
Salary level 7 – 10	413	413	10	238	384	413	413	413	413	413
Salary level 11 – 12	90	90	3	50	81	90	90	90	90	90
Salary level 13 – 16	56	56	6	26	39	56	56	56	56	56
Agricultural Production, Health and Food Safety	1 489	1 489	3	537	1 466	1 489	1 492	1 492	1 492	1 492
Salary level 1 – 6	617	617	1	325	656	617	619	619	619	619
Salary level 7 – 10	720	720	–	185	704	720	715	715	715	715
Salary level 11 – 12	137	137	2	18	92	137	143	143	143	143
Salary level 13 – 16	15	15	–	9	14	15	15	15	15	15
Food Security and Agrarian Reform	499	499	10	323	497	499	499	499	499	499
Salary level 1 – 6	309	309	–	152	272	309	309	309	309	309
Salary level 7 – 10	137	137	2	139	182	137	134	134	134	134
Salary level 11 – 12	40	40	8	23	33	40	43	43	43	43
Salary level 13 – 16	13	13	–	9	10	13	13	13	13	13
Trade Promotion and Market Access	158	158	4	105	148	158	159	159	159	159
Salary level 1 – 6	29	29	–	21	18	29	29	29	29	29
Salary level 7 – 10	95	95	2	69	110	95	96	96	96	96
Salary level 11 – 12	20	20	1	13	13	20	19	19	19	19
Salary level 13 – 16	14	14	1	2	7	14	15	15	15	15
Forestry	3 251	3 251	39	1 126	3 201	3 251	3 251	3 224	3 224	3 224
Salary level 1 – 6	2 721	2 721	24	521	2 692	2 721	2 721	2 695	2 695	2 695
Salary level 7 – 10	443	443	14	537	445	443	443	443	443	443
Salary level 11 – 12	72	72	–	59	49	72	72	71	71	71
Salary level 13 – 16	15	15	1	9	15	15	15	15	15	15
Fisheries	604	604	9	–	738	604	604	604	604	604
Salary level 1 – 6	138	138	8	–	208	138	138	138	138	138
Salary level 7 – 10	326	326	–	–	412	355	326	346	346	346
Salary level 11 – 12	122	122	1	–	94	93	122	102	102	102
Salary level 13 – 16	18	18	–	–	24	18	18	18	18	18

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 7 094 funded posts, of which 6 171 were filled. The number of filled posts is expected to increase to 6 634 over the medium term as a result of the lifting of a moratorium on the filling of vacant posts. There were 926 vacancies within the department, 356 of which were in salary levels 7 to 9. Most vacancies were in the *Forestry* programme. The ratio of support staff to line staff was 1:7. In April 2011, the department undertook a reconfiguration exercise and implemented a new organisational structure.

Departmental receipts

Table 26.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	254 006	250 534	156 961	122 011	139 327	144 916	150 602	156 978
Sales of goods and services produced by department	107 693	108 883	126 973	93 613	109 081	112 900	117 070	121 874
Sales by market establishments	5 351	2 843	2 864	1 910	2 417	2 980	3 360	3 535
of which:								
Market establishment: Dwelling	4 894	2 295	2 499	1 458	1 918	2 100	2 380	2 445
Market establishment: Rental parking - Covered and open	15	239	251	–	–	326	330	340
Market establishment: Rental other machinery and equipment	187	1	–	130	177	210	260	310
Sales of wool/skin	255	308	114	322	322	344	390	440
Administration fees	55 498	75 143	88 226	60 133	72 094	74 100	76 570	79 899
of which:								
Farm feeds registration	3 842	5 353	11 233	8 600	9 200	9 800	10 100	11 600
Plant breeders rights registration	2 334	2 124	1 991	2 500	4 300	4 500	5 000	5 500
Stock remedy	3 921	627	754	4 446	4 800	4 900	5 100	5 300
Inspection fees: Statutory services	26 998	47 718	50 272	31 200	40 300	41 000	42 300	43 000
Other administration fees	18 403	19 321	23 976	13 387	13 494	13 900	14 070	14 499
Other sales	46 844	30 897	35 883	31 570	34 570	35 820	37 140	38 440
of which:								
Services rendered: Boarding service-private	967	1 348	1 109	1 400	1 800	1 900	2 050	2 200
Services rendered: Commission insurance	768	805	60	1 100	1 300	1 460	1 660	1 800
Services rendered: Course fees	750	1 389	–	1 300	1 600	1 800	1 950	2 100
Laboratory services: Plant	654	1 088	1 041	1 600	2 100	2 260	2 580	2 840
Other sales	43 705	26 267	33 673	26 170	27 770	28 400	28 900	29 500
Sales of scrap, waste, arms and other used current goods	4	4	28	8	8	9	10	11
of which:								
Sales of waste paper	4	4	28	8	8	9	10	11
Transfers received	80	9	9	–	2	3	3	3
Fines, penalties and forfeits	10	53	43	30	45	4	4	4
Interest, dividends and rent on land	9 752	12 519	8 130	11 930	13 761	15 000	15 965	16 961
Interest	9 386	11 758	7 240	11 230	11 230	12 300	12 915	13 561
Rent on land	366	761	890	700	2 531	2 700	3 050	3 400
Sales of capital assets	330	1 605	513	500	500	1 000	1 050	1 103
Transactions in financial assets and liabilities	136 137	127 461	21 265	15 930	15 930	16 000	16 500	17 022
Total	254 006	250 534	156 961	122 011	139 327	144 916	150 602	156 978

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, providing quarantine and inspection services, and the sale of wood products from commercial forestry operations. Other receipts accrue from interest payments, rent on land, sales of capital assets, and financial transactions in assets and liabilities. Total revenue is projected to increase from R139.3 million in 2011/12 to R157 million in 2014/15, at an average annual rate of 4.1 per cent, due to tariff increases.

Programme 1: Administration

Expenditure estimates

Table 26.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	22.1	24.1	31.7	20.7	27.2	28.6	30.0
Department Management	15.2	17.4	21.0	19.6	29.1	33.3	35.8
Financial Administration	137.1	481.4	119.8	148.8	139.9	148.2	155.0
Internal Audit	3.5	4.8	8.8	7.3	7.8	8.3	8.6
Corporate Services	79.8	85.1	107.0	123.7	133.1	151.4	159.4
Stakeholder Relations, Communication and Legal Services	31.6	34.3	48.5	40.9	43.7	46.1	48.2
Policy, Planning, Monitoring and Evaluation	74.9	55.2	59.3	104.1	87.2	89.1	92.8
Office Accommodation	66.3	82.9	85.1	109.4	144.8	151.7	158.7
Total	430.4	785.1	481.2	574.5	612.9	656.7	688.6
Change to 2011 Budget estimate				(722.5)	(848.0)	(776.4)	(822.0)
Economic classification							
Current payments	372.1	381.7	442.6	551.8	604.4	648.0	679.8
Compensation of employees	181.6	208.4	241.4	276.6	316.0	327.5	343.0
Goods and services	190.5	173.3	200.9	275.0	288.2	320.2	336.5
<i>of which:</i>							
Agency and support / outsourced services	35.9	12.6	20.2	16.0	9.3	9.7	10.6
Inventory: Other consumables	0.8	0.9	1.0	1.3	0.8	0.9	1.0
Lease payments	7.6	7.5	15.8	31.7	54.2	57.9	62.0
Travel and subsistence	20.6	17.2	31.5	38.9	29.3	33.8	34.4
Interest and rent on land	–	–	0.2	0.3	0.2	0.3	0.3
Transfers and subsidies	30.9	371.9	7.3	3.8	1.6	1.6	1.7
Provinces and municipalities	0.1	0.2	0.1	0.1	0.0	0.1	0.1
Departmental agencies and accounts	0.6	0.7	1.1	1.3	1.5	1.6	1.7
Public corporations and private enterprises	22.7	367.4	3.0	2.3	–	–	–
Non-profit institutions	5.0	0.0	0.1	–	–	–	–
Households	2.5	3.6	3.0	0.1	–	–	–
Payments for capital assets	27.3	31.4	31.2	18.8	6.9	7.0	7.1
Buildings and other fixed structures	19.2	22.5	12.5	7.1	4.0	4.0	4.0
Machinery and equipment	7.9	8.6	17.1	11.6	2.9	3.0	3.0
Software and other intangible assets	0.2	0.3	1.7	0.1	–	0.0	0.0
<i>of which:</i>							
Capitalised goods and services	–	–	0.8	9.5	2.4	2.4	2.5
Payments for financial assets	0.0	0.0	0.1	–	–	–	–
Total	430.4	785.1	481.2	574.5	612.9	656.7	688.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.6	0.7	1.1	1.3	1.5	1.6	1.7
Primary Agriculture Sector Education and Training Authority	0.6	0.7	1.1	1.3	1.5	1.6	1.7
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	22.1	367.0	1.7	2.3	–	–	–
Forest Sector Charter Council	–	–	1.7	2.3	–	–	–
Land and Agriculture Development Bank of Southern Africa	22.1	367.0	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	0.6	0.4	1.3	–	–	–	–
Claims against the state	0.6	0.4	1.3	–	–	–	–

Expenditure trends

Expenditure increased from R430.4 million in 2008/09 to R574.5 million in 2011/12, at an average annual rate of 10.1 per cent, due to once-off allocations of R22.1 million in 2008/09 and R367 million in 2009/10 for the Micro Agricultural Financial Institutions of South Africa scheme. Over the medium term, spending is projected to increase to R688.6 million, at an average annual rate of 6.2 per cent, due to the incorporation of the fishery and forestry function into the department. Furthermore, the oversight role of the Micro Agricultural Financial Institutions of South Africa, which was previously in the *Agricultural Production, Health and Food Safety* programme, is now included in this programme.

Spending in the *Office Accommodation* subprogramme increased from R66.3 million in 2008/09 to R109.4 million in 2011/12, at an average annual rate of 18.2 per cent, due to the acquisition of offices for forestry personnel and as a result of consolidating offices in other centres. In addition, R2.7 million was transferred from the Department of Water Affairs in 2011/12 for lease accommodation, as a result of the reorganisation. Over the medium term, expenditure in this subprogramme is projected to increase to R158.7 million, at an average annual rate of 13.2 per cent.

Expenditure on consultants decreased from R14.7 million in 2008/09 to R12.3 million in 2011/12, at an average annual rate of 5.9 per cent, and is expected to increase to R20.1 million over the medium term, at an average annual rate of 18 per cent. Consultants are mainly used for research, external audit services and task teams appointed by the director general.

Programme 2: Agricultural Production, Health and Food Safety

Objectives and measures

- Focus on new and existing farmers by strengthening the implementation of comprehensive support programmes in all provinces and production strategies and related services on an ongoing basis.
- Improve compliance with the agricultural production, animal and plant health related legislation, biosecurity and food safety frameworks and the effective implementation of risk management strategies by:
 - continuing with 4 major surveillance programmes to monitor incidences of animal and plant diseases and pests
 - strengthening the regulatory framework for animal disease control and veterinary public health through implementing animal health and production schemes, projects and programmes by March 2013
 - increasing the number of regulatory interventions (inspection, quarantine and audits) from 52 500 in 2011/12 to 57 750 by March 2013
 - facilitating the registration of 2 520 agricultural production inputs by March 2013
 - facilitating the development and implementation of 3 regulatory instruments by March 2013.
- Support smallholder farmers towards achieving sustainable production by:
 - maintaining regulatory support services and the development and implementation of technical support (norms and standards and guidelines) in 2012/13
 - improving the competitiveness of smallholder farmers in animal production through the implementation of the respective production strategies in 2012/13.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 and a total budget of R1.9 million in 2011/12, of which 100 per cent was used for compensation of employees and for goods and services.
- *Inspection and Laboratory Services* provides leadership, guidance and support to ensure compliance with agricultural legislation and regulatory frameworks. The programme also oversees the effective implementation of risk management strategies, such as quarantine services for the importation of animals, and plans for regulated agricultural products. It had a staff complement of 885 and a total budget of

R252.9 million in 2011/12, of which 84.7 per cent was used for compensation of employees. R9.6 million was identified as savings in 2012/13.

- *Plant Production and Health* increases agricultural productivity by emphasising a sustainable plant production system, the efficient use of genetic resources, and managing risks associated with plant pests, diseases and genetically modified organisms. This subprogramme had a staff complement of 274 and a total budget of R483.9 million in 2011/12, of which 86 per cent was used for Ilima/Letsema, a conditional grant which aims to increase agricultural production. In 2011/12, interventions were undertaken in Free State, North West and KwaZulu-Natal to ensure access to and the improvement of indigenous genetic resources for food and agriculture. Further detections of the African invader fruit fly (*bactrocera invadens*) in Limpopo have been successfully contained. The sterile insect technique has been successfully rolled out against the Mediterranean fruit fly (*ceratitis capitata*) in Western Cape, using a combination of grower levies and departmental funding, at a cost of R6.9 million, to support production, sustain export related jobs, provide smallholder and subsistence level food security. R10 million has been identified as savings in 2012/13 in respect of travel and subsistence, other consumables, and assets less than R5 000.
- *Animal Production and Health* improves livestock production by: implementing sustainable animal production and health strategies, projects and programmes founded on sound animal disease risk management principles; providing an informed extension service and sustainable natural resource management; and providing veterinary public health through appropriate interventions. This subprogramme had a staff complement of 410 and a total budget of R195.5 million in 2011/12, of which 33.4 per cent was used for the primary animal health care programme for the appointment of veterinarians through the compulsory community service programme, and to provide toolkits to animal health technicians. R5.3 million has been identified in 2012/13 for a function shift from this subprogramme to the *Inspection and Quarantine Services* subprogramme for meat inspections and bursaries for veterinarians. An additional saving of R2.5 million in 2012/13 was identified on travel and subsistence, other consumables and assets less than R5 000.
- *Agricultural Research* provides transfers to the Agricultural Research Council. It has no staff.

Expenditure estimates

Table 26.6 Agricultural Production, Health and Food Safety

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	1.5	1.9	1.9	1.9	2.0	2.1	2.2
Inspection and Laboratory Services	169.0	193.7	223.4	252.9	282.6	301.2	315.7
Plant Production and Health	219.4	104.2	255.2	483.9	483.1	507.1	532.1
Animal Production and Health	263.2	192.3	131.7	195.5	188.4	206.4	223.0
Agricultural Research	514.6	537.2	622.3	755.5	935.5	931.7	1 044.2
Total	1 167.6	1 029.2	1 234.4	1 689.8	1 891.6	1 948.5	2 117.2
Change to 2011 Budget estimate				797.8	897.3	900.1	1 013.1

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	298.8	400.6	390.8	478.1	494.7	530.6	561.0
Compensation of employees	200.9	253.2	282.9	301.3	352.7	369.6	388.8
Goods and services	97.9	147.4	107.8	176.5	141.9	160.8	172.1
<i>of which:</i>							
Agency and support / outsourced services	13.9	23.9	13.4	12.2	6.6	15.1	15.9
Inventory: Other consumables	7.9	6.1	6.2	20.9	28.3	32.8	34.2
Lease payments	1.4	3.6	0.4	0.3	0.4	0.4	0.4
Travel and subsistence	28.2	64.1	31.9	31.4	27.1	28.3	28.9
Interest and rent on land	-	-	0.1	0.2	0.1	0.2	0.2

Table 26.6 Agricultural Production, Health and Food Safety (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	852.2	617.3	833.3	1 167.8	1 358.5	1 377.8	1 514.8
Provinces and municipalities	96.0	50.0	192.6	405.0	415.8	438.5	460.6
Departmental agencies and accounts	579.6	537.2	622.3	755.5	935.5	931.7	1 044.2
Higher education institutions	3.6	–	–	–	–	–	–
Public corporations and private enterprises	21.5	20.1	1.0	0.3	–	–	–
Non-profit institutions	6.8	6.3	6.6	6.9	7.3	7.6	10.0
Households	144.8	3.8	10.8	0.1	–	–	–
Payments for capital assets	15.7	11.1	10.3	43.9	38.4	40.1	41.4
Buildings and other fixed structures	2.1	–	–	0.0	0.2	0.1	0.1
Machinery and equipment	13.3	11.0	10.2	43.8	38.2	39.9	41.3
Biological assets	0.3	0.1	–	–	–	–	–
Software and other intangible assets	0.0	0.0	0.1	0.1	–	–	–
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	1.0	2.0	1.8	1.8	2.0
Payments for financial assets	0.9	0.3	0.0	–	–	–	–
Total	1 167.6	1 029.2	1 234.4	1 689.8	1 891.6	1 948.5	2 117.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	516.7	468.1	503.4	543.5	719.2	830.1	936.5
Agricultural Research Council	451.7	468.1	503.4	543.5	719.2	830.1	936.5
Eastern Cape Rural Finance Corporation	65.0	–	–	–	–	–	–
Capital	62.9	69.0	118.9	212.0	216.3	101.6	107.7
Agricultural Research Council	62.9	69.0	118.9	212.0	216.3	101.6	107.7
Non-profit institutions							
Current	6.8	6.3	6.6	6.9	7.3	7.6	10.0
Deciduous Fruit Producers' Trust	6.0	6.3	6.6	6.9	7.3	7.6	10.0
South African Sheep Shearing Federation: Sponsorship	0.1	–	–	–	–	–	–
Onderstepoort Centenary Organising Committee	0.7	–	–	–	–	–	–
Households							
Social benefits							
Current	1.2	2.6	2.3	0.1	–	–	–
Employee social benefits	1.2	2.6	2.3	0.1	–	–	–
Households							
Other transfers to households							
Current	143.6	1.1	8.5	–	–	–	–
Claims against the state	0.0	0.0	0.0	–	–	–	–
Classical Swine Fever	143.6	1.1	8.5	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	21.5	20.1	1.0	0.3	–	–	–
Claims against the state	0.4	20.1	0.0	–	–	–	–
Bluelilliesbush Dairy Farming	21.1	–	–	–	–	–	–
Grasslands Group of Companies	–	–	1.0	0.3	–	–	–
Higher education institutions							
Current	3.6	–	–	–	–	–	–
University of Stellenbosch	3.6	–	–	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	96.0	50.0	192.5	405.0	415.8	438.5	460.6
Ilirima/Letsema projects grant	96.0	50.0	192.5	405.0	415.8	438.5	460.6

Expenditure trends

Expenditure increased from R1.2 billion in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 13.1 per cent, and is projected to increase to R2.1 billion over the medium term, at an average annual rate of 7.8 per cent. The increase in both periods is due to additional allocations of R200 million in 2010/11, R400 million in 2011/12 and R420 million in 2012/13 to further strengthen Ilima/Letsema projects, and a new allocation of R314.6 million over the medium term for the implementation of compulsory community service for veterinarians in the primary animal health care programme. As part of the economic competitiveness and support package, R400 million (R77 million, R128 million, R195 million) over the medium term, has been allocated to the Agricultural Research Council for research into crop production, production of animal vaccines, extension services for smallholder farmers, university research, and the maintenance of national collections/gene banks. The oversight role of the transfer payment to the Agricultural Research Council, which was previously in the *Administration* subprogramme, now resides in the *Agricultural Research* subprogramme.

3 473 subsistence farmers were supported through the Ilima/Letsema projects. 1 415 emerging beef farmers with a total herd size of 15 113 animals were served under the Kaonofatso ya Dikgomo national animal improvement scheme in 2011/12. 591 farmers with 729 herds of dairy cattle and 17 goat herds were involved in milk recording under the national milk recording and improvement scheme. Two feedlot facilities were established in cooperation with the Limpopo and Eastern Cape departments of agriculture, at a cost of R1.5 million.

The cotton strategy, developed in conjunction with industry, was finalised and endorsed by stakeholders in the cotton industry in 2011/12. Considerable progress was achieved in 2011/12 in reviewing the grain and fruit strategies. These three strategies constitute the pillars of the production strategy. A set of regulations for plums, prunes, nectarines and peaches was submitted to the World Trade Organisation for notification. Research solutions on wheat production and cultivation were completed in 2011/12, and included clear recommendations on the appropriate cultivars to be used in the northern and southern production areas. Over the medium term, 9 animal schemes per year will be implemented and monitored, 1 commodity strategy (red meat, milk, poultry and pigs) will be implemented each year, 20 export facilities will be inspected per year, and 24 laboratories will be approved each year.

Expenditure on consultants increased from R4.7 million in 2008/09 to R5.2 million in 2011/12, at an average annual rate of 3.5 per cent, and is expected to decrease to R4.5 million over the medium term, at an average annual rate of 5 per cent. Consultants are used mainly for: legal services; activities related to aviation influenza, foot and mouth disease and classical swine flu; laboratory services; and research.

Programme 3: Food Security and Agrarian Reform

Objectives and measures

- Enhance the provision of support services to promote and facilitate agricultural development targeting smallholder producers by:
 - developing smallholder producers to increase their productivity through technical and advisory services, and training and capacity building programmes, on and off farm infrastructure development, marketing and business development, information and knowledge management, and the facilitation of financial services by March 2014
 - managing the development process for the food security policy and adopting the following legislation over the medium term: the Plant Improvement Act (1976), and the Animal Improvement Act (1988), the Meat Safety Act (2000), the Animal Diseases Act (1994)
 - providing appropriate training to 45 000 smallholder producers, coordinating sector transformation programmes and implementing vulnerable workers summit resolutions over the medium term
 - providing an extension recovery plan support package to 21 000 extension personnel over the medium term
 - facilitating the improvement of the production systems of smallholder producers to achieve food security and livelihoods over the medium term.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 and a total budget of R2.1 million in 2011/12, of which 100 per cent was used for compensation of employees and goods and services.
- *Food Security* facilitates smallholder producers' development and provides implements and infrastructure. This subprogramme had a staff complement of 244 and a total budget of R781.7 million in 2011/12, of which 87.7 per cent was transferred as a conditional grant to all provinces in respect of the comprehensive agricultural support programme. 7.4 per cent was used for coordination and support activities geared towards increasing the number of smallholder farmers from 220 000 to 250 000 by 2014, through conducting assessments and providing engineering advice and post-settlement support.
- *Sector Capacity Development* provides sector education and training, sector colleges and sector transformation, and facilitates and coordinates key special programmes such as the implementation of the resolutions on vulnerable workers in the sector, and the female entrepreneur annual awards. This subprogramme had a staff complement of 206 and a total budget of R139.5 million in 2011/12, of which 37.7 per cent was used for compensation of employees, 33.8 per cent was transferred as a conditional grant to support colleges to provide training and build infrastructure, and 8.4 per cent was used for sector training.
- *National Extension Support Services* develops national extension policies and funds the training and capacity building of extension services at the frontline level. This subprogramme had a staff complement of 8 and a total budget of R330.7 million in 2011/12, of which 92.3 per cent was used for the extension recovery programme by means of a conditional grant. The main objective is to ensure that all extension officers are registered with a number of professional bodies to improve their professionalism and accountability.

Expenditure estimates

Table 26.7 Food Security and Agrarian Reform

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	10.7	2.9	19.3	2.1	2.3	2.5	2.6
Food Security	610.7	649.6	644.1	781.7	868.8	1 021.1	1 069.5
Sector Capacity Development	76.6	77.4	111.1	139.5	188.3	208.4	250.9
National Extension Support Services	100.0	170.8	273.9	330.7	349.2	368.4	390.1
Total	797.9	900.6	1 048.5	1 253.9	1 408.6	1 600.3	1 713.0
Change to 2011 Budget estimate				9.7	28.9	41.3	67.3

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	168.5	153.0	168.1	151.8	178.4	195.2	206.8
Compensation of employees	76.1	89.1	78.3	90.9	109.8	115.5	121.1
Goods and services	92.3	63.9	89.7	60.8	68.6	79.7	85.6
<i>of which:</i>							
Agency and support / outsourced services	4.6	3.0	7.2	7.7	11.3	12.9	14.3
Inventory: Other consumables	2.9	3.9	4.9	6.9	3.5	4.3	4.1
Lease payments	0.3	0.4	0.1	0.1	0.1	0.1	0.1
Travel and subsistence	17.5	15.6	13.7	11.3	12.1	14.2	14.0
Interest and rent on land	–	–	0.0	0.1	0.0	0.0	0.0
Transfers and subsidies	622.8	735.7	843.9	1 064.5	1 197.3	1 370.5	1 470.0
Provinces and municipalities	614.3	715.7	828.9	1 039.7	1 137.1	1 301.3	1 367.1
Departmental agencies and accounts	5.6	9.1	10.2	13.8	47.3	55.7	88.9
Higher education institutions	0.0	–	–	2.7	5.8	6.1	6.3
Foreign governments and international organisations	–	–	–	0.5	–	–	–
Public corporations and private enterprises	2.5	2.6	2.8	4.3	3.1	3.3	3.5
Non-profit institutions	–	8.0	–	2.0	2.5	2.5	2.5
Households	0.4	0.4	1.9	1.5	1.6	1.6	1.7

Table 26.7 Food Security and Agrarian Reform (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Payments for capital assets	6.6	11.7	36.4	37.6	32.9	34.6	36.3
Buildings and other fixed structures	–	–	34.6	33.6	32.5	34.1	35.9
Machinery and equipment	6.5	11.7	1.8	4.0	0.5	0.4	0.5
<i>of which:</i>							
Capitalised compensation	9.6	11.6	17.8	13.3	15.0	15.8	16.6
Capitalised goods and services	13.3	8.8	17.1	20.9	17.7	18.7	19.6
Payments for financial assets	0.0	0.1	0.1	–	–	–	–
Total	797.9	900.6	1 048.5	1 253.9	1 408.6	1 600.3	1 713.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	5.6	9.1	10.2	13.8	47.3	55.7	88.9
Water Research Commission	–	–	–	1.2	1.2	0.6	–
National Student Financial Aid Scheme	5.0	8.5	9.6	12.0	12.5	12.5	13.2
Perishable Products Export Control Board	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Provincial and Rural Agricultural Colleges	–	–	–	–	33.0	42.0	75.0
Non-profit institutions							
Current	–	8.0	–	2.0	2.5	2.5	2.5
Colleges in the Sector	–	–	–	2.0	2.5	2.5	2.5
Food Bank South Africa	–	8.0	–	–	–	–	–
Households							
Other transfers to households							
Current	–	0.0	1.2	1.3	1.3	1.4	1.5
Claims against the state	–	0.0	0.0	–	–	–	–
Bursaries: Non-employees	–	–	1.2	1.3	1.3	1.4	1.5
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	2.4	2.6	2.8	4.3	3.1	3.3	3.5
Ncera Farms	2.4	2.6	2.8	4.3	3.1	3.3	3.5
Higher education institutions							
Current	0.0	–	–	2.7	5.8	6.1	6.3
University of Pretoria	–	–	–	0.5	0.8	0.8	0.8
University of Fort Hare	–	–	–	1.7	3.5	3.8	4.0
University of KwaZulu-Natal	–	–	–	0.5	1.5	1.5	1.5
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	614.1	715.4	828.7	1 039.4	1 136.8	1 301.1	1 366.8
Comprehensive agricultural support programme grant: Colleges for infrastructure	–	–	–	50.0	52.5	55.4	58.7
Comprehensive agricultural support programme grant: Extension recovery plan	100.0	170.8	273.9	308.9	322.2	339.9	360.3
Comprehensive agricultural support programme grant: Infrastructure	438.1	544.6	554.8	680.5	762.1	905.7	947.8
Comprehensive agricultural support programme grant: Agricultural starter packs	76.0	–	–	–	–	–	–

Expenditure trends

Expenditure increased from R797.9 million in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 16.3 per cent, due to an increase in spending in the *National Extension Support Services* subprogramme as a result of the extension recovery plan component of the comprehensive agricultural support programme conditional grant introduced in 2008/09. Expenditure on consultants was 2.2 per cent of the total compensation of employees in 2011/12.

Over the medium term, expenditure is projected to increase to R1.7 billion, at an average annual rate of 11 per cent. This is due to an increase of R267.3 million in allocations to the comprehensive agricultural support programme conditional grant. As part of the economic competitiveness and support package, R150 million has been allocated to the department for the provincial and rural agricultural colleges over the MTEF period.

The department drafted the Zero Hunger strategy and implementation plan and the draft food security policy in 2011/12. In addition, in partnership with the Food and Agriculture Organisation, the department approved and implemented 14 proposals on Telefood programmes, at a cost of US\$128 004. The departmental partnership model (sustainable farming model) pilot project provides comprehensive support to targeted smallholders to enable them to collaborate with agribusiness to produce crops. The project is run in conjunction with Grain South Africa, Agri South Africa, Noord-wes Koöperasie and Vrystaat Koöperasie Beperk. The project assisted 15 grain farmers in North West and Free State to grow bitter sorghum, maize, sunflower and beans. The market for these grains was secured through Grain South Africa and Noord-wes Koöperasie. 650 hectares of grain crops were planted. Over the medium term, the focus will be on implementing the approved Zero Hunger strategy and implementing the policy on mechanisation support. 15 000 producers will receive comprehensive production support.

Expenditure on consultants decreased from R13.5 million in 2008/09 to R2.3 million in 2011/12, at an average annual rate of 44.6 per cent, and is expected to increase to R4.6 million over the medium term, at an average annual rate of 26 per cent. Consultants are used mainly for engineering services and subsistence farming.

Programme 4: Trade Promotion and Market Access

Objectives and measures

- Increase growth, income and sustainable job opportunities by developing and implementing the fisheries charter and the integrated sector small, medium and micro enterprises (SMME) strategies, facilitating the improvement of efficient value chains, and creating an enabling environment for SMMEs within the sector by 2012/13.
- Coordinate government food security initiatives by facilitating the incorporation of smallholder farmers into commodity groups and cooperatives and ensuring the implementation of the agro-processing strategy through the establishment of 108 cooperatives and 12 commodity associations by 2012/13.
- Increase market access for South African and African agricultural, forestry and fisheries products domestically and internationally by participating in 25 trade negotiations and the implementation sessions of trade agreements by 2012/13.

Subprogrammes

- *Management* oversees and manages the programme. In 2011/12, this subprogramme has a staff complement of 3 and a total budget of R2.3 million, of which 100 per cent was used for compensation of employees and goods and services.
- *International Relations and Trade* facilitates, coordinates and supports international relations and creates an enabling environment for increased regional integration and market access regionally and internationally for agriculture, forestry and fisheries products. It does this by participating in bilateral and multilateral trade negotiations, implementing established trade agreements, and providing export awareness and market analysis training. This subprogramme had a staff complement of 76 and a total budget of R81.8 million in 2011/12, of which 47.1 per cent was used for compensation of employees and 24.7 per cent was used for membership fees for international organisations.

- *Cooperatives and Rural Enterprise Development* provides leadership and support in implementing programmes and initiatives to ensure the promotion and participation of emerging businesses. This subprogramme had a staff complement of 53 and a total budget of R72.6 million in 2011/12, of which 46.2 per cent was used for the transfer payment in respect of the AgriBEE Sector Charter and 32 per cent was used for goods and services. Activities are geared towards facilitating and supporting the development of businesses to ensure the transformation of the agriculture, forestry and fisheries sectors in 2012/13. R10.4 million in 2012/13 has been identified as savings to supplement the shortfall in respect of departmental attachés abroad.
- *Agro-processing and Marketing* develops and implements support programmes to promote market access and value addition for agriculture, forestry and fisheries products. This subprogramme had a staff complement of 27 and a total budget of R48.6 million in 2011/12, of which 67.2 per cent was used as a transfer payment to the National Agricultural Marketing Council. The subprogramme is geared towards implementing marketing and agro-processing strategies.

Expenditure estimates

Table 26.8 Trade Promotion and Market Access

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	1.2	0.7	1.3	2.3	2.5	2.7	2.8
International Relations and Trade	83.4	79.6	85.4	81.8	89.1	93.8	103.1
Cooperatives and Rural Enterprise Development	70.7	67.3	17.5	72.6	74.1	78.3	86.0
Agro-processing and Marketing	31.3	37.6	41.2	48.6	46.3	49.1	51.7
Total	186.6	185.2	145.3	205.4	212.0	223.8	243.6
Change to 2011 Budget estimate				13.6	28.6	30.3	20.1

Economic classification

Current payments	69.3	75.1	83.6	103.7	123.5	131.0	145.0
Compensation of employees	37.4	41.3	48.7	56.7	71.9	76.2	79.1
Goods and services	31.9	33.9	34.9	46.9	51.7	54.7	65.9
<i>of which:</i>							
Agency and support / outsourced services	4.7	3.6	5.1	2.1	7.2	7.1	8.7
Inventory: Other consumables	0.1	0.0	0.5	0.1	0.1	0.1	0.1
Lease payments	0.7	2.9	3.3	0.8	2.9	3.0	5.7
Travel and subsistence	12.4	7.7	10.9	9.3	10.4	11.0	11.9
Transfers and subsidies	116.9	109.6	60.9	100.8	87.9	92.2	98.0
Provinces and municipalities	–	–	0.1	–	–	–	–
Departmental agencies and accounts	23.3	29.4	31.2	36.0	31.1	33.1	35.0
Higher education institutions	2.6	1.9	–	–	–	–	–
Foreign governments and international organisations	35.3	29.7	29.6	34.7	22.5	22.1	23.9
Public corporations and private enterprises	50.2	48.6	0.0	30.0	34.3	36.9	39.1
Non-profit institutions	5.5	–	–	–	–	–	–
Payments for capital assets	0.4	0.5	0.8	1.0	0.6	0.6	0.6
Machinery and equipment	0.4	0.5	0.8	0.9	0.6	0.6	0.6
<i>of which:</i>							
Capitalised goods and services	–	–	0.1	0.1	0.1	0.2	0.2
Total	186.6	185.2	145.3	205.4	212.0	223.8	243.6

Table 26.8 Trade Promotion and Market Access (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	23.3	29.4	31.2	36.0	31.1	33.1	35.0
National Agricultural Marketing Council	22.5	28.4	31.2	36.0	31.1	33.1	35.0
Tompi Seleke Agricultural Training Centre	0.9	1.0	–	–	–	–	–
Foreign governments and international organisations							
Current	35.3	29.7	29.6	34.7	22.5	22.1	23.9
Consultative Group on International Agricultural Research	3.9	4.0	3.6	3.7	4.0	3.9	5.0
International Union for the Protection of New Varieties of Plants	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Commonwealth Agricultural Bureau International	0.2	0.1	–	0.2	0.1	0.1	0.1
Food and Agriculture Organisation of the United Nations	23.5	23.1	23.6	24.1	11.5	11.0	11.5
Foreign Rates and Taxes	0.2	0.1	0.1	0.0	0.1	0.1	0.1
International Cotton Advisory Council	0.2	–	0.1	0.3	0.2	0.2	0.2
International Dairy Federation	0.0	0.1	0.1	0.1	0.1	0.1	0.1
International Grains Council	0.1	0.1	0.1	0.2	0.2	0.2	0.2
International Seed Testing Association	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Organisation for Economic Cooperation and Development	0.1	0.0	0.3	0.5	0.2	0.2	0.3
International Fund for Agricultural Development	5.0	–	–	3.6	3.8	4.0	4.0
International Commission of Agricultural Engineering	–	–	–	–	0.3	0.4	0.4
International Organisation of Vine and Wine	0.6	0.6	0.5	0.5	0.5	0.5	0.5
World Organisation for Animal Health	1.0	1.0	0.8	1.1	1.0	1.0	1.1
Non-profit institutions							
Current	5.5	–	–	–	–	–	–
Cotton South Africa	4.5	–	–	–	–	–	–
National Movement of Rural Women	1.0	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	50.0	48.6	–	30.0	34.3	36.9	39.1
Forest Sector Charter Council	–	–	–	–	3.2	3.5	3.7
Land and Agricultural Development Bank of South Africa	50.0	48.6	–	30.0	31.1	33.3	35.3
Higher education institutions							
Current	2.6	1.9	–	–	–	–	–
Fort Hare University Community Development Centres	1.0	–	–	–	–	–	–
University of the Free State	1.6	1.9	–	–	–	–	–

Expenditure trends

Expenditure increased from R186.6 million in 2008/09 to R205.4 million in 2011/12, at an average annual rate of 3.2 per cent. Over the medium term, expenditure is projected to increase to R243.6 million, at an average annual rate of 5.9 per cent. The increase over the MTEF period is mainly to adjust for inflation.

In 2008/09, 49 farmers gained access to financial assistance and R973 926 was disbursed to improve the livelihoods of farmers and entrepreneurs. In the same year, 32 733 land and agrarian reform beneficiaries (comprehensive agricultural support programme supported beneficiaries) were supported. In 2009/10, 12 crop

estimate reports and 4 quarterly livestock estimates were released, and 7 reports on business intelligence and trade opportunities were developed and published. In 2010/11, a feasibility report on the establishment of fresh produce collation and storage facilities for the Industrial Development Corporation, the Land Bank, and the Department of Trade and Industry for possible funding was completed. Based on the preliminary data for 2010, some 43 per cent of agricultural export was destined for markets other than the European Union and the Southern African Development Community (SADC).

Over the medium term, the focus will be on establishing 12 commodity associations per year, and 378 sustainable rural cooperatives in the agriculture, forestry and fisheries sectors will be established (108, 126 and 144) over the MTEF period. In 2012/13, a horticulture value chain network will be established, a livestock value chain network will be established in 2013/14, and a forestry and fisheries value chain network will be established in 2014/15. Spending will also focus on the continuation of the agribusiness programme.

Expenditure on consultants increased from R4.3 million in 2008/09 to R23.8 million in 2011/12, at an average annual rate of 76.5 per cent, and is expected to increase to R26.5 million over the medium term, at an average annual rate of 3.7 per cent. Consultants are used mainly for forestry and soil conservation services.

Programme 5: Forestry

Objectives and measures

- Ensure the sustainable management of the department's plantations, natural (indigenous) forests and woodlands, realise social, environmental and economic benefit by administering, implementing and enforcing the National Forests Act (1998) and the National Veld and Forest Fire Act (1998) in line with government's outcome 10 over the medium term.
- Increase the ability of the sector to improve livelihoods by implementing the greening programme, including the Million Trees programme, and setting and establishing support mechanisms for participatory forest management and community forestry over the medium term.
- Implement a disaster risk management system to reduce, mitigate and avoid, where possible, the impacts of natural hazards by developing and implementing the disaster risks mitigation strategies over the medium term.
- Develop and implement climate change adaption plans by facilitating the approval process for climate change adaptation and mitigation plans over the medium term.
- Rehabilitate irrigation schemes by revitalising 250 hectares for smallholder farmer irrigation schemes in 2012/13.
- Ensure sustainable management and efficient use of indigenous forests and woodlands by rehabilitating 10 000 hectares of degraded and indigenous forests and woodlands per year.
- Improve livelihoods by facilitating the creation of 1 300 full time equivalent through the expanded public works programme over the medium term.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 and a total budget of R4 million in 2011/12, of which 100 per cent was used for compensation of employees, and goods and services.
- *Forestry Operations* implements forestry related programmes and strategies in all provinces by ensuring the sustainable management of state forests, implementing and enforcing relevant legislation, implementing forest enterprise development and livelihood programmes, monitoring lease agreements, and gathering forestry information and ensuring access to that information. This subprogramme had a staff complement of 2 154 and a total budget of R388.6 million in 2011/12, of which 70.1 per cent was used for compensation of employees. Focus is placed on the maintenance of forestry operations by: performing sustainable forest management audits; applying the criteria, indicators and standards for plantations and indigenous forests; and developing and implementing annual plans on operations, including the planting of 40 000 hectares of plantations over the MTEF period.

- *Forestry Oversight and Regulation* develops policies and strategies to support sustainable forest management; liaises on international sustainable forest management; liaises at the sector level; provides sector foresight; conducts research; administers relevant legislation; manages forestry data, spatial and non-spatial information, and knowledge systems; is responsible for smallholder development, supporting black economic empowerment; develops strategies and interventions that enable communities to make use of forest resources and forest products to improve their livelihoods; and manages transfer processes and post-transfer administration and regulation, including the management of delegations and lease agreements. Over the MTEF period, the programme will provide support to 10 000 new small growers. This subprogramme had a staff complement of 36 and a total budget of R57.3 million in 2011/12, of which 52.4 per cent was used for compensation of employees. R7.3 million has been identified as savings on travel and subsistence and computer services. R24.1 million has been reprioritised to supplement the shortfall on the allocation for fisheries property management in the *Administration* programme.
- *Natural Resources Management* facilitates the development of infrastructure and the sustainable use of natural resources by providing an enabling framework for the sustainable management of woodlands and indigenous forests; ensuring the efficient development and revitalisation of irrigation schemes and efficient water use by the sector; facilitating climate change mitigation and adaptation, risk and disaster management; and promoting, regulating and coordinating the sustainable use of natural agricultural resources. Over the medium term, the programme is responsible for developing and implementing disaster risks mitigation strategies, developing and implementing climate change adaption plans, and rehabilitating 3 200 hectares of indigenous forests and woodlands. This subprogramme had a staff complement of 735 and a total budget of R445.6 million in 2011/12, of which 19.8 per cent was used for compensation of employees. 67.8 per cent was used for the LandCare conditional grant and agricultural disasters in respect of flood damaged infrastructure, and the prevention and mitigation of disaster risks such as compensating farmers for losses suffered in combating the avian influenza outbreak and locust plagues. R7.7 million has been identified as savings in respect of contractors.

Expenditure estimates

Table 26.9 Forestry

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	2.5	3.8	4.1	4.0	4.3	4.5	4.7
Forestry Operations	385.8	416.1	392.3	388.6	451.2	472.5	502.9
Forestry Oversight and Regulation	44.9	51.9	44.2	57.3	48.2	54.2	54.7
Natural Resources Management	370.9	389.8	241.5	445.6	758.2	662.3	631.9
Total	804.1	861.6	682.1	895.4	1 261.8	1 193.5	1 194.2
Change to 2011 Budget estimate				124.6	359.3	257.8	252.7
Economic classification							
Current payments	603.5	619.9	539.5	603.9	690.7	727.4	772.4
Compensation of employees	344.8	396.3	407.7	426.8	493.4	521.3	551.4
Goods and services	258.8	222.8	130.9	175.8	196.1	204.8	219.6
of which:							
Agency and support / outsourced services	17.2	8.8	14.1	23.8	24.7	27.3	28.0
Inventory: Other consumables	46.0	45.2	11.8	18.7	28.2	28.6	31.0
Lease payments	3.4	3.0	1.0	0.3	0.5	0.5	0.6
Travel and subsistence	86.0	71.0	45.1	37.7	46.3	49.7	51.5
Interest and rent on land	0.0	0.8	0.9	1.3	1.2	1.3	1.4

Table 26.9 Forestry (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	193.1	214.5	110.1	247.3	520.8	415.1	373.5
Provinces and municipalities	187.9	208.4	104.6	207.4	514.0	408.1	366.3
Departmental agencies and accounts	0.0	–	–	–	3.0	3.0	3.0
Public corporations and private enterprises	1.5	0.0	1.5	3.0	–	–	–
Non-profit institutions	–	–	–	3.3	3.5	3.7	3.9
Households	3.7	6.1	4.0	33.5	0.3	0.3	0.3
Payments for capital assets	7.5	27.2	32.6	44.2	50.3	51.0	48.3
Buildings and other fixed structures	1.2	0.3	–	2.4	0.2	0.2	0.2
Machinery and equipment	5.9	26.7	32.6	41.8	49.7	50.4	47.7
Biological assets	0.2	0.0	–	–	0.3	0.3	0.3
Software and other intangible assets	0.2	0.1	–	0.1	0.1	0.1	0.1
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	27.2	24.9	42.1	42.9	40.2
Payments for financial assets	0.0	0.1	–	–	–	–	–
Total	804.1	861.6	682.1	895.4	1 261.8	1 193.5	1 194.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	–	–	3.0	3.0	3.0
Water Research Commission	–	–	–	–	3.0	3.0	3.0
Non-profit institutions							
Current	–	–	–	3.3	3.5	3.7	3.9
International Wildland Fire Conference	–	–	–	0.1	–	–	–
Forestry South Africa	–	–	–	3.2	3.5	3.7	3.9
Households							
Social benefits							
Current	0.0	0.3	3.5	0.6	0.3	0.3	0.3
Employee social benefits	0.0	0.3	3.5	0.6	0.3	0.3	0.3
Households							
Other transfers to households							
Current	3.7	5.7	0.5	32.9	–	–	–
Claims against the state	0.0	0.0	0.5	–	–	–	–
Avian Influenza	–	–	–	32.9	–	–	–
Bursaries: Non-employees	3.7	5.7	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	1.4	–	–	3.0	–	–	–
Forest Sector Charter Council	1.3	–	–	3.0	–	–	–
Forestry and Agriculture Biotechnology Institution	0.1	–	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	0.1	0.0	1.5	–	–	–	–
Claims against the state	0.1	0.0	1.5	–	–	–	–

Table 26.9 Forestry (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	187.8	208.3	104.5	207.3	513.9	408.0	366.1
Comprehensive agricultural support programme grant: Disasters - Flood damaged infrastructure	–	–	–	–	398.2	299.0	298.2
Land care programme: Poverty relief and infrastructure development grant	51.0	51.4	54.5	57.8	115.7	109.0	67.8
Comprehensive agricultural support programme grant: Agricultural disaster management grant	136.8	156.9	50.0	149.6	–	–	–

Expenditure trends

Expenditure increased from R804.1 million in 2008/09 to R895.4 million in 2011/12, at an average annual rate of 3.6 per cent, and is expected to increase to R1.2 billion over the medium term, at an average rate of 10.1 per cent. The increase between 2011/12 and 2014/15 is due to allocations of R55 million in 2012/13 and R45 million in 2013/14 for the LandCare fencing project. The increase of R34 million in 2011/12, R57 million in 2012/13 and R60 million in 2013/14 is to provide funding for forestry operations in Mpumalanga. Additional funds of R398.2 million in 2012/13, R299 million in 2013/14 and R298.2 million in 2014/15 are also allocated through the comprehensive agriculture support programme for disaster relief and the rehabilitation of flood damaged infrastructure.

Over the medium term, 32 million hectares of degraded indigenous forests and woodland will be rehabilitated. About 2 500 small growers will be supported per year over the medium term.

12 213 green jobs were created through the forestry livelihoods strategy and the LandCare programme in 2010/11. 1 000 hectares were afforested in the Eastern Cape and 1 962 hectares in KwaZulu-Natal in 2010/11. In 2011/12, 25 fire protection associations were registered in terms of the National Forests Act (1998), and 571 commercial farmers, 2 024 smallholders and 2 134 subsistence farmers adopted land use best practices. A disaster vulnerability assessment was conducted in 2010/11 in terms of the department's LandCare programme and three vulnerable areas were identified in the south-western parts of the Free State. Weather and climate capacity building workshops were conducted in North West and Limpopo.

Programme 6: Fisheries

Objectives and measures

- Promote the conservation and sustainable use of marine resources and rebuilding of depleted fish stocks by:
 - developing the stock recovery strategy for hake, abalone, West Coast rock lobster and line fish by 2013/14
 - undertaking fishery specific research to inform the setting of total allowable catches and total allowable efforts, in 22 fishing sectors per year until 2014/15
 - finalising and implementing the small scale fisheries policy by 2012/13.
- Grow the marine fisheries sector by broadening the scope of the aquaculture sector through the national aquaculture strategy by 2012/13 and establish 12 smallholder producer associations by 2014/15.
- Improve compliance with and enforcement of the Marine Living Resources Act (1998) by developing and implementing the integrated fisheries security strategy by 2012/13.
- Facilitate transformation, job creation and the promotion of economic livelihoods through the Working for Fisheries programme by implementing 50 community projects by 2014/15, and developing and finalising the fisheries sector charter by 2013/14.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 2 and a total budget of R264 000 in 2011/12, of which 100 per cent was used for compensation of employees.
- *Aquaculture* provides public support and integrated management to promote aquaculture growth and fisheries development. This subprogramme had a staff complement of 105 and a total budget of R24.6 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Monitoring Control and Surveillance* protects and promotes the sustainable use of marine living resources. This subprogramme had a staff complement of 252 and a total budget of R60.3 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Marine Resources Management* manages and regulates marine living resources. This subprogramme had a staff complement of 50 and a total budget of R14.7 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Fisheries Research and Development* conducts research to promote the sustainable use and development of fisheries resources and ecosystems. This subprogramme had a staff complement of 116 and a total budget of R44.5 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Marine Living Resources Fund* receives transfers for the management and sustainable use of marine living resources to supplement the revenue received from levies on fish and fish products, permits and application fees, and the proceeds from the sale of confiscated fish and fish products. As this programme is a conduit for the transfer of funds to an entity, the Marine Living Resources Fund, it has no staff. In 2011/12, R201.2 million was transferred, of which R6.3 million was for operations, R80.4 million for Working for Fisheries and R166.2 million for vessel operations.

Expenditure estimates

Table 26.10 Fisheries

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management	0.8	0.9	0.1	0.3	1.9	2.0	2.1
Aquaculture	13.7	14.2	23.7	24.6	25.5	26.7	28.1
Monitoring Control and Surveillance	37.7	39.2	54.3	60.3	66.5	69.8	73.3
Marine Resources Management	15.8	16.4	14.2	14.7	15.9	16.7	17.6
Fisheries Research and Development	22.4	23.3	38.6	44.5	49.1	51.5	54.1
Marine Living Resources Fund	87.8	106.1	128.1	201.2	253.0	186.1	197.3
Total	178.2	200.0	259.1	345.5	411.8	352.9	372.4
Change to 2011 Budget estimate				21.3	20.6	19.4	19.6

Economic classification

Current payments	90.4	94.0	130.8	144.4	158.8	166.8	175.1
Compensation of employees	90.4	94.0	130.8	144.4	158.8	166.8	175.1
Transfers and subsidies	87.8	106.1	128.3	201.2	253.0	186.1	197.3
Departmental agencies and accounts	87.8	106.1	128.1	201.2	253.0	186.1	197.3
Households	–	–	0.2	–	–	–	–
Total	178.2	200.0	259.1	345.5	411.8	352.9	372.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	87.8	106.1	128.1	201.2	253.0	186.1	197.3
Marine Living Resources Fund	87.8	106.1	128.1	201.2	253.0	186.1	197.3

Expenditure trends

Expenditure increased from R178.2 million in 2008/09 to R345.5 million in 2011/12, at an average annual rate of 24.7 per cent, and is expected to increase to R372.4 million over the medium term, at an average annual rate of 2.5 per cent. The increase in both periods is due to increased allocations for vessel operations and function shifts from the Department of Environmental Affairs. The transfer of rights policy, the small scale fisheries policy, and the policy on the transfer of commercial fishing rights were gazetted in 2010/11.

Over the medium term, the focus will be on establishing 80 aquaculture farms and implementing the small scale fisheries policy.

Public entities and other agencies

Agricultural Research Council

Overview 2008/09 – 2014/15

The Agricultural Research Council was established by the Agricultural Research Act (1990). The council is a science institution that conducts fundamental and applied research with partners to generate knowledge, develop human capital, and foster innovation in agriculture through technology development and transfer, and the dissemination and commercialisation of research results.

The council's strategic objectives and related outputs are aligned with the department's mission, and are directed at: ensuring access to sufficient, safe and nutritious food; eliminating skewed participation and inequality in the sector; maximising growth, job creation and income in agriculture; and enhancing the sustainable management of natural agricultural resources and ecological systems. Technology development and transfer aim at improving agricultural production, food security and growth, which in turn will result in poverty alleviation. The council carries out its functions in accordance with the approved strategic and business plans.

Performance

To ensure the competitiveness of South African fruit producers, the council developed and released 6 new stone fruit cultivars for use by dried fruit producers and processors under the name Colorburst. This initiative is expected to have a positive impact on communities, through income generation and job creation over a 10-year period. Estimates suggest that these nectarine varieties will expand production areas by 10 per cent in the future, thereby earning farmers about R16 million per year on 200 hectares of land.

In response to nutritional deficiency, the council released new sweet potato cultivars, Bophelo and Purple Sunset. These varieties are high in vitamin A and will be grown by smallholder farmers and sold to a large multinational food processing and marketing company. The initiative is expected to help to reduce malnutrition in communities and generate income and create jobs for smallholder farmers.

In 2010/11, a further 14 600 citrus, mango, banana, macadamia, guava and litchi trees were planted using the council's cultivars, bringing the total number of trees now established in 52 villages country wide to more than 100 000. Most of the trees are already bearing well and safe, nutritious fruit cultivated without the use of toxic chemicals is available to the communities. This initiative is estimated to have created 500 jobs within these communities, resulting in increased income and some measure of poverty alleviation.

The council has increased its output of publications and presentations, and continues with its development of scientific methods, the maintenance of genetic stock, and research and intellectual property filings.

Selected performance indicators

Table 26.11 Agricultural Research Council

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of scientific publications produced per year	Sustainable use and management of natural resources	1 242	149	168	178	189	200	210
Number of scientific presentations conducted per year	Enhanced nutrition, food security and safety	347	80	93	271	323	342	359
Number of scientific methods developed per year to improve output or production	Improved ability of the sector to manage and mitigate agricultural risks	384	123	321	892	1 039	1 101	1 156
Number of accessions/genetic stock maintained per year	Improved ability of the sector to manage and mitigate agricultural risks	–	68 951	4 259 072	4 344 253	4 431 139	4 519 761	4 610 157
Number of research Information disseminated to the sector per year	Improved efficiency and competitiveness of the sector	770	1 722	1 454	1 830	2 408	2 552	2 680
Number of training courses per year	Improved operational and organisational efficiency and effectiveness	150	2 001	1 396	6 121	7 131	7 559	7 937
Number of new intellectual property rights filings completed per year	Enhanced nutrition, food security and safety	10	27	21	15	18	19	20
Number of technology packages (packaged solutions/ licences) per year)	Improved efficiency and competitiveness of the sector	500	215	5	3	3	3	3

Programmes/activities/objectives

Table 26.12 Agricultural Research Council

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Sustainable use and management of natural resources	108.9	108.2	113.6	117.2	147.1	152.5	173.6
Enhanced nutrition, food security and safety	155.6	154.6	162.2	167.5	208.9	220.8	244.6
Improved ability of the sector to manage and mitigate agricultural risks	155.6	154.6	162.2	159.1	199.1	235.2	255.2
Improved efficiency and competitiveness of the sector	155.7	154.6	162.3	167.5	194.9	225.8	246.6
Transformed agrarian landscape	100.9	100.5	105.4	113.0	132.2	157.3	179.9
Improved operational and organisational efficiency and effectiveness	101.1	100.5	105.5	113.0	132.2	142.3	152.9
Total expense	777.8	772.8	811.2	837.3	1 014.5	1 133.8	1 252.8

The Agricultural Research Council had a total budget of R837.3 million in 2011/12, of which 20 per cent was used for enhanced nutrition, food security and safety.

Savings and cost effectiveness measures

Over the medium term, the council's savings and cost effectiveness measures will continue to relate to: implementing effective controls on project management and monitoring of expenditure by continuously reviewing its projects and programmes; reviewing policies and strategies; leveraging the relationship between

the council and industry partners to optimising costs along the value chain and identifying areas for further collaborative efforts; increasing the use of doctoral students on projects to help reduce personnel costs; and applying adequate and cost effective maintenance of building assets, including analyses of life cycle costs.

These measures have resulted in operational savings of R24 million for 2010/11 and R5.2 million in 2011/12. Further savings of R7.4 million in 2012/13, R4.8 million in 2013/14, and R2.3 million in 2014/15 have been identified. The council will continue to drive continuous improvements in its operations to ensure value for money service delivery.

Expenditure estimates

Table 26.13 Agricultural Research Council

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	291.7	298.2	280.4	307.4	323.6	343.3	366.6
Sale of goods and services other than capital assets	255.7	292.5	266.4	292.8	308.1	326.9	349.3
<i>of which:</i>							
Research Income	255.7	292.5	266.4	292.8	308.1	326.9	349.3
Other non-tax revenue	36.0	5.7	14.0	14.6	15.4	16.3	17.3
Transfers received	470.0	532.9	590.2	709.4	869.6	868.7	970.0
Total revenue	761.7	831.0	870.5	1 016.8	1 193.1	1 212.0	1 336.6
Expenses							
Current expenses	777.8	772.8	811.2	837.3	1 014.5	1 133.8	1 252.8
Compensation of employees	467.0	490.2	510.9	523.8	586.0	636.2	687.4
Goods and services	296.3	264.8	281.6	290.4	403.7	470.8	534.3
Depreciation	14.3	17.8	18.6	23.0	24.8	26.8	31.1
Interest, dividends and rent on land	0.2	0.0	0.1	–	–	–	–
Total expenses	777.8	772.8	811.2	837.3	1 014.5	1 133.8	1 252.8
Surplus / (Deficit)	(16.1)	58.3	59.4	180.0	179.0	78.0	84.0
Statement of financial position							
Carrying value of assets	649.3	649.1	666.0	775.2	896.6	1 033.3	1 136.6
<i>of which:</i>							
Acquisition of assets	62.1	17.7	38.7	132.1	146.2	163.4	134.4
Investments	2.2	2.0	2.2	2.2	2.2	2.2	2.2
Inventory	18.1	13.3	11.5	12.0	12.4	13.2	13.9
Receivables and prepayments	63.9	80.0	64.9	71.4	78.5	86.4	95.0
Cash and cash equivalents	35.0	73.5	163.4	196.9	250.2	192.5	173.6
Total assets	768.5	817.9	908.0	1 057.6	1 239.9	1 327.5	1 421.3
Accumulated surplus / (deficit)	389.3	448.0	506.9	686.5	865.1	943.4	1 027.2
Capital and reserves	112.3	111.5	111.3	111.3	111.0	111.2	111.3
Deferred income	63.5	43.5	43.5	43.9	43.9	43.9	43.9
Trade and other payables	130.6	128.2	148.4	125.8	128.3	136.0	144.2
Provisions	72.9	86.8	98.0	90.1	91.5	93.1	94.8
Total equity and liabilities	768.5	817.9	908.0	1 057.6	1 239.9	1 327.5	1 421.3

Expenditure trends

The spending focus over the medium term will be on: smallholder farming, in particular livestock improvement schemes and crop production; agro-processing, in order to create jobs; research coordination through the establishment of research chairs at universities; and the maintenance of national assets.

The council is funded mainly from government transfers and income generated from applied research and other projects. Revenue increased from R761.7 million in 2008/09 to R1 billion in 2011/12, at an average annual rate

of 10.1 per cent, and is expected to increase to R1.3 billion over the medium term, at an average annual rate of 9.5 per cent. The growth in revenue has been driven mainly by increased government transfers to fund new agricultural research programmes, the upgrading and replacing of ageing machinery and equipment, and the construction of a factory for manufacturing a vaccine against foot and mouth disease. As part of the economic competitiveness and support package, R400 million has been allocated to the council over the MTEF period for research into crop production, production of animal vaccines, extension services for smallholder farmers, university research, and maintenance of national collections/gene banks.

The council's core business is research and development and technology transfer, which account for 86.5 per cent of the total budget, while 13.5 per cent is allocated for support services. Expenditure grew from R777.8 million in 2008/09 to R837.3 million in 2011/12, at an average growth rate of 2.5 per cent, and is projected to increase to R1.3 billion over the medium term, at an average annual rate of 14.4 per cent. The increase in expenditure over the medium term will cater for increased research and development, and technology transfer. The increase in research activities will result in additional personnel and operational costs.

The council's outputs have mainly been research and the development of cultivars suited to Southern Africa's weather patterns, and developing tools and methodologies to mitigate agricultural risks. This is evident in the increased number of scientific publications, technology transfer packages and new products being made available to the sector. These initiatives will continue over the MTEF period, with the focus on vaccine development, livestock improvement, agro-processing and smallholder farming.

Spending on compensation of employees increased from R467 million in 2008/09 to R523.8 million in 2011/12, at an average annual rate of 3.9 per cent, and is projected to increase to R687.4 million over the medium term, at an average annual rate of 9.5 per cent. The increases in both periods are due mainly to adjustments for improved conditions of service.

Personnel Information

Table 26.14 Agricultural Research Council

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	1	1	1	1
Executive management	8	4	4	4	4	4	4	4	4	4
Senior management	55	27	28	41	23	25	27	30	35	40
Middle management	164	87	77	82	100	85	87	95	100	105
Professionals	598	442	156	450	450	435	442	460	470	480
Skilled	1 165	742	423	806	781	739	742	850	880	950
Semi-skilled	494	466	28	470	441	454	466	475	480	494
Very low skilled	595	557	38	602	551	502	557	560	595	595
Total	3 080	2 326	754	2 456	2 351	2 245	2 326	2 475	2 565	2 669
Compensation (R thousand)				467 039	490 215	510 882	523 832	586 007	636 168	687 422
Unit cost (R thousand)				190	209	228	225	237	248	258

1. As at 30 September 2011.

As at the 30 September 2011, the number of filled posts declined to 2 326 from 2 456 in 2008/09. The council had a high vacancy rate due to unfunded posts. The vacancies are particularly evident in the scientific staff category. The council expects to increase its headcount from 2 326 in 2011/12 to 2 669 over the medium term, to focus on smallholder farming, agro-processing, biotechnology and climate change research.

Marine Living Resources Fund

Overview: 2008/09 – 2014/15

The Marine Living Resources Fund was established in terms of the Marine Living Resources Act (1998). It is the main source of funding for the fisheries management branch of the national Department of Agriculture, Forestry and Fisheries. The fund's mandate and core business is to manage the development and sustainable use

of South Africa's marine resources, and protect the integrity and quality of the marine ecosystem. The fund covers the operational costs of an administrative and support component, and the five delivery subprogrammes.

The organisation regulates the use of marine resources by administering fishing rights, permits and licences. Key activities include: developing and implementing a policy framework for allocating and managing long term fishing rights in 20 commercial fishing sectors; facilitating and managing the transfer of commercial fishing rights; conserving and protecting seals, seabirds and shorebirds; developing a policy and management framework for the subsistence fishing sector; monitoring fish stocks to prevent over-exploitation or negative impacts on the integrity of marine ecosystems; and developing management strategies to rebuild depleted fish stocks.

The key strategic priorities for the fisheries sector over the medium term include: conducting annual fishery specific research to inform the setting of total allowable catches and effort in 22 fishing sectors; investigating the feasibility of two potential new fisheries; implementing the stock-recovery strategy for hake, abalone, West Coast rock lobster and line fish; finalising and implementing the small scale subsistence fisheries policy; broadening the scope of the aquaculture sector by launching 12 aquaculture pilot projects by 2014/15; developing and finalising a fisheries charter to meet transformation targets within the fishing sector; developing and implementing the integrated fisheries security strategy to ensure better compliance, monitoring and enforcement efforts; and promoting job creation and sustainable economic livelihoods by implementing 50 community projects through the Working for Fisheries programme by 2014/15.

Performance

Between 2008/09 and 2011/12, the fund successfully carried out scientific surveys and research on total allowable catch and effort in 21 fisheries, and a strategy was developed and implemented to protect hake and help the recovery of abalone stocks.

15 cases and tip-offs were investigated in accordance with service standards and 6 cases were registered. Altogether, 38 921 units of abalone were seized as well as 926 units of West Coast rock lobster and one vessel. The hake recovery strategy yielded good results and there is evidence that stocks are being renewed. The inspection of the targeted 74 fish processing establishments was completed. An additional 35 establishments were inspected and some were warned to acquire the necessary documentation so they could continue to do business. Abalone diving surveys were completed and the stock assessment report on Eastern Cape abalone was reviewed in 2010/11.

Selected performance indicators

Table 26.15 Marine Living Resources Fund

Indicator	Programme/Activity/Objective/ /Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of annual assessments conducted per year to determine the state of resources in the fisheries sector	Marine resources research	22	22	22	22	22	22	22
Number of research projects conducted per year on the feasibility of South Africa's aquaculture species	Aquaculture and economic development	2	2	2	2	2	2	2
Number of aquaculture (fish farming) pilot projects launched per year	Aquaculture and economic development	2	3	1	1	3	2	2
Number of job opportunities, as measured by full time equivalents, created through the expanded public works programme per year ¹	Aquaculture and economic development	–	–	–	1 100	1 091	– ¹	– ¹

1. Funding had not been provided for 2013/14 and 2014/15.

Programmes/activities/objectives

Table 26.16 Marine Living Resources Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration	84.9	74.9	54.0	83.8	54.5	54.4	53.9
Marine resource management	12.8	9.2	10.1	13.6	24.6	21.2	21.0
Aquaculture and economic development	33.3	24.2	81.0	100.7	98.4	20.3	20.8
Marine resources research	108.3	123.9	94.5	106.5	129.2	139.4	137.9
Monitoring, control and surveillance	112.1	140.9	97.8	108.1	132.7	142.4	140.9
Total expense	351.3	373.0	337.4	412.6	439.4	377.7	374.4

The Marine Living Resources Fund had a total budget of R412.6 million in 2011/12, of which 25.8 per cent was used for marine resources research.

Savings and cost effectiveness measures

Due to budget cuts in 2010/11, the entity reprioritised its budget by decreasing asset acquisition by R13.5 million and reducing lease payments by R4.3 million. Expenditure is reviewed against budget on a monthly basis and reprioritised. The fund has identified areas of possible saving over the medium term by implementing the following measures: using the resources of other units within the entity to supplement monitoring, control and surveillance efforts; travelling more cost efficiently and cutting down on international travel without compromising international relations; using resources and assets more efficiently; investing in research technology to reduce the use of external capacity; and rescheduling timeframes for some projects. These measures are not expected to impact on the fund's ability to deliver on its mandate. R3.2 million in savings is expected to be realised over the medium term.

Expenditure estimates

Table 26.17 Marine Living Resources Fund

Statement of financial performance							
R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	128.7	130.2	137.0	186.0	170.1	191.6	177.1
Sale of goods and services other than capital assets	119.5	120.1	130.0	141.8	143.1	168.9	157.5
<i>of which:</i>							
Administration fees	81.6	93.8	103.3	106.8	108.1	133.9	122.5
Other sales	37.9	26.3	26.7	35.0	35.0	35.0	35.0
Other non-tax revenue	9.1	10.0	7.0	44.2	27.0	22.7	19.7
Transfers received	212.5	236.1	142.5	226.6	269.3	186.1	197.3
Total revenue	341.1	366.2	279.5	412.6	439.4	377.7	374.4
Expenses							
Current expenses	351.3	373.0	337.4	412.6	439.4	377.7	374.4
Goods and services	307.5	331.0	297.3	376.0	404.6	344.3	342.2
Depreciation	43.8	42.0	40.1	36.7	34.8	33.5	32.3
Total expenses	351.3	373.0	337.4	412.6	439.4	377.7	374.4
Surplus / (Deficit)	(10.2)	(6.8)	(57.9)	-	-	-	-
Statement of financial position							
Carrying value of assets	433.3	417.3	383.6	364.4	345.9	330.2	317.6
<i>of which:</i>							
Acquisition of assets	17.8	26.0	12.6	17.5	16.3	17.8	19.7
Inventory	4.6	2.7	2.8	-	-	-	-
Receivables and prepayments	10.0	11.4	13.9	13.0	12.0	17.3	19.0
Cash and cash equivalents	78.9	85.1	77.7	70.0	71.0	68.0	66.9
Total assets	526.8	516.6	478.0	447.4	428.9	415.5	403.5
Accumulated surplus/(deficit)	464.3	457.5	393.5	393.5	393.5	393.5	393.5
Capital reserve fund	13.9	10.9	51.1	25.0	-	-	-
Deferred income	13.0	14.9	5.6	3.0	5.4	2.0	-
Trade and other payables	35.5	33.3	27.8	25.9	30.0	20.0	10.0
Total equity and liabilities	526.8	516.6	478.0	447.4	428.9	415.5	403.5

Expenditure trends

The spending focus over the medium term will be on rolling out the small scale fisheries policy, decentralising services provided in terms of the Marine Living Resources Act (1998), increasing sea days for the research and patrol vessels and replacing the research fleet.

The fund receives transfers from the department and generates revenue from levies on fish and fish products, licence and permit fees, fines and confiscations, and harbour fees. Revenue increased from R341.1 million in 2008/09 to R412.6 million in 2011/12, at an average annual rate of 6.5 per cent, as a result of an increase in financial assistance for vessel operating costs. Over the medium term, revenue is expected to decrease to R374.4 million, at an average annual rate of 3.2 per cent, due mainly to an allocation for the Working for Fisheries projects component of the expanded public works programme coming to an end in 2012/13. This decrease over the medium term is partially offset by an increase in revenue from levies, licences, permits and application fees, the tariffs of which were all increased from October 2010. The increase in administration fees in 2013/14 is as a result of the expected increase in grant of rights fees due to the allocation of rights process.

Expenditure increased from R351.3 million in 2008/09 to R412.6 million in 2011/12, at an average annual rate of 5.5 per cent, and is expected to decrease to R374.4 million over the medium term, at an average annual rate of 3.2 per cent, due mainly to a decrease in financial assistance for Working for Fisheries projects from 2013/14.

Personnel information

As at the 30 September 2011, the vacancy rate was 14 per cent, due to the moratorium in place on the filling of posts. The vacancy rate is expected to decrease to 12 percent in 2014/15.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Agricultural Marketing Council** was established in terms of the Marketing of Agricultural Products Act (1996) to provide strategic agricultural marketing advice to the Minister of Agriculture, Forestry and Fisheries. The council's total budget for 2012/13 is R31.8 million.
- **Ncera Farms** is a schedule 3B company in terms of the Public Finance Management Act (1999). The company has a mandate to perform development functions on identified land administered by the Department of Agriculture, Forestry and Fisheries. The total budget for 2012/13 is R3.8 million.
- **Onderstepoort Biological Products** is a state owned company whose mandate is to prevent and control animal diseases that impact on food security, human health and livelihoods. The total budget for 2012/13 is R140 million.
- The **Perishable Products Export Control Board** is an official certification agency operating on behalf of government to control all perishable export products. The total budget for 2012/13 is R193.7 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Foot and mouth disease border fence	20km elephant control fence and 20km normal fence	Various	600.0	28.0	30.0	31.0	24.8	24.0	25.3	26.6
Drilling	120 boreholes per year	Various	500.0	5.0	15.0	6.0	7.8	7.5	8.5	8.9
Lesotho	500km border fence erected and maintained by farmers, and compensated, as per court order	Various	60.0	-	-	0.8	4.1	9.0	10.0	3.0
Durban	Quarantine station	Identification	17.7	2.7	12.4	0.1	0.5	-	-	-
Stellenbosch	Additional administrative building	Construction	16.3	8.8	2.5	1.7	0.5	-	-	-
King Shaka International Airport	Sniffer dog kennels	Feasibility	3.5	-	-	-	0.1	1.9	1.2	-
Upington	Office and laboratory building	Feasibility	1.7	-	-	-	0.1	-	-	0.3
Upington	Store at locust control depot	Feasibility	1.7	-	-	-	0.2	-	0.6	1.1
Upington	Perimeter fence at locust control site	Feasibility	0.5	-	-	-	0.2	-	0.5	-
Stellenbosch	Chemical store	Tender	1.4	-	-	1.4	1.0	-	-	-
Grootfontein Agricultural Development Institute	New hostel accommodation for students	Feasibility	44.0	-	-	-	-	-	-	-
Cape Town	Sniffer dog kennels	Feasibility	3.9	-	-	-	0.1	1.9	1.2	0.8
Pretoria, Rodeplaai	Diagnostic laboratories	Feasibility	15.0	-	-	-	-	1.0	7.0	6.0
Pretoria, Rodeplaai	Additional office space	Feasibility	5.6	-	-	-	-	1.0	1.1	2.7
Pretoria, Agriculture Place	Upgraded ablation facilities, Agriculture Place	Feasibility	2.5	-	-	-	0.7	2.5	-	-
Pretoria	Upgraded reception areas: Agriculture Place, Harvest House and Sefala building	Feasibility	1.5	-	-	-	-	1.5	-	-
Pretoria	Upgraded electrical power supply at Agriculture Place	Feasibility	7.0	-	-	-	0.2	-	1.5	5.5
Pretoria	Central air conditioning system at Agriculture Place	Feasibility	12.0	-	-	-	-	-	-	1.5
Limpopo: Umthali district municipality	New seed bank building	Feasibility	0.6	-	-	-	0.6	0.6	-	-
Eastern Cape: Sterkspruit	New seed bank building	Feasibility	0.6	-	-	-	-	0.6	-	-
Upington	Waste containment dam	Feasibility	0.3	-	-	-	0.1	0.3	-	-
Cape Town, Milnerton	Additional office space at animal quarantine station	Feasibility	2.8	-	-	-	-	-	0.6	1.4
Stellenbosch: Plant health quarantine station (All buildings)	Aircon System	Feasibility	9.0	-	-	-	-	-	-	1.0
Cape Town, Ministry	Refurbished offices for ministry	Feasibility	4.0	-	-	-	-	4.0	-	-
Stellenbosch: Plant health	Integrated security system	Feasibility	2.3	-	-	-	-	0.2	2.0	0.1
Stellenbosch: Plant health	Minor alterations	Feasibility	0.5	-	-	-	-	0.5	0.0	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome					Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13		2013/14	2014/15	
Departmental infrastructure												
R million												
Stellenbosch: Plant health	Minor upgrading at liquor products section	Feasibility	0.1	-	-	-	-	-	-	0.1	0.0	
Stellenbosch: Plant health	Alterations to entrance, Polka Drive in terms of traffic regulations	Feasibility	0.5	-	-	-	-	0.5	0.1	-	-	
Rooideplaai: Sniffer dog training facilities	Sniffer dog kennels	Feasibility	3.9	-	-	-	0.1	1.9	1.2	0.8		
Mpumalanga, Skukuza: Alterations to offices/laboratories	Upgrading of existing buildings	Feasibility	1.5	-	-	-	0.2	1.5	-	-		
Infrastructure transfers to other spheres, agencies and departments												
Animal production, health and improvement	Foot and mouth disease vaccine	Various	149.1	-	-	-	43.9	105.3	-	-	-	
Comprehensive agricultural support programme grant: disasters - flood damaged infrastructure	Damaged agricultural infrastructure repaired and soil rehabilitation undertaken	Various	-	-	-	-	-	398.2	299.0	298.2		
Crop production, improvement and protection	Research and development	Various	307.8	14.3	15.1	16.5	46.5	51.8	72.4	91.2		
Animal production, health and improvement	Research and development	Various	250.3	17.6	18.7	20.4	38.4	29.0	62.1	65.1		
Natural resource management	Research and development	Various	124.1	3.6	3.9	4.2	22.1	18.5	42.6	29.3		
Mechanisation and engineering	Research and development	Various	38.4	1.8	1.1	1.2	14.8	6.5	6.5	6.5		
Agro-processing, food technology and safety	Research and development	Various	50.1	-	-	-	6.5	15.2	6.3	22.1		
Agricultural economics and commercialisation	Research and development	Various	0.9	-	-	-	-	0.2	0.3	0.4		
Training and extension	Research and development	Various	26.3	-	-	-	-	5.9	9.4	11.0		
Administration and corporate affairs	Research and development	Various	212.0	22.5	18.5	20.2	36.1	61.6	27.3	25.8		
Spitskop conservation area	Repair and maintenance of existing soil conservation infrastructure	Various	-	2.9	2.8	0.9	4.5	6.4	6.7	7.1		
Stellenbosch: Upgrading of existing buildings	Upgrading of existing buildings	Tender	6.2	-	-	6.2	2.8	-	-	-		
Middeburg: Upgrading of existing buildings	Upgrading of existing buildings	Tender	18.9	-	-	3.5	8.2	-	-	-		

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Maintenance										
Pretoria: Upgrading of Agriculture Place	Upgrading of existing buildings	Construction	5.0	-	2.1	2.5	-	-	-	-
Pretoria: Upgrading of Sefala Building	Upgrading of existing buildings	Construction	12.5	-	5.0	2.1	3.3	-	-	-
Pretoria, Roodeplaas: Upgrading of offices/laboratories	Upgrading of existing buildings	Feasibility	9.0	-	-	0.2	1.0	5.5	2.0	2.0
Pretoria, Agriculture Place: Painting of internal walls	Upgrading of existing buildings	Feasibility	7.0	-	-	-	6.5	0.5	-	-
Kempton Park: Animal Quarantine Station: Renovations	Upgrading of existing buildings	Feasibility	5.0	-	-	0.1	0.8	3.0	1.3	1.3
Milnerton: Upgrading of Animal Quarantine Station	Upgrading of existing buildings	Feasibility	7.0	-	-	0.1	1.5	4.5	1.7	1.7
Bloemfontein: Upgrading of old South African Bureau of Standards Building	Upgrading of existing buildings	Feasibility	0.4	-	-	-	-	-	-	0.3
Buffelspoort: Plant quarantine station: North West	Upgrading of existing buildings	Feasibility	1.4	-	-	-	-	0.8	0.6	0.6
Stellenbosch Plant health quarantine station	Rehabilitation of two dams	Feasibility	2.6	-	-	-	0.6	2.0	-	-
Stellenbosch plant health quarantine station	Renovations of electrical substation	Feasibility	1.3	-	-	-	1.3	-	-	-
Stellenbosch: Genetic resources: Vredehuis	Upgrading of building and replacement of fence	Feasibility	3.5	-	-	-	0.5	2.5	0.5	0.5
Stellenbosch plant health quarantine station	Replacement of perimeter fence: Labourer houses	Feasibility	0.4	-	-	-	0.4	-	-	-
Stellenbosch plant health quarantine station	Upgrading of existing sewerage system	Feasibility	1.0	-	-	-	1.0	-	-	-
Total			2 560.7	107.3	120.0	121.3	775.7	612.1	622.8	

Vote 27

Communications

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	152.6	151.3	0.2	1.1	159.1	169.3
ICT International Affairs and Trade	38.0	33.7	3.9	0.5	38.4	39.8
ICT Policy Development	88.7	69.5	18.4	0.8	86.6	94.9
ICT Enterprise Development	1 122.9	14.0	1 107.9	0.9	1 319.4	1 173.7
ICT Infrastructure Development	280.2	177.7	1.5	101.1	308.4	412.0
Presidential National Commission	30.0	29.4	-	0.6	30.5	34.4
Total expenditure estimates	1 712.3	475.5	1 131.9	104.9	1 942.3	1 924.0
Executive authority	Minister of Communications					
Accounting officer	Director General of Communications					
Website address	www.doc.gov.za					

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

Aim

Develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support to the ministry and overall management of the department.

Programme 2: ICT International Affairs and Trade

Purpose: Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

Programme 3: ICT Policy Development

Purpose: Develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICT by the majority of the South African population, thus bridging the digital divide.

Programme 4: ICT Enterprise Development

Purpose: Oversee and manage government's shareholding interest in public entities. Facilitate growth and development of small, medium and micro enterprises (SMMEs) in the ICT sector.

Programme 5: ICT Infrastructure Development

Purpose: Promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

Programme 6: Presidential National Commission

Purpose: Facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socioeconomic development and research.

Strategic overview: 2008/09 – 2014/15

The Department of Communications develops and implements ICT policy interventions that create an enabling environment to promote social and economic development within the country. In accordance with the outcomes based performance management framework adopted by government, the department contributes to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6) by developing ICT policies and legislation as well as overseeing the operation of public entities within the sector.

Recent progress and achievements

Changes in the policy and legislative framework

As part of its efforts to grow the ICT sector in South Africa, the department drafted and published the Public Service Broadcasting Bill in 2009 and the South African Post Office Bill in 2010. The South African Postbank Limited Act (2010) was promulgated in December 2010 and aims to provide access to affordable banking services to historically marginalised communities. The department intends to introduce the Electronic Communication Amendment Bill and the Independent Communication Authority of South Africa Bill by March 2012.

The department's policies and programmes have contributed to an improvement in the cost, quality, availability and use of ICT across the country. The cost of communication has declined in both the mobile telephony and fixed line markets. The wholesale interconnection rate-per-minute for mobile phones declined by 18 per cent (73 cents) whereas per minute cost of fixed line phones (public access) decreased by 5 per cent (40 cents) in 2010/11. The department will finalise the cyber security policy over the medium term.

Expanding access to ICT

The department facilitates universal access to ICT networks and applications for all schools, health centres and government centres. In 2010/11, 375 out of 500 Dinaledi schools were connected and the remaining 125 schools will be connected by the end of March 2012. Furthermore, the department had developed and approved the draft ICT rural development strategy to promote access to ICT services in rural areas and spur economic development and job creation in these areas.

Promoting cooperation on ICT issues with Africa and the rest of the world

The department has supported the African Agenda through active participation and implementation of African multilateral and bilateral ICT programmes. Bilateral engagements with Egypt, Angola, Algeria, Mozambique and Ghana have been held on a regular basis since 2008/09. The department has also pursued national and African interests at global forums by coordinating the participation of the South Africa government in specialized ICT agencies and developing position papers to influence key debates. The department has participated in forums on the transition from analogue to digital broadcasting under the auspices of the International Telecommunications Union, the African Union and Southern African Development Community (SADC) in 2011/12.

Migrating to digital broadcasting

The department has submitted the set top box manufacturing sector development strategy, the subsidy scheme for set top boxes for poor households that own televisions, as well as the local and digital content development strategy to Cabinet for approval in 2011/12, to support the migration to digital broadcasting.

Using ICT to advance cultural and heritage objectives

A departmental project has been initiated to capture provincial heritage content in the cultural heritage digital repository. As part of this project, 251 youth were trained to collect and digitise content and 25 stories were collected in various provinces. The Thabo Mofutsanyane documentary was also finalised and launched. Additionally, the national digital repository portal was adapted to accommodate the military veterans' content, and military veterans were identified and trained. The database of trained military veterans is now available.

Strategic priorities over the medium term

Expanding access to broadband

Over the medium term, the department will develop a national broadband strategy and national broadband implementation plan, which will focus on underserved and rural areas. Government initiatives relating to broadband will be coordinated through the broadband intergovernmental implementation committee, ensuring uniformity in the rollout across the provinces and municipalities.

Improving cyber security

The department will have presented a cyber security policy to Cabinet by March 2012, which is scheduled for implementation by March 2013. The policy focuses on building institutional framework and capacity necessary for mitigating any threats to the ICT environment.

Promoting affordable and accessible financial services

In an effort to provide a wider range of affordable and accessible financial services for the unbanked, the department will expedite the rollout of the Postbank centres or outlets throughout the country, and the department will monitor the implementation of the lending, borrowing and investment policies of Postbank as required by section 26(2) of the South African Postbank Limited Act (2011).

Building ICT skills within the economy

The e-Skills Institute serves as a national catalyst to deliver e-skills for the development of an information society and knowledge based economy within the country. Over the medium term, the institute will coordinate existing and new initiatives around e-skills across business, government and education, and labour and global development civil society partners. The department is currently incubating the institute for a period of two years and intends turning it into a completely developed institution in 2013.

Prioritising ICT development in rural areas

Once the strategy is approved, the department will draft the ICT rural development implementation plan which will focus on connecting schools and health and government facilities, rolling out low power transmitters for television and radio coverage, developing digital hubs and telecentres, and building capacity within rural areas to use ICT.

Creating opportunities within the ICT sector

Over the medium term, job opportunities within the ICT sector are likely to emanate from infrastructure development, manufacturing, creative industries and SMME development. To promote job opportunities within the sector, the department has established several platforms through which job creation can be prioritised, including the information society and development multi-stakeholder forum as well as the ICT industry forum. The department also facilitates linkages between ICT SMMEs and the top 30 ICT companies to ensure their long term sustainability hence promoting job creation.

Selected performance indicators

Table 27.1 Communications

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of broadband penetration per year	Information and Communication Technology Infrastructure Development	–	–	2%	4%	7%	10%	15%
Number of Dinaladi schools connected to the internet per year ¹	Information and Communication Technology Infrastructure Development	–	–	375	125	–	–	–
Percentage household coverage of digital television transmission infrastructure per year ²	Information and Communication Technology Infrastructure Development	–	–	60%	70%	80%	96%	–
Rand reduction in per minute cost of mobile phones (wholesale interconnection rate per minute) per year	Information and Communication Technology Policy Development	–	–	R0.89	0.73	R0.56	R0.40	R0.40
Rand reduction in per minute cost for fixed line (public access) phones per year	Information and Communication Technology Policy Development	–	–	R0.21	R0.20	R0.15	R0.12	R0.12
Number of community radio stations provided with broadcasting infrastructure per year	Information and Communication Technology Policy Development	35	39	15	7	5	5	5
Number of ICT position papers developed for international engagements per year	Information and Communication Technology International Affairs and Trade	8	5	8	5	5	5	5
Number of young people participating in the national youth information society and development programme per year	Presidential National Commission	2 120	502	944	500	500	500	500
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year	Presidential National Commission	96	71	40	20	60	60	–
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Presidential National Commission	–	–	4	4	3	2	–
Number of ICT SMME hubs created in each province per year ³	Information and Communication Technology Enterprise Development	–	–	0	2	2	2	2
Number of jobs created through ICT related projects per year	Finance and ICT Enterprise Development Presidential National Commission	–	–	–	0 (0%)	17 322 (20%)	34 644 (40%)	34 644 (40%)

1. Project was completed, as the target of 500 Dinaladi schools connected to the internet was reached.

2. 100 per cent terrestrial coverage is difficult to achieve in practice.

3. The target for the creation of ICT hubs in provinces was not achieved, largely due to a lack of capacity.

Expenditure estimates

Table 27.2 Communications

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	147.4	163.2	145.6	149.7	149.7	152.6	159.1	169.3
ICT International Affairs and Trade	53.5	44.6	35.2	41.4	41.4	38.0	38.4	39.8
ICT Policy Development	71.5	70.1	89.7	95.7	95.7	88.7	86.6	94.9
ICT Enterprise Development	1 918.4	1 923.6	1 083.6	1 399.3	1 399.3	1 122.9	1 319.4	1 173.7
ICT Infrastructure Development	94.8	74.8	44.8	282.0	282.0	280.2	308.4	412.0
Presidential National Commission	42.9	25.6	27.5	34.7	34.7	30.0	30.5	34.4
Total	2 328.6	2 301.9	1 426.5	2 002.9	2 002.9	1 712.3	1 942.3	1 924.0

Table 27.2 Communications (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Change to 2011 Budget estimate				113.8	113.8	(9.4)	90.6	19.2
Economic classification								
Current payments	377.2	432.0	321.0	589.1	589.1	475.5	483.3	524.8
Compensation of employees	108.0	129.6	145.1	173.2	173.2	182.9	192.0	203.7
Goods and services	269.3	302.4	175.6	415.9	415.9	292.6	291.3	321.1
of which:								
Consultants and professional services: Business and advisory services	50.8	42.1	34.6	125.8	125.8	104.6	104.6	114.7
Agency and support / outsourced services	19.2	22.0	1.6	27.4	27.4	26.2	27.7	29.4
Lease payments	25.0	34.0	41.2	29.0	29.0	31.0	31.4	33.6
Travel and subsistence	41.5	27.5	25.5	32.6	32.6	23.8	22.9	26.4
Interest and rent on land	–	0.0	0.3	–	–	–	–	–
Transfers and subsidies	1 938.5	1 859.6	1 102.3	1 409.5	1 409.5	1 131.9	1 328.9	1 183.7
Provinces and municipalities	0.0	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	345.0	377.2	430.5	692.7	692.7	759.4	784.4	776.9
Higher education institutions	0.1	0.1	–	–	–	–	–	–
Public corporations and private enterprises	1 390.5	1 477.6	668.0	713.1	713.1	368.6	540.4	402.5
Non-profit institutions	2.8	0.3	3.7	3.7	3.7	3.9	4.1	4.3
Households	200.1	4.3	0.2	–	–	–	–	–
Payments for capital assets	12.8	10.2	2.4	4.3	4.3	104.9	130.2	215.5
Buildings and other fixed structures	–	–	–	–	–	100.0	125.0	210.0
Machinery and equipment	6.7	6.4	2.3	4.3	4.3	4.9	5.2	5.5
Software and other intangible assets	6.1	3.8	0.1	–	–	–	–	–
Payments for financial assets	0.1	0.1	0.7	–	–	–	–	–
Total	2 328.6	2 301.9	1 426.5	2 002.9	2 002.9	1 712.3	1 942.3	1 924.0

Expenditure trends

The spending focus over the medium term will be on expanding access to broadband by implementing the national broadband strategy, enhancing access to digital television for poor households through the provision of a subsidy scheme for set top boxes and accelerating access to ICT by coordinating the participation of the South African government in specialised ICT agencies.

Expenditure decreased from R2.3 billion in 2008/09 to R2 billion in 2011/12, at an average annual rate of 4.9 per cent, due to reduced expenditure in the *ICT Policy Development* and *ICT Enterprise Development* programmes. Spending in the *ICT Policy Development* programme declined as a result of the delays in finalising the digital terrestrial television standards and completing the Telkom ICT access network, while spending in the *ICT Enterprise Development* programme declined as allocations transferred to entities for the development ICT infrastructure for the 2010 FIFA World Cup came to an end.

The *ICT Enterprise Development* programme is the department's largest programme and constitutes 65.6 per cent of total expenditure in 2012/13. Expenditure on consultants increased from R53.1 million to R213.3 million, at an average annual rate of 58.9 per cent. Consultants were used for infrastructure planning and to establish and operate the 112 call centre. Over the medium term, expenditure on consultants is expected to decrease to R117.3 million, at an average annual rate of 18.1 per cent, as the 112 call centre becomes fully capacitated and operational.

Transfers and subsidies decreased from R1.9 billion to R1.4 billion between 2008/09 and 2011/12, at an average annual rate of 10.1 per cent, as transfers made to Telkom and Sentech for the 2010 FIFA World Cup

infrastructure came to an end. Between 2008/09 and 2011/12, transfers of R962.7 million were made to the South African Broadcasting Corporation to implement its infrastructure modernisation programme and IT plan. Over the same period, R1.2 billion was transferred to the South African Post Office to meet universal service obligation. Using these funds, the South African Post Office has rolled out 6.2 million addresses and 179 new post offices to communities across South Africa.

Over the medium term, total expenditure is expected to decrease marginally to R1.9 billion, at an average annual rate of 1.3 per cent. This was mainly due to Cabinet approved baseline cuts of R380.4 million, which impacted on transfers to the South African Post Office, Sentech and the National Media Institute of South Africa. Expenditure cuts have also been effected on consultants, travel and subsistence, and venues and facilities.

Allocations over the MTEF period are made available to fund the department's priorities and include:

- R3.6 million in 2012/13, R3.9 million in 2013/14 and R4.4 million in 2014/15 for improved conditions of service
- R141 million in 2014/15 for digital terrestrial television infrastructure
- R76 million in 2013/14 and R62 million in 2014/15 to fund the South African Broadcasting Corporation's digital library and play out centre
- R65 million in 2012/13, R52 million in 2013/14 and R15 million in 2014/5 to fund office equipment and relocation costs for the Independent Communications Authority of South Africa.

Infrastructure spending

R450 million over the 2011 MTEF period was allocated to the department to develop a national broadband strategy that would provide guidance to all role players in the ICT sector, develop a broadband policy for all spheres of government including public entities, and deliver the broadband infrastructure and services to under-serviced and rural areas. The allocation was spread as follows: R100 million in 2011/12, R150 million in 2012/13 and R200 million in 2013/14.

Of the R100 million allocated in 2011/12, R10 million was allocated to develop the national broadband strategy, R5 million for the development of the broadband policy for the three spheres of government including public entities, and R85 million for broadband ICT infrastructure. The allocations of R150 million in 2012/13 and R200 million in 2013/14 are for the delivery of broadband infrastructure and services to under-serviced and rural areas. However, the R100 million in 2011/12 had not been used to date and, as a result, the allocations for 2012/13 and 2013/14 have been adjusted to make provision for expenditure. These allocations were adjusted as follows: R100 million in 2012/13; R125 million in 2013/14; and R210 million in 2014/15. In the outer year, R85 million efficiency savings were added to the R125 million.

Personnel information

Table 27.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Department	434	427	34	270	303	305	297	439	439	439
Salary level 1 – 6	45	45	7	28	36	35	33	51	51	51
Salary level 7 – 10	149	147	15	108	116	118	117	162	162	162
Salary level 11 – 12	104	103	4	58	64	62	60	85	85	85
Salary level 13 – 16	136	132	8	76	87	90	87	141	141	141
Administration	191	184	11	131	141	138	135	167	167	167
Salary level 1 – 6	27	27	3	20	24	24	22	29	29	29
Salary level 7 – 10	65	63	6	56	54	56	55	65	65	65
Salary level 11 – 12	49	48	–	24	30	25	25	26	26	26
Salary level 13 – 16	50	46	2	31	33	33	33	47	47	47

Table 27.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
ICT International Affairs and Trade	24	24	1	13	14	18	18	25	25	25
Salary level 1 – 6	4	4	–	1	1	1	1	3	3	3
Salary level 7 – 10	7	7	1	5	6	8	8	9	9	9
Salary level 11 – 12	1	1	–	1	1	–	–	1	1	1
Salary level 13 – 16	12	12	–	6	6	9	9	12	12	12
ICT Policy Development	71	71	10	33	44	52	49	81	81	81
Salary level 1 – 6	5	5	1	–	–	1	1	5	5	5
Salary level 7 – 10	23	23	3	12	17	19	19	26	26	26
Salary level 11 – 12	19	19	2	13	12	15	13	21	21	21
Salary level 13 – 16	24	24	4	8	15	17	16	29	29	29
ICT Enterprise Development	11	11	–	9	8	7	7	11	11	11
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	4	4	–	4	4	3	3	4	4	4
Salary level 11 – 12	1	1	–	–	–	–	–	1	1	1
Salary level 13 – 16	6	6	–	5	4	4	4	6	6	6
ICT Infrastructure Development	79	79	11	51	61	54	52	90	90	90
Salary level 1 – 6	5	5	2	4	7	5	5	9	9	9
Salary level 7 – 10	32	32	5	19	25	22	21	35	35	35
Salary level 11 – 12	20	20	2	11	11	12	12	22	22	22
Salary level 13 – 16	22	22	2	17	18	15	14	24	24	24
Presidential National Commission	58	58	1	33	35	36	36	65	65	65
Salary level 1 – 6	4	4	1	3	4	4	4	5	5	5
Salary level 7 – 10	18	18	–	12	10	10	11	23	23	23
Salary level 11 – 12	14	14	–	9	10	10	10	14	14	14
Salary level 13 – 16	22	22	–	9	11	12	11	23	23	23

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

2. As at 30 September 2011.

The department had an establishment of 434 posts. The number of filled posts grew from 270 in 2008/09 to 305 in 2010/11 due to the organisational restructuring and the lifting of the moratorium on appointments which had been imposed since 2009/10. Over the MTEF period, filled posts are expected to increase to 439, due to the department's revised organisational structure as approved by the Department of Public Service and Administration in August 2011.

As at 30 September 2011, the department's vacancy rate stood at 29.7 per cent, with 40.4 per cent of these vacancies falling between salary level 11 and 12. The vacancy rate within the senior management service was 33.8 per cent.

Departmental receipts

Table 27.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	3 520 122	1 344 790	1 528 347	1 424 527	2 320 815	2 376 490	2 495 292	2 621 725
Sales of goods and services produced by department	2 148 962	871 878	531 258	541 835	899 764	884 403	928 615	975 042
Sales by market establishments	–	–	70	107	80	83	87	91
<i>of which:</i>								
Rent received	–	–	70	107	80	83	87	91
Administration fees	2 124 092	844 661	505 225	520 567	874 210	857 571	900 449	945 471
<i>of which:</i>								
Cellular network licence fees	1 813 354	481 096	287 439	188 400	1 075	1 129	1 185	1 244
Cryptography law annual fees	3	3	5	3	3	3	3	3
Private radio stations licences	254 412	202 159	109 144	204 738	372 363	390 981	410 530	431 057
Private television licences	22 837	130 452	91 322	11 951	116 575	122 404	128 524	134 950
Telecommunication service licences	33 486	30 951	17 315	115 475	384 194	343 054	360 207	378 217
Other sales	24 870	27 217	25 963	21 161	25 474	26 749	28 079	29 480
<i>of which:</i>								
Commission on insurance	22	25	31	28	29	29	30	35
Post office licence fees	17 479	18 291	18 325	19 119	19 119	20 075	21 078	22 132
Telephone equipment licences	7 306	8 874	7 356	1 920	6 203	6 513	6 839	7 181
Unreserved postal service fees	42	27	172	69	102	107	107	107
Other	21	–	79	25	21	25	25	25
Transfers received	–	2 340	86	15	15	–	–	–
Interest, dividends and rent on land	1 370 204	469 777	996 294	882 467	1 420 781	1 491 820	1 566 410	1 646 402
Interest	3 690	3 920	2 466	2 515	2 405	2 525	2 651	4 455
Dividends	1 366 514	465 857	993 828	879 952	1 418 376	1 489 295	1 563 759	1 641 947
<i>of which:</i>								
Telkom dividend	1 366 514	238 105	258 810	300 219	300 219	315 230	330 991	347 541
Vodacom dividend	–	227 752	735 018	579 733	1 118 157	1 174 065	1 232 768	1 294 406
Sales of capital assets	297	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	659	795	709	210	255	267	267	281
Extraordinary receipts	–	4 481 173	366 509	5 351	8 118	8 118	5 000	5 000
<i>of which:</i>								
Proceeds from sale of Telkom's share in Vodacom	–	3 933 903	–	–	–	–	–	–
Special dividends from Telkom	–	538 323	362 333	–	–	–	–	–
Departmental agencies and accounts	–	8 947	4 176	5 351	8 118	8 118	5 000	5 000
Total	3 520 122	5 825 963	1 894 856	1 429 878	2 328 933	2 384 608	2 500 292	2 626 725

Revenue is mainly derived from administrative fees collected by the Independent Communications Authority of South Africa, fees received from the South African Post Office and dividends from the government's shareholding interest in Telkom. Revenue decreased from R3.5 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 12.9 per cent, due to the reduced collection of cellular network licence fees. Over the medium term, revenue is expected to increase to R2.6 billion, at an average annual rate of 4.1 per cent, due to an expected improvement in the economy outlook.

Programme 1: Administration

Expenditure estimates

Table 27.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Ministry	2.9	3.0	3.3	3.5	3.7	3.9	4.1
Departmental Management	44.7	33.3	34.1	36.4	34.8	36.8	38.9
Internal Audit	1.6	1.7	3.4	3.9	3.6	3.7	4.5
Corporate Services	48.2	50.9	41.1	43.3	43.9	46.3	49.1
Financial Management	45.8	68.1	50.6	55.2	58.9	60.1	64.0
Office Accommodation	4.2	6.2	13.1	7.4	7.8	8.2	8.7
Total	147.4	163.2	145.6	149.7	152.6	159.1	169.3
Change to 2011 Budget estimate				1.2	(5.0)	(6.4)	(3.1)

Economic classification

Current payments	143.9	157.8	143.6	148.4	151.3	157.7	167.8
Compensation of employees	47.0	53.0	54.6	70.8	74.5	78.1	82.8
Goods and services	97.0	104.7	88.7	77.6	76.8	79.6	85.0
<i>of which:</i>							
<i>Consultants and professional services:</i>	3.9	24.7	8.2	4.9	3.5	3.9	4.4
<i>Business and advisory services</i>							
<i>Agency and support / outsourced services</i>	0.7	0.3	0.0	0.2	0.2	0.2	0.2
<i>Lease payments</i>	21.3	29.7	38.8	24.4	26.5	27.2	28.7
<i>Travel and subsistence</i>	17.1	10.6	11.1	9.5	7.7	8.4	8.7
Interest and rent on land	–	–	0.3	–	–	–	–
Transfers and subsidies	0.6	0.4	0.4	0.2	0.2	0.2	0.3
Provinces and municipalities	0.0	0.1	0.0	–	–	–	–
Departmental agencies and accounts	0.1	0.1	0.1	0.2	0.2	0.2	0.3
Higher education institutions	0.1	–	–	–	–	–	–
Public corporations and private enterprises	–	0.1	0.1	–	–	–	–
Non-profit institutions	0.3	–	–	–	–	–	–
Households	0.0	0.0	0.1	–	–	–	–
Payments for capital assets	2.8	5.0	0.9	1.0	1.1	1.1	1.2
Machinery and equipment	2.6	5.0	0.9	1.0	1.1	1.1	1.2
Software and other intangible assets	0.2	–	–	–	–	–	–
Payments for financial assets	0.1	0.1	0.7	–	–	–	–
Total	147.4	163.2	145.6	149.7	152.6	159.1	169.3

Expenditure trends

Expenditure increased marginally from R147.4 million in 2008/09 to R149.7 million in 2011/12, at an average annual rate of 0.5 per cent, due to the deferment of certain projects in 2009/10 in anticipation of the completion of the organisational review undertaken by the department. Over the medium term, expenditure is expected to increase to R169.3 million, at an average annual rate of 4.2 per cent. This growth is attributed to the provision for inflation related increases across all subprogrammes.

Expenditure on compensation of employees increased from R47 million in 2008/09 to R70.8 million in 2011/12, at an average annual rate of 14.7 per cent, due to an increase in staff in the internal audit function and inflationary adjustments. Over the same period, expenditure on goods and services declined from R97 million to R77.6 million, at an average annual rate of 7.1 per cent, due to expenditure cuts on catering, computer services and outsourced services. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase to R82.8 million, at an average annual rate of 5.4 per cent, to provide for improved conditions of

service, while spending on goods and services is expected to increase to R85 million in 2014/15, at an average annual rate of 3.1 per cent.

Expenditure on consultants increased from R6.1 million in 2008/09 to R6.8 million in 2011/12, at an average annual rate of 3.5 per cent, and is expected to decrease to R6.5 million in 2014/15, at an average annual rate of 1.5 per cent. The increased spending on this item in 2009/10 was due to the appointment of consultants to support the department in conducting an organisational review.

Programme 2: ICT International Affairs and Trade

Objectives and measures

- Support the African agenda through active participation and implementation of multilateral and bilateral ICT programmes to promote development on the continent by:
 - developing bilateral relations with Egypt, Angola, Algeria, Mozambique and Ghana through the formation and implementation of strategic programmes as defined in memorandums of understanding by March 2013
 - preparing and adopting a policy paper aimed at harmonising the ICT policy and regulatory frameworks within the South SADC by March 2013
 - adopting one position paper on best practices for improving broadband infrastructure connectivity, for the African Union ministerial conference on communications and information technology by March 2013.
- Contribute to increasing the ICT skills base in South Africa by facilitating international training and development opportunities in the fields of e-skills and ICT manufacturing with countries of the south and north by March 2013.
- Foster trade and investment opportunities for the ICT sector in South Africa by developing and implementing 2 strategic ICT trade and investment programmes focusing on manufacturing of local set top boxes for export opportunities and the hosting of ICT week and international exhibition by March 2013.

Subprogrammes

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT. This subprogramme had a staff complement of 19 and a total budget of R18.4 million in 2011/12, of which 44 per cent was used for compensation of employees. In 2011/12, the following were facilitated: the signing of 2 memorandums of understanding with Ghana and with Mozambique, aimed at fostering collaboration on regulators' agreements on ICTs and frequency band coordination; and the programme of action with Algeria and Angola. The department also hosted Lesotho's minister of communications to explore ICT collaborations and signed a joint statement on ICT collaboration. Over the medium term, focus will be on facilitating the implementation of these memorandums of understanding. Expenditure cuts of R950 000 in 2012/13 have been identified in this subprogramme. R3.7 million was transferred to the New Partnership for Africa's Development for the operation of the e-Africa Commission.
- *ICT Trade/Partnerships* develops and advances South Africa's interests in international trade forums through participation in the World Trade Organisation's ICT related initiatives and other international trade agreements, such as South African European Union trade agreement and bilateral agreements with counterpart countries. South Africa's national interests are also promoted on these forums. This subprogramme had a staff complement of 6 and a total budget of R23 million in 2011/12, of which 85 per cent was used for goods and services such as contractors, and travel and subsistence. Over the medium term, the focus will be on promoting the South African ICT industry and identifying niche trade markets, such as the manufacturing of local set top boxes for export opportunities. Expenditure cuts of R450 000 in 2012/13 have been identified.

Expenditure estimates

Table 27.6 ICT International Affairs and Trade

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
International Affairs	15.3	9.1	12.3	18.4	16.0	15.8	16.3
ICT Trade/ Partnerships	38.2	35.5	22.9	23.0	22.1	22.6	23.5
Total	53.5	44.6	35.2	41.4	38.0	38.4	39.8
Change to 2011 Budget estimate				0.5	(0.7)	(1.5)	(2.0)

Economic classification

Current payments	50.9	44.3	31.7	37.1	33.7	33.7	34.8
Compensation of employees	6.7	9.5	10.1	11.2	10.9	10.9	11.6
Goods and services	44.2	34.9	21.6	25.8	22.8	22.8	23.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	4.5	1.5	0.1	0.6	0.6	0.4	0.4
<i>Agency and support / outsourced services</i>	0.1	0.1	–	–	–	–	–
<i>Lease payments</i>	0.7	1.3	0.8	0.3	0.3	0.3	0.3
<i>Travel and subsistence</i>	8.1	4.4	3.5	4.4	3.1	3.3	3.0
Transfers and subsidies	2.5	0.2	3.5	3.7	3.9	4.1	4.3
Non-profit institutions	2.5	–	3.5	3.7	3.9	4.1	4.3
Households	–	0.2	–	–	–	–	–
Payments for capital assets	0.1	0.1	0.0	0.6	0.5	0.5	0.6
Machinery and equipment	0.1	0.1	0.0	0.6	0.5	0.5	0.6
Total	53.5	44.6	35.2	41.4	38.0	38.4	39.8

Details of selected transfers and subsidies

Non-profit institutions							
Current	2.5	–	3.5	3.7	3.9	4.1	4.3
New Partnership for Africa's Development e-Africa Commission	2.5	–	3.5	3.7	3.9	4.1	4.3

Expenditure trends

Expenditure decreased from R53.5 million in 2008/09 to R41.4 million in 2011/12, at an average annual rate of 8.2 per cent, due to additional allocations in 2008/09 for hosting the world telecommunications standardisation assembly in October 2008. Over the medium term, expenditure is expected to decrease to R39.8 million, at an average annual rate of 1.3 per cent, due to expenditure cuts effected on goods and services in the *International Affairs* and *ICT Trade/ Partnerships* subprogrammes. These cuts are largely derived from budgets for travel and subsistence, and venues and facilities.

Expenditure on compensation of employees increased from R6.7 million in 2008/09 to R11.2 million 2011/12, at an average annual rate of 18.7 per cent, due to increases in the number of employees and inflationary adjustments. Over the same period, transfers and subsidies increased from R2.5 million to R3.7 million at an average annual rate of 14 per cent to support the work of the e-Africa Commission within the New Partnership for Africa's Development. To ensure constructive engagements on the African and global arena in ICT matters, the department prepared 26 ICT position papers between 2008/09 and 2011/12.

Over the medium term, expenditure on compensation of employees is expected to increase marginally to R11.6 million, at an average annual rate of 1.2 per cent, while spending on goods and services is expected to decrease from R25.8 million to R23.2 million, at an average annual rate of 3.5 per cent, due to budget cuts.

Expenditure on consultants decreased from R4.5 million in 2008/09 to R555 000 in 2011/12, at an average annual rate of 50.1 per cent, and is expected to decrease further over the medium term to R437 000, at an average annual

rate of 7.7 per cent. The reduction in spending on consultants is attributable to their role in assisting the department to organise the world telecommunications standardisation assembly ending in 2010/11.

Programme 3: ICT Policy Development

Objectives and measures

- Contribute to improving the cost, quality, availability and usage of ICTs across the country by implementing the relevant policies, legislation and regulations to further reduce the cost of mobile telephony by R1.36 per minute by 2014/15.
- Develop, promote and protect national identity by reviewing reports from the South African Broadcasting Corporation on progress with the implementation of the local and digital content development strategy on a quarterly basis.
- Create an enabling environment for the growth of the ICT sector through policy and legislative reform by:
 - publishing the integrated ICT policy including vision 2020 by March 2013
 - tabling the Electronic Communications Amendment Bill, the Independent Communications Authority of South Africa Amendment Bill and the Post and Telecommunications Related Matters Amendment Bill in Parliament by March 2013
 - developing the borrowing, lending and investment policy for Postbank in line with statutory banking requirements by March 2013
 - publishing a draft broadcasting policy to be developed by March 2013
 - submitting the Postal Services Amendment Bill to Cabinet by March 2013.

Subprogrammes

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad based economic development within the ICT sector. This subprogramme had a staff complement of 35 and a total budget of R52.4 million in 2011/12, of which 66 per cent was used for goods and services. In 2011/12, this subprogramme facilitated the legislation making process that culminated in the proclamation of the Postbank Act (2010) in July 2011. Over the medium term, a draft memorandum of incorporation will be finalised, which will enable the incorporation of Postbank as a subsidiary of the South African Post Office. Expenditure cuts of R6.6 million in 2012/13 have been made in this subprogramme.
- *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. Market research is also undertaken to explore areas that require policy intervention. This subprogramme had a staff complement of 29 and a total budget of R9.5 million in 2011/12. Ongoing research provides input into key departmental policies, which have contributed to a reduction in the interconnection and mobile termination rates. Expenditure cuts of R250 000 in 2012/13 have been made in this subprogramme.
- *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. This subprogramme had a staff complement of 9 and a total budget of R6.2 million in 2011/12, of which 44 per cent was used for compensation of employees. Expenditure cuts of R250 000 in 2012/13 have been made in this subprogramme.
- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate. This subprogramme had a staff complement of 16 and a total budget of R10 million in 2011/12, of which 61 per cent was used for compensation of employees. In 2011/12, the low power transmitters in Tugela Ferry were switched on and an Impendle ICT access centre was opened in KwaZulu-Natal. Provincial structures were also established to implement the intergovernmental relations engagement framework within the ICT sector. Expenditure cuts of R400 000 in 2011/12 were made in this subprogramme.

- *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. This subprogramme had no staff complement and a total budget of R7.7 million in 2011/12, which was transferred in full the South African Broadcasting Corporation. No expenditure cuts in 2012/13 have been made in this subprogramme.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for the production of programmes with local content on issues relating to youth, women, children, the disabled, and HIV and AIDS for commercial and community radio stations. This subprogramme had no staff complement and a total budget of R10 million in 2011/12, of which 100 per cent was transferred to the South African Broadcasting Corporation for the production of local content programming. No expenditure cuts in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 27.7 ICT Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
ICT Policy Development	39.8	35.2	51.2	52.4	46.7	46.6	50.3
Economic Analysis, Market Modelling and Research	4.1	4.3	5.4	9.5	9.3	8.6	9.8
ICT Uptake and Usage	3.4	5.0	4.2	6.2	4.6	3.6	4.2
Intergovernmental Relations	8.0	7.8	7.1	10.0	9.7	8.4	10.0
South African Broadcasting Corporation: Community radio stations	2.3	12.8	6.9	7.7	8.4	8.8	9.4
South African Broadcasting Corporation: Programme production	13.9	5.0	15.0	10.0	10.0	10.6	11.2
Total	71.5	70.1	89.7	95.7	88.7	86.6	94.9
Change to 2011 Budget estimate				1.0	(6.1)	(11.0)	(4.0)

Economic classification

Current payments	54.7	51.9	67.3	77.4	69.5	66.4	73.4
Compensation of employees	17.6	24.1	34.2	33.4	35.3	37.3	39.6
Goods and services	37.1	27.8	33.0	44.0	34.2	29.1	33.8
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	11.8	8.5	20.1	11.2	7.6	5.8	6.3
<i>Agency and support / outsourced services</i>	0.6	0.0	–	0.2	0.2	0.2	0.2
<i>Lease payments</i>	0.3	1.3	0.9	2.4	2.3	1.9	2.4
<i>Travel and subsistence</i>	6.4	5.9	5.2	10.1	7.4	6.7	8.2
Transfers and subsidies	16.2	17.9	22.0	17.7	18.4	19.4	20.6
Higher education institutions	–	0.1	–	–	–	–	–
Public corporations and private enterprises	16.2	17.8	21.9	17.7	18.4	19.4	20.6
Non-profit institutions	–	–	0.2	–	–	–	–
Payments for capital assets	0.6	0.3	0.4	0.7	0.8	0.8	0.9
Machinery and equipment	0.6	0.3	0.4	0.7	0.8	0.8	0.9
Total	71.5	70.1	89.7	95.7	88.7	86.6	94.9

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	16.2	17.8	21.9	17.7	18.4	19.4	20.6
South African Broadcasting Corporation: Community radio stations	2.3	12.8	6.9	7.7	8.4	8.8	9.4
South African Broadcasting Corporation: Programme production	13.9	5.0	15.0	10.0	10.0	10.6	11.2

Expenditure trends

Expenditure increased from R71.5 million in 2008/09 to R95.7 million in 2011/12, at an average annual rate of 10.2 per cent, due to allocations for improved conditions of service and additional personnel. Between 2008/09 and 2011/12, the *ICT Policy Development* subprogramme increased from R39.8 million to R52.4 million, at an average annual rate of 9.6 per cent, due to the use of consultants to support the department in the policy and legislation making process. Over the medium term, total expenditure is expected to decrease marginally to R94.9 million, at an average annual rate of 0.3 per cent, due to savings initiatives in the use of business consultants, travel and subsistence, and hiring of external venues and facilities.

Expenditure on compensation of employees increased from R17.6 million in 2008/09 to R33.4 million in 2011/12, at an average annual rate of 23.8 per cent, due to the appointment of additional staff and inflationary adjustments. Over the same period, expenditure on goods and services increased from R37.1 million to R44 million, at an average annual rate of 5.9 per cent. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase to R39.6 million, at an average annual rate of 5.8 per cent, to provide for improved conditions of service, while spending on goods and services is expected to decrease to R33.8 million in 2014/15, at an average annual rate of 8.4 per cent, due to budget cuts.

Spending on consultants decreased from R11.9 million in 2008/09 to R11.6 million in 2010/11 at an average annual rate of 1 per cent, and is expected to decrease further to R6.8 million over the medium term at an average annual rate of 16.4 per cent.

Programme 4: ICT Enterprise Development

Objectives and measures

- Promote good governance and legislative compliance in 2012/13 in all 6 public entities reporting to the department by:
 - quarterly monitoring and reporting on good corporate governance practices
 - continuously monitoring and enforcing compliance with applicable legislation through the analysis of reports by the relevant entities.
- Ensure the effectiveness and efficiency of public entities by assessing strategic and performance plans to ensure alignment with government's outcomes annually.
- Strengthen the performance of public entities in the ICT sector by analysing and reporting on their quarterly and annual performance reports in 2012/13.
- Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transition from analogue to digital broadcasting by:
 - monitoring the implementation of the scheme for ownership support subsidy throughout 2013, through the analysis of regular performance reports from the Universal Service and Access Fund of South Africa
 - monitoring the implementation of the set top boxes manufacturing sector development strategy by March 2013 through the production of regular progress reports for the department.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by:
 - facilitating 15 ICT business linkages by March 2013
 - promoting the participation of 1 000 SMMEs in the installation of the broadcasting digital migration value chain by March 2013.

Subprogrammes

- *Public Entity Oversight* provides oversight on state owned enterprises by managing government's shareholder interests in public enterprises to support the achievement of national priorities. This subprogramme had a staff complement of 7 and a total budget of R1.4 billion in 2011/12, of which 99.5 per cent was transferred to public entities including the Independent Communications Authority of South Africa, National Electronic Media Institute of South Africa, Universal Service and Access Agency of

South Africa, Universal Service and Access Fund of South Africa, South African Post Office, South African Broadcasting Corporation, Telkom and Sentech. In 2011/12, the department proposed a new structure for the branch that will oversee compliance and ensure alignment between the objectives of entities and strategic outcomes adopted by government. Expenditure cuts of R1.1 million in 2012/13 have been made in this subprogramme.

- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs. This subprogramme had a staff complement of 4 and a total budget of R7.1 million in 2011/12, of which 47 per cent was used for compensation of employees. In 2011/12, the subprogramme facilitated 25 ICT business linkages for SMMEs. Over the medium term, focus will be on the development of ICT hubs and an ICT portal to facilitate access to business opportunities by SMMEs and promote the involvement of SMMEs in the set top box manufacturing value chain. Expenditure cuts of R1 million in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 27.8 ICT Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Public Entity Oversight	1 916.0	1 918.9	1 079.9	1 392.3	1 114.1	1 310.0	1 163.7
Small Medium and Micro Enterprise Development	2.4	4.8	3.7	7.1	8.8	9.4	10.0
Total	1 918.4	1 923.6	1 083.6	1 399.3	1 122.9	1 319.4	1 173.7
Change to 2011 Budget estimate				109.9	62.9	201.2	31.3

Economic classification

Current payments	6.3	90.8	8.7	12.6	14.0	14.9	15.9
Compensation of employees	3.5	3.9	4.2	7.1	7.4	7.9	8.3
Goods and services	2.9	86.9	4.5	5.5	6.6	7.1	7.6
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	2.2	3.0	2.8	1.4	3.0	3.1	3.3
<i>Agency and support / outsourced services</i>	–	–	–	2.6	0.4	0.4	0.5
<i>Lease payments</i>	0.0	0.1	0.1	0.1	0.1	0.1	0.1
<i>Travel and subsistence</i>	0.3	0.2	0.7	0.5	0.5	0.5	0.5
Transfers and subsidies	1 911.7	1 832.6	1 074.8	1 386.4	1 107.9	1 303.6	1 156.9
Departmental agencies and accounts	337.4	368.6	428.8	690.9	757.7	782.5	774.9
Public corporations and private enterprises	1 374.3	1 459.7	646.0	695.5	350.2	521.0	381.9
Non-profit institutions	–	0.3	–	–	–	–	–
Households	200.0	4.0	0.0	–	–	–	–
Payments for capital assets	0.4	0.2	0.1	0.3	0.9	0.9	1.0
Machinery and equipment	0.4	0.2	0.0	0.3	0.9	0.9	1.0
Total	1 918.4	1 923.6	1 083.6	1 399.3	1 122.9	1 319.4	1 173.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	337.4	368.6	428.8	690.9	757.7	782.5	774.9
Independent Communications Authority of South Africa	247.3	269.6	290.9	313.4	389.8	394.7	378.2
National Electronic Media Institute of South Africa	25.3	29.1	32.6	33.5	34.1	35.7	37.9
Universal Service and Access Agency of South Africa	30.2	33.5	66.7	83.2	59.8	63.1	66.9
Universal Service and Access Fund	34.6	36.4	38.6	40.9	44.0	49.0	52.0
Universal Service and Access Fund: Set top box subsidy	–	–	–	220.0	230.0	240.0	240.0

Table 27.8 ICT Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Capital	200.0	4.0	-	-	-	-	-
Sentech: 2010 FIFA World Cup	200.0	4.0	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	1 224.3	1 199.7	575.0	306.6	184.4	215.7	210.1
South African Post Office	371.6	383.1	306.1	180.4	52.0	-	-
Telkom: 2010 FIFA World Cup	600.0	350.0	-	-	-	-	-
South African Broadcasting Corporation: Digital migration project	-	-	-	-	-	76.0	62.0
South African Broadcasting Corporation: Channel Africa	34.8	36.7	38.9	41.2	43.3	45.7	48.4
South African Broadcasting Corporation: Public broadcaster	217.9	429.9	230.0	84.9	89.2	94.1	99.7
Capital	150.0	260.0	71.0	388.9	165.8	305.3	171.8
Sentech: Digitisation	150.0	160.0	71.0	268.9	165.8	305.3	171.8
Sentech: Digital terrestrial television (dual illumination)	-	100.0	-	120.0	-	-	-

Expenditure trends

Expenditure decreased from R1.9 billion in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 10 per cent due, to a decrease in the transfer to the South African Broadcasting Corporation and the conclusion of the transfer payments to Telkom and Sentech for the 2010 FIFA World Cup ICT infrastructure. Between 2008/09 and 2011/12, significant funding was made available for digitisation to meet government's target of switching off the analogue signal in December 2013. Over this period, R649.9 million was transferred to Sentech for digital migration, and an additional R220 million was allocated for infrastructure modernisation for the entity to run the analogue and digital transmission in parallel during the dual illumination period. Additionally, R962.7 million was transferred to the South African Broadcasting Corporation to implement its infrastructure modernisation programme and IT plan.

Expenditure on compensation of employees increased from R3.5 million in 2008/09 to R7.1 million in 2011/12, at an average annual rate of 27 per cent, due to the recruitment of additional personnel to build capacity within the *Small Medium and Micro Enterprise Development* subprogramme. Over the medium term, spending on this item is expected to increase to R8.3 million, at an average annual rate of 5.5 per cent, to provide for improved conditions of service.

Between 2011/12 and 2014/15, total expenditure is expected to decrease to R1.2 billion, at an average annual rate of 5.7 per cent, as Sentech completes the digital migration process, and transfers to the South African Post Office to meet universal service obligations are terminated. Transfers to departmental agencies and accounts are expected to increase from R690.9 million in 2011/12 to R774.9 million in 2014/15, at an average annual rate of 3.9 per cent, and will be used to strengthen the Independent Communication Authority of South Africa's oversight and regulatory function and for the Universal Service and Access Fund to subsidise set top boxes for digital migration.

Spending on consultants declined from R2.2 million in 2008/09 to R1.4 million in 2011/12, at an average annual rate of 14.2 per cent, as the *Small Medium and Micro Enterprise Development* subprogramme recruited staff and decreased its reliance on consultants to implement SMME development initiatives. Spending on this item is expected to increase to R3.3 million in 2014/15, at an average annual rate of 32.3 per cent, due to the appointments of service providers to identify appropriate places for the establishment of the innovation hubs on ICT.

Programme 5: ICT Infrastructure Development

Objectives and measures

- Increase access to digital broadcasting services in all South African households that own televisions by facilitating and monitoring the infrastructure rollout of digital terrestrial television to achieve coverage of 96 per cent of the population by 2013.
- Support and enable the provision of a multiplicity of ICT applications and services through the modernisation and deployment of the infrastructure by:
 - ensuring the implementation of a national broadband plan to increase household broadband penetration to 15 per cent by 2014/15
 - connecting 1 650 schools by March 2013.
- Increase universal access and services to ICTs by conducting a validation of the usage of the national frequency spectrum from 9 kilohertz in 2012 to 500 megahertz by March 2013.
- Contribute to building confidence and security in the use of ICTs in order to maximise investment in the ICT sector by developing a cyber security implementation plan by March 2013.

Subprogrammes

- *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 frequency spectrum. This subprogramme had a staff complement of 90 and a total budget of R163.1 million in 2011/12, of which 80 per cent was used for goods and services such as ICT broadband universal access and spectrum audit and validation. Expenditure cuts of R58.4 million in 2012/13 have been made in this subprogramme.
- *Meraka Institute* makes transfers to the Meraka Institute to conduct research and develop ICT applications in the national interest. Transfers to the entity ended in 2009/10.
- *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. This subprogramme had no staff complement a total budget of R117.5 million in 2011/12, which was used in full for goods and services such as consultants and contractors to design and operate the 112 emergency call centre. The subprogramme houses the budget for the call centre, which the department outsources. No savings in 2012/13 have been identified in this subprogramme.
- *.za Domain Name Authority* is responsible for administering and managing the .za domain name space. This subprogramme had no staff complement and a total budget of R1.5 million, which was transferred in full for the management of the .za domain name space. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 27.9 ICT Infrastructure Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Applications and Research	64.3	45.2	41.2	163.1	155.4	176.6	272.4
Meraka Institute	6.0	7.0	–	–	–	–	–
112 Emergency Call Centre	23.0	21.0	2.2	117.5	123.4	130.2	138.0
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.6	1.7
Total	94.8	74.8	44.8	282.0	280.2	308.4	412.0
Change to 2011 Budget estimate				1.1	(57.0)	(87.3)	(2.0)

Table 27.9 ICT Infrastructure Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	79.2	61.9	42.5	279.5	177.7	180.7	199.1
Compensation of employees	22.7	25.4	26.0	32.3	35.5	37.4	39.7
Goods and services	56.5	36.5	16.4	247.2	142.2	143.3	159.4
<i>of which:</i>							
<i>Consultants and professional services:</i>	18.8	3.9	3.0	105.4	88.1	89.9	98.6
<i>Business and advisory services</i>							
<i>Agency and support / outsourced services</i>	17.0	21.6	1.6	24.2	25.4	26.8	28.4
<i>Lease payments</i>	2.3	0.7	0.3	1.1	1.2	1.2	1.3
<i>Travel and subsistence</i>	5.2	2.4	3.2	4.4	3.3	2.4	3.3
Transfers and subsidies	7.5	8.5	1.6	1.5	1.5	1.6	1.7
Departmental agencies and accounts	7.5	8.5	1.5	1.5	1.5	1.6	1.7
Public corporations and private enterprises	–	–	0.1	–	–	–	–
Payments for capital assets	8.1	4.4	0.8	1.0	101.1	126.1	211.2
Buildings and other fixed structures	–	–	–	–	100.0	125.0	210.0
Machinery and equipment	2.2	0.6	0.8	1.0	1.1	1.1	1.2
Software and other intangible assets	5.9	3.8	0.1	–	–	–	–
Total	94.8	74.8	44.8	282.0	280.2	308.4	412.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7.5	8.5	1.5	1.5	1.5	1.6	1.7
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.6	1.7
Meraka Institute	6.0	7.0	–	–	–	–	–

Expenditure trends

Expenditure increased substantially from R94.8 million in 2008/09 to R282 million in 2011/12, at an average annual rate of 43.8 per cent, mainly due to an increase in the allocation to the *112 Emergency Call Centre* subprogramme in 2011/12 to make the call centre operational and for broadband infrastructure development to extend access. Over the medium term, total expenditure is expected to increase to R412 million, at an average annual rate of 13.5 per cent, driven mainly by increased allocations to consultants for infrastructure planning to bring the 112 emergency call centre into operation. As a result, the department has shifted R80 million in 2010/11, R86.3 million in 2011/12 and R91.8 million in 2012/13 from the *ICT Policy Development* programme to the *112 Emergency Call Centre* subprogramme.

Compensation of employees increased from R22.7 million in 2008/09 to R32.3 million in 2011/12, at an average annual rate of 12.5 per cent, due to the shifting of the information technology chief directorate from the *Administration* programme to this programme. Over the same period, transfers to departmental agencies and accounts decreased from R7.5 million to R1.5 million as a result of the termination of transfers to the Meraka Institute. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase to R39.7 million, at an average annual rate of 7.1 per cent, to provide for improved conditions of service.

Expenditure on consultants increased robustly from R18.8 million in 2008/09 to R190.4 million in 2011/12, at an average annual rate of 116.2 per cent, due to the outsourcing of the call centre function to an external provider. Over the medium term, expenditure on consultants is expected to decrease to R98.6 million, at an average annual rate of 19.7 per cent, due to budget cuts.

Programme 6: Presidential National Commission

Objectives and measures

- Contribute to creating conditions for an accelerated and shared growth of the economy by:
 - facilitating the implementation of the identified ICT interventions in 61 rural pilot sites by March 2013
 - concluding the development of a national e-strategy by March 2013
 - facilitating the growth and the development of SMMEs as well as improve their sustainability through the use of ICTs by implementing a comprehensive programme for ICT capacity development in business, government services and individuals by March 2013.

Subprogrammes

- *Planning, Coordination and Evaluation* ensures that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and local government inputs. This entails assessing the impact of ICT programmes and projects. This subprogramme had a staff complement of 8 and a total budget of R6.7 million in 2011/12, of which 64 per cent was used for compensation of employees. In 2011/12, a report on country information society readiness was finalised. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.
- *e-Applications* facilitates the implementation of information society related to projects and programmes to attain the sectoral targets of the information society and development plan, and maximises the benefits of the information society for the development of women, children, youth, people with disabilities and poor communities. This subprogramme had a staff complement of 29 and a total budget of R15.3 million in 2011/12, of which 47 per cent was used for compensation of employees. The department facilitated the development of youth e-cooperative enterprises and a workshop on ICT skills was hosted at the University of Johannesburg, which was attended by 400 young people, including young entrepreneurs and unemployed youth. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and development of institutional mechanisms such as the inter-ministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors general for information society and development, and the intergovernmental relations forum technical committee such as Information Society and Development Multi Stakeholder forum and ICT Indaba. The decisions on these platforms are implemented on an annual basis by the department and the sector broadening. This subprogramme had a staff complement of 8 and a total budget of R4.1 million in 2011/12, of which 66 per cent was used for compensation of employees. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.
- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support that strengthens the Presidential National Commission on information society and development as a knowledge driven organisation. This subprogramme had a staff complement of 14 and a total budget of R8.6 million in 2011/12, of which 50 per cent was used for compensation of employees. In 2011/12, the subprogramme ensured the effective and efficient operations of the department by implementing a disaster recovery plan and monitoring the uptake and the usage of PSNext, a project management software system. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.

Expenditure estimates

Table 27.10 Presidential National Commission

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Planning, Coordination and Evaluation	11.2	3.4	2.5	6.7	5.3	5.7	6.4
e-Applications	21.9	13.8	14.9	15.3	14.4	13.9	15.7
Information society and development cluster	1.2	2.7	4.0	4.1	3.2	3.9	4.1
Presidential national commission operations	8.7	5.7	6.0	8.6	7.0	7.0	8.1
Total	42.9	25.6	27.5	34.7	30.0	30.5	34.4
Change to 2011 Budget estimate				–	(3.5)	(4.3)	(1.0)

Economic classification

Current payments	42.2	25.3	27.2	34.1	29.4	29.9	33.7
Compensation of employees	10.5	13.7	15.9	18.4	19.3	20.4	21.7
Goods and services	31.7	11.6	11.4	15.7	10.0	9.5	12.1
<i>of which:</i>							
<i>Consultants and professional services:</i>	9.6	0.5	0.5	2.4	1.9	1.5	1.7
<i>Business and advisory services</i>							
<i>Agency and support / outsourced services</i>	0.8	–	–	0.3	0.1	0.1	0.1
<i>Lease payments</i>	0.3	0.9	0.4	0.7	0.6	0.7	0.8
<i>Travel and subsistence</i>	4.5	4.0	1.9	3.7	1.9	1.6	2.6
Transfers and subsidies	0.0	0.1	0.1	–	–	–	–
Non-profit institutions	–	–	0.1	–	–	–	–
Households	0.0	0.1	0.0	–	–	–	–
Payments for capital assets	0.8	0.1	0.2	0.6	0.6	0.6	0.7
Machinery and equipment	0.8	0.1	0.2	0.6	0.6	0.6	0.7
Total	42.9	25.6	27.5	34.7	30.0	30.5	34.4

Expenditure trends

Expenditure decreased from R42.9 million in 2008/09 to R34.7 million in 2011/12, at an average annual rate of 6.9 per cent, mainly due to difficulties within the procurement process that resulted in delays in the implementation of projects. As a result, ancillary costs such as training and development decreased from R7 million in 2008/09 to R3.1 million in 2011/12 and spending on consultants decreased from R9.6 million in 2008/09 to R2.6 million in 2011/12.

Expenditure on compensation of employees increased from R10.5 million in 2008/09 to R18.4 million in 2011/12, at an average annual rate of 20.5 per cent, as a result of an increase in number of employees in the *e-Applications* subprogramme. In line with the national imperative to create work opportunities for youth, R65.9 million was spent in the *e-Applications* subprogramme between 2008/09 and 2011/12, which facilitated the establishment of 227 e-cooperatives to increase entry of youth owned small enterprises into the ICT sector.

Over the medium term, expenditure is expected to decrease marginally to R34.4 million, at an average annual rate of 0.3 per cent, mainly due to savings on consultants. Spending on consultants is expected to decrease from R2.6 million in 2011/12 to R1.7 million in 2014/15, at an average annual rate of 13.5 per cent. Savings are also realised on travel and subsistence, which is expected to decrease from R3.7 million in 2011/12 to R2.6 million in 2014/15, at an average annual rate of 11.8 per cent.

Public entities and other agencies

Sentech

Overview: 2008/09 – 2014/15

Sentech Limited is a state owned enterprise established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999) and is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). Its mandate is to provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was awarded value added network service licences for its multimedia and carrier of licences, thus allowing for converged ICT solutions. In 2009, these licences were converted to individual electronic communications network service and individual electronic communications service licences under the Electronic Communications Act (2005).

Sentech is responsible for migrating signal distribution infrastructure from analogue to digital in line with technological developments and agreements with the International Telecommunications Union for worldwide migration to digital. Sentech's activities will ensure that the digital terrestrial television network is ready in time to meet the December 2013 analogue switch-off deadline.

Sentech's national wholesale broadband network develops innovative products, rolls out the national wholesale broadband network and extends social value projects.

Over the medium term, the company will focus on consolidating its broadcasting signal distribution products and services, terminating unsustainable services, implementing the national wireless broadband network strategy, and preparing for the launch of commercial digital terrestrial television.

Performance

Network performance in this context refers to the quality of a signal product as seen by the customer. Sentech has continued to exceed network performance targets set over the past three years and ensured that it was possible to ensure overall network availability of the analogue terrestrial television broadcast network. This is despite interruptions caused by mains power failures and inclement weather. In 2010/11, Sentech will have covered 60 per cent of the population for digital terrestrial television.

Selected performance indicators

Table 27.11 Sentech

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage household coverage of digital television transmission infrastructure per year	Migrate to digital television	–	–	60%	70%	80%	96%	–
Terrestrial analogue television (measured by percentage availability)	Provide reliable broadcasting signals	100%	100%	100%	100%	100%	100%	100%
Digital terrestrial television (measured by percentage availability)	Migrate to digital television	99%	99%	99%	100%	100%	100%	100%
Number of new radio transmitters switched on per year	Increase access to information through listenership	10	10	10	10	10	10	10
Number of new television transmitters switched on per year	Use Increase access to information through viewership	10	10	90 ¹	10	10	10	10

1. 2010 FIFA World Cup accounts for fluctuations in number of new television transmitters switched on per year.

Programmes/activities/objectives

Table 27.12 Sentech

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Providing Signal Distribution Services	941.6	845.6	764.1	836.9	925.7	1 062.3	1 110.0
Total expense	941.6	845.6	764.1	836.9	925.7	1 062.3	1 110.0

Sentech had a total budget of R836.9 million in 2011/12, of which 100 per cent was used for the provision of signal distribution services.

Savings and cost effectiveness measures

In 2011/12, the company revised its supply chain management policy and restructured its procurement process to curb losses through criminal conduct, and irregular, fruitless and wasteful expenditures. These structural reforms will improve the efficiency of operational expenditure and lead to additional savings in future years. The entity has identified savings of R1.1 million in 2012/13, R11.8 million in 2013/14 and R14.8 million in 2014/15.

Expenditure estimates

Table 27.13 Sentech

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Revenue							
Non-tax revenue	839.0	895.3	900.8	873.0	994.4	1 186.8	1 074.0
Sale of goods and services other than capital assets	750.3	827.8	801.8	843.0	985.4	1 184.1	1 071.2
<i>of which:</i>							
<i>Sales by market establishments</i>	750.3	827.8	801.8	843.0	985.4	1 184.1	1 071.2
<i>Other non-tax revenue</i>	88.6	67.4	99.0	30.0	9.0	2.7	2.8
Transfers received	–	51.4	36.3	43.3	24.0	21.5	194.7
Total revenue	860.5	950.8	937.0	916.3	1 018.3	1 208.3	1 268.7
Expenses							
Current expenses	856.1	742.0	702.7	806.0	889.7	1 005.6	1 050.5
Compensation of employees	229.3	225.5	230.9	283.1	297.3	312.2	327.8
Goods and services	455.1	420.3	351.2	350.7	500.5	606.4	631.3
Depreciation	139.2	84.3	99.8	165.5	88.4	86.8	91.2
Interest, dividends and rent on land	32.5	12.0	20.8	6.7	3.5	0.2	0.2
Transfers and subsidies	24.2	–	–	–	–	–	–
Total expenses	941.6	845.6	764.1	836.9	925.7	1 062.3	1 110.0
Surplus / (Deficit)	(81.2)	105.1	172.9	79.0	93.0	146.0	159.0
Statement of financial position							
Carrying value of assets	656.0	569.9	499.2	637.6	695.0	722.2	750.8
<i>of which:</i>							
<i>Acquisition of assets</i>	174.3	269.9	67.1	304.0	145.9	114.0	119.8
Inventory	13.8	8.5	7.3	9.0	26.5	27.8	29.2
Receivables and prepayments	77.2	74.4	31.4	28.3	84.0	88.2	92.6
Cash and cash equivalents	1 042.8	977.5	1 135.8	941.0	1 709.8	1 852.4	1 719.9
Defined benefit plan assets	2.2	1.6	1.3	–	–	–	–
Taxation	–	–	11.5	–	–	–	–
Derivatives financial instruments	–	–	11.5	–	–	–	–
Total assets	1 792.0	1 631.9	1 697.9	1 615.9	2 515.4	2 690.6	2 592.5
Accumulated surplus/ (deficit)	(61.7)	43.4	216.4	295.7	388.4	534.4	693.0
Capital and reserves	509.4	498.7	529.3	543.0	1 505.1	1 257.6	1 397.6
Capital reserve fund	747.6	701.9	638.4	402.7	260.8	544.6	130.1
Borrowings	131.4	83.2	64.7	45.4	23.9	–	–
Finance lease	–	–	–	12.6	–	–	–
Trade and other payables	299.2	128.1	85.0	172.9	205.2	215.4	226.2
Taxation	40.0	57.0	10.6	–	–	–	–
Provisions	126.1	119.6	142.0	143.6	132.0	138.6	145.5
Total equity and liabilities	1 792.0	1 631.9	1 686.5	1 615.9	2 515.4	2 690.6	2 592.5

Expenditure trends

The spending focus over the medium term will be on implementing the national wireless broadband network strategy and preparing for the launch of the commercial digital terrestrial television.

Sentech derives its commercial revenue from terrestrial television services, terrestrial FM and AM radio services, satellite linking, facility rentals sales and the sale of satellite decoders and other revenue. Transfers are also received from the department for digital terrestrial television and dual illumination. Revenue increased from R860.5 million in 2008/09 to R916.3 million in 2011/12, at an average annual rate of 2.1 per cent due, to better performing products. This net increase takes into account the 1 per cent variance between revenue expected and achieved in 2010/11 due to products that were underperformed and other products which were being discontinued. Sentech was allocated a total of R279 million in 2011/12 for the digital terrestrial television project, of which R159 million is earmarked for capital expenditure and R120 million for dual illumination.

Expenditure decreased from R941.6 million in 2008/09 to R836.9 million in 2011/12, at an average annual rate of 3.9 per cent. Over the same period, expenditure on compensation of employees grew from R229.3 million to R283.1 million, at an average annual rate of 7.3 per cent, as a result of adjustments for improved conditions of service. Over the same period, expenditure on goods and services declined from R455.1 million to R350.7 million, at an average annual rate of 8.3 per cent, due to the fixed asset write offs from discontinuing MyWireless and Biznet.

Over the medium term, spending is expected to increase to R1.1 billion, at an average annual rate of 9.9 per cent, mainly due to higher operational expenditure for human resources development and operations maintenance. As a result of the higher expenditure on maintenance, expenditure on goods and services is expected to increase to R631.3 million over the medium term, at an average annual rate of 21.6 per cent. In pursuit of addressing potential weakness that may impact on overall efficiency and effectiveness, the company will consciously increase costs pertaining to human resources development and operations maintenance. These efforts to make the company more efficient in turn increase other operating expenses to support the business and these include costs for line rentals, marketing, travel and subsistence, insurance, security and communication.

A surplus of R79.4 million is expected for 2011/12, which represents a 54.1 per cent decrease on the previous year due to increased expenditure mentioned above to address potential weaknesses. Surpluses are accumulated and used to fund new signal distribution infrastructure.

Personnel information

Table 27.14 Sentech

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	4	2	2	3	3	2	2	5	5	5
Executive management	3	1	1	3	2	2	2	3	3	3
Senior management	43	31	14	45	46	45	31	33	33	33
Middle management	99	88	11	107	102	101	88	93	93	93
Skilled	276	264	12	264	278	260	264	264	262	260
Semi-skilled	78	77	1	75	82	66	77	74	73	77
Very low skilled	43	43	-	41	37	39	42	70	71	70
Total	546	506	41	538	550	515	506	542	540	541
Compensation (R thousand)				229 333	225 479	230 878	283 132	297 289	312 154	327 761
Unit cost (R thousand)				426	410	448	560	549	578	606

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 546 posts, 506 of which were funded. The number of filled posts decreased from 538 in 2008/09 to 506 in 2011/12 due to resignation and retirements. Over the MTEF period, filled posts are expected to decrease to 541.

40 posts were vacant as at 30 September 2011. Vacancies were mostly at the senior management and skilled levels, but are not expected to affect service delivery. The posts became vacant due to staff turnover.

South African Broadcasting Corporation

Overview: 2008/09 – 2014/15

The South African Broadcasting Corporation's mandate is set out in its charter and in the Broadcasting Act (1999), which require it to: provide its services to all South Africans in all the official languages; provide programming that informs, educates and entertains and which reflects the diversity of South Africans; and maintain freedom of expression and journalistic, creative and programming independence. The corporation's service and broadcasting activities are regulated through the licence conditions issued by the Independent Communications Authority of South Africa for each of its radio and television services. It reports to the authority quarterly to comply with licence conditions. The corporation is further bound to meet licence conditions set for its individual radio stations and television channels, and has to abide by regulations set by the Independent Communications Authority of South Africa outlining minimum quotas and standards in areas such as local content.

The corporation became a limited liability company in 2004, with two operational divisions: public broadcasting services and commercial broadcasting services. As a national public service broadcaster, the corporation operates 18 radio stations and three television stations, reaching about 24 million people daily.

Over the medium term period, the corporation will focus on improving performance by: implementing an integrated turnaround strategy that enhances revenue and reduces costs; building the digital corporation and integrating the digital future into all plans and actions; implementing platform and channel strategies informed and driven by audience needs; maintaining and increasing audience share across all platforms; enhancing editorial integrity in its platforms and programmes, and in news in particular; managing and reporting on strategy development and implementation; enhancing operational performance and risk management; increasing revenue through effective and efficient collection of licence fees and increasing the corporation's share of advertising spend.

Performance

The South African Broadcasting Corporation continued preparation for the migration to digital terrestrial television with expenditure increasing from R30 million to R1.3 billion between 2008/09 and 2011/12. The introduction of digital terrestrial television will allow the corporation to increase the number of channels it offers as well as enhance its public broadcasting services by offering content in areas such as children's programming, news, sport, regional content, youth, women and education, as well as more comprehensive services in all languages and to communities with disabilities.

The corporation continues to promote universal access to broadcasting services by switching on lower power radio and television transmitters. These low power transmitters broadcast television and radio signals at a very low cost to communities in historically marginalised communities and rural areas. Between 2008/09 and 2011/12, the corporation has switched on 1 216 lower power television transmitters and 557 lower power radio transmitters.

The corporation is continuing with its focus on creating content for time and channel based television and radio that is relevant to its core markets, while identifying potential opportunities for exploiting content on new media platforms that will deliver additional value in terms of audiences and revenues, as the media market continues to evolve.

Selected performance indicators

Table 27.15 South African Broadcasting Corporation

Indicator	Activity/Objective/Programme/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of operational expenditure: digital terrestrial television per year	Digital terrestrial migration	R30m	R6m	R1.1bn	R1.3bn	R1.4bn	R1.5bn	R1.6bn
Local content as percentage of total public broadcasting service television	Local content delivery	60%	65%	75%	75%	75%	75%	75%
Local content as percentage of total public commercial service television	Local content delivery	35%	35%	35%	35%	35%	35%	35%
Local content as percentage of total public broadcasting service radio	Local content delivery	60%	65%	70%	70%	70%	70%	70%
Local content as percentage of total public commercial service radio	Local content delivery	35%	40%	45%	45%	45%	45%	45%
Number of low power television transmitters switched on per year	Universal access transmitter rollout	60	430	426	300	300	300	367
Number of low power radio transmitters switched on per year	Universal access transmitter rollout	119	105	105	100	100	100	100

Programmes/activities/objectives

Table 27.16 South African Broadcasting Corporation

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3 TV stations and Programme Content	2 269.2	2 016.6	2 282.1	2 435.9	2 378.8	2 520.5	2 699.2
18 Radio Stations	692.1	599.5	696.4	818.5	805.4	857.4	917.7
News	661.8	553.6	506.5	573.2	587.8	621.9	662.8
Sport	688.1	516.1	406.7	636.1	592.5	699.7	725.7
Technical facilities	745.4	754.3	789.0	911.3	1 100.8	1 182.2	1 239.3
Revenue and administrative support	630.0	938.8	848.1	1 364.3	1 337.4	1 383.8	1 445.7
Total expense	5 686.7	5 378.8	5 528.8	6 739.3	6 802.8	7 265.4	7 690.4

The South African Broadcasting Corporation had a total budget of R6.7 billion in 2011/12, of which 48.3 per cent was used for the provision of television and radio services.

Savings and cost effectiveness measures

No savings have been identified by the corporation over the medium term. However, the corporation developed a turnaround strategy in 2011 that details aggressive cost containment measures including proposals on stricter expenditure management and balance sheet structuring to minimise finance costs.

Expenditure estimates

Table 27.17 South African Broadcasting Corporation

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	4 101.7	4 052.7	4 627.9	5 881.5	6 126.7	6 678.5	7 370.2
Sale of goods and services other than capital assets	4 056.6	3 942.7	4 521.7	5 842.1	6 125.6	6 677.4	7 364.1
<i>of which:</i>							
Administration fees	871.6	903.1	911.8	872.3	1 023.6	1 147.7	1 277.7
Sales by market establishments	3 185.0	3 039.6	3 609.9	4 969.7	5 102.0	5 529.7	6 086.4
Other non-tax revenue	45.1	110.0	106.2	39.4	1.1	1.1	6.1
Transfers received	663.8	831.4	748.4	605.5	860.1	985.8	1 018.0
Total revenue	4 896.6	4 886.4	5 399.6	6 487.0	6 986.8	7 664.3	8 388.3

Table 27.17 South African Broadcasting Corporation (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Expenses							
Current expenses	5 642.2	5 375.9	5 495.6	6 734.9	6 801.8	7 264.3	7 689.3
Compensation of employees	1 542.4	1 753.5	1 705.3	1 600.9	1 522.3	1 605.2	1 714.0
Goods and services	3 854.9	3 243.5	3 399.4	4 735.8	4 768.5	5 126.3	5 469.2
Depreciation	194.2	253.9	272.9	279.6	391.7	457.4	483.7
Interest, dividends and rent on land	50.7	125.0	117.9	118.7	119.3	75.4	22.3
Transfers and subsidies	37.0	–	–	4.4	1.0	1.1	1.1
Total expenses	5 686.7	5 378.8	5 528.8	6 739.3	6 802.8	7 265.4	7 690.4
Surplus / (Deficit)	(790.1)	(492.5)	(129.3)	(252.0)	184.0	399.0	698.0
Statement of financial position							
Carrying value of assets	1 666.2	1 816.4	1 657.4	1 578.0	1 971.2	2 083.8	1 983.7
<i>of which:</i>							
<i>Acquisition of assets</i>	368.9	409.7	115.2	200.9	784.8	570.0	383.7
Investments	183.1	115.4	102.3	115.6	115.6	115.6	115.6
Inventory	1 107.2	902.3	932.5	907.5	1 032.7	1 177.4	1 245.5
Receivables and prepayments	1 112.2	1 317.1	1 552.1	1 129.7	1 232.3	1 320.8	1 416.4
Cash and cash equivalents	43.9	167.7	269.8	335.9	–	–	–
Non-current assets held for sale	9.0	13.0	4.8	4.8	4.8	4.8	4.8
Defined benefit plan assets	320.6	285.8	226.6	–	–	–	–
Taxation	89.7	–	–	–	–	–	–
Derivatives financial instruments	89.7	–	–	–	–	–	–
Total assets	4 621.5	4 617.6	4 745.5	4 071.5	4 356.6	4 702.4	4 766.0
Accumulated surplus / (deficit)	1 550.0	1 063.0	848.2	595.9	779.9	1 178.8	1 876.7
Capital and reserves	1.1	2.1	2.5	2.5	2.5	2.5	2.5
Borrowings	457.6	1 331.4	1 207.7	916.3	1 281.3	1 235.2	576.2
Finance lease	106.7	46.3	166.5	286.3	254.9	219.3	192.6
Deferred income	541.8	599.2	565.9	530.4	450.4	369.8	308.6
Trade and other payables	1 240.8	924.1	1 229.5	1 155.4	964.9	1 034.1	1 105.3
Taxation	0.1	–	–	–	–	–	–
Provisions	617.6	651.4	725.2	584.7	622.7	662.8	704.2
Derivatives financial instruments	15.9	–	–	–	–	–	–
Total equity and liabilities	4 531.8	4 617.6	4 745.5	4 071.5	4 356.6	4 702.4	4 766.0

Expenditure trends

Spending over the medium term will focus on rebuilding the organisation financial position, adopting good governances, and realigning the corporation's operating model with the imperatives of digital broadcasting.

Revenue is generated mainly from television licenses, advertising and sponsorships, and allocations from the department. Revenue increased from R4.9 billion in 2008/09 to R6.5 billion in 2011/12, at an average annual rate of 9.8 per cent, due to an increase in advertising revenue. Over the medium term, revenue is expected to increase to R8.4 billion, at an average annual rate of 8.9 per cent, due to expected growth in advertising sales as a result of better economic conditions and the implementation of a turnaround strategy that focuses on enhancing the corporation's cash generating activities.

Expenditure increased from R5.7 billion in 2008/09 to R6.7 billion in 2011/12, at an average annual rate of 5.8 per cent, due to: higher depreciation on broadcasting infrastructure; the amortisation of computer software; impairments losses on the programme, film and sports rights; and higher financing costs associated with increased borrowings. Over the medium term, expenditure is expected to increase to R7.7 billion, at an average annual rate of 4.5 per cent, due to the rollout of additional low power transmitters, higher marketing costs to promote revised SABC 3 schedules, and increases in direct television licence collection costs.

Deficits have declined from R790.1 million in 2008/09 to R252.3 million in 2011/12, as a result of an improvement in revenue collection driven by higher receipts from advertising and lower operational expenses due to cost containment measures implemented by the corporation as part of its turnaround strategy.

Personnel information

Table 27.18 South African Broadcasting Corporation

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	12	10	1	12	12	8	11	12	12	12
Executive management	21	18	10	16	12	10	9	6	6	6
Senior management	74	63	10	88	80	68	63	42	42	42
Middle management	453	385	29	473	441	424	422	240	240	240
Professionals	620	527	25	688	639	592	605	450	450	450
Skilled	2 566	2 181	74	2 696	2 588	2 482	2 443	2 150	2 150	2 150
Semi-skilled	113	96	–	137	129	114	104	100	100	100
Total	3 859	3 280	149	4 110	3 901	3 698	3 657	3 000	3 000	3 000
Compensation (R thousand)				1 542 391	1 753 484	1 705 338	1 600 889	1 522 334	1 605 221	1 713 996
Unit cost (R thousand)				375	449	461	438	507	535	571

1. As at 30 September 2011.

The corporation had an establishment of 3 859 posts, 3 280 of which were funded and 149 were vacant. The number of filled posts decreased from 4 110 in 2008/09 to 3 859 in 2011/12, as the corporation's financial position deteriorated and a moratorium was placed on filling vacant positions in 2009/10. Over the MTEF period, filled posts are expected to decrease to 3 000, due to the expected reduction of senior management and skilled and semi-skilled staff through natural attrition and voluntary and early retirements.

South African Post Office

Overview: 2008/09 – 2014/15

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 public. It was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1988). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.

The Post Office Act (1958) will be repealed and replaced by the Post Office Bill and the Postbank Bill, which will have been enacted into law by March 2012. With the imminent corporatisation of Postbank into a separate entity, more previously disadvantaged communities will have access to banking services.

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; grow its communications, logistics and financial services offerings; become government's preferred partner in the delivery of government services; build a high performance culture and develop skills throughout the organisation; and strengthen public perception of the South African Post Office as a trusted brand.

Performance

The South African Post Office has a retail post office infrastructure of 2 487 service points, which deliver postal, courier, financial and Postbank services. To increase access to its services, 129 new service points were opened between 2008/09 and 2010/11, and the entity expects to open an additional 150 new points of presence over the MTEF period.

Between 2008/09 and 2010/11, the South African Post Office rolled out 4.9 million new addresses. A further 3.5 million new addresses will be rolled out over the medium term to allow wider access to postal and 200 post offices to extend access to financial services to all citizens.

Between 2008/09 and 2010/11, the Postbank depositor's funds increased from R3.2 million to R3.9 million. The depositor's book is expected to grow to R5.2 million over the MTEF period.

Selected performance indicators

Table 27.19 South African Post Office

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new post offices per year	Rollout of new post office points of presence	45	64	20 ¹	50	50	50	50
Number of post office service points per year	The number of post office access points	2 714	2 467	2 487	2 537	2 587	2 637	2 687
Number of new addresses delivered as part of the address expansion programme per year	Rollout of new addresses for citizens	1.67 million	1.65 million	1.65 million	1.2 million	1.2 million	1.2 million	1.2 million
Value of Postbank depositor's funds per year	The value of the funds held for depositor's at Postbank	R3.3bn	R3.7bn	R3.9bn	R4.3bn	R4.6bn	R5bn	R5.2bn

1. Drop in number of new post offices due to budget cuts.

Table 27.20 South African Post Office Limited

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Provide postal and related services	5 665.3	5 643.6	5 876.3	5 995.3	6 257.6	6 559.3	6 881.0
Total expense	5 665.3	5 643.6	5 876.3	5 995.3	6 257.6	6 559.3	6 881.0

The South African Post Office had a total budget of R 6 billion in 2011/12, of which 100 per cent was used for the provision of postal and related services, such as provision of addresses to households and ensuring access universal postal services through building post office outlets around the country.

Savings and cost effectiveness measures

The South African Post Office implemented cost containment measures that have limited growth in expenditure on goods and services to 3.3 per cent in 2011/12. This was achieved by reducing spending on non-core goods and services such as entertainment and travelling, without compromising service delivery. The spending on goods and services will be prudently managed to maintain a maximum cost growth of 4.6 per cent over the MTEF period.

Expenditure estimates

Table 27.21 South African Post Office

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	5 659.8	5 553.7	5 722.9	5 753.6	6 134.0	6 466.9	6 761.6
Sale of goods and services other than capital assets	4 853.1	4 894.7	5 104.2	5 173.1	5 553.2	5 857.1	6 121.2
of which:							
Sales by market establishments	4 853.1	4 894.7	5 104.2	5 173.1	5 553.2	5 857.1	6 121.2
Other non-tax revenue	806.7	659.0	618.8	580.5	580.8	609.8	640.3
Transfers received	371.6	383.1	306.1	180.4	52.0	-	-
Total revenue	6 031.4	5 936.7	6 029.0	5 934.1	6 186.0	6 466.9	6 761.6

Table 27.21 South African Post Office (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Expenses							
Current expenses	5 540.0	5 561.5	5 796.2	5 955.6	6 233.8	6 540.3	6 867.0
Compensation of employees	2 899.4	2 961.9	3 095.4	2 897.4	3 071.3	3 255.5	3 450.9
Goods and services	2 296.2	2 335.9	2 479.0	2 810.5	2 902.2	3 010.9	3 128.5
Depreciation	195.5	176.6	141.4	169.2	177.7	186.6	195.7
Interest, dividends and rent on land	148.9	87.1	80.4	78.4	82.7	87.2	92.0
Total expenses	5 665.3	5 643.6	5 876.3	5 995.3	6 257.6	6 559.3	6 881.0
Surplus / (Deficit)	366.1	293.1	152.7	(61.0)	(72.0)	(92.0)	(119.0)
Statement of financial position							
Carrying value of assets	1 216.0	1 152.7	1 192.9	1 434.2	1 623.5	1 794.4	2 008.8
<i>of which:</i>							
<i>Acquisition of assets</i>	284.4	122.1	186.7	410.5	367.0	357.5	410.1
Investments	3 014.3	3 753.7	3 021.0	2 240.1	2 108.5	2 191.6	2 205.9
Inventory	59.2	48.3	47.4	76.6	54.4	57.1	60.0
Receivables and prepayments	509.3	569.4	625.7	627.9	653.0	679.1	706.3
Cash and cash equivalents	3 603.1	3 528.6	4 756.2	5 223.6	5 362.6	5 598.2	5 939.5
Non-current assets held for sale	0.1	–	–	1 027.6	1 079.0	1 138.3	1 200.9
Taxation	289.2	363.6	308.2	–	–	–	–
Derivatives financial instruments	–	–	0.4	–	–	–	–
Total assets	8 691.2	9 416.3	9 951.9	10 630.0	10 881.0	11 458.7	12 121.4
Accumulated surplus/ (deficit)	1 005.0	1 301.6	1 456.9	1 518.1	1 589.8	1 497.5	1 378.1
Capital and reserves	957.8	954.4	951.8	1 009.1	917.8	917.8	951.1
Capital reserve fund	301.2	249.0	237.5	97.0	31.0	–	–
Finance lease	80.7	30.9	51.7	60.6	69.1	78.0	88.2
Deferred income	253.7	320.8	346.7	425.3	365.2	379.8	395.0
Trade and other payables	4 843.5	5 146.3	5 462.0	5 946.2	6 220.6	6 779.5	7 390.7
Taxation	113.7	160.8	28.9	39.7	23.8	19.0	13.9
Provisions	1 135.6	1 252.5	1 416.0	1 534.0	1 663.8	1 787.2	1 904.4
Total equity and liabilities	8 691.2	9 416.3	9 951.5	10 630.0	10 881.0	11 458.7	12 121.4

Expenditure trends

The entity generates revenue from providing postal, courier and banking services, and from financial transaction fees. The entity also receives a government subsidy, which is used to fund the universal services obligations and investment in infrastructure. Revenue decreased marginally from R6 billion in 2008/09 to R5.9 billion in 2011/12, at an average annual rate of 0.5 per cent, as a result of difficult trading conditions in 2010, declining mail volumes and lower interest rates. Over the medium term, revenue is expected to grow to R6.8 billion, at an average annual rate of 4.4 per cent, due to the expected increase in postal services, courier services and revenue from Postbank services.

The spending focus over the MTEF period will be on building 50 new post offices per year and increasing the number of addresses to allow wider access to postal and financial services in the under-served areas.

Expenditure increased from R5.7 billion in 2008/09 to R6 billion in 2011/12, at an average annual rate of 1.9 per cent, due to the provision of post-retirement medical benefits to employees. Spending on compensation of employees is expected to increase, at an average annual rate of 6 per cent from R2.9 billion in 2011/12 to R3.5 billion in 2014/15, due to higher settlements with the collective bargaining staff. Spending on goods and services is expected to increase from R2.8 billion to R3.1 billion, at an average annual rate 3.6 per cent, due to inflationary increases.

Between 2008/09 and 2010/11, the entity recorded surpluses due to higher revenue earned from the Postbank operations. A deficit of R61.2 million was recorded for 2011/12 as higher expenditure driven by rising wage settlements outstrips revenue.

Personnel information

Table 27.22 South African Post Office

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	14	16	–	16	21	23	23	23	23	23
Executive management	44	48	–	48	53	52	52	52	52	52
Senior management	110	116	–	116	132	142	142	144	145	149
Middle management	344	346	–	346	381	383	383	385	388	392
Professionals	3 985	3 780	–	3 780	3 995	4 025	4 025	4 030	4 033	4 036
Skilled	10 836	10 867	–	10 867	10 487	10 306	10 306	10 387	10 430	10 469
Semi-skilled	1 587	1 348	–	1 348	1 291	1 243	1 243	1 243	1 243	1 243
Total	16 920	16 521	–	16 521	16 360	16 174	16 174	16 264	16 314	16 364
Compensation (R thousand)				2 899 448	2 961 875	3 095 374	2 897 408	3 071 252	3 255 527	3 450 859
Unit cost (R thousand)				176	181	191	179	189	200	211

1. As at 30 September 2011.

The entity had an establishment of 16 920 posts, 16 521 of which were funded. The number of filled posts decreased from 16 521 in 2008/09 to 16 174 in 2011/12. The decrease was mainly at the semi-skilled and very low skilled levels, which had a high turnover rate due to the poor economic conditions between 2009 and 2011. Staff at these levels left to seek better paying jobs. Over the MTEF period, filled positions are expected to grow to 16 364 in 2014/15 as demand for postal and financial services recovers.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Independent Communications Authority of South Africa** makes regulations and issues communications licences. In addition, it enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licensees, and controls and manages the frequency spectrum. Its total budget for 2012/13 is R360.4 million.
- The **National Electronic Media Institute of South Africa** provides training at an advanced level for the broadcasting industry. It offers diploma courses, short courses and internships in three subjects: television production, radio production and creative multimedia. Its total budget for 2012/13 is R46.3 million.
- The **Universal Service and Access Agency of South Africa** is a statutory body with the sole mandate of promoting the goal of universal service in and access to electronic communications services, electronic communications network services and broadcasting services. The agency's total budget for 2012/13 is R56.1 million.
- The **Universal Service and Access Fund** funds projects and programmes that aim at universal access to under-serviced areas. Its total budget for 2012/13 is R274.1 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Broadband services infrastructure in under-serviced and rural areas	Access and backhaul broadband infrastructure in all provinces	Construction	535.0	-	-	-	100.0	125.0	210.0	
Infrastructure transfers to other spheres, agencies and departments										
Sentech: Digitisation of terrestrial television network	Efficient use of spectrum, broadcast digital dividend, multiple channel possibilities and new content generation	Design	2 700.0	150.0	260.0	270.9	279.0	305.3	171.8	
Telkom 2010	2010 FIFA World Cup access network infrastructure between stadiums and international broadcast centre	Handed over	1 200.0	600.0	450.0	150.0	-	-	-	
Sentech: National wholesale broadband network	Broadband cost reduction	Design	500.0	-	-	-	-	-	-	
Sentech: 2010	2010 FIFA World Cup satellite back-up links between stadiums and international broadcast centre	Handed over	300.0	-	200.0	100.0	-	-	-	
Universal Service and Access Agency and Fund	Subsidisation of ICT infrastructure to promote universal access and services	Various	55.0	-	10.0	20.0	25.0	-	-	
South African Broadcasting Corporation: Digital migration project	Efficient use of spectrum broadcast digital dividend, multiple channel possibilities and new content generation	Various	138.0	-	-	-	-	76.0	62.0	
Total			5 428.0	750.0	920.0	540.9	404.0	506.3	443.8	

Vote 28

Economic Development

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	60.1	52.6	–	7.5	63.3	67.2
Economic Policy Development	29.1	29.1	–	–	30.7	32.6
Economic Planning and Coordination	565.5	42.0	523.5	–	598.2	519.3
Economic Development and Dialogue	18.1	18.1	–	–	19.1	20.3
Total expenditure estimates	672.7	141.8	523.5	7.5	711.3	639.4

Executive authority Minister of Economic Development
Accounting officer Director General of Economic Development
Website address www.economic.gov.za

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

Aim

Promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Coordinate and render an effective, efficient, strategic support and administrative service to the minister, deputy minister, director general, the department and its agencies.

Programme 2: Economic Policy Development

Purpose: Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Programme 3: Economic Planning and Coordination

Purpose: Promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

Programme 4: Economic Development and Dialogue

Purpose: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

Strategic overview: 2010/11 – 2014/15

The Economic Development Department was established as part of the macro reorganisation of the state in 2009. The department is responsible for: coordinating the contributions of government departments, state

entities and civil society to economic development; ensuring alignment between economic policies and government's political and economic objectives and mandate; and promoting government's goals of advancing economic development and opportunities for decent work.

The department has assumed responsibility for key outputs relating to the creation of decent work through inclusive economic growth (outcome 4). This includes the implementation of the New Growth Path; analysis of income distribution; concluding social pacts on decent work; strengthening the implementation of the framework for South Africa's response to the international economic crisis; developing spatial programmes; developing the green economy; implementing a multipronged strategy to reduce youth unemployment; an improved cost structure in the economy; and better integration of second economy activities into the mainstream economy, to achieve inclusive growth.

Focus over the medium term

The New Growth Path

In 2011/12, the department focused on the implementation of the New Growth Path, adopted by Cabinet in October 2010, through the implementation of 12 action plans approved by Cabinet, and through the negotiation and signing of various national accords on elements of the New Growth Path. The department engaged with provincial and local government, state owned companies and development finance institutions to ensure alignment of their strategies with the New Growth Path. The following national accords were signed in 2011/12: skills development; basic education; local procurement; and the green economy. The department led an initiative to accelerate the rollout of solar water heaters to meet a target of 1 million by 2014.

Framework for South Africa's response to the international economic crisis

The department leads the implementation of the measures in the framework for South Africa's response to the international economic crisis. In 2008, a R6.1 billion fund was established in the Industrial Development Corporation of South Africa, a state owned development finance institution, to assist distressed companies. The jobs initiative was financed through the issuing of a R2 billion development bond purchased by the Unemployment Insurance Fund. In 2009, the department facilitated the establishment of a R2.9 billion training layoff scheme for workers, as an alternative to retrenchment. This scheme is managed by the Commission for Conciliation, Mediation and Arbitration.

Oversight functions of other entities

The department has policy oversight over three development finance institutions: the Industrial Development Corporation of South Africa, Khula Enterprise Finance and the South African Micro-Finance Apex Fund. The department also promotes competitiveness and decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission. In 2011/12, the priorities of all of these institutions were aligned with the New Growth Path.

Policy developments

In his 2011 State of the Nation Address, the president announced that consideration was being given to merging the development finance institutions. A review of the small business sector was undertaken and in 2011, Cabinet approved the merger of Khula Enterprise Finance and the South African Micro-Finance Apex Fund with the Industrial Development Corporation of South Africa's small business unit. The merger is scheduled for implementation on 1 April 2012. The new entity will be a wholly owned subsidiary of the Industrial Development Corporation of South Africa.

There is evidence to suggest a need for a more coherent, scaled-up government intervention to address key small, medium and micro enterprise (SMME) market segments, as well as greater institutional variety, for increased innovation and a greater emphasis on mentoring. The integrated strategy on the promotion of entrepreneurship and small enterprises being developed by the Department of Trade and Industry has identified increasing the supply of financial support as a major output of the national strategy. The policy context, sector review, international practice, as well as a development finance institution review process, all indicate that the formation of a single institution dedicated to the provision of small business financial services is desirable. The proposed merger of the development finance institutions to form the Small Business Finance Entity will go

toward improving the efficiency, product synergies, product enhancement and development, and market visibility of the small business sector.

Selected performance indicators

Table 28.1 Economic Development

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of regulatory impact assessments on key New Growth Path outcomes per year	Economic Policy Development	–	–	–	–	1	1	1
Number of sector strategies produced, reviewed or monitored per year	Economic Policy Development	–	–	5	2	2	2	2
Number of interventions promoting economic development through leveraging off state expenditure and procurement per year	Economic Planning and Coordination	–	–	6	7	12	15	15
Total value of special financing facilitated for small businesses, targeted growth sectors and companies in distress	Economic Planning and Coordination	–	–	R3bn	R5bn	R5bn	R5bn	R5bn
Number of spatial plans produced or reviewed per year	Economic Planning and Coordination	–	–	9	12	15	15	17
Number of reports on the implementation of the green economy strategy per year	Economic Planning and Coordination	–	–	2	2	2	2	2
Number of interventions to save or create new jobs per year	Economic Development and Dialogue	–	–	–	4	4	4	4
Number of social dialogue and capacity building engagements per year	Economic Development and Dialogue	–	–	20	15	10	10	10
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue	–	–	6	10	10	10	10

Expenditure estimates

Table 28.2 Economic Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	–	16.7	35.0	56.3	57.4	60.1	63.3	67.2
Economic Policy Development	–	–	6.6	23.5	15.9	29.1	30.7	32.6
Economic Planning and Coordination	220.4	298.0	358.5	502.1	486.8	565.5	598.2	519.3
Economic Development and Dialogue	–	–	0.5	16.5	7.6	18.1	19.1	20.3
Total	220.4	314.6	400.7	598.4	567.6	672.7	711.3	639.4
Change to 2011 Budget estimate				3.8	(26.9)	(2.0)	(2.0)	(2.2)

Economic classification

Current payments	–	14.2	39.9	125.0	94.6	141.8	149.5	158.8
Compensation of employees	–	7.9	25.2	79.7	64.0	91.6	96.6	102.6
Goods and services	–	6.3	14.7	45.3	30.6	50.2	53.0	56.2
<i>of which:</i>								
Consultants and professional services:	–	0.1	0.7	6.0	2.0	6.6	6.9	7.4
Business and advisory services								
Lease payments	–	1.6	1.0	6.6	3.0	7.5	7.9	8.4
Travel and subsistence	–	3.6	7.8	14.1	8.2	16.4	17.3	18.4
Venues and facilities	–	–	0.7	7.9	2.3	9.2	9.7	10.3
Transfers and subsidies	220.4	298.0	356.5	466.8	466.5	523.5	553.9	472.3
Departmental agencies and accounts	150.4	232.0	278.5	301.9	301.9	339.5	365.8	387.4
Higher education institutions	–	–	4.8	2.0	1.7	–	–	–
Public corporations and private enterprises	69.9	66.0	73.2	162.9	162.9	183.9	188.1	84.9
Payments for capital assets	–	2.4	4.3	6.5	6.5	7.5	7.9	8.4
Machinery and equipment	–	2.4	4.3	5.2	5.2	6.0	6.3	6.7
Software and other intangible assets	–	–	0.0	1.3	1.3	1.5	1.6	1.7
Total	220.4	314.6	400.7	598.4	567.6	672.7	711.3	639.4

Expenditure trends

The spending focus over the medium term will be on promoting investment for economic development and trade competitiveness by increasing the provision of developmental finance, the effective implementation and adjudication of competition policy, and the creation of an efficient system of international trade administration.

Expenditure increased from R220.4 million in 2008/09 to R598.4 million in 2011/12, at an average annual rate of 39.5 per cent. The increase is mainly due to transfers to entities and building personnel capacity within the department. Over the medium term, expenditure is expected to increase to R639.4 million, at an average annual rate of 2.2 per cent. The increased spending is mainly reflected in the *Economic Planning and Coordination* programme, which makes transfers and provides subsidies to entities and corporations.

The 49.3 per cent increase in spending between 2010/11 and 2011/12 was due to the appointment of consultants who provided expertise in strategy and organisational development. Transfers to the Industrial Development Corporation of South Africa for the capitalisation of the Agro-processing Competitiveness Fund also contributed to this increase.

The 2012 Budget sets out additional funding of R7.8 million in 2012/13, R8.4 million in 2013/14 and R9 million in 2014/15 as follows:

- R1.8 million, R2 million and R2.3 million for improvement in conditions of service to be included in compensation of employees expenditure for the department
- R1 million, R1.1 million and R1.1 million to finance improvement of conditions of service in the International Trade Administration Commission of South Africa
- R5 million, R5.3 million and R5.6 million to be reprioritised to the *Economic Planning and Coordination* programme.

A Cabinet approved baseline cut of R9.8 million in 2012/13, R10.4 million in 2013/14, and R125.7 million in 2014/15 was also made.

Personnel information

Table 28.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	265	129	-	-	-	64	96	142	142	142
Salary level 1 – 6	20	13	-	-	-	9	19	14	14	14
Salary level 7 – 10	52	24	-	-	-	18	31	30	30	30
Salary level 11 – 12	41	27	-	-	-	13	20	29	29	29
Salary level 13 – 16	152	65	-	-	-	24	26	69	69	69
Administration	86	62	-	-	-	29	64	62	62	62
Salary level 1 – 6	20	13	-	-	-	9	19	14	14	14
Salary level 7 – 10	24	17	-	-	-	12	22	17	17	17
Salary level 11 – 12	21	18	-	-	-	4	11	17	17	17
Salary level 13 – 16	21	14	-	-	-	4	12	14	14	14
Economic Policy Development	59	18	-	-	-	15	9	21	21	21
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	10	3	-	-	-	4	3	4	4	4
Salary level 11 – 12	6	2	-	-	-	6	4	3	3	3
Salary level 13 – 16	43	13	-	-	-	5	2	14	14	14

Table 28.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic Planning and Coordination	54	24	–	–	–	13	15	28	28	28
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	8	3	–	–	–	1	4	4	4	4
Salary level 11 – 12	5	3	–	–	–	2	3	4	4	4
Salary level 13 – 16	41	18	–	–	–	10	8	20	20	20
Economic Development and Dialogue	66	25	–	–	–	7	8	31	31	31
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	10	1	–	–	–	1	2	5	5	5
Salary level 11 – 12	9	4	–	–	–	1	2	5	5	5
Salary level 13 – 16	47	20	–	–	–	5	4	21	21	21

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

2. As at 30 September 2011.

The department had an approved establishment of 265 posts as at 30 September 2011, of which 129 posts were funded. The number of filled posts has increased from 64 in 2010/11 to the 96 as at 30 September 2011. Over the medium term, the establishment is expected to grow to 142 as the department intensifies its human capital strategies to ensure optimal capacity for the implementation of its policies and programmes. The department will place emphasis on the recruitment of appropriately skilled and experienced individuals at senior and middle management levels of the organisation.

As at 30 September 2011, there were 33 funded vacancies and 136 unfunded vacancies within the department, mostly in the *Economic Development and Dialogue* and *Economic Policy Development* programmes. The ratio of support staff to line function staff was 1:0.9.

Departmental receipts

Table 28.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	244 395	456 000	547 237	243 800	500 486	631 493	669 382	709 544
Sales of goods and services produced by department	–	–	3	–	–	–	–	–
Sales by market establishments	–	–	2	–	–	–	–	–
of which:								
Rental: Parking	–	–	2	–	–	–	–	–
Other sales	–	–	1	–	–	–	–	–
of which:								
Commission on insurance and garnishees	–	–	1	–	–	–	–	–
Fines, penalties and forfeits	144 395	336 000	489 337	148 400	500 348	530 369	562 191	595 922
Interest, dividends and rent on land	100 000	120 000	57 897	95 400	138	101 124	107 191	113 622
Interest	–	–	7 897	–	138	–	–	–
Dividends	100 000	120 000	50 000	95 400	–	101 124	107 191	113 622
of which:								
Industrial Development Corporation dividends	100 000	120 000	50 000	95 400	–	101 124	107 191	113 622
Total	244 395	456 000	547 237	243 800	500 486	631 493	669 382	709 544

Revenue is generated mostly from fines and penalties imposed by the Competition Commission and the Competition Tribunal. These fines and penalties are imposed on companies found guilty of violating

competition laws. The department also generates revenue in dividends received from the Industrial Development Corporation of South Africa. Over the medium term, total revenue is expected to increase from R500.5 million to R709.5 million, at an average annual rate of 12.3 per cent.

Programme 1: Administration

Expenditure estimates

Table 28.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	-	16.7	23.9	19.6	21.0	22.1	23.5
Office of the Director General	-	-	4.3	7.1	6.3	6.6	7.0
General Management Services	-	-	6.8	29.6	32.8	34.6	36.7
Total	-	16.7	35.0	56.3	60.1	63.3	67.2
Change to 2011 Budget estimate				1.3	(0.5)	(0.4)	(0.3)
Economic classification							
Current payments	-	14.2	30.7	49.8	52.6	55.4	58.9
Compensation of employees	-	7.9	16.8	30.2	32.1	33.8	35.9
Goods and services	-	6.3	13.9	19.6	20.5	21.6	22.9
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	-	0.1	0.4	0.2	0.3	0.3	0.3
<i>Lease payments</i>	-	1.6	1.0	6.6	7.5	7.9	8.4
<i>Travel and subsistence</i>	-	3.6	7.4	4.5	5.1	5.4	5.7
<i>Venues and facilities</i>	-	-	0.6	1.5	1.7	1.8	1.9
Payments for capital assets	-	2.4	4.3	6.5	7.5	7.9	8.4
Machinery and equipment	-	2.4	4.3	5.2	6.0	6.3	6.7
Software and other intangible assets	-	-	0.0	1.3	1.5	1.6	1.7
Total	-	16.7	35.0	56.3	60.1	63.3	67.2

Expenditure trends

Expenditure increased from R16.7 million in 2009/10 to R56.3 million in 2011/12, at an average annual rate of 83.9 per cent, mainly to fund greater capacity in the administrative functions after the department was formed in 2009. The 67.5 per cent increase in expenditure in 2011/12 the *Office of the Director General* subprogramme can be attributed mainly to a once-off payment for legal services rendered in the Massmart/ Walmart takeover case.

Over the medium term, expenditure is expected to increase to R67.2 million, at an average annual rate of 6.1 per cent. The majority of this increased spending will be on compensation of employees and goods and services as the programme builds capacity in support functions such as human resources management, internal audits and IT.

Programme 2: Economic Policy Development

Objectives and measures

- Assess trends in employment, inequality and growth, the impact of the state on employment and equity, and key outcomes for the New Growth Path by conducting biannual surveys on an ongoing basis.
- Disseminate knowledge of policy options and challenges by convening 12 policy platforms from 2012/13 to 2014/15.
- Provide analytical data on the real economy by establishing an economic database or knowledge repository by March 2013.
- Improve the measurement of economic development over time by establishing a new economic development index by March 2013.

- Support higher rates of employment and equity by developing 6 sector strategies between 2012/13 and 2014/15.
- Enhance economic policy development and coordination by establishing an economic development institute by March 2015, which will draw on the skills and talents of various stakeholders.
- Address youth unemployment, gender and economic development with a particular focus on inclusive growth by developing, implementing, monitoring and evaluating 10 policies between 2012/13 and 2014/15.

Subprogrammes

- *Growth Path and Creation of Decent Work* focuses on the implementation of the New Growth Path together with other subprogrammes within the department, other government departments, provincial administrations, municipalities, state owned enterprises and entities. This subprogramme had a staff complement of 4 and a total budget of R6.2 million in 2011/12, of which 71.8 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Economic Policy* evaluates macro and microeconomic policy tools used by government to promote its developmental agenda and improve the alignment, efficiency and impact of policy tools. This subprogramme had a staff complement of 4 and a total budget of R8.4 million, of which 71 per cent was used for compensation of employees. A policy has been developed using a formal and quantified framework to establish synergy between various policies. No significant savings in 2012/13 have been identified in this subprogramme.
- *Broad Based Black Economic Empowerment* aims to enable the meaningful participation of citizens in the economy by focusing on employment equity, staff training, preferential procurement, enterprise development and the advancement of cooperatives. This subprogramme had a staff complement of 1 and a total budget of R6.2 million in 2011/12, of which 76.1 per cent was used for goods and services, such as venues and facilities. No significant savings in 2012/13 have been identified in this subprogramme.
- *Second Economy* develops policies that will create and sustain livelihoods and transform second economy activities into dynamic, competitive activities that are part of the economic mainstream and are included in the country's tax and other regulatory arrangements. It also ensures decent incomes for entrepreneurs and workers. Strategies are also being developed for youth unemployment and the second economy. This subprogramme had a staff complement of 1 and a total budget of R2.7 million in 2011/12, of which 55.3 per cent was used for goods and services such as travel and subsistence. No significant savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 28.6 Economic Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Growth Path and Creation of Decent Work	–	–	0.8	6.2	7.8	8.3	8.8
Economic Policy	–	–	5.8	8.4	10.7	11.3	12.0
Broad Based Black Economic Empowerment	–	–	–	6.2	7.2	7.6	8.1
Second Economy	–	–	–	2.7	3.2	3.4	3.6
Total	–	–	6.6	23.5	29.1	30.7	32.6
Change to 2011 Budget estimate				0.2	(0.3)	(0.2)	(0.2)

Economic classification

Current payments	–	–	6.6	23.5	29.1	30.7	32.6
Compensation of employees	–	–	6.5	13.1	17.3	18.2	19.4
Goods and services	–	–	0.1	10.4	11.8	12.4	13.2
<i>of which:</i>							
<i>Consultants and professional services:</i>	–	–	–	2.5	2.6	2.8	3.0
<i>Business and advisory services</i>	–	–	–	–	–	–	–
<i>Travel and subsistence</i>	–	–	0.1	3.5	4.1	4.3	4.5
<i>Venues and facilities</i>	–	–	–	2.9	3.3	3.5	3.7
Total	–	–	6.6	23.5	29.1	30.7	32.6

Expenditure trends

Expenditure increased from R6.6 million in 2010/11 to R23.5 million in 2011/12 due to the activities undertaken for the implementation of key economic policies and strategies, as well as the facilitation of key stakeholder engagement platforms.

Over the medium term, expenditure is expected to increase from R23.5 million in 2011/12 to R32.6 million, at an average annual rate of 11.5 per cent. The bulk of the increase in spending is on compensation of employees and goods and services as the programme builds capacity.

Programme 3: Economic Planning and Coordination

Objectives and measures

- Promote economic planning and coordination over the MTEF period by:
 - periodically submitting economic planning proposals to the National Planning Commission, Cabinet and the provinces
 - coordinating and developing sector plans for key sectors
 - developing proposals for harmonising national, provincial and local economic development plans developing spatial economic development action plans
 - exercising policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies
 - developing a strategy to enhance investment for economic development
 - periodically disseminating research papers on government's developmental priorities and the ways in which measures such as procurement and expenditure can enhance these priorities.
- Promote South Africa's international relations strategy and economic development by engaging with regional and international agencies and multilateral institutions over the MTEF period.
- Grow the green economy sector through coordinating government and private sector players, including by establishing a dedicated fund over the MTEF period.
- Grow the agro-processing sector by coordinating government and private sector players, including by establishing a dedicated fund to support enhanced competitiveness over the MTEF period.
- Make 42 interventions promoting economic development through leveraging state expenditure and procurement over the MTEF period.
- Provide special financing of R15 billion for small businesses, targeted growth sectors and companies in distress over the MTEF period.
- Exercise policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies over the MTEF period.
- Produce or review 47 spatial economic plans over the MTEF period.
- Prepare six reports on the implementation of the green economic strategy over the MTEF period.
- Grow the green economy sector through coordinating government and private sector players, including by establishing a dedicated fund over the MTEF period.
- Grow the agro-processing sector by coordinating government and private sector players, including by establishing a dedicated fund to support enhanced competitiveness over the MTEF period.

Subprogrammes

- *Spatial, Sector and Planning* focuses on developing and coordinating economic plans for South Africa that help to realise government's broader goals. This entails identifying distressed regions and labour absorbing sectors, and monitoring the impact of government's work. In addition, economic plans will be prepared for submission to the National Planning Commission, Cabinet and provinces. This subprogramme had a staff complement of 11 and a total budget of R18.9 million in 2011/12, of which 62.5 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.

- *Economic Development, Financing and Procurement* undertakes research and analysis on development programmes and processes, and budgeting and procurement; and identifies opportunities to improve local procurement and production to meet broader economic development goals. This subprogramme had a staff complement of 2 and a total budget of R5.2 million in 2011/12, of which 71.1 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Investment for Economic Development* provides policy oversight and strategic direction to the Industrial Development Corporation of South Africa, Khula Enterprise Finance, and the South African Micro-Finance Apex Fund and also to provincial agencies. This entails transfers to these entities to facilitate the provision of development finance at concessionary rates. This subprogramme had a staff complement of 3 and a total budget of R260.1 million in 2011/12, of which 97.4 per cent was used for transfers and subsidies. In 2010/11, the department, along with the Industrial Development Corporation of South Africa, established the Agro-Processing Competitiveness Fund to boost competitiveness by encouraging new entrants into the agro-processing sector. The fund had a favourable uptake in 2011/12, with over R65 million committed for disbursement to small businesses. It is expected that the investments finance will contribute to the creation of 375 jobs. No significant savings in 2012/13 have been identified in this subprogramme.
- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and the International Trade Administration Commission. This entails reducing anti-competitive practices in the economy through investigation and prosecution of offenders in key sectors. The subprogramme exercises oversight over the implementation of the competition and trade measures to promote economic development goals. This subprogramme had a staff complement of 2 and a total budget of R217.9 million in 2011/12, of which 97 per cent was used for transfers and subsidies. It also develops proposals to promote economic goals through regional, continental and international economic engagement. No significant savings in 2012/13 have been identified in this subprogramme.
- *Green Economy* identifies, develops and supports projects, incentives and other measures; and engages with government and non-governmental stakeholders to maximise the job creation potential of green economic activities. This subprogramme had a staff complement of 2 in 2011/12 and relies on the transfer of funds from other subprogrammes to implement its activities. No significant savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 28.7 Economic Planning and Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Spatial, Sector and Planning	–	–	1.6	18.9	20.1	21.2	22.5
Economic Development, Financing and Procurement	–	–	0.2	5.2	6.2	6.5	6.9
Investment for Economic Development	108.0	143.3	161.1	260.1	284.9	294.7	197.9
Competitiveness and Trade for Decent Work	112.3	154.7	195.6	217.9	254.2	275.8	291.9
Total	220.4	298.0	358.5	502.1	565.5	598.2	519.3
Change to 2011 Budget estimate				2.2	(1.1)	(1.2)	(1.6)

Economic classification

Current payments	–	–	2.1	35.2	42.0	44.3	47.0
Compensation of employees	–	–	1.4	25.4	30.3	31.9	33.9
Goods and services	–	–	0.7	9.9	11.7	12.4	13.2
<i>of which:</i>							
Consultants and professional services:	–	–	0.3	2.6	2.9	3.1	3.3
Business and advisory services	–	–	0.3	4.3	5.3	5.6	5.9
Travel and subsistence	–	–	0.2	1.4	1.7	1.8	1.9
Venues and facilities	–	–	–	–	–	–	–
Transfers and subsidies	220.4	298.0	356.5	466.8	523.5	553.9	472.3
Departmental agencies and accounts	150.4	232.0	278.5	301.9	339.5	365.8	387.4
Higher education institutions	–	–	4.8	2.0	–	–	–
Public corporations and private enterprises	69.9	66.0	73.2	162.9	183.9	188.1	84.9
Total	220.4	298.0	358.5	502.1	565.5	598.2	519.3

Table 28.7 Economic Planning and Coordination (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	150.4	232.0	278.5	301.9	339.5	365.8	387.4
South African Micro-Finance Apex Fund	38.1	77.3	82.8	90.5	93.1	98.2	104.1
Competition Commission	44.0	80.7	117.7	126.6	157.2	173.2	183.2
Competition Tribunal	9.9	13.0	13.6	15.2	15.6	16.5	17.4
International Trade Administration Commission	58.4	60.9	64.3	69.6	73.7	78.0	82.6
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	69.9	66.0	73.2	67.9	143.9	148.1	42.5
Industrial Development Corporation of South Africa: Agro-processing Competitiveness Fund	-	-	-	34.0	108.0	108.0	-
Khula Enterprise Finance Limited	69.9	66.0	73.2	33.9	35.9	40.1	42.5
Capital	-	-	-	95.0	40.0	40.0	42.4
Khula Enterprise Finance Limited	-	-	-	40.0	40.0	40.0	42.4
Khula Direct Pilot	-	-	-	55.0	-	-	-
Higher education institutions							
Current	-	-	4.8	2.0	-	-	-
University of the Witwatersrand: Economic Development Capacity Building Course	-	-	-	2.0	-	-	-
University of Johannesburg Academy for Social Economy	-	-	4.8	-	-	-	-

Expenditure trends

Expenditure increased from R220.4 million in 2008/09 to R502.1 million in 2011/12, at an average annual rate of 31.6 per cent, and is expected to increase to R519.3 million over the medium term, at an average annual rate of 1.1 per cent. The majority of these increases are concentrated in expenditure on the *Investment for Economic Development* and *Competitiveness and Trade for Decent Work* subprogrammes, and will be used for transfers and subsidies to departmental agencies and accounts. Key activities include merging Khula Enterprise Finance, the South African Micro-Finance Apex Fund and the small business finance activities of the Industrial Development Corporation of South Africa. The merged entity shall be incorporated as a subsidiary of the Industrial Development Corporation of South Africa.

The department, in collaboration with the Department of Performance Monitoring and Evaluation and the International Labour Organisation, developed a template for employment reporting for state departments and agencies, and generated reports for clusters and provinces. The department also developed and reviewed spatial plans for impoverished areas and developed interventions to create and save jobs in the garment industry in KwaZulu-Natal, and the non-auto manufacturing sector in Eastern Cape. The department established a partnership with the University of Johannesburg on the social economy and held engagements with social partners with the object of finalising a national productivity accord.

Programme 4: Economic Development and Dialogue

Objectives and measures

- Promote dialogue among social partners by convening and participating in national social dialogue forums on economic development on an ongoing basis.
- Promote productivity and equity by facilitating ongoing social pacts in the workplace, and at sector and national levels.

- Alleviate hardship as a result of the economic downturn, and mobilise society behind common socioeconomic goals by facilitating, monitoring and reporting on an ongoing basis on the implementation of framework agreements and social pacts.
- Enhance the understanding of the challenges and opportunities of economic development by hosting annual learning events for economic development knowledge networks over the MTEF period.
- Secure stakeholder partnerships for major government initiatives such as the New Growth Path, by hosting an annual economic development conference over the MTEF period.

Subprogrammes

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic development issues and policy development; and coordinates, monitors and ensures the development and implementation of action plans and framework agreements on the global economic crisis, as well as those that are envisaged, such as the national economic development and decent work pacts. This subprogramme had a staff complement of 4 and a total budget of R11 million in 2011/12, of which 58 per cent was used for compensation of employees. The subprogramme promotes dialogue with social partners and implements framework agreements in collaboration with these partners. 10 such dialogues are planned per year over the medium term. No significant savings in 2012/13 have been identified in this subprogramme.
- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address challenges of growth and development, job creation and retention, and productivity and innovation. This subprogramme had a staff complement of 1 and a total budget of R563 000 in 2011/12, of which 92.4 per cent was used for goods and services such as travel and subsistence. No significant savings in 2012/13 have been identified in this subprogramme.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge base of social partners in economic development sectors, and issues relating to equity and productivity. This is done by implementing appropriate empowering mechanisms. This subprogramme had a staff complement of 2 and a total budget of R2.7 million in 2011/12, which was used in full for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Productivity, Entrepreneurship, Innovation* develops a policy framework for increasing productivity and enhancing entrepreneurship and innovation. This subprogramme had a staff complement of 2 and a total budget of R2.2 million in 2011/12, of which 85.3 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 28.8 Economic Development and Dialogue

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
National Social Dialogue and Strategic Frameworks	-	-	0.0	11.0	12.2	12.9	13.7
Sector and Workplace Social Dialogue	-	-	0.4	0.6	0.6	0.6	0.7
Capacity Building for Economic Development	-	-	-	2.7	2.9	3.1	3.3
Productivity, Entrepreneurship, Innovation	-	-	-	2.2	2.4	2.5	2.7
Total	-	-	0.5	16.5	18.1	19.1	20.3
Change to 2011 Budget estimate				0.2	(0.1)	(0.1)	(0.1)

Economic classification

Current payments	-	-	0.5	16.5	18.1	19.1	20.3
Compensation of employees	-	-	0.4	11.0	12.0	12.6	13.4
Goods and services	-	-	0.0	5.5	6.2	6.5	6.9
of which:							
Consultants and professional services:	-	-	-	0.7	0.7	0.8	0.8
Business and advisory services							
Travel and subsistence	-	-	0.0	1.8	2.0	2.1	2.2
Venues and facilities	-	-	-	2.1	2.5	2.6	2.8
Total	-	-	0.5	16.5	18.1	19.1	20.3

Expenditure trends

Expenditure increased from R456 000 in 2010/11 to R16.5 million in 2011/12 due to the department's hosting of 20 policy platforms, social dialogue and capacity building engagements. The number of hosted events was twice that originally anticipated.

Over the medium term, spending is expected to increase to R20.3 million, at an average annual rate of 7.3 per cent. The increase is largely concentrated in the *National Social Dialogue and Strategic Frameworks* and *Capacity Building for Economic Development* subprogrammes and will be used for spending on compensation of employees.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Competition Commission** is responsible for maintaining and promoting competitive market conditions through investigating and prosecuting anti-competitive behaviour, preventing concentration through merger control, and advocating for pro-competitive conduct and regulations. Its budget for 2012/13 is R157.2 million.
- The **Competition Tribunal** is an adjudicative agency that rules on large mergers and alleged restrictive practice cases. Its budget for 2012/13 is R15.6 million.
- The **International Trade Administration Commission of South Africa** aims to foster economic growth and development to raise incomes and promote investment and employment in South Africa. Its budget for 2012/13 is R73.7 million.
- **Khula Enterprise Finance Limited** is mandated to increase access to finance for South African SMMEs. Its budget for 2012/13 is R76 million. It is in the process of being absorbed into the new Small Business Finance Entity.
- The **South African Micro-Finance Apex Fund** is tasked with providing affordable access to finance by micro, small and survivalist businesses to allow them to grow their own income and asset base. Its budget for 2012/13 is R93.1 million. It is in the process of being absorbed into the new Small Business Financing Entity.
- The **Industrial Development Corporation of South Africa** is a national development finance institution, and has been reporting to the Economic Development Department since April 2010. The primary objective of the corporation is to support industrial capacity development to facilitate the creation of sustainable employment opportunities. Its budget for 2012/13 is R8.5 billion.

Vote 29

Energy

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	181.7	176.3	0.4	5.1	184.1	193.7
Energy Policy and Planning	1 541.5	41.5	1 500.0	–	75.2	79.7
Energy Regulation	1 350.0	59.5	1 290.5	–	2 067.2	2 375.3
National Electrification Programme	3 136.3	19.1	3 117.2	–	3 410.1	3 706.1
Nuclear Energy and Regulation	596.3	10.8	585.5	–	653.3	653.7
Total expenditure estimates	6 805.9	307.3	6 493.6	5.1	6 389.9	7 008.5

Executive authority Minister of Energy

Accounting officer Director General of Energy

Website address www.energy.gov.za

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

Aim

Formulate overall energy policies and oversee their implementation to ensure access to affordable and reliable energy for all South Africans. Promote environmentally friendly energy carriers.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to the ministry and the department.

Programme 2: Energy Policy and Planning

Purpose: Provide integrated energy planning to promote the sustainable use of energy resources through energy research and through the development of appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas, renewable energy and electricity sources.

Programme 3: Energy Regulation

Purpose: Regulate and provide enforcement in the energy sector, develop specifications, standards and conditions for petroleum products; ensure the security of liquid fuels; and facilitate the implementation of renewable energy technologies and clean energy development.

Programme 4: National Electrification Programme

Purpose: Oversee the planning, funding and implementation of the integrated national electrification programme to ensure universal access to electricity and an effective and efficient electricity distribution industry capable of providing affordable electricity to consumers.

Programme 5: Nuclear Energy and Regulation

Purpose: Manage the South African nuclear industry and ensure overall control of source and special nuclear materials in terms of nuclear legislation. Manage nuclear safety, technology, non-proliferation and radiation security as required by legislation and international agreements, and provide oversight for statutory bodies and organisations in the nuclear industry.

Strategic overview: 2008/09 – 2014/15

The Department of Energy is responsible for ensuring energy security within the country. This is governed by the provisions contained in the National Energy Act (2008) and the Electricity Regulation Act (2006). The act empowers the Minister of Energy to ensure that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while also taking into account environmental considerations. The acts also provide for the increased use of renewable energies, contingency energy supplies, the holding of strategic energy feedstock and carriers, and adequate investment in energy infrastructure.

Within the outcomes based performance management framework adopted by government, the department contributes mainly to outcome 6, which calls for the development of an efficient, competitive and responsive economic infrastructure network.

Priorities over the medium term

Ensuring the security of energy supply and promoting effective demand management

The integrated resource plan, which was completed in 2011, guides the development of the electricity sector until 2030. The plan estimates the increase in capacity needed and identifies the appropriate mix of energy sources to fulfil energy demand. Over the medium term, the department will focus on planning for the implementation of new power generation projects, including developing a framework for the participation of independent power producers in the market and establishing an independent market operator. The department will develop policies to guide the maintenance of electricity distribution networks, and upgrading the refining network.

The national strategic fuel stocks policy will be completed by June 2012, outlining the framework for the storage of fuel stocks by government and industry to guide the necessary investment decisions within the liquid fuels sector.

The department has developed a 20-year roadmap for the continued security of supply of liquid fuels, which ensures the security of supply in the short, medium and long term in a way that is cost effective and supportive of the country's growth and development goals. The draft roadmap will be completed by March 2012.

Ensuring an efficient and diverse energy mix for universal access

The department has begun drafting an integrated energy plan, which details the country's energy plans over the long term. The plan recommends diversifying South Africa's energy mix. In September 2011, it published the draft regulations for the mandatory blending of biofuels with petrol or diesel in the Government Gazette. Final regulations will be completed by the end of March 2012 and implemented over the medium term. The regulations aim to reflect a balanced view of the competing imperatives of social growth, economic development, and environmental responsibility and climate change mitigation. The integrated energy plan will be supportive of broader national objectives such as the new growth path and the move towards the green economy, while also considering the impact of other energy policies on other sectors such as transport and water.

Promoting an efficient, competitive and responsive energy infrastructure network

With the Electricity Distribution Industry Holdings entity having been dissolved, the maintenance of electricity distribution networks by municipalities is becoming a priority. An electricity distribution asset management programme will be introduced to rehabilitate the municipal infrastructure that poses a risk to energy security.

The department will develop and implement a regulatory accounting system to yield uniform and transparent sets of regulatory accounts where costs are allocated according to predetermined methods. This will provide certainty to investors with regard to the returns on assets throughout the downstream petroleum industry value chain.

Promoting the use of cleaner energy to protect environmental assets and natural resources

To contribute to promoting clean energy sources, the department has drafted a liquefied petroleum gas strategy, which will be submitted to Cabinet for approval in June 2012. The strategy's main objectives are to provide access to safe, cleaner, efficient, portable, environmentally friendly and affordable thermal fuel for all

households nationally; and to switch low income households away from the use of coal, paraffin and biomass to liquefied petroleum gas within the next five to ten years.

While generating cleaner electricity is one goal, the other is to reduce demand by making households and businesses more efficient. Over the medium term, the scale of the energy efficiency and demand side management programme will expand through the rollout of a million solar water geysers to households and the installation of energy efficient light bulbs in municipalities.

To further improve the quality of transport fuels, the department is reviewing the current fuel specifications and standards to reduce the harmful effects to health and the environment of fuel emissions, and to align standards with global trends in vehicle technology and environmental requirements. This will allow vehicle manufacturers to introduce more fuel efficient engine technologies with lower carbon and noxious emissions. The department's discussion document was published for comment in March 2011. In October 2011, the department published draft amendments to regulations governing fuel specifications and standards. The department is currently reviewing submissions by refiners on investment requirements for refinery upgrades.

Mitigating and adapting to the effects of climate change

The energy and transport sectors are the biggest contributors to greenhouse gas emissions and their contribution towards government's climate change targets will be a significant. In developing the integrated energy plan and implementing the integrated resource plan, the department will ensure that the primary and secondary energy mix is configured in a manner that supports the achievement of government's climate change targets.

Strengthening energy regulation and competition

The department will review the fuel pricing framework developed in 2003, including the basic fuel price and the magisterial district zones. In conducting this review, the department will use international data sources and conduct research into all the basic fuel price elements to ensure that they reflect current realities.

Selected performance indicators

Table 29.1 Energy

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new petroleum retail site inspections per year	Energy Regulation	1 200	1 200	3 360	1 500	1 500	1 500	1 500
Number of additional petroleum licence applications approved per year	Energy Regulation	13 580	13 800	1 800	1 200	1 200	1 000	800
Number of new operational integrated energy centres established per year	Energy Policy and Planning	3	2	2	2	2	2	2
Number of additional households electrified per year ²	National Electrification Programme	123 364	145 157	191469	180 000	180 000	180 000	180 000
Number of new bulk substations built per year	National Electrification Programme	6	4	4	7	6	6	6
Number of additional substations upgraded per year	National Electrification Programme	13	3	3	3	10	10	10
Kilometres of new medium voltage power lines constructed per year	National Electrification Programme	140km	310km	350km	350km	350km	350km	350km
Kilometres of existing medium voltage power lines upgraded per year	National Electrification Programme	92km	241km	200km	200km	200km	200km	200km
Value of expenditure on BEE and SMMEs per year	Energy Regulation	R924m	R689m	R933m	R933m	R933m	R933m	R933m
Megawatt reduction in electricity demand per year	Energy Regulation	– ¹	100MW	100MW	100MW	100MW	100MW	100MW

1. Dashes are used to show that data is not available for particular indicator and/or programme has not yet started.

2. Differences from reported numbers in the Annual Report of the Department are due to delayed reporting from municipalities.

Expenditure estimates

Table 29.2 Energy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	75.3	98.2	121.6	176.3	156.5	181.7	184.1	193.7
Energy Policy and Planning	70.0	76.5	1 528.5	1 544.7	1 541.0	1 541.5	75.2	79.7
Energy Regulation	313.1	385.1	474.1	573.4	500.0	1 350.0	2 067.2	2 375.3
National Electrification Programme	1 918.5	2 522.1	2 781.5	3 264.6	3 264.2	3 136.3	3 410.1	3 706.1
Nuclear Energy and Regulation	584.8	608.9	599.7	641.9	637.1	596.3	653.3	653.7
Total	2 961.7	3 690.9	5 505.4	6 200.9	6 098.8	6 805.9	6 389.9	7 008.5
Change to 2011 Budget estimate				111.0	8.9	1 230.6	2 085.2	2 445.5

Economic classification

Current payments	213.9	251.4	233.9	309.8	289.8	307.3	415.9	439.1
Compensation of employees	103.0	133.3	142.8	183.3	177.8	196.3	222.9	236.5
Goods and services	110.9	118.1	91.0	126.5	112.1	111.0	193.0	202.6
<i>of which:</i>								
Communication	3.2	4.6	4.2	6.4	5.6	5.9	7.5	7.9
Consultants and professional services: Business and advisory services	13.2	23.9	9.8	29.1	27.1	7.9	44.6	46.9
Lease payments	4.5	12.3	17.3	8.8	8.1	41.2	41.7	42.5
Travel and subsistence	39.3	45.3	31.8	31.4	29.2	30.0	55.1	58.4
Transfers and subsidies	2 744.1	3 432.5	5 268.2	5 883.3	5 804.9	6 493.6	5 969.1	6 564.3
Provinces and municipalities	589.1	1 074.6	1 253.4	1 376.6	1 376.6	1 351.4	1 514.8	1 687.7
Departmental agencies and accounts	99.6	96.0	81.5	67.3	55.5	81.0	82.0	86.1
Foreign governments and international organisations	–	–	–	–	–	–	33.9	12.3
Public corporations and private enterprises	2 054.9	2 261.8	3 933.2	4 439.0	4 372.7	5 060.7	4 338.1	4 777.8
Households	0.5	0.1	0.1	0.3	0.0	0.4	0.4	0.4
Payments for capital assets	3.4	6.8	3.3	7.9	4.1	5.1	4.9	5.2
Machinery and equipment	2.9	6.4	3.3	7.9	4.1	5.1	4.9	5.2
Software and other intangible assets	0.6	0.4	–	–	–	–	–	–
Payments for financial assets	0.2	0.2	–	–	–	–	–	–
Total	2 961.7	3 690.9	5 505.4	6 200.9	6 098.8	6 805.9	6 389.9	7 008.5

Expenditure trends

The spending focus over the medium term will be on making transfer payments to municipalities and public corporations, including Eskom, to allow them to increase electricity connections to households, provide substation infrastructure and promote energy efficiency through the expansion of the solar water geyser programme.

Expenditure increased from R3 billion in 2008/09 to R6.2 billion in 2011/12, at an average annual rate of 27.9 per cent. This growth in expenditure is as a result of allocations to Transnet for the multi-products pipeline and the integrated national electrification programme to increase the number of households connected to the grid. As a result, expenditure in the *Energy Policy and Planning* subprogramme increased from R70 million in 2008/09 to R1.5 billion in 2011/12, at an average rate of 180.5 per cent over the medium term, and is expected to decrease to R79.7 million in 2014/15, at an average annual rate of 62.8 per cent.

Spending in the *National Electrification Programme* increased from R1.9 billion in 2008/09 to R3.3 billion in 2011/12, at an average annual rate of 19.4 per cent, and is expected to increase to R3.7 billion in 2014/15, at an average annual rate of 4.3 per cent. The historical increase is due to the increase in the integrated national electrification programme implemented by municipalities and Eskom to support the target to provide universal access to electricity by 2014.

Transfers increased from R2.7 billion in 2008/09 to R5.9 billion in 2011/12, at an average annual rate 28.9 per cent, due to higher spending in the *National Electrification Programme* and additional allocations to Transnet. R6.5 billion was transferred to Eskom and municipalities, which allowed for the upgrading of substations and the connection of 459 990 households to the electricity grid between 2008/09 and 2011/12. Between 2010/11 and 2012/13, R4.5 billion will be transferred to Transnet for the construction of the multi-products pipeline, which is expected to be completed by December 2013.

Over the medium term, spending is projected to increase from R6.2 billion to R7 billion, at an average annual rate of 4.2 per cent. This is largely driven by additional allocations of:

- R1 billion, R1.7 billion and R2 billion to Eskom for electricity demand side management to cover costs related to the installation of low pressure solar water geysers
- R200 million each year over the MTEF period for the electricity demand side management municipal grant to support energy efficiency projects implemented by municipalities
- R14.2 million in 2012/13 to the South African Nuclear Energy Corporation for a radioactive waste processing facility
- R84 million over the MTEF period to the South African National Energy Development Institute
- R40.2 million over the MTEF period for nuclear safety and regulation
- R68 million over the MTEF period to the National Nuclear Regulator for staff retention and operations
- R13.5 million over the MTEF period for the improved conditions of service in the department.

In addition, Cabinet approved baseline cuts of R54.9 million in 2012/13, R85.2 million in 2013/14 and R94 million in 2014/15, details of which are discussed in the subprogrammes, where applicable.

Expenditure on consultants and professional services increased from R21.7 million in 2008/09 to R29.9 million in 2011/12, at an average annual rate of 11.4 per cent, due to once-off expenditure in 2011/12 for national electricity response team project management. Expenditure on consultants is expected to increase to R49.3 million in 2014/15, at an average annual rate of 18.1 per cent, as specialist consultants are used to develop an energy modelling system, a regulatory accounts framework and a framework for the independent power producers.

Infrastructure spending

Integrated national electrification programme

The department makes transfer payments to Eskom and municipalities through the integrated national electrification programme. The transfers are used to fund infrastructure for the electrification of households, schools and clinics. Between 2008/09 and 2011/12, R10.5 billion was spent on the integrated national electrification programme. Of this, R6.3 billion was allocated to Eskom and R3.6 billion was transferred to municipalities. Additional transfers of R4.7 billion are allocated to Eskom over the MTEF period to fund the provision of 640 081 low pressure solar geyser systems. Municipalities receive an additional allocation of R200 million per year over the medium term to install energy efficiency lighting and technologies. Between 2008/09 and 2010/11, 463 462 households received electricity connections, 14 new bulk substations were built and 19 were upgraded. Over the MTEF period, expenditure on the integrated national electrification programme is expected to increase from R3.1 billion in 2012/13 to R3.7 billion in 2014/15, at an average annual rate of 6 per cent.

Construction of the new multi-products pipeline by Transnet

The department expects to transfer R4.5 billion between 2010/11 and 2012/13 to Transnet for the construction of the new multi-products pipeline. The trunk line has started operations. All construction work on the pipeline, including support infrastructure, will be concluded in December 2013 instead of December 2011, as had been initially planned. R3.5 billion has been spent in 2011/12.

Personnel information

Table 29.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09 ³	2009/10 ³	2010/11	2011/12	2012/13	2013/14	2014/15
Department	516	613	97	–	–	522	523	523	523	523
Salary level 1 – 6	102	182	80	–	–	148	128	128	128	128
Salary level 7 – 10	254	265	11	–	–	228	233	233	233	233
Salary level 11 – 12	87	87	–	–	–	77	86	86	86	86
Salary level 13 – 16	73	79	6	–	–	69	76	76	76	76
Administration	265	313	48	–	–	248	272	272	272	272
Salary level 1 – 6	87	121	34	–	–	90	96	96	96	96
Salary level 7 – 10	110	118	8	–	–	91	105	105	105	105
Salary level 11 – 12	35	35	–	–	–	30	34	34	34	34
Salary level 13 – 16	33	39	6	–	–	37	37	37	37	37
Energy Policy and Planning	69	80	11	–	–	49	69	69	69	69
Salary level 1 – 6	5	15	10	–	–	17	12	12	12	12
Salary level 7 – 10	36	37	1	–	–	18	29	29	29	29
Salary level 11 – 12	14	14	–	–	–	8	15	15	15	15
Salary level 13 – 16	14	14	–	–	–	6	13	13	13	13
Energy Regulation	128	149	21	–	–	159	128	128	128	128
Salary level 1 – 6	6	27	21	–	–	25	15	15	15	15
Salary level 7 – 10	84	84	–	–	–	93	76	76	76	76
Salary level 11 – 12	19	19	–	–	–	22	18	18	18	18
Salary level 13 – 16	19	19	–	–	–	19	19	19	19	19
National Electrification Programme	34	48	14	–	–	47	34	34	34	34
Salary level 1 – 6	–	12	12	–	–	12	1	1	1	1
Salary level 7 – 10	18	20	2	–	–	18	17	17	17	17
Salary level 11 – 12	13	13	–	–	–	14	13	13	13	13
Salary level 13 – 16	3	3	–	–	–	3	3	3	3	3
Nuclear Energy and Regulation	20	23	3	–	–	19	20	20	20	20
Salary level 1 – 6	4	7	3	–	–	4	4	4	4	4
Salary level 7 – 10	6	6	–	–	–	8	6	6	6	6
Salary level 11 – 12	6	6	–	–	–	3	6	6	6	6
Salary level 13 – 16	4	4	–	–	–	4	4	4	4	4

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

2. As at 30 September 2011.

3. Information is not available for 2008/09 and 2009/10 because the split in the Department of Minerals and Energy occurred in the 2009/10 financial year.

Following the split of the Department of Minerals and Energy in 2009/10, which had 1 428 full time and contract employees, 325 employees were transferred to the Department of Energy. The approved structure of the department, in line with its new mandate, is 516 posts, with 97 posts being additional to the approved establishment. Due to a lack of funding, only 522 posts could be filled in 2010/11. This is expected to increase to 523 over the MTEF period as additional funding has been allocated.

The department began operations at a capacity of 48 per cent in April 2010. The posts of the chief operating officer and the chief financial officer were filled on 1 May 2010 and 1 December 2010. The vacancy rate for 2010/11 was 10.6 per cent. In October 2010, the department received additional funding, which was channelled to fill critical posts to build capacity in the department. The ratio of support staff to line staff is 1:1.27 and the ratio of consultants to department personnel is 1:14.

Departmental receipts

Table 29.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	3 343	4 429	3 920	3 867	3 867	4 118	4 159	4 202
Sales of goods and services produced by department	3 343	4 429	3 708	3 867	3 867	3 905	3 945	3 984
Sales by market establishments	–	–	169	–	–	–	–	–
Administrative fees	3 300	4 384	3 487	3 820	3 820	3 858	3 897	3 936
Other sales	43	45	52	47	47	47	48	48
Interest, dividends and rent on land	–	–	14	–	–	14	14	15
Interest	–	–	14	–	–	14	14	15
Transactions in financial assets and liabilities	–	–	198	–	–	199	200	203
Total	3 343	4 429	3 920	3 867	3 867	4 118	4 159	4 202

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act (2003). Revenue increased from R3.3 million in 2008/09 to R3.9 million in 2011/12, at an average annual rate of 5 per cent, as a result of an increase in licence fees in line with inflation. Over the medium term, revenue is expected to increase to R4.2 million, at an average annual rate of 2.8 per cent, in line with projected increases in the number of new applications received.

Programme 1: Administration

Expenditure estimates

Table 29.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Ministry	–	11.2	17.9	21.5	21.9	22.3	23.7
Management	9.0	11.4	18.6	28.7	30.3	30.9	32.7
Audit Services	2.4	2.2	2.4	2.9	2.8	2.7	2.9
Corporate Services	37.9	44.8	46.4	47.4	46.3	46.4	49.4
Financial Management	21.1	28.6	29.2	68.3	44.4	45.4	48.1
Office Accommodation	4.9	0.0	7.1	7.5	35.9	36.4	36.9
Total	75.3	98.2	121.6	176.3	181.7	184.1	193.7
Change to 2011 Budget estimate				8.9	31.8	32.6	33.1
Economic classification							
Current payments	71.4	91.9	118.2	168.1	176.3	178.8	188.1
Compensation of employees	25.5	38.7	54.6	83.3	90.5	88.6	94.2
Goods and services	45.8	53.1	63.6	84.8	85.8	90.2	94.0
<i>of which:</i>							
Communication	2.4	3.2	3.6	5.4	5.2	5.3	5.6
Consultants and professional services:	4.9	7.8	2.5	19.3	3.8	4.2	4.4
Business and advisory services							
Travel and subsistence	19.3	23.9	20.2	18.0	18.4	20.5	21.7
Lease payments	4.5	5.1	17.3	8.8	41.2	41.7	42.5

Table 29.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	0.4	0.1	0.1	0.3	0.4	0.4	0.4
Households	0.4	0.1	0.1	0.3	0.4	0.4	0.4
Payments for capital assets	3.4	6.0	3.3	7.9	5.1	4.9	5.2
Machinery and equipment	2.9	5.6	3.3	7.9	5.1	4.9	5.2
Software and other intangible assets	0.6	0.4	–	–	–	–	–
Payments for financial assets	0.1	0.2	–	–	–	–	–
Total	75.3	98.2	121.6	176.3	181.7	184.1	193.7

Expenditure trends

Expenditure increased from R75.3 million in 2008/09 to R176.3 million in 2011/12, at an average annual rate of 32.8 per cent. The increase was largely due to additional funds made available to build financial management capacity in the department following the separation of the Department of Minerals and Energy in 2009/10. Included in this increase is a once-off allocation for the establishment of the national energy response team project management office, which led to an increase in spending on consultants and professional services for business and advisory services, from R4.9 million in 2008/09 to R19.3 million in 2011/12, at an average annual rate of 58 per cent.

Expenditure is expected to increase to R193.7 million over the medium term, at an average annual rate of 3.2 per cent, due to the allocation of total additional funding of R84 million over the medium term per year to cater for office accommodation expenditure, which was not provided for within baseline allocations after the department was established.

Programme 2: Energy Policy and Planning

Objectives and measures

- Improve the security of energy supply in the liquid fuels sector through the promotion of investment in storage facilities by developing a national strategic fuel stocks policy by February 2013, specifying minimum stock levels needed, thus encouraging companies to invest in storage facilities.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system and designing an energy modelling system by February 2013.
- Ensure well managed, efficient and safe electricity, nuclear and clean energy industries by:
 - supporting the planning for the commissioning of the next nuclear power plant by 2023
 - developing strategies to achieve electricity savings of 12 per cent by 2015, based on forecast energy demand through the publication of progress reports.

Subprogrammes

- *Electricity Policy* develops, implements and reviews electrification and electricity supply policy. This subprogramme had a staff complement of 18 and a total budget of R14.9 million in 2011/12, of which 78.1 per cent was used for compensation of employees. Support includes development, implementation and research into national and international trends; and the monitoring of policy relating to the electricity generation and transmission, electricity distribution industry and electricity regulation. No expenditure reductions over the medium term have been approved for this subprogramme.
- *Hydrocarbons Policy* develops, implements and reviews policy and regulations for the petroleum products, coal and gas sectors and promotes transformation in these sectors. This subprogramme had a staff complement of 21 and a total budget of R1.5 billion in 2011/12, of which 99.1 per cent was transferred to Transnet for the construction of the national multi-products pipeline. Expenditure reductions of R2.9 million over the medium term have been approved for this subprogramme (R910 000 in 2012/13, R958 000 in

2013/14 and R1 million in 2014/15). These funds will be reprioritised towards policy reviews and the development of regulations for petroleum products.

- *Nuclear Policy* develops and reviews policies and legislation, as required by international agreements, and ensures governance of the nuclear sector in South Africa. This subprogramme had a staff complement of 16 and a total budget of R2.1 million in 2011/12, of which 77.7 per cent was used for compensation of employees. No expenditure reductions over the medium term have been approved for this subprogramme.
- *Energy Planning and Research* ensures the security of energy supply by: developing, implementing and maintaining a national integrated energy plan for continued access to energy; manages economic research and forecasting of energy demand; and monitors macroeconomic trends and geopolitical issues that impact on the energy industry and supply. This subprogramme had a staff complement of 30 and a total budget of R13.8 million in 2011/12, of which 60 per cent was used for compensation of employees. Over the medium term, the focus will be on finalising the development of standardised tools for connecting data, the integrated energy plan, centralising the collection and storage of energy data collected within the unit, and automating the submission of energy data by the oil industry. The integrated energy plan aligns with and elaborates on the integrated resource plan and liquid fuels roadmap. It is expected that the plan will be tabled in Cabinet for approval in 2012/13. Expenditure reductions of R3.7 million in 2012/13 have been approved for this subprogramme. These funds will be reprioritised towards energy research.

Expenditure estimates

Table 29.6 Energy Policy and Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Electricity Policy	11.5	31.1	15.4	14.9	14.8	21.2	22.4
Hydrocarbons Policy	29.0	20.4	1 506.1	1 513.9	1 509.3	15.1	16.0
Nuclear Policy	15.1	6.6	2.5	2.1	2.1	22.9	24.2
Energy Planning and Research	14.4	18.4	4.5	13.8	15.3	16.1	17.1
Total	70.0	76.5	1 528.5	1 544.7	1 541.5	75.2	79.7
Change to 2011 Budget estimate				(2.3)	(4.7)	(2.7)	(2.8)

Economic classification

Current payments	69.8	75.7	28.4	44.7	41.5	75.2	79.7
Compensation of employees	30.3	26.1	20.3	30.4	32.6	44.6	47.2
Goods and services	39.5	49.6	8.1	14.4	8.9	30.6	32.5
<i>of which:</i>							
Communication	0.6	1.1	0.2	0.3	0.2	0.6	0.7
Consultants and professional services:	3.2	12.7	1.7	7.6	0.4	0.5	0.5
Business and advisory services							
Lease payments	–	7.2	–	–	–	–	–
Travel and subsistence	7.8	12.2	3.3	4.0	4.3	14.7	15.6
Transfers and subsidies	0.1	–	1 500.0	1 500.0	1 500.0	–	–
Public corporations and private enterprises	–	–	1 500.0	1 500.0	1 500.0	–	–
Households	0.1	–	–	–	–	–	–
Payments for capital assets	0.0	0.8	0.0	–	–	–	–
Machinery and equipment	0.0	0.8	0.0	–	–	–	–
Payments for financial assets	0.1	0.0	–	–	–	–	–
Total	70.0	76.5	1 528.5	1 544.7	1 541.5	75.2	79.7

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	–	–	1 500.0	1 500.0	1 500.0	–	–
Transnet pipelines	–	–	1 500.0	1 500.0	1 500.0	–	–

Expenditure trends

Expenditure increased from R70 million in 2008/09 to R1.5 billion in 2011/12, at an average annual rate of 180.5 per cent, due to payments of R1.5 billion between 2010/11 and 2012/13 in the *Hydrocarbons Policy* subprogramme to Transnet for the construction of the national multi-products pipeline. The pipeline will secure the supply of petroleum products to the inland market over the long term. The 27.6 per cent increase in the *Energy Planning and Research* subprogramme in 2009/10 was used for the development of an integrated resource plan, which identifies the appropriate mix and level of energy needed to meet demand until 2030.

Expenditure on goods and services decreased from R39.5 million in 2008/09 to R14.4 million in 2011/12, at an average annual rate of 28.6 per cent, due to the restructuring of the department and subsequent restatement of expenditure under different programmes based on the new structures. Spending on consultants and professional services decreased from R10.8 million in 2008/09 to R7.6 million in 2011/12, at an average annual rate of 11.2 per cent, due to the split of the departments.

Over the medium term, expenditure is expected to decrease to R79.7 million, at an average annual rate of 62.8 per cent, due to the discontinuation of the payments made to Transnet from 2013/14. To expand the programme is research and modelling capacity, expenditure on compensation of employees is expected to increase from R30.4 million in 2011/12 to R47.2 million in 2014/15, at an average annual rate of 15.9 per cent. Between 2011/12 and 2014/15, expenditure on goods and services is expected to increase, at an average annual rate of 31.3 per cent, from R14.4 million to R32.5 million, driven mainly by increases in travel and subsistence as the department undertakes consultations on the regulatory framework review and integrated energy plan, and participates in forums to meet international nuclear obligations.

Programme 3: Energy Regulation

Objectives and measures

- Facilitate the implementation and adoption of new and renewable energy technologies by supporting renewable energy projects, the demand side management programme and the solar water geyser programme, aimed at meeting the 2013 target of 10 000 gigawatt hours generation from clean energy sources through the publication of regular progress reports.
- Oversee the construction of the national multi-purpose petroleum pipeline and related specifically allocated capital transfers over the MTEF period by regularly publishing progress reports.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system by February 2013.
- Improve the countrywide availability of petroleum products by licensing retail, manufacturing and wholesale operators within 90 days of receiving confirmation of the publication of their licence applications.
- Facilitate the participation of historically disadvantaged individuals in the petroleum sector by licensing 25 per cent of all petroleum licence applications by historically disadvantaged individuals in each year of the MTEF period.

Subprogrammes

- *Petroleum Licensing and Monitoring* manages petroleum licensing activities; and enforces technical, legal and economic compliance with legislation, specifications, standards and conditions. In addition, specialised administrative support services are provided, petroleum licences are issued, inspections, audits and investigations are conducted to enforce the Petroleum Products Act (2003), and the regional petroleum licensing system and advisory services are managed and coordinated. This subprogramme had a staff complement of 98 and a total budget of R33.6 million in 2011/12, of which 82.1 per cent was used for compensation of employees. No expenditure reductions over the medium term have been made in this subprogramme.
- *Hydrocarbons Operations* regulates the pricing of petroleum products, oversees the security of liquid fuels, promotes public awareness on the safe use of petroleum products and provides energy advisory services. This subprogramme had a staff complement of 21 and a total budget of R9.1 million in 2011/12, of which 92.5 per cent was used for compensation of employees. Facilitation services include the development

of the 20-year liquid fuel infrastructure roadmap, which seeks to map out the long term orderly development of the liquid fuels industry. Over the medium term, the strategic stocks policy and the liquefied petroleum gas strategy will be drafted and finalised. No expenditure cuts over the medium term have been identified in this subprogramme.

- *Clean Energy* facilitates the implementation of renewable energy and energy efficiency technologies, and regulates and promotes clean development mechanism activities. This subprogramme had a staff complement of 29 and a total budget of R498.9 million in 2011/12, of which 97.3 per cent was transferred to municipalities, public enterprises and private enterprises for demand side management and renewable energy projects. In 2011/12, R118 million was transferred to Eskom's electricity demand side management to cover costs related to the installation of the solar water geysers, R61.5 million to private enterprises for the renewable energy subsidy scheme, R25 million to the South African National Energy Development Institute for the Working for Energy programme, and R280 million for the electricity demand side management municipal grant to support energy efficiency projects implemented by municipalities. Expenditure reductions of R910 000 in 2012/13 have been approved in this subprogramme. These funds will be reprioritised for use in the demand side management and renewable energy projects.
- *Public Entity Oversight* makes transfer payments to the South African National Energy Development Institute, and manages and monitors the funding to the entity and funded and non-funded statutory bodies and organisations in support of the department's mandate. This subprogramme shared its staff complement with the *Clean Energy* subprogramme and had a total budget of R31.9 million in 2011/12, of which 63.1 per cent was transferred to the South African National Energy Development Institute to fund its operations. The remaining R11.7 million was transferred to Electricity Distribution Industry Holdings to wind down their operations and settle outstanding liabilities. No expenditure reductions over the medium term have been approved in this subprogramme.

Expenditure estimates

Table 29.7 Energy Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Petroleum Licensing and Monitoring	35.6	27.5	31.1	33.6	33.6	41.6	44.1
Hydrocarbons Operations	10.6	12.2	11.6	9.1	13.0	30.7	32.5
Clean Energy	187.6	273.2	369.8	498.9	1 253.3	1 944.6	2 247.0
Public Entity Oversight	79.3	72.2	61.6	31.9	50.1	50.3	51.7
Total	313.1	385.1	474.1	573.4	1 350.0	2 067.2	2 375.3
Change to 2011 Budget estimate				18.7	1 204.7	1 883.0	2 180.0

Economic classification

	2008/09	2009/10	2010/11	Adjusted appropriation	2012/13	2013/14	2014/15
Current payments	58.4	57.9	63.2	56.3	59.5	116.8	123.6
Compensation of employees	35.3	44.9	51.2	47.2	49.6	64.6	68.5
Goods and services	23.0	13.0	11.9	9.0	9.9	52.2	55.1
of which:							
Communication	0.1	0.3	0.3	0.4	0.3	1.2	1.3
Consultants and professional services:	4.7	2.8	5.4	2.2	3.7	29.9	31.5
Business and advisory services							
Travel and subsistence	10.3	7.4	3.0	4.6	3.7	14.6	15.4
Transfers and subsidies	254.7	327.2	411.0	517.2	1 290.5	1 950.3	2 251.7
Provinces and municipalities	–	175.0	220.0	280.0	200.0	200.0	200.0
Departmental agencies and accounts	79.3	72.2	61.6	31.9	50.1	50.3	51.7
Public corporations and private enterprises	175.4	80.0	129.4	205.3	1 040.4	1 700.0	2 000.0
Total	313.1	385.1	474.1	573.4	1 350.0	2 067.2	2 375.3

Table 29.7 Energy Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	79.3	72.2	61.6	31.9	50.1	50.3	51.7
Electricity Distribution Industry Holding Company	79.3	72.2	61.6	11.8	-	-	-
South African National Energy Development Institute	-	-	-	20.1	50.1	50.3	51.7
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	170.0	74.5	108.9	118.8	1 000.0	1 700.0	2 000.0
National energy efficiency and demand side management	170.0	74.5	108.9	118.8	1 000.0	1 700.0	2 000.0
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	5.4	5.6	20.5	86.5	40.4	-	-
Renewable energy subsidy scheme	5.4	5.6	0.5	61.5	40.4	-	-
South African National Energy Development Institute	-	-	20.0	25.0	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	175.0	220.0	280.0	200.0	200.0	200.0
Electricity demand side management grant	-	175.0	220.0	280.0	200.0	200.0	200.0

Expenditure trends

Expenditure increased substantially from R313.1 million in 2008/09 to R573.4 million in 2011/12, at an average annual rate of 22.4 per cent. This increase is attributed to the development of regulatory tools and frameworks for renewable energy. As a result, expenditure in the *Clean Energy* subprogramme increased from R187.6 million in 2008/09 to R498.9 million in 2011/12, at an average annual rate of 38.5 per cent, due to the introduction of the energy efficiency and demand side management grant to municipalities and allocations to public enterprises and private enterprises for demand side management and renewable energy projects. As a result of the higher expenditure on demand side management, a 300 megawatt reduction in electricity demand was achieved between 2008/09 and 2011/12.

Expenditure on goods and services decreased from R23 million in 2008/09 to R9 million in 2011/12, at an average annual rate of 26.8 per cent, mainly due to a decline in the use of consultants. Spending on consultants decreased from R4.7 million in 2008/09 to R2.2 million in 2011/12, at an average annual rate of 22.4 per cent. Consultants were used for the implementation of energy efficiency campaigns on behalf of the department.

Over the medium term, expenditure is expected to increase from R573.4 million to R2.4 billion, at an average annual rate of 60.6 per cent, mainly due to additional funding for the expansion of the solar water geyser programme implemented by Eskom, R1 billion in 2012/13, R1.7 billion in 2013/14 and R2 billion in 2014/15. R200 million each year over the MTEF period is allocated to support energy efficiency projects implemented by municipalities, and R28 million each year over the MTEF period is allocated to create a sustainable baseline for the South African National Energy Development Institute.

Expenditure on goods and services is expected to increase from R9.03 million in 2011/12 to R55.1 million in 2014/15, at an average annual rate of 82.7 per cent, due to travel and subsistence over the medium term related to the full implementation of legal, commercial and technical compliance functions of the *Petroleum Licensing and Monitoring* subprogramme. Spending on consultants is expected to increase from R2.2 million in 2011/12 to R31.5 million in 2014/15 as the department retains specialist consultants to support its demand side management initiatives in municipalities and implements renewable energy projects.

Programme 4: National Electrification Programme

Objectives and measures

- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to electrify 540 000 households by 2014/15.
- Address the rehabilitation of municipal electricity distribution assets by regularly monitoring and evaluating distribution asset management to ensure the preservation of distribution infrastructure.

Subprogrammes

- *Business Planning* manages the electrification planning, funding and implementation process of rehabilitating municipal distribution assets. This subprogramme had a staff complement of 35 and a total budget of R302.3 million in 2011/12, of which 93.3 per cent was used for transfers to the local organising committee for the 2010 FIFA World Cup to pay for the country's obligation to provide backup generation during the tournament. Responsibilities include managing and coordinating technical audits, monitoring, overseeing funding processes, developing electrification infrastructure plans, integrating grid and non-grid electrification and developing electrification sector plans that are aligned with other service sectors. No expenditure reductions over the medium term have been made in this subprogramme.
- *Grant Management and Monitoring* oversees the grant distribution and Division of Revenue Act implementation processes to address the electrification backlog for providing universal access. This subprogramme had no staff complement and a total budget of R3 billion in 2011/12, of which 58.7 per cent was transferred to Eskom, while 37 per cent was transferred to municipalities to electrify households as part of the integrated national electrification programme. In 2010/11, contracts awarded to broad based black economic empowerment businesses and small, medium and micro enterprises amounted to R280 million; and 4 200 temporary and 600 permanent jobs were created through the integrated national electrification programme. In the same year, 2 571 learners took part in electrification projects and municipalities connected 54 872 households, while Eskom connected 136 597 households. No expenditure reductions over the medium term have been approved for this subprogramme.

Expenditure estimates

Table 29.8 National Electrification Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Business Planning	4.6	4.9	18.4	302.3	19.1	21.6	22.9
Grant Management and Monitoring	1 913.9	2 517.2	2 763.1	2 962.3	3 117.2	3 388.5	3 683.2
Total	1 918.5	2 522.1	2 781.5	3 264.6	3 136.3	3 410.1	3 706.1
Change to 2011 Budget estimate				57.0	(2.7)	98.1	195.4

Economic classification

	4.6	4.9	18.4	20.3	19.1	21.6	22.9
Current payments							
Compensation of employees	2.9	3.0	13.5	15.0	15.7	15.2	16.1
Goods and services	1.8	1.9	4.9	5.3	3.4	6.4	6.8
<i>of which:</i>							
Communication	–	–	0.2	0.2	0.1	0.2	0.2
Consultants and professional services:	0.4	0.4	0.2	–	–	1.1	1.2
Business and advisory services							
Travel and subsistence	1.3	1.4	4.1	4.5	2.9	4.6	4.9
Transfers and subsidies	1 913.9	2 517.2	2 763.1	3 244.3	3 117.2	3 388.5	3 683.2
Provinces and municipalities	589.1	899.6	1 033.4	1 096.6	1 151.4	1 314.8	1 487.7
Public corporations and private enterprises	1 324.8	1 617.6	1 729.7	2 147.7	1 965.8	2 073.7	2 195.5
Total	1 918.5	2 522.1	2 781.5	3 264.6	3 136.3	3 410.1	3 706.1

Table 29.8 National Electrification Programme (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	1 240.8	1 616.3	1 719.8	1 737.8	1 879.4	1 982.6	2 098.9
Eskom: Integrated national electrification programme	1 240.8	1 616.3	1 719.8	1 737.8	1 879.4	1 982.6	2 098.9
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	589.1	899.6	1 033.4	1 096.6	1 151.4	1 314.8	1 487.7
Integrated national electrification programme grant	589.1	899.6	1 033.4	1 096.6	1 151.4	1 314.8	1 487.7
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Capital	84.0	1.3	9.9	409.9	86.4	91.2	96.6
Integrated national electrification programme grant	84.0	1.3	9.9	127.9	86.4	91.2	96.6
Local Organising Committee for the 2010 FIFA World Cup	-	-	-	282.0	-	-	-

Expenditure trends

Expenditure increased from R1.9 billion in 2008/09 to R3.3 billion in 2011/12, at an average annual rate of 19.4 per cent, due to the increase in the integrated national electrification programme implemented by municipalities and Eskom to support the target to provide universal access to electricity by 2014. Between 2008/09 and 2011/12, transfers to Eskom for national electrification grew from R1.2 billion to R1.7 billion, at an average annual rate of 12 per cent, while transfers to municipalities increased from R589.1 million to R1.1 billion, at an average annual rate of 23 per cent. Over the same period, expenditure on compensation of employees increased from R2.9 million to R15 million, at an average annual rate of 73.7 per cent, to provide for sufficient capacity.

Between 2011/12 and 2014/15, spending is expected to increase to R3.7 billion, at an average annual rate of 4.3 per cent, due to additional allocations of R100 million in 2013/14 and R200 million in 2014/15 for the integrated national electrification programme in support of informal settlement upgrading. Expenditure on goods and services is expected to increase from R5.3 million in 2012/13 to R6.8 million in 2014/15, at an average annual rate of 9 per cent, due to the projected use of consultants in the *Business Planning* subprogramme.

Spending on consultants is expected to increase from R356 000 in 2008/09 to R1.2 million in 2014/15 for electrification planning and monitoring processes, and the execution of the integrated national electrification programme. This involves technical audits and inspections at implementation sites. The department is responsible for planning, making project allocations, monitoring progress and conducting technical audits of completed electrification projects.

Programme 5: Nuclear Energy and Regulation

Objectives and measures

- Ensure a well managed, efficient and safe nuclear energy industry by:
 - implementing the nuclear energy policy by developing appropriate strategies to facilitate the expansion of nuclear energy by 9 600 megawatts, as guided by the integrated resource plan, by 2013/14
 - regulating the security of nuclear material and facilities by developing and publishing appropriate regulations by 2012 for the physical protection of nuclear material

- strengthening the control and accounting for nuclear materials and related equipment by enforcing the relevant regulations and facilitating the installation of monitoring equipment at identified ports of entry in conjunction with the South African Revenue Service by 2013
- promoting the safe management and disposal of radioactive waste by establishing the National Radioactive Waste Disposal Institute, as provided for in the radioactive waste management policy and strategy, by 2013.

Subprogrammes

- *Nuclear Safety and Regulation* aims to improve the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. This subprogramme had a staff complement of 11 and a total budget of R17.3 million in 2011/12, of which 72.4 per cent was used for goods and services. The subprogramme is the anchor point for implementation of the nuclear energy policy, approved in 2008 as a national nuclear programme in line with the integrated resource plan requirements. The national nuclear energy executive coordination committee has been established to lead, monitor, and ensure oversight of the implementation of the nuclear policy. Over the medium term, the department will ensure the implementation of the framework for nuclear energy expansion and infrastructure development in line with the integrated resource plan. R64.4 million over the medium term is allocated for nuclear safety and regulation, of which additional allocations of R33.9 million in 2013/14 and R12.3 million in 2014/15 will be used to pay the membership fees to the International Atomic Energy Agency. Additional allocations of R8.8 million in 2013/14 and R9.3 million in 2014/15 are made for the development and implementation of nuclear activities. No expenditure reductions over the medium term have been made in this subprogramme.
- *Nuclear Non-proliferation and Radiation Security* manages and implements all matters related to nuclear non-proliferation and radiation security, as per legislation and international agreements. This subprogramme had a staff complement of 9 and a total budget of R3.1 million in 2011/12, of which 87.7 per cent was used for compensation of employees. To account for and control nuclear materials and related equipment in South Africa, in 2010/11, 98 authorisations were issued to different organisations for the acquisition, possession, transport, use, and import and export of nuclear material. Over the medium term, preparatory work related to the withdrawal of the nuclear safeguards function from the South African Nuclear Energy Corporation will continue. The withdrawal is essential to ensure a separation of the regulatory function from an operator of nuclear facilities under safeguards. Nuclear security capabilities will also be strengthened to control and monitor source material, nuclear material and equipment to prevent, detect, delay and respond to malicious acts should they occur. No expenditure reductions over the medium term have been made in this subprogramme.
- *Public Entity Oversight* facilitates the oversight of statutory bodies and organisations in the nuclear industry and makes transfer payments to the South African Nuclear Energy Corporation and the National Nuclear Regulator. This subprogramme had no staff complement and a total budget of R621.5 million in 2011/12, which was transferred in full to the South African Nuclear Energy Corporation and the National Nuclear Regulator. In 2011/12, R586 million was transferred to the South African Nuclear Energy Corporation, while R35.4 million was transferred to the National Nuclear Regulator. No expenditure reductions over the medium term have been made in this subprogramme.

Expenditure estimates

Table 29.9 Nuclear Energy and Regulation

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Nuclear Safety and Regulation	7.7	13.0	3.1	17.3	7.5	52.7	32.1
Nuclear Non-proliferation and Radiation Security	2.0	8.0	2.6	3.1	3.3	4.6	4.9
Public Entity Oversight	575.1	587.9	594.1	621.5	585.5	596.0	616.7
Total	584.8	608.9	599.7	641.9	596.3	653.3	653.7
Change to 2011 Budget estimate				28.7	1.4	74.1	39.8

Economic classification

Current payments	9.7	21.0	5.6	20.4	10.8	23.4	24.7
Compensation of employees	9.0	20.5	3.2	7.5	7.8	9.9	10.5
Goods and services	0.7	0.5	2.4	13.0	3.0	13.5	14.2
<i>of which:</i>							
Communication	0.0	–	0.0	0.1	0.0	0.1	0.1
Consultants and professional services:							
Business and advisory services	0.1	0.1	0.0	0.0	0.0	8.9	9.3
Travel and subsistence	0.5	0.4	1.3	0.4	0.6	0.7	0.8
Transfers and subsidies	575.1	587.9	594.1	621.5	585.5	629.9	629.0
Departmental agencies and accounts	20.3	23.8	20.0	35.4	30.9	31.7	34.4
Foreign governments and international organisations	–	–	–	–	–	33.9	12.3
Public corporations and private enterprises	554.7	564.1	574.1	586.0	554.6	564.3	582.3
Total	584.8	608.9	599.7	641.9	596.3	653.3	653.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	19.7	22.9	19.1	35.0	30.5	31.3	34.0
National Nuclear Regulator	19.7	22.9	19.1	35.0	30.5	31.3	34.0
Capital	0.6	0.9	0.9	0.5	0.4	0.4	0.4
National Nuclear Regulator	0.6	0.9	0.9	0.5	0.4	0.4	0.4
Foreign governments and international organisations							
Current	–	–	–	–	–	33.9	12.3
International Atomic Energy Agency	–	–	–	–	–	33.9	12.3
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	465.6	475.4	490.5	505.8	476.1	474.2	501.9
South African Nuclear Energy Corporation	465.6	475.4	490.5	505.8	476.1	474.2	501.9
Capital	89.2	88.7	83.6	80.2	78.5	90.1	80.4
South African Nuclear Energy Corporation	89.2	88.7	83.6	80.2	78.5	90.1	80.4

Expenditure trends

Expenditure increased from R584.8 million in 2008/09 to R641.9 million in 2011/12, at an average annual rate of 3.2 per cent, due to the increase in spending in the *Nuclear Safety and Regulation* subprogramme, which is attributable to expenditure on activities related to the development and implementation of the nuclear energy policy. Funds under the *Nuclear Safety and Regulation* subprogramme were used to consult on and draft regulations under the Nuclear Energy Act (1999). Spending on consultants and professional services decreased from R105 000 in 2008/09 to R2 000 in 2011/12, due to efficiency savings implemented in 2010/11 and a decline in the use of consultants for the implementation of activities related to nuclear policy.

Over the medium term, expenditure is expected to increase to R653.7 million, due to the expected increase on compensation of employees from R7.5 million in 2011/12 to R10.5 million in 2014/15 as a result of salary adjustments and the additional allocations to this programme to strengthen nuclear safety and regulation. The

Nuclear Safety and Regulation subprogramme receives additional allocations of R33.9 million in 2013/14 and R12.3 million in 2014/15 to pay the International Atomic Energy Agency membership fees.

R1.7 billion will be disbursed to the South African Nuclear Energy Corporation, consisting of R554.6 million in 2012/13, R564.3 million in 2012/13 and R582.3 million in 2014/15. An additional allocation of R14.2 million in 2013/14 is also provided to the corporation to build the waste processing facility. The National Nuclear Regulator receives R101.5 million over the medium term (R35.4 million, R31.7 million and R34.4 million), which includes an additional allocation of R68 million for staff retention.

Public entities and other agencies

South African Nuclear Energy Corporation

Overview: 2008/09 – 2014/15

The South African Nuclear Energy Corporation derives its mandate from the Nuclear Energy Act (1999), the nuclear energy policy of 2008 and directives conferred on it by the Minister of Energy. The corporation serves as the anchor for nuclear energy research, development and innovation in South Africa, and executes nuclear fuel cycle activities. Its research, development, demonstration and business activities are therefore directed mainly at applications of nuclear and radiation science and technology, particularly relating to the production of medical radioisotopes, the nuclear fuel cycle, including waste management, and the beneficial uses of nuclear technologies.

Responsibilities also include: operating the SAFARI-1 research nuclear reactor for research and development, and irradiation services for the production of radioisotopes; the decommissioning and decontamination of nuclear facilities; and contributing to South Africa's obligations in terms of international nuclear treaties and agreements. The latter includes the comprehensive safeguards agreement with the International Atomic Energy Agency, the Africa Regional Cooperative Agreement for research, development and training related to nuclear science and technology, the Comprehensive Nuclear Test Ban Treaty and the Pelindaba Treaty.

Over the medium term, the corporation will focus on: developing and demonstrating nuclear fuel cycle capabilities aligned with the integrated resource plan for electricity, and new nuclear build requirements; expanding research and development programmes in support of the corporation's core activities and in contributing to the national system of innovation; developing nuclear equipment, components and fuel manufacturing capabilities to leverage off localisation opportunities that would arise out of South Africa's nuclear power expansion programme; strengthening and consolidating NTP Radioisotopes' global market position in the supply of medical radioisotopes and related products; and developing the diversification strategy of Pelchem, a subsidiary of the corporation, into the pharmaceutical products domain.

In response to the expected increase in nuclear electricity production resulting from the integrated resource plan, the corporation will work to retain and increase the nuclear skills capacity in the country.

Performance

The corporation measures itself against the performance indicators on financial information; commitment to research, development and innovation to support sustainable growth of South African economy; and improvement on creating awareness and knowledge of nuclear technologies.

Between 2008/09 and 2011/12, the corporation's research output, measured in terms of the number of scientific articles published, increased from 21 to 22. Over the medium term, research output is expected to increase from 22 to 34. Sales of medical radioisotopes increased from R621.3 million in 2008/09 to R1.2 billion in 2011/12. Growth in sales is expected to continue to grow over the medium term, reaching R1.9 billion in 2014/15.

Selected performance indicators

Table 29.10 South African Nuclear Energy Corporation

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Annual sales for the Nuclear Energy Corporation of South Africa as a per cent of total group annual sales per year	All	20.5% (R621 394)	20.4% (R1 049 014)	5.5% (R1 107 135)	5.7% (R1 170 439)	23.71% (R1 448 027)	14.5% (R1 658 954)	12.2% (R1 860 968)
Number of published scientific articles per year	Research and development	21	26	17	22	28	32	34
Number of product and process innovations per year	Research and development	7	8	31	10	12	14	17
Maximum allowable annual dose in terms of licence conditions (micro Sv)	Research and development	–	5.5	9	6.3	6.3	5.8	6

Programmes/activities/objectives

Table 29.11 South African Nuclear Energy Corporation

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Nuclear Power Programme Cluster	–	–	347.1	397.6	389.9	408.2	431.4
Radiation Science and Applications Programmes Cluster	–	–	705.2	726.5	878.9	991.8	1 094.5
Necsa as a Host of Nuclear Programme Cluster	–	–	331.3	384.2	380.5	396.9	408.7
Support Services	–	–	237.3	298.5	341.8	342.3	357.1
Total amounts are disclosed due to restructuring of Necsa	1 073.5	1 448.9	–	–	–	–	–
Total expense	1 073.5	1 448.9	1 620.9	1 806.9	1 991.1	2 139.2	2 291.7

The South African Nuclear Energy Corporation had a total budget of R1.8 million in 2011/12, of which 40.2 per cent was used for radiation science and applications.

Savings and cost effectiveness measures

In an effort to curtail growth in compensation of employees, the corporation negotiated a salary increase of 7 per cent for lower level staff and 5.6 per cent for professional and senior staff in 2011/12. To fund these salary increases, the corporation effected operational expenditure savings and reduced spending on consultants and contract workers. Budget reductions of R27.3 million over the MTEF period were effected and are spread as follows: R18.4 million, R3.9 million and R4.9 million.

Expenditure estimates

Table 29.12 South African Nuclear Energy Corporation

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	714.1	1 140.7	1 245.4	1 236.4	1 527.4	1 745.1	1 949.2
Sale of goods and services other than capital assets	621.4	1 049.0	1 107.1	1 170.4	1 448.0	1 659.0	1 861.0
<i>of which:</i>							
<i>Sales by market establishments</i>	621.4	1 049.0	1 107.1	1 170.4	1 448.0	1 659.0	1 861.0
<i>Other non-tax revenue</i>	92.7	91.7	138.3	66.0	79.3	86.1	88.2
Transfers received	439.7	471.9	504.9	590.5	696.1	632.1	583.2
Total revenue	1 153.8	1 612.6	1 750.3	1 826.9	2 223.5	2 377.2	2 532.4
Expenses							
Current expenses	1 009.3	1 401.1	1 506.0	1 707.9	1 870.0	1 992.0	2 113.8
Compensation of employees	423.7	525.2	587.0	723.2	719.2	736.6	753.0
Goods and services	525.1	807.6	831.8	901.1	1 063.1	1 176.6	1 290.3
Depreciation	39.6	47.4	72.4	79.3	83.5	74.0	66.2
Interest, dividends and rent on land	20.9	21.0	14.8	4.3	4.3	4.9	4.3
Transfers and subsidies	–	–	43.9	34.5	32.2	27.9	28.2
Total expenses	1 073.5	1 448.9	1 620.9	1 806.9	1 991.1	2 139.2	2 291.7
Surplus / (Deficit)	80.3	163.7	129.5	20.0	232.0	238.0	241.0
Statement of financial position							
Carrying value of assets	361.1	744.1	805.3	922.0	1 154.8	1 489.5	1 655.7
<i>of which:</i>							
<i>Acquisition of assets</i>	113.5	96.5	97.8	196.0	316.2	408.7	232.4
Investments	51.5	77.9	69.1	112.7	151.5	182.9	191.9
Inventory	100.8	93.7	161.3	188.2	202.2	223.0	253.0
Receivables and prepayments	169.4	236.5	266.8	248.6	292.9	333.6	371.4
Cash and cash equivalents	222.7	326.4	482.7	368.7	443.4	413.1	553.6
Non-current assets held for sale	–	–	2.1	–	–	–	–
Taxation	13.3	18.4	16.9	13.1	13.1	13.1	13.1
Derivatives financial instruments	3.4	5.4	3.9	(0.0)	(0.0)	(0.0)	(0.0)
Total assets	922.1	1 502.4	1 808.0	1 853.3	2 257.8	2 655.2	3 038.6
Accumulated surplus / (deficit)	56.2	218.5	356.1	376.1	608.4	846.3	1 087.1
Capital and reserves	4.6	340.6	335.8	335.8	335.8	335.8	335.8
Capital reserve fund	179.3	222.0	356.7	403.3	493.9	582.9	685.9
Borrowings	8.4	10.5	17.7	28.0	40.8	47.9	47.4
Finance lease	0.8	2.5	2.5	1.2	0.4	–	–
Trade and other payables	197.8	218.1	169.1	91.7	118.1	142.0	164.7
Taxation	34.4	9.3	1.5	5.4	5.4	5.4	5.4
Provisions	437.3	475.4	564.7	611.7	655.0	694.7	712.4
Total equity and liabilities	918.8	1 496.9	1 804.2	1 853.3	2 257.8	2 655.2	3 038.6

Expenditure trends

The corporation's spending focus over the medium term will be on nuclear research and, in particular, the development of new products and processes. Over the medium term, the corporation will also focus on increasing skills and capacity in the field of nuclear energy in anticipation for the expansion programme. As the entity's expenditure grows, performance grows, with scientific articles published increasing from 21 to 34 and innovations from 7 to 17 over the seven-year period.

The corporation derives its revenue from the sale of nuclear technology products, chemical products, nuclear engineering services and transfer payments received from government. Revenue increased from R1.2 billion in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 16.6 per cent. Growth in 2009/10 and 2010/11 relates to normal inflation increases in the transfer from government, while growth in 2011/12 was due to transfers received for decommissioning and decontamination, the conversion of the South African Fundamental

Atomic Research Installation Reactor, and the conversion and maintenance of the South African Fundamental Atomic Research Installation's nuclear reactor's fuel.

The 68.8 per cent increase in sales by market establishments in 2009/10 is mainly attributable to the significant increase in the sales of NTP Radioisotopes, which is wholly owned by the corporation. The sales performance was achieved largely as a result of NTP Radioisotopes' response to the global supply shortage of medical radioisotopes and its ability to increase capacity accordingly. In addition, NTP Radioisotopes also acquired a 55 per cent shareholding in the Gammatec group in October 2009. Hence, consolidated sales for the group included R123.5 million, which represents annual sales for Gammatec group. The acquisition had a material effect on the sales increase in the consolidated entity.

Over the medium term, revenue is expected to grow to R2.5 billion, at an average annual rate of 11.5 per cent. The increase in revenue is attributed to the expected increase in sales within the group, which is projected to rise from R1.2 billion in 2011/12 to R1.9 billion in 2014/15, at an average annual rate of 16.7 per cent, as a result of the increase in sales of NTP Radioisotopes, of R202 million.

Expenditure increased from R1.1 billion in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 19 per cent. Expenditure on goods and services grew from R525.1 million in 2008/09 to R901.1 million in 2011/12, at an average annual rate of 19.7 per cent, due to the higher spending on outsourced services costs as a result of the advanced metal initiative project. Expenditure on consultants increased from R16 million in 2008/09 to R24.8 million in 2011/12, at an average annual rate of 15.6 per cent. Compensation of employees increased from R423.7 million in 2008/9 to R723.2 million in 2011/12, at an average annual rate of 19.5 per cent. The increase in spending on compensation of employees is due to the corporation absorbing employees from the Pebble Bed Modular Reactor, which was placed into its care and maintenance in 2010/11.

Over the medium term, expenditure is expected to increase from R1.8 billion in 2011/12 to R2.3 billion in 2014/15, at an average annual rate of 8.2 per cent. Spending on compensation of employees is expected to grow to R753.2 million in 2014/15, at an average annual rate of 1.4 per cent, due to the absorption of staff from the Pebble Bed Modular Reactor and the effect of future salary increases. The main rise in expenditure over the medium term is in goods and services, which is expected to increase from R901.1 million in 2011/12 to R1.3 billion in 2014/15, at an average annual rate of 12.7 per cent.

The largest contributing items are consultants, on which expenditure grew from R16 million in 2008/09 to R24.8 million in 2011/12, at an average annual rate of 15.6 per cent, due to the development of workflows and the implementation of a human resources system. Over the medium term, this is expected to increase to R34.4 million, at an average annual rate of 11.5 per cent, due to the use of external consultants in the low enriched uranium plant and spending on repairs and maintenance, which increase from R64.1 million in 2011/12 to R75.5 million in 2014/15, at an average annual rate of 5.6 per cent.

Personnel information

Table 29.13 South African Nuclear Energy Corporation

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive board members	21	21	–	20	23	23	21	21	21	21
Executive management	22	22	–	9	6	22	22	22	22	22
Senior management	30	25	5	48	40	25	25	25	30	30
Middle management	112	92	20	82	80	85	92	95	97	97
Professionals	262	248	14	315	313	320	248	251	250	255
Skilled	1 008	960	48	906	954	966	960	963	965	966
Semi-skilled	436	415	21	296	305	310	415	440	467	482
Very low skilled	50	40	10	40	30	35	40	42	44	60
Total	1 941	1 823	118	1 716	1 751	1 786	1 823	1 859	1 896	1 933
Compensation (R thousand)				423 743	525 170	587 035	723 189	719 193	736 593	753 017
Unit cost (R thousand)				247	300	329	397	387	388	390

1. As at 30 September 2011.

In 2009/10 and 2010/11, the corporation was required to respond to the drastic downscaling of the Pebble Bed Modular Reactor programme by taking on staff with valuable and highly scarce nuclear skills who had been retrenched as a result of the programme's closure. The increase in staff is also in recognition of government's adopted policy of expanding its nuclear generation capacity, as expressed in the integrated resource plan. The corporation had an establishment of 1 941 posts as at 30 September 2011. The number of filled posts increased from 1 716 in 2008/09 to 1 823 in 2011/12. Over the MTEF period, the number of posts filled is expected to increase from 1 859 in 2012/13 to 1 933 in 2014/15 due to the absorption of staff from the Pebble Bed Modular Reactor. Expenditure on consultants equated to 3.4 per cent of expenditure on compensation on employees in 2011/12.

Central Energy Fund

Overview: 2008/09 – 2014/15

The Central Energy Fund is listed in schedule 2A of the Public Finance Management Act (1999) and is a private company, which is governed by the Central Energy Fund Act (1977). The company's mandate is to research, finance, develop and exploit appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the company is also mandated to manage the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry.

The group consists of 10 operating subsidiaries: the Petroleum, Oil and Gas Corporation of South Africa; the South African Gas Development Company; the Petroleum Agency of South Africa; Oil Pollution Control South Africa; the Strategic Fuel Fund Association; African Exploration; ETA Energy; the South African Supplier Development Agency; the Central Energy Fund Carbon; and CCE Solutions. The group's structure is under review with the objective of designing a more effective organisational structure.

Over the medium term, the fund will focus on improving the security of energy supply by diversifying sources of energy. Changes in the operating environment have led to a review of the strategic and operational direction, particularly for renewable energy activities. A number of investigative initiatives are under way to identify new opportunities that the company should consider for investment.

Greater emphasis will also be placed on supply side interventions by building and managing strategic energy stocks and energy infrastructure, investing in and developing renewable and alternative energy sources and equipment, investing in energy efficiency, developing human capacity and investing in energy research and development activities, managing and exploiting local strategic energy and related resources, and mitigating environmental impacts and maximising sustainable development. The company is managing the feasibility study for a solar park in Upington, which will be completed by October 2012 for the introduction of utility scale renewable energy on the grid.

Performance

The company measures itself against indicators that ensure that the quantity of crude oil storage is maintained. Over the medium term, crude oil stock will be maintained at 10.3 million barrels per year. The company will also focus on investment in alternative and cleaner technologies that will improve the quality of life for low income households through more affordable and safer energy sources.

Selected performance indicators

Table 29.14 Central Energy Fund

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of crude oil barrels maintained as per ministerial directive per year, measured in millions of barrels (mdbl)	Security of supply	10.3 mdbl	10.3 mdbl	10.3 mdbl	10.3 mdbl	10.3 mdbl	10.3 mdbl	10.3 mdbl
Number of demonstrations of Basa Njengo Magogo method for cleaner coal use in townships per year	Diversity of energy sources	50 000	40 000	50 000	30 000	40 000	40 000	40 000
Number of new solar water heating units installed per year ¹	Diversity of energy sources	500	500	–	500	1 500	6 600	9 300
Number of tons (measured per thousands) of coal produced at Vlakfontein by the African Exploration Mining and Finance Corporation ²	Security of supply	–	–	–	750	1 200	1 200	1 200

1. The target for 2010/11 was not achieved due to delays in the implementation process.

2. As the mining activity in Vlakfontein only started in February 2011, there was no activity in prior years.

Programmes/activities/objectives

Table 29.15 Central Energy Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Effectively manage the finances of CEF	658.2	473.2	471.4	221.2	332.0	333.7	374.4
Provide corporate services to subsidiaries	1 452.7	1 044.5	1 040.5	2 162.9	2 568.3	2 548.5	3 204.3
Manage and develop projects	7 533.5	6 932.7	7 670.4	9 125.7	10 731.8	13 911.5	15 392.6
Develop human capital	3 175.0	2 477.1	2 508.8	1 257.7	1 407.6	1 562.5	1 629.9
Total expense	12 819.4	10 927.6	11 691.0	12 767.5	15 039.7	18 356.3	20 601.2

The Central Energy Fund had a total budget of R12.8 billion in 2011/12, of which 71.5 per cent was used for managing and developing projects.

Savings and cost effectiveness measures

The fund has implemented systems to control and contain operational costs. Since 2009/10, more effective cost management strategies have ensured that operational costs are held below budget.

Expenditure estimates

Table 29.16 Central Energy Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	15 133.9	10 561.8	12 672.3	14 973.8	16 477.2	18 049.7	20 550.4
Sale of goods and services other than capital assets	12 360.9	8 559.0	11 067.6	12 924.4	15 753.6	17 555.8	20 255.8
<i>of which:</i>							
<i>Sales by market establishments</i>	12 360.9	8 559.0	11 067.6	12 435.3	15 753.6	17 555.8	20 255.8
<i>Other sales</i>	–	–	–	489.2	–	–	–
<i>Other non-tax revenue</i>	2 773.0	2 002.7	1 604.6	2 049.4	723.5	493.9	294.5
Total revenue	15 133.9	10 853.5	12 947.3	14 973.8	16 477.2	18 049.7	20 550.4

Table 29.16 Central Energy Fund (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Expenses							
Current expenses	12 790.4	10 926.7	11 681.8	12 767.5	15 039.7	18 356.3	20 601.2
Compensation of employees	2 227.0	1 324.0	1 392.2	1 168.2	1 313.6	1 463.3	1 525.4
Goods and services	9 828.0	8 399.8	8 563.3	10 697.4	12 718.5	14 212.6	15 884.9
Depreciation	441.0	764.4	1 266.9	883.1	888.1	2 570.8	3 052.4
Interest, dividends and rent on land	294.4	438.6	459.4	18.8	119.5	109.6	138.4
Total expenses	12 819.4	10 927.6	11 691.0	12 767.5	15 039.7	18 356.3	20 601.2
Surplus / (Deficit)	2 314.5	(74.1)	1 256.3	2 206.0	1 438.0	(307.0)	(51.0)
Statement of financial position							
Carrying value of assets	6 364.2	6 972.3	7 478.3	7 975.1	13 765.4	16 905.7	18 086.6
<i>of which:</i>							
<i>Acquisition of assets</i>	1 992.0	1 445.6	243.1	1 379.9	6 678.4	5 711.1	4 233.3
Investments	725.4	674.4	740.2	739.9	2 884.3	4 290.0	7 047.2
Inventory	3 567.2	3 480.1	3 637.5	3 812.5	2 064.2	2 064.2	2 064.2
Receivables and prepayments	2 287.4	3 616.5	2 185.3	2 542.2	3 212.0	3 425.2	2 661.9
Cash and cash equivalents	16 143.4	15 303.1	17 531.7	18 662.7	7 924.2	4 884.4	3 445.2
Non-current assets held for sale	2 052.3	988.2	1 168.8	448.4	773.4	775.5	774.3
Taxation	1 075.9	1 299.2	424.2	32.3	–	–	–
Derivatives financial instruments	14.3	287.1	418.6	26.9	–	–	–
Total assets	32 230.2	32 620.9	33 584.6	34 240.0	30 623.5	32 345.0	34 079.3
Accumulated surplus / (deficit)	23 359.1	23 285.8	24 532.9	26 739.2	28 176.7	28 483.3	28 534.1
Capital and reserves	116.9	(80.8)	(47.0)	107.9	(77.3)	(77.3)	(77.3)
Borrowings	419.3	431.5	263.3	207.0	1 641.8	1 307.5	895.6
Finance lease	–	–	–	–	34.2	–	–
Deferred income	5.9	48.8	3.5	13.8	13.8	13.8	13.8
Trade and other payables	2 002.0	3 140.8	1 580.3	1 233.6	1 411.9	1 215.9	1 388.0
Taxation	1 068.3	961.0	28.3	41.0	–	–	–
Provisions	5 405.5	5 010.1	7 232.9	6 538.0	6 538.0	6 538.0	6 538.0
Total equity and liabilities	32 376.9	32 797.1	33 594.1	34 880.4	37 739.1	37 481.2	37 292.3

Expenditure trends

The spending focus over the medium term will be on developing and managing energy efficiency projects, and supporting subsidiaries. As expenditure grows, solar water heating units installed will increase from 500 in 2011/12 to 9 300 in 2014/15.

The fund derives its revenue from the sale of energy products, services rendered, royalty receipts and tank rentals. Revenue decreased from R15.1 billion in 2008/09 to R15 billion in 2011/12, at an average annual rate of 0.4 per cent, due to weak economic conditions experienced in 2009/10. Over the MTEF period, revenue is expected to increase to R20.6 billion in 2014/15, at an average annual rate of 11.1 per cent. The projected growth is due to increases in the oil price and demand for storage.

Expenditure decreased from R12.8 billion in 2008/09 to R12.8 billion in 2011/12, at an average annual rate of 0.1 per cent, because the rollout of projects following the implementation of the renewable energy feed in tariff was delayed. Spending is expected to increase to R20.6 billion over the medium term, at an average annual rate of 17.3 per cent. The increase over the medium term relates to the fund's aim to invest in energy infrastructure and develop renewable and alternative energy sources such as a solar park in Upington.

The fund will incur R75 million in 2012/13 on the solar park project, with costs including consulting, legal fees, and travel and subsistence. As a result, cash and cash equivalents are expected to decrease from R18.7 billion in 2011/12 to R3.4 billion in 2014/15 to finance investment in infrastructure, which is expected to increase the carrying value of assets from R8 billion in 2011/12 to R18.1 billion in 2014/15. Expenditure on consultants over the medium term is expected to decrease from R161.8 million in 2011/12 to R135.3 million in 2014/15 due to the finalisation of the first phase of the project's feasibility studies.

Personnel information

Table 29.17 Central Energy Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	2	2	2	2
Executive management	5	5	–	5	4	5	9	10	10	10
Senior management	5	5	1	5	5	5	10	11	11	11
Middle management	5	5	–	5	5	5	26	27	27	27
Professionals	7	7	2	3	4	5	9	12	12	12
Skilled	13	13	1	9	10	13	76	79	79	79
Semi-skilled	19	19	–	17	18	19	32	35	35	35
Very low skilled	17	17	–	15	16	17	21	21	21	21
Total	72	72	4	60	63	70	185	197	197	197
Compensation (R thousand)				2 227 000	1 323 972	1 392 223	1 168 180	1 313 583	1 463 315	1 525 436
Unit cost (R thousand)				37 117	21 015	19 889	6 314	6 668	7 428	7 743

1. As at 30 September 2011.

The fund had an establishment of 72 posts as at 30 September 2011. The number of posts filled increased from 60 in 2008/09 to 185 in 2011/12 as a result of the inclusion of most of the subsidiaries' employees, excluding PetroSA as part of the group's consolidated accounts. The number is expected to increase to 197 over the MTEF period. There are no vacancies. Expenditure on consultants is 13.9 per cent of expenditure on compensation of employees in 2011/12.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Energy Regulator of South Africa** is the regulatory authority for electricity, gas and petroleum. Its budget for 2012/13 is R219 million.
- The **National Nuclear Regulator** is responsible for the protection of people, property, and the environment against nuclear damage. Its budget for 2012/13 is R35.4 million.
- The **South African National Energy Development Institute** is mandated to stimulate innovation in energy research and development, transform the gender and race profile of researchers in the sector, and improve South Africa's competitiveness in energy research internationally. Its budget for 2012/13 is R50.1 million.

Additional table: Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome				Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11	2012/13		2013/14	2014/15
Infrastructure transfers to other spheres, agencies and departments										
Integrated national electrification programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure, and rehabilitate electrification infrastructure	Various	-	1 150.8	1 467.4	1 719.8	1 737.8	1 879.4	1 982.6	2 098.9
Integrated national electrification programme: municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure, and rehabilitate electrification infrastructure	Various	-	589.1	933.0	1 020.1	1 096.6	1 151.4	1 314.8	1 487.7
Petronet: Transnet pipelines	Construction of petroleum pipeline, branch lines and storage facilities	Various	-	-	-	1 500.0	1 500.0	1 500.0	-	-
Total			-	1 739.9	2 400.3	4 239.9	4 334.4	4 530.8	3 297.4	3 586.6

Vote 30

Environmental Affairs

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	775.5	515.1	16.9	243.5	725.5	610.5
Environmental Quality and Protection	323.3	159.3	162.0	2.0	345.7	366.2
Oceans and Coasts	221.8	217.4	–	4.4	239.9	254.4
Climate Change	31.2	31.2	–	–	33.0	35.0
Biodiversity and Conservation	486.4	100.9	385.1	0.5	511.4	541.6
Environmental Sector Programmes and Projects	2 674.0	897.0	1 744.4	32.6	3 319.8	3 315.4
Total expenditure estimates	4 512.2	1 920.8	2 308.3	283.0	5 175.2	5 123.1

Executive authority Minister of Environmental Affairs
Accounting officer Director General of Environmental Affairs
Website address www.environment.gov.za

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

Aim

Lead South Africa's environmental sector to achieve sustainable development towards a better quality of 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: Oceans and Coasts

Purpose: Ensure that government, industry and the public are informed, supported and regulated to act responsibly to conserve the ocean and coastal environment as well as to honour South Africa's local and global obligations.

Programme 4: Climate Change

Purpose: Promote, coordinate and manage an effective national mitigation and adaptation response to climate change.

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: Environmental Sector Programmes and Projects

Purpose: Implement environmental sector projects and assist in job creation.

Strategic overview: 2008/09 – 2014/15

In line with its vision of creating a prosperous and equitable society living in harmony with the natural environment, the department's key strategic priorities include: protecting, conserving and enhancing environmental assets, and natural and heritage resources; ensuring a sustainable and healthy environment; contributing to sustainable economic growth, livelihoods and social cohesion; providing leadership on climate change action; promoting skills development and employment creation by facilitating green and inclusive economic growth; and creating a better Africa and a better world by advancing national environmental interests through a global sustainable development agenda.

The department aims to ensure that the potential for economic growth in the sector is maximised, the interface between the environment and development effectively managed and, wherever possible, that it stimulates economic growth that supports transformation.

Priorities over the medium term

The top priority areas for the department over the medium term include: providing support to local government in the areas of air quality management, waste management, biodiversity management, coastal planning and open space planning; strengthening compliance and enforcement activities; drawing linkages between climate change, the green economy and sustainable development; aligning governance systems with the new outcomes approach, paying particular attention to ensuring that environmental assets and natural resources are valued, protected and continually enhanced (outcome 10); and focusing on key national and international engagements.

Addressing the impact of climate change

Climate change impacts on global environmental, social and economic systems. In October 2011, the department published the National Climate Change Response White Paper. The white paper sets out South Africa's vision for an effective climate change response, and a transition, in the longer term, to a climate resilient and lower carbon economy and society. The department's work will focus on implementing the recommendations contained in the white paper.

The 17th conference of the parties to the United Nations Framework Convention on Climate change (COP17), which took place in Durban in December 2011, presented an opportunity for South Africa to broaden awareness of climate change and climate change response. The department hosted an exposition on South Africa's climate change response as a side-event to the UN conference, which provided an opportunity for green economy players to profile their work and products and for government to signal its commitment to encouraging a green economy growth path, and through this, inspire South Africans about the importance of the concept of the green economy. The department was also responsible for specific greening and legacy projects that reduced or offset the impacts of COP17 and/or left a lasting climate change response legacy. The department implemented projects and events that raised the general public's awareness around climate change; inspired South Africans to start making climate friendly choices; provided a platform for all South Africans to have their voices heard in the development, compilation, approval and implementation of the South African COP17 negotiating position; and showcased South Africa as a responsible global citizen.

Protecting the country's biodiversity and ecosystems

The increasing acknowledgement of the role that biodiversity and ecosystem services play in socioeconomic development, and the fact that South Africa is the third most biologically diverse country in the world, is at the centre of government efforts towards meeting sustainable development imperatives. Any threat to this biodiversity and ecosystem requires coordinated and harmonised approaches at regional, national and global levels. The regulatory framework regarding biodiversity and ecosystem services was strengthened through targeted amendments that will promote the objectives of conservation, the sustainable use and equitable sharing of benefits arising from the use of biological resources, and the associated traditional knowledge.

In response to the scourge of wildlife crime, such as the recent spate of attacks on the rhino population, the department spearheaded the establishment of both the biodiversity enforcement unit and the multi-stakeholder national wildlife crime reaction unit.

Developing infrastructure in the transfrontier conservation areas

The department aims to attract investment for infrastructure development in the transfrontier conservation areas to support the regional integration strategy, and has identified 51 potential investment opportunities. To date, seven investment opportunities have yielded investments totalling US\$14 million, and which form part of its contribution to the regional integration strategy.

Employment creation

Employment generation is a key priority in the department's medium term strategic framework, and it is intensifying its involvement in the expanded public works programme in relation to generating green jobs. The transfer from the Department of Water Affairs of the *Natural Resources Management Programmes: Working for Water*, and *Working on Fire*, has significantly increased the department's capacity and responsibility to create employment. Both job generation and critical environmental outcomes will be realised through these programmes, including the management of invasive alien plants, wild fires, wetlands, land and forest degradation, river health; the potential creation of value added industries; and the conversion of invasive alien plant biomass, bush-encroachment biomass and waste materials, to energy.

Fostering a green economy

A green economy is one in which the growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. In line with this, the department has established the Green Fund. The objectives of the fund are to promote environmental protection through a programme comprising technical assistance, grant assistance, loan assistance and/or own-funding for projects that have a substantial public interest. The fund aims to stimulate market development and foster projects that have a high positive environmental impact, strengthen institutional capacity to integrate environmental issues into the economy and society, contribute to the associated knowledge management and attract resources to develop South Africa's green economy.

Selected performance indicators

Table 30.1 Environmental Affairs

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of all new national environmental impact management applications processed within stipulated timeframes (provided that no more than 400 applications are received) per year	Environmental Quality and Protection	85%	85%	87%	88%	88%	89%	89%
Number of municipalities for which strategic environmental assessments or environmental management frameworks have been conducted per year	Environmental Quality and Protection	–	1	4	1	1	1	1
Number of facilities inspected per year	Environmental Quality and Protection	35	51	51	70	85	95	85
Percentage of administrative enforcement notices resulting in compliance per year	Environmental Quality and Protection	–	–	–	75%	80%	80%	85%
Percentage of environmental management inspectors (excluding grade 5) undergoing specialised training courses per year	Environmental Quality and Protection	22% (53 out of 236)	21% (57 out of 269)	15% (43 out of 291)	19% (60 out of 311)	21% (70 out of 331)	26% (90 out of 351)	32% (120 out of 371)
Total number of ambient air quality monitoring stations providing information to the South African air quality information system ¹	Environmental Quality and Protection	18	18	41	41	43	43	43

Table 30.1 Environmental Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
The national air quality indicator	Environmental Quality and Protection	–	–	–	1.150	1.145	1.140	1.135
Number of research projects completed on marine top predator species per year	Oceans and Coasts	–	–	2	6	2	2	2
Total number of annual relief voyages for South African research teams in Antarctica and at Marion and Gough islands per year	Oceans and Coasts	3	3	3	3	3	3	3
The number of climate change response alignment audits carried out on specific sector policies, strategies, plans and legislation per year	Climate Change	–	–	–	–	1	2	4
The extent to which South African greenhouse emissions conform to the national greenhouse gas emissions trajectory range	Climate Change	Less than 519 Mt CO ₂ -eq/annum	Less than 530 Mt CO ₂ -eq/annum	Less than 547 Mt CO ₂ -eq/annum	Less than 550 Mt CO ₂ -eq/annum	Less than 553 Mt CO ₂ -eq/annum	Less than 556 Mt CO ₂ -eq/annum	Less than 559 Mt CO ₂ -eq/annum
Percentage of bio prospecting permit applications and agreements assessed per year	Biodiversity and Conservation	–	100%	80%	100%	100%	100%	100%
Percentage of Convention on International Trade in Endangered Species permit applications assessed per year	Biodiversity and Conservation	–	80%	80%	85%	85%	90%	90%
Percentage of threatened or protected species permit applications assessed per year	Biodiversity and Conservation	–	80%	80%	85%	85%	90%	90%
Percentage of land under conservation per year	Biodiversity and Conservation	5.9%	6.1%	6.4%	6.9%	7.4%	7.9%	8.4%
Hectares of land rehabilitated per year	Biodiversity and Conservation	1 000	1 200	2 653	4 190	4 400	4 500	7 700
Number of new work opportunities created through expanded public works programme projects ² per year	Environmental Sector Programmes and Projects	39 553	53 115	45 856	54 499	62 856	66 572	72 536
Number of full time equivalent jobs created through expanded public works programme projects per year	Environmental Sector Programmes and Projects	16 417	22 347	21 899	26 914	31 234	33 059	35 997
Number of new person training days created through expanded public works programme projects per year	Environmental Sector Programmes and Projects	271 751	170 436	178 569	197 792	205 934	209 892	214 693

1. The increase in the target between 2009/10 and 2010/11 was due to an increased budget.

2. Less was achieved in 2010/11 as the budget was underspent.

Expenditure estimates

Table 30.2 Environmental Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	229.1	277.5	360.7	387.5	387.5	775.5	725.5	610.5
Environmental Quality and Protection	253.5	285.8	295.8	336.7	336.7	323.3	345.7	366.2
Oceans and Coasts	223.9	353.9	644.3	848.6	848.6	221.8	239.9	254.4
Climate Change	–	–	11.8	129.2	129.2	31.2	33.0	35.0
Biodiversity and Conservation	398.5	386.9	422.0	472.4	472.4	486.4	511.4	541.6
Environmental Sector Programmes and Projects	1 335.0	1 445.1	1 544.9	2 027.2	2 027.2	2 674.0	3 319.8	3 315.4
Total	2 440.0	2 749.3	3 279.5	4 201.6	4 201.6	4 512.2	5 175.2	5 123.1
Change to 2011 Budget estimate				1 355.6	1 355.6	2 112.8	2 532.2	(0.0)

Table 30.2 Environmental Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	1 264.0	1 267.6	1 699.9	1 544.2	1 544.2	1 920.8	2 035.0	2 340.7
Compensation of employees	257.4	333.7	400.1	490.9	490.9	605.7	640.3	680.1
Goods and services	1 006.6	933.8	1 299.5	1 053.2	1 053.2	1 315.1	1 394.7	1 660.5
of which:								
Consultants and professional services:	–	238.9	425.2	6.3	6.3	164.7	170.3	230.8
Infrastructure and planning								
Contractors	52.4	14.9	18.9	151.7	151.7	254.3	277.8	293.8
Agency and support / outsourced services	122.5	183.6	254.0	119.8	119.8	156.8	153.7	287.0
Travel and subsistence	116.0	79.0	98.3	133.9	133.9	179.3	187.0	197.4
Interest and rent on land	–	0.1	0.4	–	–	–	–	–
Transfers and subsidies	1 169.5	1 297.4	1 165.4	2 010.7	2 010.7	2 308.3	2 940.4	2 720.3
Provinces and municipalities	0.6	0.1	0.1	–	–	–	–	–
Departmental agencies and accounts	795.6	763.8	644.3	654.1	654.1	666.7	886.5	979.8
Higher education institutions	–	1.3	1.0	1.0	1.0	–	–	–
Foreign governments and international organisations	9.0	9.0	19.1	12.9	12.9	12.9	12.9	12.9
Public corporations and private enterprises	–	–	4.1	–	–	300.0	500.0	–
Non-profit institutions	26.5	31.8	35.0	40.1	40.1	6.7	5.4	5.6
Households	337.7	491.3	461.8	1 302.6	1 302.6	1 322.0	1 535.6	1 722.0
Payments for capital assets	6.6	184.3	413.8	646.8	646.8	283.0	199.9	62.1
Buildings and other fixed structures	0.1	171.3	390.6	635.6	635.6	220.0	146.0	–
Machinery and equipment	5.9	12.5	22.8	10.8	10.8	63.0	53.9	62.1
Software and other intangible assets	0.6	0.4	0.4	0.4	0.4	–	–	–
Payments for financial assets	–	0.1	0.4	–	–	–	–	–
Total	2 440.0	2 749.3	3 279.5	4 201.6	4 201.6	4 512.2	5 175.2	5 123.1

Expenditure trends

The spending focus over the medium term will be on improving service delivery and job creation in the environmental sector. The bulk of the budget will be spent on the expanded public works projects within the *Environmental Sector Programmes and Projects* programme, which targets creating jobs while undertaking environmentally friendly projects. The focus of this programme will be on the number of full time equivalent jobs created per financial year.

Between 2008/09 and 2011/12, expenditure increased from R2.4 billion to R4.2 billion, at an average annual rate of 19.9 per cent. This was mainly due to the increased expenditure to replace the polar research vessel in the *Oceans and Coasts* programme and to implement job creation programmes in the *Environmental Sector Programme and Projects* programme. The budget for the programme increased from R1.3 billion in 2008/09 to R2 billion in 2011/12, at an average annual rate of 14.9 per cent.

The department increased the number of full time equivalent jobs created through expanded public works programme projects from 16 318 in 2008/09 to 26 881 in 2011/12, and expects to increase this number to 36 499 in 2014/15.

Over the medium term, expenditure is expected to increase to R5.1 billion, at an average annual rate of 6.8 per cent, mainly due to increased allocations to the *Environmental Sector Programmes and Projects* programme for efforts related to the implementation of the expanded public works programme

The department receives additional allocations of R468 million in 2012/13, R616 million in 2013/14, and R823 million in 2014/15, of which R350 million is allocated for infrastructure development in the national parks and R1.1 billion for expanded public works programme projects. Other allocations provide for an adjustment to the baseline of the South African National Biodiversity Institute and compensation of employees of the department and its public entities.

The department uses consultants for the following specialised tasks: external and internal audit; environmental impact assessments; manning and operating the SA Agulhas; training, reviews and studies on environmental and climate change; and biodiversity, marine and environmental sector projects. The department spent R318 million on these tasks in 2011/12.

Infrastructure spending

The department received funding for the acquisition of the polar research vessel to replace the ageing SA Agulhas. The replacement vessel will provide logistical support to the three research bases in Antarctica, Marion Island and Gough Island from 2012/13. R1.2 billion has been allocated for this purpose. The first payment of R131.4 million was made in 2009/10, R467.3 million was paid in 2010/11 and the final payment of R632.2 million was made in 2011/12.

Additional infrastructure spending over the medium term includes R636.4 million for South African National Parks and R202.3 million for iSimangaliso Wetland Park Authority, to upgrade tourist and other facilities in the parks, and R47.3 million to upgrade facilities in the various national botanical gardens around the country. R220 million in 2012/13 and R146 million in 2013/14 has been allocated to the department as a capital contribution towards the department's public private partnership project, which involves building the department's new head office. The funds will result in a reduced annual unitary payment for the building.

Personnel information

Table 30.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 412	1 259	153	1 028	1 100	1 121	1 246	1 487	1 524	1 590
Salary level 1 – 6	312	225	97	217	231	240	271	334	338	345
Salary level 7 – 10	753	712	30	596	630	637	672	787	804	833
Salary level 11 – 12	234	218	15	142	159	162	203	236	246	264
Salary level 13 – 16	113	104	11	73	80	82	100	130	136	148
Administration	350	284	66	221	225	225	322	365	373	398
Salary level 1 – 6	120	68	62	89	89	89	107	120	122	126
Salary level 7 – 10	153	143	–	94	97	97	141	161	163	173
Salary level 11 – 12	47	45	2	21	22	22	46	48	50	58
Salary level 13 – 16	30	28	2	17	17	17	28	36	38	41
Environmental Quality and Protection	232	229	3	194	192	192	227	241	247	250
Salary level 1 – 6	21	20	1	16	15	15	18	19	16	16
Salary level 7 – 10	140	140	–	119	119	119	140	148	153	153
Salary level 11 – 12	47	45	1	38	38	38	47	47	51	51
Salary level 13 – 16	24	24	1	21	20	20	22	27	27	30
Oceans and Coasts	169	125	44	161	161	161	139	187	196	208
Salary level 1 – 6	35	18	17	22	22	22	32	43	43	45
Salary level 7 – 10	77	60	16	99	99	99	63	85	89	94
Salary level 11 – 12	42	34	9	25	25	25	31	41	43	46
Salary level 13 – 16	15	13	2	15	15	15	13	18	21	23
Climate Change	19	12	7	–	–	–	15	25	27	35
Salary level 1 – 6	1	1	–	–	–	–	1	1	1	2
Salary level 7 – 10	7	5	2	–	–	–	6	9	10	13
Salary level 11 – 12	4	2	1	–	–	–	3	6	7	9
Salary level 13 – 16	7	4	4	–	–	–	5	9	9	11
Biodiversity and Conservation	92	87	5	72	77	77	72	97	99	104
Salary level 1 – 6	12	11	1	9	10	10	10	12	12	12
Salary level 7 – 10	46	44	2	42	43	43	37	49	50	53
Salary level 11 – 12	20	20	–	12	14	14	14	20	21	22
Salary level 13 – 16	14	12	2	9	10	10	11	16	16	17
Environmental Sector Programmes and Projects	550	522	28	380	445	466	471	572	582	595
Salary level 1 – 6	123	107	16	81	95	104	103	139	144	144
Salary level 7 – 10	330	320	10	242	272	279	285	335	339	347
Salary level 11 – 12	74	72	2	46	60	63	62	74	74	78
Salary level 13 – 16	23	23	–	11	18	20	21	24	25	26

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

2. As at 30 September 2011.

The department had an approved establishment of 1 412 posts. The number of filled posts grew from 1 028 in 2008/09 to 1 246 in 2011/12, to ensure adequate capacity in the management of the department as well as adequate management and oversight for the implementation of expanded public works programme projects. The number of filled posts is expected to increase to 1 590 in 2014/15, due to the expansion of the department following a review of the organisational structure. Spending on compensation of employees is expected to grow from R490.9 million in 2011/12 to R680.1 million in 2014/15, at an average annual rate of 11.5 per cent. There are 166 vacancies in the department, most of them in the *Environmental Sector Programmes and Projects* programme. This is due to a review of the structure for the *Natural Resources Management* subprogramme after the function was transferred from the Department of Water Affairs in 2011/12. The ratio of support staff to line staff is 1:3.

Departmental receipts

Table 30.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	8 488	2 051	8 511	5 673	16 673	5 745	6 061	6 430
Sales of goods and services produced by department	605	394	189	470	470	1 380	1 400	1 440
Other sales	605	394	189	470	470	1 380	1 400	1 440
of which:								
Replacement of security cards	30	34	36	38	38	690	700	720
Sales of departmental publications	575	360	153	432	432	690	700	720
Sales of scrap, waste, arms and other used current goods	-	8	1	3	3	-	-	-
of which:								
Waste paper	-	8	1	3	3	-	-	-
Transfers received	616	-	-	-	-	-	-	-
Fines, penalties and forfeits	128	70	90	-	-	-	-	-
Interest, dividends and rent on land	110	90	93	200	200	135	138	140
Interest	110	90	93	200	200	135	138	140
Sales of capital assets	32	-	87	-	-	-	-	-
Transactions in financial assets and liabilities	6 997	1 489	8 051	5 000	16 000	4 230	4 523	4 850
Total	8 488	2 051	8 511	5 673	16 673	5 745	6 061	6 430

Receipts increased from R8.5 million in 2008/09 to R16.7 million in 2011/12, at an average annual rate of 25.2 per cent. 91.1 per cent of the receipts over this period related to transactions in financial assets and liabilities on environmental sector projects. These are funds that were transferred for expanded public works programme projects and returned to the department due to under spending. Over the medium term, receipts are expected to decrease to R6.4 million, at an average annual rate of 27.2 per cent. The department also receives revenue from sales of goods and services, and interest. Revenue from these items is expected to increase from R673 000 in 2011/12 to R1.6 million in 2014/15, at an average annual rate of 32.9 per cent.

Programme 1: Administration

Expenditure estimates

Table 30.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management	20.8	25.5	27.1	48.7	96.8	103.9	109.4
Corporate Affairs	83.3	91.7	134.5	136.1	164.5	162.6	172.4
International Relations	42.6	44.1	47.7	54.7	58.8	61.2	64.9
Coordination and Information Management	22.1	22.4	40.8	46.0	50.0	51.9	55.0
Financial Management	18.1	18.3	22.3	32.0	48.9	51.8	54.9
Office Accommodation	42.3	75.6	88.4	70.1	356.6	294.1	153.9
Total	229.1	277.5	360.7	387.5	775.5	725.5	610.5
Change to 2011 Budget estimate				-	294.1	212.8	67.8

Table 30.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	212.6	261.3	332.1	367.3	515.1	558.9	589.5
Compensation of employees	71.7	81.5	111.9	149.6	187.0	197.3	209.3
Goods and services	140.9	179.8	220.2	217.7	328.1	361.6	380.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Infrastructure and planning</i>	–	10.5	11.1	6.3	15.0	15.9	13.7
<i>Contractors</i>	5.5	3.1	10.2	4.7	21.3	21.8	22.4
<i>Agency and support / outsourced services</i>	0.1	0.4	0.5	4.8	0.5	0.5	0.6
<i>Travel and subsistence</i>	23.1	21.9	24.5	45.9	45.4	50.9	54.9
Transfers and subsidies	15.0	11.8	24.5	16.9	16.9	16.9	17.1
Departmental agencies and accounts	1.5	1.5	0.1	–	–	–	–
Higher education institutions	–	1.3	–	–	–	–	–
Foreign governments and international organisations	9.0	9.0	19.1	12.9	12.9	12.9	12.9
Non-profit institutions	4.5	–	4.0	4.0	4.0	4.0	4.2
Households	–	0.0	1.4	–	–	–	–
Payments for capital assets	1.6	4.3	4.0	3.3	243.5	149.7	3.9
Buildings and other fixed structures	–	–	–	–	220.0	146.0	–
Machinery and equipment	1.3	4.2	3.8	3.3	23.5	3.7	3.9
Software and other intangible assets	0.2	0.2	0.2	–	–	–	–
Payments for financial assets	–	0.1	0.1	–	–	–	–
Total	229.1	277.5	360.7	387.5	775.5	725.5	610.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.5	1.5	0.1	–	–	–	–
Council for Scientific and Industrial Research	1.5	1.5	0.1	–	–	–	–
Foreign governments and international organisations							
Current	9.0	9.0	19.1	12.9	12.9	12.9	12.9
Global Environmental Fund	9.0	9.0	19.1	12.9	12.9	12.9	12.9
Non-profit institutions							
Current	4.5	–	4.0	4.0	4.0	4.0	4.2
World Environmental Wildlife Association	–	–	4.0	–	–	–	–
Wildlife Environmental Society of South Africa	4.5	–	–	4.0	4.0	4.0	4.2
Households							
Social benefits							
Current	–	–	1.2	–	–	–	–
Households: Severance package	–	–	1.2	–	–	–	–
Higher education institutions							
Current	–	1.3	–	–	–	–	–
University of Cape Town	–	1.3	–	–	–	–	–

Expenditure trends

Expenditure increased from R229.1 million in 2008/09 to R387.5 million in 2011/12, at an average annual rate of 19.1 per cent. The increase was to ensure adequate capacity in the management of the department, create conditions of effective corporate and cooperative governance and international cooperation, and provide for growth in spending on office accommodation due to the increase in the size of the department. Over the medium term, expenditure is expected to increase to R610.5 million, at an average annual rate of 16.4 per cent. The main reason is the provision for the unitary payment for the new departmental building due in 2013/14.

Most of the programme's budget is spent on current payments, especially on goods and services, and compensation of employees costs. In 2011/12, goods and services expenditure made up 56.2 per cent of the budget, while compensation of employees was 38.6 per cent of the budget. Expenditure on the *Office Accommodation* subprogramme is projected to increase from R70.1 million in 2011/12 to R153.9 million, at an average annual rate of 30 per cent, due to the construction of the new head office building for the department which the department expects to take occupation of by 2014/15. The building is being built through a public private partnership agreement. Government will contribute 50 per cent (R356 million) of the debt in 2012/13 and 2013/14.

Expenditure on consultants decreased from R42.8 million in 2008/09 to R11 million in 2011/12, at an average annual rate of 36.5 per cent, and is expected to increase to R30 million over the medium term, at an average annual rate of 40 per cent, due to the public private partnership project that is under way for the new head office. Consultants in this programme were used for business, advisory, infrastructure and planning, and legal services.

Programme 2: Environmental Quality and Protection

Objectives and measures

- Improve the level of compliance with environmental legislation by increasing:
 - the inspection of the number of facilities in environmentally sensitive areas from 70 in 2011/12 to 85 in 2014/15
 - the percentage of reactive administrative enforcement actions resulting in compliance from 75 per cent in 2011/12 to 85 per cent in 2014/15
 - the percentage of environmental management inspectors, excluding grade 5, receiving specialised training courses from 19 per cent in 2011/12 (43 of 291) to 32 per cent in 2014/15 (120 of 371).
- Improve compliance with legislative timeframes in terms of the National Environmental Management Waste Act (2008) and the environmental impact assessment regulations by increasing the licensing capacity by 90 per cent in 2012/13 and streamlining the authorisation process.
- Improve the living conditions of communities by increasing the number of households with basic waste collection from 64 per cent of households in 2009/10 to 75 per cent in 2013/14, thus ensuring that waste is better managed.
- Improve the efficiency of the environmental impact assessment systems from 88 per cent of new applications processed within prescribed timeframes in 2010/11 to 89 per cent in 2014/15, by decreasing the turnaround time for processing new applications.
- Improve air and atmospheric quality by:
 - reducing the national air quality indicator from 1.150 in 2011/12 to 1.135 in 2014/15, ensuring that interventions are being taken to improve the quality of air throughout the country, in order to bring all areas into full compliance with the national ambient air quality standards set under the National Environment Management Air Quality Act (2004) by 2020
 - ensuring the continued efficient and effective implementation of atmospheric emissions licensing and other regulatory tools provided in the National Environment Management: Air Quality Act (2004) over the MTEF period
 - increasing the number of ambient air quality monitoring stations that provide information to the South African air quality information system from 18 in 2011/12 to 43 in 2014/15.

Subprogrammes

- *Environmental Quality and Protection Management* provides for the administration and functioning of the overall programme activities. This subprogramme had a staff complement of 4 and a total budget of R5.4 million in 2011/12, of which 57.7 per cent was used for compensation of employees. No reductions or savings in 2012/13 have been identified in this subprogramme.
- *Regulatory Services* ensures that compliance with all environmental legislation is effectively monitored, and that enforcement measures are taken in cases of non-compliance. This entails training environmental management inspectors. The subprogramme had a staff complement of 50 and a total budget of R32.6 million in 2011/12, of which 70.7 per cent was used for compensation of employees and other personnel related costs. No reductions or savings in 2012/13 have been identified in this subprogramme.
- *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. The programme achieves this by the effective national coordination of the environmental impact assessment function, while continuing to develop tools and systems to reduce costs and time in the provision of environmental authorisations associated with development. The department also provides legal clarity with respect to the implementation of the environmental impact assessment process. This subprogramme had a staff complement of 85 and a total budget of R44.7 million in 2011/12, of which 63.5 per cent was used for compensation of employees. No reductions or savings in 2012/13 have been identified in this subprogramme.
- *Pollution and Waste Management* reduces the impact of waste on safety, health and the environment, and encourages cleaner industrial production, waste minimisation and recycling. This is done through continuing improvements to the legislative framework and systems for waste management, and the training of provincial and local government officials, among other things. Over the medium term, the objective is to increase the percentages of paper and packaging waste recycled by 46 per cent, lighting by 15 per cent and tyres by 70 per cent. This subprogramme makes a transfer payment of R10 million to the National Regulator for Compulsory Specifications for the enforcement of the plastic bag regulations. This subprogramme had a staff complement of 55 and a total budget of R44.4 million in 2011/12, of which 51.5 per cent was used for compensation of employees. No reductions or savings in 2012/13 have been identified in the subprogramme.
- *Air Quality Management* ensures that the possible negative impacts of air pollution on air and atmospheric quality are avoided, mitigated or managed, with a view to ensuring ambient air quality that is not harmful to health and wellbeing. This is accomplished by providing national leadership, oversight and monitoring, and setting norms and standards. This subprogramme transfers R1.4 million to the National Association of Clean Air for the annual air quality lekgotla and for building capacity in local government on air quality issues. The subprogramme had a staff complement of 39 and a total budget of R40.9 million in 2011/12, of which 44.8 per cent was used for compensation of employees and other personnel related costs. No reductions or savings in 2012/13 have been identified in this subprogramme.
- *Buyisa-e-Bag* operations were wound up in 2010/11, and its functions and personnel absorbed into the department. There is no allocation to this over the MTEF period and the subprogramme will be closed down.
- *South African Weather Service* makes transfer payments to the South African Weather Service for the management of meteorological services. Transfer payments are made quarterly in advance after approval of the budget and based on performance against targets.

Expenditure estimates

Table 30.6 Environmental Quality and Protection

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Environmental Quality and Protection Management	6.2	8.5	3.5	5.4	5.6	6.0	6.4
Regulatory Services	14.1	16.1	24.0	32.6	35.9	38.1	40.5
Environmental Impact Management	31.3	37.1	41.2	44.7	46.9	49.8	52.9
Pollution and Waste Management	22.6	27.9	29.2	44.4	50.6	53.5	56.7
Air Quality Management	34.4	31.5	25.8	40.9	33.6	35.2	37.3
Buyisa-e-Bag	20.0	29.4	23.5	30.5	–	–	–
South African Weather Service	124.9	135.4	148.6	138.2	150.6	162.9	172.5
Total	253.5	285.8	295.8	336.7	323.3	345.7	366.2
Change to 2011 Budget estimate				–	(5.9)	(6.2)	(6.5)

Economic classification

Current payments	105.9	118.1	119.5	159.7	159.3	168.7	179.0
Compensation of employees	49.8	61.5	77.2	95.7	101.0	107.2	113.8
Goods and services	56.1	56.6	42.3	64.0	58.2	61.4	65.2
<i>of which:</i>							
Contractors	1.7	0.2	0.3	4.8	1.0	1.0	1.1
Agency and support / outsourced services	–	–	0.3	–	0.0	0.0	0.0
Travel and subsistence	11.9	11.9	12.8	15.8	23.9	24.6	25.8
Transfers and subsidies	146.4	165.8	174.5	171.1	162.0	174.8	184.9
Departmental agencies and accounts	124.9	135.4	148.6	138.2	160.6	173.4	183.5
Higher education institutions	–	–	1.0	1.0	–	–	–
Non-profit institutions	21.3	30.5	24.9	31.9	1.4	1.4	1.4
Households	0.2	–	–	–	–	–	–
Payments for capital assets	1.3	1.9	1.7	5.9	2.0	2.2	2.3
Machinery and equipment	0.9	1.8	1.6	5.5	2.0	2.2	2.3
Software and other intangible assets	0.4	0.0	0.1	0.4	–	–	–
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	253.5	285.8	295.8	336.7	323.3	345.7	366.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	124.9	135.4	148.6	138.2	160.6	173.4	183.5
South African Weather Service	124.9	135.4	148.6	138.2	150.6	162.9	172.5
National Regulator for Compulsory Specifications	–	–	–	–	10.0	10.5	11.0
Non-profit institutions							
Current	21.3	30.5	24.9	31.9	1.4	1.4	1.4
National Association for Clean Air	0.6	0.6	1.4	1.4	1.4	1.4	1.4
Buyisa-e-Bag	20.0	29.4	23.5	30.5	–	–	–
South African Climate Action Network	0.2	–	–	–	–	–	–
National offroad workshop	0.5	0.5	–	–	–	–	–
Higher education institutions							
Current	–	–	1.0	1.0	–	–	–
University of North West	–	–	1.0	1.0	–	–	–

Expenditure trends

Expenditure increased from R253.5 million in 2008/09 to R336.7 million in 2011/12, at an average annual rate of 9.9 per cent, due to an increase in compensation of employees as the programme expanded to better achieve its objectives. Over the medium term, expenditure is expected to increase to R366.2 million, at an average annual rate of 2.8 per cent, due to adjustments for inflation.

In 2010/11, following a departmental review, the operations of Buyisa-e-Bag were wound up and its functions and personnel absorbed into the department under the *Environmental Sector Programmes and Projects* programme. The department finalised the national waste management strategy in 2011/12, which will further guide the implementation of the Waste Act (2008) over the MTEF period. The strategy identifies actions that need to be taken by both government and industry in managing waste in the country. Funds for managing the four waste streams in accordance with the Waste Act (2008), and for recycling strategies, which in turn are creating work opportunities, were allocated within the *Pollution and Waste Management* subprogramme. The department prioritised the gathering of baseline information relating to waste, which will help in informing policies, strategies and measuring success during the implementation stages. Training of municipal waste disposal site managers took place to ensure that the management of sites improves. Expenditure in the *Pollution and Waste Management* programme increased from R22.6 million in 2008/09 to R44.4 million in 2011/12, at an average rate of 25.3 per cent, as a result of these activities.

Expenditure on consultants decreased from R29 million in 2008/09 to R27.3 million in 2011/12, at an average annual rate of 2 per cent, and is expected to decrease further to R23.2 million over the medium term, at an average annual rate of 5.3 per cent, due to an anticipated drop in demand for the department to assess and undertake environmental impact assessments.

Programme 3: Oceans and Coasts

Objectives and measures

- Strengthen national science programmes for integrated ocean and coastal management by developing a national oceans and coasts research plan, concentrating on biodiversity, ecosystem functioning, ecosystem health, and operational and observational oceanography by 2014/15.
- Facilitate stakeholders' stewardship of the ocean and coastal environment by establishing information platforms and products by 2014/15.
- Ensure the effective management of the ocean and coastal environment by developing:
 - a national coastal management programme to enable management of the entire coastline including planning and conservation of the coast by 2014/15
 - an oceans policy that will provide the strategy for environmental management of the oceans, based on a spatial planning system to manage accumulated and aggregated impacts on the ocean environment and the risk to human settlements and built infrastructure by 2014/15.

Subprogrammes

- *Oceans and Coasts Management* provides for the administration and functioning of the overall programme activities. This subprogramme had a staff complement of 37 and a total budget of R20.4 million in 2011/12, of which 57.3 per cent was used for compensation of employees, while 44 per cent was used for leadership development, strategic planning, and other core management and support functions. No reductions or savings have been identified in 2012/13 in this subprogramme.
- *Integrated Coastal Management* provides for the coordinated and integrated management of the coastal zone. This subprogramme had a staff complement of 41 and a total budget of R45.9 million in 2011/12, of which 67.8 per cent was used for implementing projects and providing services. Activities include the protection of coastal ecosystems and species, and the development of measures to control and mitigate the effects of the pollution of coastal waters from land based sources. A draft national coastal management programme will be developed by the end of 2012/13. No reductions or savings have been identified in 2012/13 in this subprogramme.
- *Oceans and Coastal Research* monitors and undertakes scientific investigations on marine and coastal ecosystems. This subprogramme had a staff complement of 65 and a total budget of R47.1 million in 2011/12, of which 46.4 per cent was used for compensation of employees. Focus is placed on ocean dynamics to develop South Africa's predictive and long term research capabilities in the measurement of ecosystems' health, functioning and biodiversity. Outcomes of the research will contribute to the state of the environment outlook chapters dealing with climate change, oceans and coasts, and biodiversity and

ecosystems health, by 2012/13. No reductions or savings have been identified in 2012/13 in this subprogramme.

- *Oceans Conservation* provides for the management and conservation of the oceans, sub-Antarctic and Antarctic Ocean environments. This subprogramme had a staff complement of 23 and a total budget of R735.2 million in 2011/12, of which R632.2 million was used for the replacement of the SA Agulhas. A regulatory framework for the conservation of oceans is being established to provide an environmental strategy for oceans. A newly created directorate will have been engaged in the process of drafting an oceans policy by 2011/12, with a budget of about R2 million. Supply and relief voyages have been undertaken to Antarctica and the South African territories of Marion and Prince Edward islands, and to Gough Island in the United Kingdom for the South African Weather Service presence on the island. No reductions or savings have been identified in 2012/13 in this subprogramme.

Expenditure estimates

Table 30.7 Oceans and Coasts

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Oceans and Coasts Management	7.2	11.9	15.4	20.4	22.3	24.0	25.4
Integrated Coastal Management	26.4	31.2	47.3	45.9	46.2	51.3	54.4
Oceans and Coastal Research	102.8	69.2	49.5	47.1	50.1	54.6	57.9
Oceans Conservation	87.6	241.6	532.1	735.2	103.2	110.0	116.6
Total	223.9	353.9	644.3	848.6	221.8	239.9	254.4
Economic classification							
Current payments	222.3	222.1	254.0	212.4	217.4	227.4	241.2
Compensation of employees	41.0	58.9	66.1	67.7	71.5	75.7	80.4
Goods and services	181.3	163.2	187.9	144.7	145.9	151.7	160.8
<i>of which:</i>							
Contractors	2.1	3.8	–	1.5	1.3	1.4	1.6
Agency and support / outsourced services	–	–	41.4	80.7	3.3	3.5	3.8
Travel and subsistence	11.0	6.0	2.8	5.8	34.2	31.2	31.6
Transfers and subsidies	0.2	0.0	–	–	–	–	–
Provinces and municipalities	0.2	–	–	–	–	–	–
Payments for capital assets	1.4	131.8	390.2	636.2	4.4	12.5	13.2
Buildings and other fixed structures	–	131.4	390.2	635.6	–	–	–
Machinery and equipment	1.4	0.2	–	0.5	4.4	12.5	13.2
Software and other intangible assets	–	0.2	–	–	–	–	–
Total	223.9	353.9	644.3	848.6	221.8	239.9	254.4

Expenditure trends

Expenditure increased substantially from R223.9 million in 2008/09 to R848.6 million in 2011/12, at an average annual rate of 55.9 per cent, due to the allocation of additional funds for the replacement of the polar research vessel in the *Oceans Conservation* subprogramme. Payments for capital assets increased substantially from R1.4 million in 2008/09 to R636.2 million in 2011/12, at an average annual rate of 671.9 per cent, due to the acquisition of the new vessel. The new vessel will assist the research team based in Antarctica by transporting the researchers, equipment and supplies. Over the medium term, expenditure is expected to decrease to R254.4 million, at an average annual rate of 33.1 per cent, due to the purchase of the polar research vessel being completed in 2011/12.

Expenditure on consultants decreased from R112.6 million in 2008/09 to R3.1 million in 2011/12, at an average annual rate of 69.9 per cent, as the building of the polar vessel neared completion, but is expected to increase to R62.4 million over the medium term, at an average annual rate of 172.6 per cent, due to the maintenance and operation of the vessel, as well as research work. Consultants in this programme are used for business, advisory, laboratory, operational and research services.

Programme 4: Climate Change

Objectives and measures

- Ensure informed decision making in response to climate change on an ongoing basis by:
 - overseeing the implementation of the monitoring of climate change: section 12.1 of the national climate change response policy relating to climate change impacts and adaptation; and managing the implementation of the mitigation components: section 12.3.2 relating to climate change mitigation policy and greenhouse gas emission; by gathering, analysing and distributing data and converting climate change impact, adaptation and mitigation data into useful and useable information
 - overseeing the production of communication resources, and disseminating and facilitating access to this information.
- Lead and support national mitigation efforts by coordinating and implementing the climate change mitigation approach directed in section 6 of the National Climate Change White Paper (2011), including setting the greenhouse gas emission performance benchmark, and raising sector specific awareness and response capacity, thus identifying desired sectoral mitigation contributions, and defining carbon budgets for significant greenhouse gas emitting sectors and sub-sectors.
- Support national adaptation efforts by:
 - providing the strategic leadership required to identify significant short, medium and long term climate change related risks, and the priority interventions required to effectively manage inevitable climate change impacts, and build and sustain South Africa's social, economic and environmental resilience and emergency response capacity
 - raising general and sector specific awareness and response capacity around prioritised adaptation interventions, by launching awareness campaigns across the country and advertising in the media
 - assisting affected sector departments to mainstream key short and medium term adaptation interventions into their sector plans on an ongoing basis.
- Lead and support international climate change relations and negotiations by:
 - conducting the necessary research, analysis and stakeholder engagements required to gain well informed mandates for all of South Africa's multilateral, minilateral and bilateral climate change agreement negotiating positions
 - conducting capacity building, oversight, management and support of negotiating teams to ensure the maximum possible South African advantage in multilateral, minilateral and bilateral climate change agreement negotiations
 - coordinating South Africa's implementation of, and alignment with, its international commitments and with international trends and developments on climate-change, on an ongoing basis.

Subprogrammes

- *Climate Change Management* provides for the management and administration of the overall programme activities. This subprogramme had a staff complement of 5 and a total budget of R118.1 million in 2011/12, of which R105.4 million was allocated for the activities related to COP17. The subprogramme is also the focal point for the international climate change interactions unit, including multilateral and bilateral engagements. The unit has a staff complement of 7 and a total budget of R9.2 million in 2012/13, and is mainly used to carry out the necessary research, and analysis and stakeholder engagements required to gain well informed mandates for all of South Africa's multilateral, minilateral, and bilateral climate change agreement negotiating positions. There are no reductions or savings identified in 2012/13 in this subprogramme.
- *Climate Change Mitigation* coordinates and informs the development and implementation of policies, and plans programmes designed to achieve the mitigation of greenhouse gas emissions, and the peak, plateau and decline trajectory for South Africa's emissions. The subprogramme has 7 mitigation sector strategies in research and development over the medium term. It had a staff complement of 4 and a total budget of R7.6 million in 2011/12, of which 56.4 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified.

- *Climate Change Adaptation* coordinates and informs the development of policies, sector plans and programmes to facilitate and enable national adaptation to the impacts of climate change. The subprogramme has 3 adaptation advisory and consultation forums and advocacy groups and 2 sector adaptation policies in development over the medium term. It had a staff complement of 3 and a total budget of R3.5 million in 2011/12, of which 50.5 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 30.8 Climate Change

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Climate Change Management	–	–	5.6	118.1	18.1	19.1	20.1
Climate Change Mitigation	–	–	3.3	7.6	8.5	9.2	9.8
Climate Change Adaptation	–	–	2.9	3.5	4.5	4.8	5.1
Total	–	–	11.8	129.2	31.2	33.0	35.0
Change to 2011 Budget estimate				–	4.9	5.0	5.2
Economic classification							
Current payments	–	–	11.8	129.2	31.2	33.0	35.0
Compensation of employees	–	–	2.9	13.0	17.0	18.1	19.3
Goods and services	–	–	8.9	116.2	14.2	14.9	15.6
<i>of which:</i>							
Contractors	–	–	–	0.5	–	–	–
Agency and support / outsourced services	–	–	–	30.5	1.5	1.4	1.2
Travel and subsistence	–	–	6.7	5.1	5.9	6.4	6.8
Total	–	–	11.8	129.2	31.2	33.0	35.0

Expenditure trends

This programme was created in 2010/11 with an expenditure budget of R11.8 million, which increased by 998.7 per cent to R129.2 million in 2011/12, due to the funding of the activities of COP17, which took place in Durban between 28 November and 9 December 2011. The department spent R105.5 million on activities related to COP17, which included hosting the climate change response expo, as well as implementing a countrywide awareness campaign on the impact of climate change. Expenditure is now expected to decrease to R35 million over the medium term, at an average annual rate of 35.3 per cent over the medium term. A number of specific greening projects have been launched that are directly related to COP17.

Expenditure on consultants is expected to be R1.6 million in 2012/13, increasing to R1.7 million in 2013/14 and to R1.9 million in 2014/15. Consultants in this programme are used for business and advisory services.

Programme 5: Biodiversity and Conservation

Objectives and measures

- Promote the management, conservation and sustainable use of natural resources by:
 - implementing the National Environmental Management Biodiversity Act (2004), the National Environmental Management Protected Areas Act (2003) and the World Heritage Convention Act (1999)
 - developing and implementing three regulatory tools relating to the conservation of biodiversity to ensure the protection of species: the comprehensively amended threatened or protected species regulations, the norms and standards on translocation and the draft regulations for the hunting industry, by 2012/13.
- Promote compliance and ensure the enforcement of the above legislation in 3 provinces in 2012/13, through compliance monitoring systems, inspections and biodiversity enforcement actions, relating to the implementation of threatened or protected species and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) regulations,

- Unlock the potential of biodiversity capital by contributing to socioeconomic development through:
 - the sustainable use and equitable sharing of benefits from indigenous resources and by assessing usage applications
 - issuing permits for bio-prospecting, assessing 100 per cent of all bio-prospecting permit applications and agreements received in a year
 - facilitating associated benefit sharing agreements on an annual basis.

Subprogrammes

- *Biodiversity and Conservation Management* provides for the administration of the overall programme activities. This subprogramme had a staff complement of 5 and a total budget of R5.9 million in 2011/12, of which 61 per cent was used for compensation of employees.
- *Biodiversity Management* promotes conservation and the sustainable use of biological resources. Key activities include developing and monitoring the implementation of policies, legislation strategies, frameworks and regulatory tools related to conserving ecosystems, species and the landscape, and mitigating the threats to biodiversity while ensuring the equitable and sustainable use of natural resources. The focus has shifted from policy development to implementation, resulting in greater resource requirements for enforcement and compliance. The subprogramme includes financial assistance to communities in the development of benefit sharing agreements negotiated in terms of the National Environmental Management Biodiversity Act (2004) This subprogramme had a staff complement of 48 and a total budget of R32.2 million in 2011/12, of which 52.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified.
- *Transfrontier Conservation and Protected Areas* is responsible for the establishment and maintenance of effectively managed and ecologically representative national and cross border systems of protected areas that promote socioeconomic development, and aims to strengthen management effectiveness in Transfrontier Conservation Areas and World Heritage Sites. It had a staff complement of 39 and a total budget of R45.6 million in 2011/12, of which 30.3 per cent was used for compensation of employees. Funding is used to strengthen and implement regulatory and performance management tools for protected areas. Investment in infrastructure development for the transfrontier conservation parks is promoted, with at least 1 project financed by investors in 2012/13. In 2011/12, this subprogramme transferred R3 million to the African World Heritage Fund as a contribution to operations, and R1.2 million to the KwaZulu-Natal Conservation Board as a contribution to the Maloti Drakensberg Transfrontier Park. No savings or reductions in 2012/13 have been identified.
- *iSimangaliso Wetland Park Authority* transfers R25.8 million in 2011/12 to contribute towards the personnel and operational expenditure of the iSimangaliso Wetland Park Authority, which protects, conserves and promotes the park. Over the MTEF period, the allocation to iSimangaliso Wetland Park Authority is reduced by R220 000.
- *South African National Parks* transferred R157.5 million in 2011/12 as a contribution towards personnel and operational expenditure of South African National Parks, which conserves, protects, controls and manages national parks and other defined protected areas and their biological diversity. Over the MTEF period, the allocation to South African National Parks is reduced by R3.4 million.
- *South African National Biodiversity Institute* transferred R205.4 million in 2011/12 to the South African National Biodiversity Institute to contribute towards personnel and operational expenditure, which implements strategic activities as identified in the National Environmental Management: Biodiversity Act (2004), with specific focus on biodiversity research and knowledge management in support of South Africa's biodiversity. Over the MTEF period, the allocation to the South African National Biodiversity Institute is reduced by R786 000.

Expenditure estimates

Table 30.9 Biodiversity and Conservation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Biodiversity and Conservation Management	3.1	3.4	7.1	5.9	5.8	6.1	6.5
Biodiversity Management	16.5	18.4	25.9	32.2	48.7	50.1	53.1
Transfrontier Conservation and Protected Areas	25.5	21.0	29.6	45.6	48.1	51.3	54.4
iSimangaliso Wetland Park Authority	18.7	20.7	21.4	25.8	26.8	28.4	30.1
South African National Parks	205.9	184.4	190.2	157.5	167.5	175.6	183.9
South African National Biodiversity Institute	128.8	138.9	147.8	205.4	189.4	199.8	213.6
Total	398.5	386.9	422.0	472.4	486.4	511.4	541.6
Change to 2011 Budget estimate				-	-	(60.0)	-

Economic classification

Current payments	43.8	41.0	55.6	79.2	100.9	107.0	113.4
Compensation of employees	18.7	23.3	29.9	34.4	36.9	39.1	41.5
Goods and services	25.1	17.7	25.7	44.8	64.0	67.9	72.0
<i>of which:</i>							
Contractors	0.3	0.2	2.0	0.3	2.8	2.9	3.0
Agency and support / outsourced services	0.0	0.0	-	3.8	15.0	16.0	17.0
Travel and subsistence	8.5	8.4	12.7	20.7	34.1	36.3	38.6
Transfers and subsidies	354.6	345.4	365.7	392.9	385.1	403.8	427.6
Departmental agencies and accounts	353.4	344.0	359.4	388.7	383.8	403.8	427.6
Non-profit institutions	0.8	1.4	6.1	4.2	1.3	-	-
Households	0.4	0.0	0.2	-	-	-	-
Payments for capital assets	0.1	0.5	0.5	0.2	0.5	0.5	0.6
Machinery and equipment	0.1	0.5	0.5	0.2	0.5	0.5	0.6
Payments for financial assets	-	0.0	0.2	-	-	-	-
Total	398.5	386.9	422.0	472.4	486.4	511.4	541.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	284.1	268.9	325.2	369.6	356.4	375.5	397.6
iSimangaliso Wetland Park Authority	18.7	20.7	21.4	25.8	26.8	28.4	30.1
South African National Parks	136.6	109.3	156.0	138.4	140.2	147.3	153.9
South African National Biodiversity Institute	128.8	138.9	147.8	205.4	189.4	199.8	213.6
Capital	69.3	75.1	34.3	19.1	27.4	28.3	30.0
South African National Parks	69.3	75.1	34.3	19.1	27.4	28.3	30.0
Non-profit institutions							
Current	0.8	1.4	6.1	4.2	1.3	-	-
Botanical Society	0.4	-	-	-	-	-	-
African World Heritage Fund	-	-	5.0	3.0	-	-	-
Endangered Wildlife Trust	0.3	0.3	-	-	-	-	-
KwaZulu-Natal Conservation Board	-	1.1	1.1	1.2	1.3	-	-

Expenditure trends

Expenditure increased from R398.5 million in 2008/09 to R472.4 million in 2011/12, at an average annual rate of 5.8 per cent, and is expected to increase to R541.6 million over the medium term, at an average annual rate of 4.7 per cent. The increase in both periods provides for inflationary increases in compensation of employees and related expenditure such as travel and subsistence.

An additional R61 million is allocated to the South African National Biodiversity Institute to ensure that the institute is able to deliver on its expanded mandate. Transfer payments increased from R354.6 million in 2008/09 to R392.9 million in 2011/12, at an average annual rate of 3.5 per cent, and are projected to increase to R427.6 million in 2014/15, at an average annual rate of 2.9 per cent. The increase in both periods is due to entities being encouraged to generate increased commercial revenue to fund their operations.

Expenditure on consultants increased from R10.2 million in 2008/09 to R11.2 million in 2011/12, at an average annual rate of 3.2 per cent, and is expected to decrease to R5.4 million over the medium term, at an average annual rate of 21.3 per cent, due to the conclusion of the projects that require consultants. Consultants in this programme are mainly used for business, advisory and legal services.

Programme 6: Environmental Sector Programmes and Projects

Objectives and measures

- Promote the empowerment of designated communities by creating 201 964 work opportunities and 100 290 full time equivalents over the medium term by implementing expanded public works programme projects.
- Contribute to sustainable development and green and inclusive economic growth over the medium term by facilitating skills development, employment creation and the restoration of natural capital by providing more than 130 000 work opportunities, 630 519 person days of training and 6 million hectares of land, where natural resource management interventions, such as invasive plant clearing, restoration of degraded land and integrated wildfire management activities will be conducted.
- Contribute to a greener economy by providing bridging finance to encourage the development of the green economy enterprises and projects.

Subprogrammes

- *Social Responsibility, Policy and Projects* is responsible for identifying and implementing projects under the expanded public works programme by using labour intensive methods targeting the unemployed, the youth, women and people with disabilities. A key objective is to empower small, medium and micro enterprises (SMMEs) during the implementation of four focus area projects: Working on Waste creates sustainable livelihoods through the recycling of waste and waste disposal technology; sustainable land based livelihoods concentrates on the clearing of alien vegetation, the rehabilitation of wetlands, and the creation of livelihood opportunities through the sustainable use of natural heritage; people and parks concentrates on protected areas to conserve natural resources and heritage, and benefit sharing models for communities living around parks and protected areas and the creation of ancillary SMMEs and broad based black economic empowerment (BEE) industries; and working for the coast focuses on the rehabilitation of the coastal environment, and upgrading and maintaining facilities and infrastructure along the coast. The subprogramme will target the provision of up to 17 000 work opportunities in 2011/12. This subprogramme had a staff complement of 128 and a total budget of R630.5 million in 2011/12, of which 87.6 per cent was used for poverty relief projects. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Natural Resource Management* addresses the threats to the productive use of land and water, and the functioning of natural systems by invasive alien species, fires and land degradation, as well as the opportunities for value added industries in these areas, such as fibre and furniture production, while ensuring meaningful livelihood opportunities. The two main programmes are the Working for Water programme and the Working on Fire programmes. Working for Water aims to improve the integrity of water as a natural resource. The Working on Fire programme aims to enhance the sustainability and protection of life, livelihoods, ecosystem services and natural processes through integrated fire management. The subprogramme had a target of creating up to 30 000 work opportunities in 2011/12. This subprogramme had a staff complement of 378 and a total budget of R1.3 billion in 2011/12, of which 93.4 per cent was used for operational expenditure and wages for the management of invasive alien plants, integrated veld and forest fire management, the restoration of degraded land, and the training of programme beneficiaries. The expanded public works programme incentive for Working on Fire was reduced by

R128.1 million and that of Working for Water by R90.8 million over the MTEF period. R750 million was transferred in 2011/12 to the implementing agents of the Working on Fire and Working for Water programmes.

- *Infrastructure Investment* provides for infrastructure investment allocations and project management across the department's public entities. Funding is allocated on the basis of approved business plans for the infrastructure projects. This subprogramme had a total budget of R127.2 million in 2011/12, which was used in full for the infrastructure projects. No savings or reductions were identified in this subprogramme in 2012/13. In 2011/12, R60 million was transferred to South African National Parks for upgrading and maintaining tourism and other infrastructure in the national parks; R42 million was transferred to the iSimangaliso Wetland Park Authority for upgrading and maintaining tourism and other infrastructure in the parks; R15 million was transferred to the South African National Biodiversity Institute for infrastructure investment in the national botanical gardens; and R10.2 million to the South African Weather Service for early warning, and disaster risk reduction systems.
- *Green Fund* is responsible for managing the green fund on behalf of the government and shall finance technical and investment projects in support of sustainable development. The subprogramme shall harness funding from a wide array of sources to enhance the allocation.

Expenditure estimates

Table 30.10 Environmental Sector Programmes and Projects

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Social Responsibility, Policy and Projects	377.2	537.2	519.3	630.5	754.9	885.9	939.2
Natural Resource Management	650.1	625.0	889.4	1 269.5	1 496.7	1 624.7	2 007.4
Infrastructure Investment	307.6	283.0	136.2	127.2	122.4	309.2	368.8
Green Fund	–	–	–	–	300.0	500.0	–
Total	1 335.0	1 445.1	1 544.9	2 027.2	2 674.0	3 319.8	3 315.4
Change to 2011 Budget estimate				1 355.6	1 819.7	2 380.6	(66.4)

Economic classification

Current payments	679.3	625.1	926.9	596.3	897.0	940.0	1 182.6
Compensation of employees	76.1	108.6	112.1	130.5	192.3	202.8	215.9
Goods and services	603.2	516.4	814.5	465.8	704.8	737.2	966.7
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Infrastructure and planning</i>	–	228.4	414.1	–	149.7	154.4	217.1
<i>Contractors</i>	42.8	7.7	6.5	140.0	228.0	250.6	265.7
<i>Agency and support / outsourced services</i>	122.5	183.2	211.8	–	136.5	132.2	264.5
<i>Travel and subsistence</i>	61.5	30.8	38.8	40.6	35.9	37.7	39.7
<i>Interest and rent on land</i>	–	0.1	0.4	–	–	–	–
Transfers and subsidies	653.3	774.3	600.7	1 429.8	1 744.4	2 344.8	2 090.7
Provinces and municipalities	0.4	0.1	0.1	–	–	–	–
Departmental agencies and accounts	315.7	283.0	136.2	127.2	122.4	309.2	368.8
Public corporations and private enterprises	–	–	4.1	–	300.0	500.0	–
Households	337.1	491.3	460.3	1 302.6	1 322.0	1 535.6	1 722.0
Payments for capital assets	2.4	45.8	17.2	1.2	32.6	35.0	42.1
Buildings and other fixed structures	0.1	39.9	0.4	–	–	–	–
Machinery and equipment	2.3	5.8	16.9	1.2	32.6	35.0	42.1
Payments for financial assets	–	–	0.1	–	–	–	–
Total	1 335.0	1 445.1	1 544.9	2 027.2	2 674.0	3 319.8	3 315.4

Table 30.10 Environmental Sector Programmes and Projects (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	8.1	-	-	-	-	-	-
Departmental agencies	8.1	-	-	-	-	-	-
Capital	307.6	283.0	136.2	127.2	122.4	309.2	368.8
South African Weather Service	-	55.2	100.2	10.2	-	-	-
iSimangaliso Wetland Park Authority	-	30.0	23.0	42.0	44.1	76.8	81.4
South African National Parks	307.6	185.7	-	60.0	63.0	216.8	270.9
South African National Biodiversity Institute	-	12.0	13.0	15.0	15.3	15.6	16.5
Households							
Other transfers to households							
Current	336.4	491.3	460.3	1 302.6	1 322.0	1 535.6	1 722.0
Expanded public works programme	336.4	491.3	394.9	450.9	525.7	630.5	668.5
Expanded public works programme Incentive	-	-	65.4	101.7	147.3	168.5	178.6
Expanded public works programme: Working for Water	-	-	-	328.4	110.4	176.1	186.7
Expanded public works programme incentive: Working for Water	-	-	-	118.3	155.0	144.7	153.4
Expanded public works programme: Working on Fire	-	-	-	242.5	334.6	368.6	484.8
Expanded public works programme incentive: Working on Fire	-	-	-	60.8	48.9	47.2	50.0
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	-	-	4.1	-	300.0	500.0	-
Public corporations	-	-	4.1	-	-	-	-
Development Bank of Southern Africa	-	-	-	-	300.0	500.0	-

Expenditure trends

Expenditure increased from R1.3 billion in 2008/09 to R2 billion in 2011/12, at an average annual rate of 14.9 per cent, and is expected to increase to R3.3 billion over the medium term, at an average annual rate of 17.8 per cent. Growth in expenditure over the seven-year period is mainly related to the implementation of expanded public works programme projects under the *Social Responsibility, Policy and Projects* and *Natural Resource Management* subprogrammes. The majority of the funds are transfer payments to households, which have increased from R337.1 million in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 56.9 per cent, due to the expansion of the programme to create more jobs. Transfer payments to households are projected to increase to R1.7 billion in 2014/15, at an average annual rate of 9.8 per cent, due to inflation and the expansion of the two subprogrammes.

The *Natural Resource Management* subprogramme receives an additional R1.1 billion over the MTEF period for expanded public works programme projects related to the Working for Water and Working on Fire subprogrammes. In addition, the South African National Parks receives an additional allocation of R350 million over the medium term for infrastructure development.

By the end of the third quarter of 2011/12, 15 742 work opportunities and 6 797 full time equivalents will have been created with more than 17 000 work opportunities and 8 530 full time equivalents expected to be created by the end of the year in the *Social Responsibility Policy and Project* subprogramme. In 2010/11, under the *Natural Resource Management* subprogramme, more than 945 000 hectares of land were treated to contain the spread of invasive alien plants and to restore desertified land. Around 350 000 training days were given to programme beneficiaries and more than 3 000 000 person days of employment were created. The programme

further supported the private sector and government land management and jurisdictional agencies through the containment of 1 628 fires spanning nearly 370 000 hectares.

Expenditure on consultants decreased from R319.9 million in 2008/09 to R265.5 million in 2011/12, at an average annual rate of 6 per cent, and is expected to increase to R303.4 million over the medium term, at an average annual rate of 4.5 per cent, due to the expansion of the expanded public works programme projects. Consultants in this programme are used for the implementation of these projects.

The green fund will be established in 2012/13 with an initial allocation of R300 million which will be followed up by R500 million in 2013/14.

Public entities and other agencies

South African National Parks

Overview: 2008/09 – 2014/15

South African National Parks was established in terms of the National Environmental Management Protected Areas Act (2003). The organisation's mandate is to conserve, protect, control and manage national parks and other defined protected areas and their biological diversity. It is the leading conservation agency in Africa and a significant role player in the local, regional and global conservation and tourism (ecotourism) industries.

South African National Parks is committed to contributing to economic growth and transformation by creating decent jobs and sustainable and quality livelihoods. Through the entity's infrastructure development programme and expanded public works programme, the organisation ensures that national parks are important components of economic stimulus through enterprise and social development, including job creation. In planning new facilities, the organisation has incorporated the need for meeting green building standards in response to government's objectives in addressing climate change challenges.

Activities are structured around two main areas: conservation and tourism.

Conservation improves the state of the national parks, makes an acknowledged contribution to conservation nationally and globally, builds strong relationships with different segments of society for effective management of the national parks system, and continuously improves its knowledge base and the evidence on which management decisions are based. This component has a total budget of R469.5 million, of which 53 per cent is used for compensation of employees. Some progress is being made in various negotiations aimed at concluding purchases of additional land. Between 2008/09 and 2010/11, the entity acquired 23 200 hectares of land.

The tourism component manages tourism at national parks, maximising economic, social and environmental benefits, while minimising the costs of accessing national parks. Tourism activities rest on the principle of responsible tourism and connecting to societies. Two key projects have been implemented to enhance performance: the strategic plan for commercialisation, and the revamping of the South African National Parks' Wild Card loyalty programme. This component has a total budget of R476.6 million, of which 50 per cent is used for operational costs and 45 per cent for compensation of employees. Despite the global economic downturn, the South African National Parks' accommodation occupancy remains the highest in the South African tourism industry, although it declined by 4.1 per cent (from 72.5 per cent to 69.5 per cent) between 2008/09 and 2010/11.

South African National Parks has adopted and implemented several sector skills programmes, including learnerships and internships, to enhance cost effective human capital development, thus addressing the objectives of the national skills development strategy.

In an effort to fight the recent escalation in rhino poaching, particularly in the Kruger National Park, the national wildlife reaction unit was established in October 2010 between South African National Parks, the Department of Environmental Affairs, the South African Police Service, the National Prosecuting Authority and provincial conservation authorities. The Directorate of Priority Crime Investigations is coordinating and leading the unit. Its function is to fight poaching crimes countrywide. Thus far in 2011/12, 110 rhino poaching incidents have been recorded in South African National Parks and 97 in provincial agencies, bringing the total of South African

incidents to 207, which is 19 per cent more than the same period in the year 2010/11. At least 123 suspects have been arrested and charged thus far.

Performance

The entity received a total of 4.5 million visitors in 2011/12, which it targets to increase to 4.8 million by 2014/15 by upgrading and expanding tourist facilities within the various national parks. The number of visitors has declined since 2008/09, from 4.8 million to 4.5 million in 2011/12 due to the economic downturn that spanned this period. As economic conditions start to improve, the entity expects that its upgraded tourist facilities will contribute to an increase in the number of visitors.

To increase conservation efforts, reduce poaching and increase awareness about the importance of conservation, the entity plans to increase the number of junior rangers and learners that go through the environmental education programme from 520 and 160 000, in 2011/12 to 620 and 180 000 per year, in 2014/15.

Selected performance indicators

Table 30.11 South African National Parks

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of visitors to national parks per year and percentage growth or decline	Tourism							
-total visitors		4 374 739	4 512 478	4 536 491	4 600 000	4 692 000	4 785 840	4 881 557
-percentage growth		-7.8%	3.8%	0.5%	1.4%	2%	2%	2%
-black visitors		345 559	329 287	397 618	447 708	470 094	493 598	518 278
-percentage growth		11.3%	-4.6%	20.8%	5%	5%	5%	5%
Value of revenue raised from commercial activities per year	Conservation and tourism	R664m	R503m	R883m	R959m	R1bn	R1.1bn	R1.2bn
Hectares of land brought into the national parks system per year	Conservation and tourism	13 700ha	1 520ha	35 00ha	4 480ha	1 900ha	3 000ha	4 000ha
Percentage delivery of key deliverables and of milestones met for implementing the anti-poaching programme per year	Conservation and tourism	-	-	90%	90%	90%	90%	93%
Number of learners that go through the environmental education programme per year	Conservation and tourism	157 419	111 895	155 631	160 000	170 000	175 000	180 000

Programmes/activities/objectives

Table 30.12 South African National Parks

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Conservation and Tourism	967.6	1 132.3	1 359.0	1 063.7	1 108.9	1 168.5	1 239.7
Total expense	967.6	1 132.3	1 359.0	1 063.7	1 108.9	1 168.5	1 239.7

The South African National Parks had a total budget of R1.1 billion in 2011/12, of which 53.3 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The entity has identified cost effectiveness measures to ensure its financial stability without compromising on the ability to deliver on its mandate. These measures are focused on spending on compensation of employees and include: phasing out unapproved occupied positions, placing a moratorium on the creation of new positions, not renewing non-critical fixed term contracts, keeping salary adjustments to a minimum and restricting overtime. Measures are in place which are aimed at controlling spending on goods and services and include: limiting the use of consultants, rationalising advertising for job creation and relevant tenders, limiting foreign

travel, and making use of teleconferencing for communication. A procurement programme has also been implemented to renegotiate better rates with key service providers and suppliers. Savings of R35 million over the MTEF period are expected from these cost reduction measures.

Expenditure estimates

Table 30.13 South African National Parks

Statement of financial performance

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	751.8	785.4	905.1	999.2	858.2	900.9	970.2
Sale of goods and services other than capital assets	703.6	740.1	826.8	974.3	833.0	875.8	944.6
<i>of which:</i>							
<i>Sales by market establishments</i>	703.6	740.1	826.8	974.3	833.0	875.8	944.6
<i>Other non-tax revenue</i>	48.2	45.4	78.4	25.0	25.2	25.1	25.6
Transfers received	260.2	411.0	506.5	237.3	250.7	413.0	475.3
Total revenue	1 012.0	1 196.5	1 411.6	1 236.5	1 108.9	1 313.9	1 445.5
Expenses							
Current expenses	935.6	1 116.6	1 337.0	1 063.7	1 108.9	1 168.5	1 239.7
Compensation of employees	397.2	430.4	497.9	567.2	598.2	633.4	665.1
Goods and services	482.4	621.0	776.8	441.7	461.0	482.2	519.2
Depreciation	41.4	54.0	54.0	37.2	35.5	37.7	39.9
Interest, dividends and rent on land	14.5	11.1	8.3	17.6	14.3	15.3	15.5
Transfers and subsidies	32.0	15.7	22.0	-	-	-	-
Total expenses	967.6	1 132.3	1 359.0	1 063.7	1 108.9	1 168.5	1 239.7
Surplus / (Deficit)	44.3	64.2	52.6	173.0	-	145.0	206.0
Statement of financial position							
Carrying value of assets	1 056.8	1 073.1	1 123.5	1 134.3	1 137.0	1 140.4	1 144.4
<i>of which:</i>							
<i>Acquisition of assets</i>	47.9	23.7	60.7	51.0	42.9	44.2	46.2
Investments	147.8	231.3	223.3	232.9	232.9	251.5	261.5
Inventory	16.2	15.7	20.5	19.6	21.1	22.8	23.8
Receivables and prepayments	25.3	16.6	21.8	25.0	25.0	27.0	28.1
Cash and cash equivalents	283.8	291.7	232.3	200.0	200.0	216.0	224.6
Non-current assets held for sale	323.9	480.7	523.2	541.3	588.4	436.6	270.6
Total assets	1 853.9	2 109.2	2 144.4	2 153.0	2 204.4	2 094.3	1 953.0
Accumulated surplus / (deficit)	449.1	517.0	562.4	735.2	735.2	589.9	384.0
Borrowings	33.3	32.8	27.0	36.5	36.5	39.4	39.4
Deferred income	924.3	1 133.9	1 069.0	820.6	844.2	843.4	877.1
Trade and other payables	248.9	220.1	268.2	349.8	354.8	389.2	410.7
Provisions	198.4	205.4	217.8	210.9	233.7	232.4	241.7
Total equity and liabilities	1 853.9	2 109.2	2 144.4	2 153.0	2 204.4	2 094.3	1 953.0

Expenditure trends

The spending focus over the medium term will be on the maintenance of tourist facilities and conservation.

Most of the revenue is from tourism, while transfers from government contributed 19.2 per cent in 2011/12. Revenue increased from R1 billion in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 6.9 per cent, and is expected to increase to R1.4 billion over the medium term, at an average annual rate of 5.3 per cent. The increase in both periods is due to inflation and an increase in the number of tourists visiting the various parks.

Expenditure increased from R967.6 million in 2008/09 to R1.1 billion in 2011/12, at an average annual rate of 3.2 per cent, and is expected to increase to R1.2 billion in 2014/15, at an average annual rate of 5.2 per cent. The bulk of the spending is on goods and services and employee compensation, with budget increases in both periods being due to increases in compensation of employees.

Personnel information

Table 30.14 South African National Parks

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	7	7	–	7	6	7	7	7	7	7
Executive management	47	47	–	44	47	46	47	47	47	47
Senior management	278	278	–	266	264	276	278	286	295	305
Middle management	–	–	–	–	–	–	–	–	–	–
Professionals	475	475	–	402	415	455	475	488	502	517
Skilled	1 511	1 511	–	1 327	1 420	1 449	1 511	1 552	1 593	1 636
Semi-skilled	1 328	1 328	–	1 327	1 366	1 356	1 328	1 364	1 401	1 438
Total	3 646	3 646	–	3 373	3 518	3 589	3 646	3 744	3 845	3 950
Compensation (R thousand)				397 247	430 417	497 856	567 224	598 175	633 435	665 106
Unit cost (R thousand)				118	122	139	156	160	165	168

1. As at 30 September 2011.

The entity had an approved establishment of 3 646 posts, which were all filled as at September 2011. The number of filled posts grew from 3 373 in 2008/09 to 3 646 in 2011/12. The number of filled posts is expected to grow to 3 950 over the medium term.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Weather Service** maintains, extends and improves the quality of meteorological service. Its total budget for 2012/13 is R250 million.
- The **South African National Biodiversity Institute** focuses on biodiversity knowledge management and information generation and dissemination by conducting coordinated research on the composition, value, status, functioning and dynamics of South Africa's biodiversity. Its total budget for 2012/13 is R421 million.
- The **iSimangaliso Wetlands Park Authority** protects and conserves the park to promote and facilitate tourism and tourism related development in the Park. Its total budget for 2012/13 is R128 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Polar research vessel	Vessel for research voyages to Marion Island, Gough Island and Antarctica replaced	Construction	1 100.2	-	131.4	467.3	632.2	-	-	-
South African National Parks	Roads upgraded	Construction	500.0	69.3	75.1	34.3	19.1	27.4	28.3	30.0
South African National Parks	Tourism accommodation facilities upgraded	Construction	1 282.8	232.6	185.8	-	60.0	63.0	216.8	270.9
South African weather stations	Weather station facilities upgraded	Various	260.6	35.0	55.2	100.2	10.2	-	-	-
Marion Island base	Base building replaced	Various	350.0	-	-	-	-	-	-	-
Research vessel	Marine environment research vessel replaced	Handed over	150.0	-	-	-	-	-	-	-
Lubombo	Environmental development	Handed over	56.5	30.0	-	-	-	-	-	-
Pondoland	Environmental development	Handed over	11.7	4.1	-	-	-	-	-	-
Blyde National Park	Environmental development	Handed over	11.6	4.5	-	-	-	-	-	-
iSimangaliso Wetland Park Authority	Office facilities upgraded	Various	655.2	30.0	30.0	23.0	42.0	44.1	76.8	81.4
South African National Biodiversity Institute	Facilities upgraded and new facilities in botanical gardens	Various	-	-	-	13.0	15.0	15.3	15.6	16.5
Total			4 378.6	405.4	477.5	637.7	778.6	149.7	337.5	398.8

Vote 31

Human Settlements

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	243.1	238.3	–	4.8	254.3	269.1
Housing Policy, Research and Monitoring	46.7	46.3	–	0.4	43.6	46.0
Housing Planning and Delivery Support	236.5	230.7	4.4	1.3	273.7	288.9
Housing Development Finance	24 579.0	67.8	24 031.0	480.2	27 496.6	29 345.0
Strategic Relations and Governance	157.9	155.1	1.0	1.8	159.7	167.4
Total expenditure estimates	25 263.2	738.3	24 036.4	488.5	28 227.9	30 116.5

Executive authority Minister of Human Settlements
Accounting officer Director General of Human Settlements
Website address www.dhs.gov.za

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

Aim

Facilitate the creation of sustainable human settlements and improved quality of household life.

Programme purposes

Programme 1: Administration

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

Programme 2: Housing Policy, Research and Monitoring

Purpose: Develop and promote human settlements and housing policies supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing and human settlements 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 settlements programmes. Coordinate and monitor the implementation of priority projects, informal settlements upgrading and the sanitation programme.

Programme 4: Housing Development Finance

Purpose: Fund housing and human settlements development programmes. Provide financial and grant management services. Promote investment in housing finance. Mobilise and promote financial integrity within human settlements 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: 2008/09 – 2014/15

The Constitution places an obligation on the state to provide access to adequate housing to its citizens. As the custodian of the housing sector, the Department of Human Settlements has developed strategies, policies and programmes to ensure the progressive realisation of this right. The comprehensive plan for the development of sustainable human settlements, approved in 2005, and the revised housing code, published in 2009, mark a conceptual shift away from the mandate of providing shelter, to supporting the residential property market. The housing code allows for access to housing and services for low income families, and ensures greater choice in quality, location and ownership.

Strategic objectives

The negotiated service delivery agreement signed between the Minister of Human Settlements and the president envisages sustainable human settlements and an improved quality of household life. There are four outputs associated with this outcome: the accelerated provision of housing opportunities, access to basic services, the release of state land, and improvements in the performance of the property market. In 2010/11, the department initiated a review of the institutional capacity and resources required to deliver on these outputs. The review culminated in the completion of a turnaround strategy, which has been approved by the Minister of Human Settlements for implementation in 2012/13. The turnaround strategy includes a new organisational structure and sets out the strategic initiatives and operational tasks that will ensure that the outputs are achieved timeously. Progress against the initiatives and tasks set out in the turnaround strategy will be monitored and their impact evaluated on a regular basis.

Streamlining institutions and mechanisms

To ensure that the state is able to adequately respond to the demand and supply constraints to housing access and household finance, the department plans to consolidate the three human settlements development finance entities: the National Housing Finance Corporation, the Rural Housing Loan Fund and the National Urban and Reconstruction Agency. Other initiatives include strengthening oversight capacity in the national department as the housing function shifts to local government. To improve planning at the municipal level in anticipation of level 2 accreditation, the department will provide funding certainty to municipalities in 2013/14, with indicative allocations that are consistent with the sector approved formula used in the human settlements development grant.

In 2011, the Minister of Human Settlements and the members of the executive council responsible for human settlements approved substantial increases to the finance linked individual subsidy programme. The subsidy aims to improve households' ability to access mortgage finance by providing a deposit to minimise the risk of default. The amendments to the programme include an increased threshold for participation in the subsidy scheme for households earning between R7 000 to R15 000 per month and an increased subsidy amount from R54 000 to R83 000 with a maximum property value of R300 000. The amendments aim to improve the access of low and middle income working families to participate in the housing programmes and attempts to keep the subsidy level aligned with the general price trends in the residential property market.

As part of the rationalisation of entities with human settlements, the functions of Thubelisha Homes were transferred to the Housing Development Agency, established in 2009. The capacity building functions performed by the Social Housing Foundation were incorporated into the Social Housing Regulatory Authority. The closure of Thubelisha Homes and the Social Housing Foundation is due to be finalised before the end of 2011/12. The delays in the closure of Thubelisha Homes has been due to delays in court proceedings. Servcon Housing Solutions' mandate in relation to the management of properties in possession was completed and the entity was thus dissolved. The delays in the closure of Servcon Housing Solutions are related to an unresolved matter with creditors.

Focus over the medium term

Over the medium term, the department will draft and adopt a white paper on human settlements, which will contain a comprehensive policy statement that will inform the legislative and regulatory framework within the sector. In addition, a mid-term review and evaluation of key programmes will be undertaken to provide substantive evidence for the policy making process. In particular, the performance of the informal settlement upgrading programme, the social/rental programme, the land release programme and the affordable housing segment of the residential property market will be subject to rigorous review and evaluations.

Selected performance indicators**Table 31.1 Human Settlements**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of additional residential units completed per year ¹	Housing Development Finance	160 409	161 854	121 879	88 441	127 200	134 832	142 922
Number of additional sites serviced per year ¹ (greenfields)	Housing Development Finance	68 469	64 362	63 546	33 361	72 876	77 248	81 883
Number of additional households upgraded in well-located informal settlements with access to secure tenure and basic services per year ¹ (brownfield)	Housing Development Finance	–	–	52 383	66 639	67 124	62 752	66 517
Total number of municipalities provided with technical assistance for informal settlement upgrading per year	Housing Planning and Delivery Support	–	–	20	20	49	49	49
Number of additional municipalities assessed for accreditation level 2 per year	Strategic Relations and Governance	–	–	6	11	10	5	5
Number of additional hectares of land prepared for human settlements development per year	Housing Development Finance	–	–	4 945	2 100	2 100	2 100	2 100
Number of additional loans granted in the affordable housing segment per year	Housing Development Finance	–	–	47 616	69 576	69 970	74 470	78 938
Total number of municipalities provided with post accreditation support per year	Housing Planning and Delivery Support	–	–	0	0	0	27	27

1. Delivery figures for 2011/12 are up to December 2011.

Expenditure estimates**Table 31.2 Human Settlements**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	128.6	113.8	188.6	233.1	233.1	243.1	254.3	269.1
Housing Policy, Research and Monitoring	26.2	45.0	32.6	39.4	39.4	46.7	43.6	46.0
Housing Planning and Delivery Support	94.6	140.5	158.4	195.0	195.0	236.5	273.7	288.9
Housing Development Finance	12 766.7	15 981.5	18 449.6	22 197.5	22 017.5	24 579.0	27 496.6	29 345.0
Strategic Relations and Governance	253.4	126.7	87.4	160.5	160.5	157.9	159.7	167.4
Total	13 269.5	16 407.4	18 916.5	22 825.5	22 645.5	25 263.2	28 227.9	30 116.5
Change to 2011 Budget estimate				247.0	67.0	388.1	1 553.2	–

Table 31.2 Human Settlements (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	526.3	452.5	439.1	648.9	648.9	738.3	790.2	833.7
Compensation of employees	134.2	166.9	216.5	302.3	302.3	337.0	357.5	377.6
Goods and services	391.8	285.4	222.5	346.1	346.1	400.8	432.2	455.6
<i>of which:</i>								
Computer services	61.9	58.5	27.9	60.6	60.6	61.9	62.0	64.0
Consultants and professional services: Business and advisory services	77.8	62.2	74.9	117.6	117.6	140.7	163.6	172.9
Lease payments	11.1	6.7	25.2	35.0	35.0	34.8	36.5	38.7
Travel and subsistence	66.7	53.2	40.7	42.1	42.1	36.5	38.5	40.7
Interest and rent on land	0.3	0.3	0.2	0.5	0.5	0.5	0.4	0.5
Transfers and subsidies	12 731.0	15 948.0	18 357.9	21 881.3	21 881.3	24 036.4	27 039.8	29 273.4
Provinces and municipalities	12 300.0	15 237.4	18 000.1	21 388.5	21 388.5	23 118.2	26 060.8	28 353.9
Departmental agencies and accounts	227.7	352.6	346.2	487.1	487.1	912.8	973.8	913.9
Foreign governments and international organisations	0.8	0.7	0.7	1.0	1.0	1.0	1.1	1.1
Non-profit institutions	–	–	–	–	–	0.4	–	–
Households	202.4	357.2	10.9	4.7	4.7	4.0	4.2	4.5
Payments for capital assets	12.2	6.7	119.3	295.4	115.4	488.5	397.9	9.4
Buildings and other fixed structures	0.2	–	108.6	288.6	108.6	479.5	389.0	–
Machinery and equipment	10.4	6.0	10.4	6.5	6.5	8.8	8.7	9.2
Software and other intangible assets	1.6	0.6	0.4	0.2	0.2	0.2	0.2	0.2
Payments for financial assets	–	0.2	0.2	0.0	0.0	–	–	–
Total	13 269.5	16 407.4	18 916.5	22 825.5	22 645.5	25 263.2	28 227.9	30 116.5

Expenditure trends

The spending focus over the MTEF period will be on making transfers on conditional grants to provinces and municipalities through the *Housing Development Finance* programme to speed up the delivery of low income houses and improve the rate at which poor households are provided access to services. The expected increase in spending in this programme over the MTEF period is to accelerate the delivery of low income houses.

Expenditure increased from R13.3 billion in 2008/09, to R22.8 billion in 2011/12, at an average annual rate of 19.8 per cent. This is mainly due to the increase in additional allocations for conditional grants to provinces and municipalities within the *Housing Development Finance* programme. Between 2008/09 and 2011/12, spending in the *Strategic Relations and Governance* programme decreased from R253.4 million to R160.5 million, at an average annual rate of 14.1 per cent, as the department discontinued its advertising campaign in 2009 due to budget cuts.

Over the MTEF period, expenditure is expected to increase to R30.1 billion in 2014/15, at an average annual rate of 9.7 per cent, mainly due to increased transfers for the urban settlements development grant to metropolitan municipalities to support the upgrading of informal settlements. As a result of this grant, spending in the *Housing Development Finance* programme is expected to increase from R22.2 billion in 2011/12 to R29.3 billion in 2014/15, at an average annual rate of 9.8 per cent. To strengthen the capacity in provinces and municipalities to upgrade informal settlements, the department will provide targeted support in planning and implementation activities. As such, spending in the *Housing Planning and Delivery Support* programme is expected to increase from R195 million in 2011/12 to R288.9 million in 2014/15, at an average annual rate of 14 per cent.

Between 2008/09 and 2011/12, spending on compensation of employees increased from R134.2 million to R302.3 million, at an average annual rate of 31.1 per cent. Expenditure on this item is expected to increase to R377.6 million over the medium term, at an average annual rate of 7.7 per cent. The growth in both periods is

due to the expansion of the department's organisational structure, from 427 posts in 2008/09 to 835 posts in 2014/15, and the greater-than-inflation growth in public sector salaries. Spending on goods and services declined, at an average annual rate of 4.1 per cent between 2008/09 and 2011/12, falling from R391.8 million to R346.1 million, due to Cabinet approved baseline cuts. Over the medium term, expenditure on goods and services is expected to increase to R455.6 million, at an average annual rate of 9.6 per cent. This is due to increased spending in the informal upgrading support programme, and higher allocations given to the Special Investigating Unit to probe fraudulent activity in the allocation of housing subsidies. As a result, expenditure on consultants and professional services is expected to increase, at an average annual rate of 13.8 per cent over the medium term, from R119.3 million in 2011/12 to R175.7 million in 2014/15.

Over the MTEF period, the department receives additional allocations of R412.2 million in 2012/13, R1.7 billion in 2013/14 and R2.5 billion in 2014/15, including:

- R2.9 billion over the MTEF period for the urban settlements development grant to metropolitan municipalities
- R1 billion over the medium term for the human settlements development grant to provinces
- R620 million over the medium term for social housing
- R111.2 million over the MTEF period for the capacity building and project level technical assistance to provinces and municipalities to upgrade informal settlements.

Personnel information

Table 31.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled/ planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Department	922	835	89	427	560	692	665	835	835	835
Salary level 1 – 6	216	223	47	79	120	159	162	223	223	223
Salary level 7 – 10	435	357	27	161	254	326	299	357	357	357
Salary level 11 – 12	170	154	12	94	108	125	122	154	154	154
Salary level 13 – 16	101	101	3	93	78	82	82	101	101	101
Administration	293	257	47	172	189	250	223	257	257	257
Salary level 1 – 6	127	117	33	23	80	95	98	117	117	117
Salary level 7 – 10	96	77	4	68	59	94	67	77	77	77
Salary level 11 – 12	38	32	7	37	22	31	28	32	32	32
Salary level 13 – 16	32	31	3	44	28	30	30	31	31	31
Housing Policy, Research and Monitoring	77	61	1	40	40	56	56	61	61	61
Salary level 1 – 6	4	2	1	10	–	11	11	2	2	2
Salary level 7 – 10	41	28	–	16	19	23	23	28	28	28
Salary level 11 – 12	21	20	–	8	12	12	12	20	20	20
Salary level 13 – 16	11	11	–	6	9	10	10	11	11	11
Housing Planning and Delivery Support	265	229	10	63	142	169	169	229	229	229
Salary level 1 – 6	34	36	2	5	16	23	23	36	36	36
Salary level 7 – 10	138	106	7	21	66	83	83	106	106	106
Salary level 11 – 12	65	59	1	17	40	44	44	59	59	59
Salary level 13 – 16	28	28	–	20	20	19	19	28	28	28

Table 31.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled/ planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Housing	140	141	11	61	82	93	93	141	141	141
Development										
Finance										
Salary level 1 – 6	31	31	10	8	18	18	18	31	31	31
Salary level 7 – 10	85	86	–	21	41	55	55	86	86	86
Salary level 11 – 12	14	14	1	17	13	12	12	14	14	14
Salary level 13 – 16	10	10	–	15	10	8	8	10	10	10
Strategic Relations and Governance	147	147	20	91	107	124	124	147	147	147
Salary level 1 – 6	20	37	1	33	6	12	12	37	37	37
Salary level 7 – 10	75	60	16	35	69	71	71	60	60	60
Salary level 11 – 12	32	29	3	15	21	26	26	29	29	29
Salary level 13 – 16	20	21	–	8	11	15	15	21	21	21

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 922 posts, of which 835 were funded, 28 were unfunded and 59 were additional to the approved establishment, as staff from two public entities, Servcon Housing Solutions and Thubelisha Homes, were absorbed into the department. Filled posts increased from 427 in 2008/09 to 665 in 2011/12, and are expected to grow to 835 over the medium term as the department's structure fully implements its new organisational structure in line with its turnaround strategy.

There were 170 vacancies within the department as at 30 September 2011, of which 150 were in salary levels 1 to 12, and 20 were in salary levels 13 to 16. Most of these vacancies are in the *Housing Planning and Delivery Support* programme. These posts remain vacant due to the organisational restructuring in terms of the department's turnaround strategy. The ratio of expenditure on department personnel to consultants is 2:1. The ratio of the support staff to line staff is 1:1.

Departmental receipts

Table 31.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Departmental receipts	2 392	749	2 826	1 319	919	563	594	629
Sales of goods and services produced by department	72	90	121	155	155	165	175	186
Sales by market establishments	27	31	35	45	45	48	51	54
of which:								
<i>Parking</i>	27	31	35	45	45	48	51	54
Administrative fees	45	59	86	110	110	117	124	131
of which:								
<i>Commissions on insurance</i>	45	59	86	110	110	117	124	131
Other sales	–	–	–	–	–	1	1	1
of which:								
<i>Replacement security cards</i>	–	–	–	–	–	1	1	1
Sales of scrap, waste, arms and other used current goods	2	1	2	2	2	2	2	2
of which:								
<i>Waste paper</i>	2	1	2	2	2	2	2	2
Interest, dividends and rent on land	246	46	23	21	21	55	58	61
Interest	246	46	23	21	21	55	58	61
Sales of capital assets	–	–	–	153	153	–	–	–
Transactions in financial assets and liabilities	2 072	612	2 680	988	588	341	359	381
Total	2 392	749	2 826	1 319	919	563	594	629

Revenue is mainly derived from the recovery of debt from previous financial years, staff parking and commission on insurance deducted from staff salaries through the Persal system. Departmental receipts have decreased from R2.4 million in 2008/09 to R1.3 million in 2011/12, at an average annual rate of 18 per cent, largely due to the once-off sale of departmental vehicles in 2008/09. Receipts are expected to decline further to R629 000 over the medium term, at an average annual rate of 21.9 per cent, as transactions in financial asset and liabilities decrease, due to a decline in the payment of debt and recoveries on prior expenditure to the national department.

Programme 1: Administration

Expenditure estimates

Table 31.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	39.4	32.8	24.4	28.0	30.5	32.3	34.1
Management	29.3	27.3	68.2	89.9	89.3	92.5	97.9
Corporate Services	49.7	49.7	72.9	86.4	90.6	95.1	100.6
Office Accommodation	10.2	4.1	23.1	28.8	32.8	34.4	36.5
Total	128.6	113.8	188.6	233.1	243.1	254.3	269.1
Change to 2011 Budget estimate				0.7	4.7	1.9	-

Economic classification

Current payments	121.6	109.5	180.2	229.3	238.3	249.7	264.3
Compensation of employees	46.0	55.1	73.4	88.8	96.1	102.0	107.7
Goods and services	75.5	54.3	106.7	140.2	142.0	147.5	156.4
<i>of which:</i>							
Computer services	14.6	4.1	5.7	5.3	5.5	5.8	6.1
Consultants and professional services:	1.2	15.2	47.2	57.1	52.4	53.9	57.1
Business and advisory services							
Lease payments	10.5	6.0	24.4	31.3	32.9	34.6	36.6
Travel and subsistence	26.8	12.7	12.8	13.1	14.7	15.6	16.5
Interest and rent on land	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Transfers and subsidies	0.2	0.0	0.0	0.1	-	-	-
Households	0.2	0.0	0.0	0.1	-	-	-
Payments for capital assets	6.9	4.1	8.3	3.7	4.8	4.6	4.9
Machinery and equipment	6.8	3.8	8.2	3.6	4.7	4.5	4.8
Software and other intangible assets	0.1	0.3	0.2	0.1	0.1	0.1	0.1
Total	128.6	113.8	188.6	233.1	243.1	254.3	269.1

Expenditure trends

Expenditure increased from R128.6 million in 2008/09 to R233.1 million in 2011/12, at an average annual rate of 21.9 per cent. The increased spending was due to an allocation received in 2008 to strengthen the department's internal audit function and to appoint the Special Investigating Unit to investigate fraudulent activity relating to housing subsidies. As a result, the *Management* subprogramme increased from R29.3 million in 2008/09 to R89.9 million in 2011/12, at an average annual rate of 45.3 per cent.

Over the medium term, expenditure is expected to increase to R269.1 million, at an average annual rate of 4.9 per cent, due mainly to an increase in spending on goods and services for additional office space to accommodate more staff. Spending on consultants and professional services was R58.8 million, or 25.2 per cent of the total programme budget in 2011/12, and is expected to grow to R59.9 million over the MTEF period, at an average annual rate of 0.6 per cent. This increase funds an expansion in the scope of the Special Investigating Unit to investigate procurement irregularities and poor contract management within housing projects.

Programme 2: Housing Policy, Research and Monitoring

Objectives and measures

- Promote sustainable human settlements by developing and maintaining human settlements and housing policies, and issuing guidelines that encourage best practice benchmarks and guide the various housing subsidy programmes on an ongoing basis.
- Ensure that policy objectives are achieved through: the continual monitoring of programmes and project implementation, the evaluation of performance against set targets, the targeting of policies and programmes to the needs of subsidy beneficiaries, and ongoing impact assessments measuring changes in household welfare.
- Improve accountability for the human settlement outcomes by producing annual research reports, programme determinations and evaluations on an ongoing basis over the medium term.

Subprogrammes

- *Management* provides strategic leadership to the programme. This subprogramme had a staff complement of 2 and a total budget of R2.3 million in 2011/12, of which 70.7 per cent was used for compensation of employees. Expenditure cuts of R36 000 over the MTEF period have been effected.
- *Policy Development* develops human settlements and housing policies that govern the development of the human settlements sector. The subprogramme also provides interpretation assistance to stakeholders in the human settlements sector. This subprogramme had a staff complement of 18 and a total budget of R10.3 million for 2011/12, of which 84 per cent was used for compensation of employees. Over the medium term, focus will be placed on aligning policy with the broader human settlements mandate and evaluating the norms and standards for low income housing delivery. Expenditure cuts of R142 000 over the MTEF period have been effected.
- *Research* initiates, undertakes and manages research projects and activities relating to integrated human settlements. This subprogramme had a staff complement of 15 and a total budget of R11.3 million in 2011/12, of which 55.7 per cent was used for goods and services and 44 per cent was used for compensation of employees. Over the medium term, focus will be on strengthening partnerships with the National Research Foundation and the Council for Scientific and Industrial Research in setting up a centre of excellence for human settlements research to undertake reviews relating to the performance of the programmes executing the department's strategic objectives. Expenditure cuts of R169 000 over the MTEF period have been effected.
- *Monitoring and Evaluation* monitors, evaluates and assesses the implementation, performance and impact of national human settlements policies and programmes. This subprogramme had a staff complement of 26 and a total budget of R15.6 million in 2011/12, of which 76.1 per cent was used for compensation of employees. The monitoring and evaluation framework was revised in 2010/11 and was implemented in 2011/12. Over the medium term, reviews will be conducted relating to priority programmes and projects undertaken by the department to assess their effectiveness in achieving policy imperatives. Expenditure cuts of R325 000 over the MTEF period have been effected.

Expenditure estimates

Table 31.6 Housing Policy, Research and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Management	2.0	1.7	2.4	2.3	2.5	2.7	2.8
Policy Development	6.4	7.3	7.8	10.3	10.7	11.3	11.9
Research	5.6	5.2	7.7	11.3	11.7	12.2	12.9
Monitoring and Evaluation	12.1	30.8	14.8	15.6	21.9	17.5	18.4
Total	26.2	45.0	32.6	39.4	46.7	43.6	46.0
Change to 2011 Budget estimate				0.2	0.1	(0.4)	-

Economic classification

Current payments	25.7	44.6	31.9	38.9	46.3	43.3	45.8
Compensation of employees	13.6	16.8	19.9	27.1	31.4	33.3	35.1
Goods and services	12.0	27.8	12.0	11.8	14.9	10.0	10.6
<i>of which:</i>							
<i>Consultants and professional services:</i>	5.7	15.4	5.1	5.6	5.4	0.5	0.5
<i>Business and advisory services</i>							
<i>Lease payments</i>	0.0	0.2	0.2	0.2	0.2	0.2	0.2
<i>Travel and subsistence</i>	2.8	2.7	3.3	2.2	3.6	3.8	4.1
Interest and rent on land	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Transfers and subsidies	0.0	-	0.2	-	-	-	-
Households	0.0	-	0.2	-	-	-	-
Payments for capital assets	0.5	0.3	0.5	0.5	0.4	0.3	0.3
Machinery and equipment	0.5	0.3	0.5	0.5	0.4	0.3	0.3
Software and other intangible assets	0.1	-	-	-	-	-	-
Total	26.2	45.0	32.6	39.4	46.7	43.6	46.0

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R26.2 million to R39.4 million, at an average annual rate of 14.6 per cent. This growth is due mainly to the implementation of the monitoring and evaluation framework for housing delivery for provinces and the increased scope of research undertaken by the department. Two programme evaluations on rental housing and informal settlement upgrading in 2010/11 have been completed. Spending in the *Monitoring and Evaluation* programme increases in 2012/13, mainly due to an increase in employee compensation, and on goods and services. Over the MTEF period, expenditure is expected to increase to R46 million, at an average annual rate of 5.3 per cent, to allow for inflationary adjustments in the programme budget.

Spending on travel and subsistence is expected to increase from R2.8 million to R4.1 million over the seven-year period, at an average annual rate of 6.6 per cent, to allow for increased visits to more housing projects and programmes across the country. This will strengthen the department's monitoring and evaluation capability. Expenditure on consultants and professional services is expected to decrease from R5.6 million to R521 000 over the medium term, at an average annual rate of 54.7 per cent as the housing occupancy audit is finalised. The housing occupancy audit is used to determine whether occupants in subsidised housing units are occupied by the approved beneficiaries and if not, how the relevant occupant obtained the subsidised unit.

Programme 3: Housing Planning and Delivery Support

Objectives and measures

- Improve multi-year human settlements planning by:
 - drafting and regularly updating human settlement planning frameworks and instruments
 - promoting ongoing alignment between human settlement and sector planning frameworks
 - monitoring and supporting the implementation of human settlement development plans within all provinces and accredited municipalities on an ongoing basis.
- Improve the delivery rate of housing projects, including blocked projects and informal settlement upgrading projects, by providing continuous technical support to provinces and municipalities where it is necessary.
- Promote better human settlement outcomes in informal settlements by ongoing implementation of the national informal settlement upgrading support programme in 49 municipalities.
- Improve access to sanitation by providing continual planning and implementation support and capacity development and managing the rural household sanitation programme to achieve the targets set for 2012/13 in 6 rural municipalities.
- Facilitate rental housing uptake and accelerate the *Rental Housing and People's Housing Process* subprogramme by providing ongoing policy, regulatory and implementation support to provinces and municipalities to increase the delivery of rental housing and people's housing process units.
- Improve public and private stakeholder participation as well as community involvement through ongoing engagements and collaboration by ensuring the expansion of joint partnerships with sector stakeholders.
- Develop professional and institutional capacity to undertake roles and responsibilities at provincial and municipal levels by managing ongoing training and skills development programmes for officials and communities.

Subprogrammes

- *Management* provides strategic leadership to the programme. This subprogramme had a staff complement of 2 and a total budget of R3.2 million in 2011/12, of which 50.9 per cent was used for compensation of employees. Expenditure cuts of R52 000 over the MTEF period have been effected.
- *Programme Implementation Support* manages the national upgrading support programme and provides support to provinces and municipalities to implement housing and human settlements projects and programmes, and to unblock stalled housing projects. This subprogramme had a staff complement of 8, and a total budget of R21.2 million in 2011/12, of which 53.9 per cent was used for goods and services. Over the medium term, support will be provided for the unblocking of 20 stalled projects, and a capacity building programme will be implemented to provide 49 municipalities with project level technical assistance to implement the informal settlement upgrading programme at scale. Expenditure cuts of R1.6 million over the MTEF period have been made.
- *Rental Housing and People's Housing Process* provides implementation and policy support to the rental housing and the people's housing process. This subprogramme had a staff complement of 19 (with 5 vacant posts) and a total budget of R13.3 million in 2011/12, of which 67.4 per cent was used for compensation of employees. Expenditure cuts of R207 000 over the MTEF period have been effected.
- *Stakeholder Mobilisation* manages and collaborates with stakeholders in the governmental and non-governmental sector to fast-track the delivery of human settlement programmes and projects. This subprogramme had a staff complement of 21 and a total budget of R13.8 million in 2011/12, of which 70 per cent was used for compensation of employees. Over the medium term, the subprogramme will facilitate the implementation of youth and women development programmes in the human settlements sector, coordinate the Govan Mbeki Award ceremony and implement the stakeholder collaboration frameworks. Expenditure cuts of R231 000 over the MTEF period have been effected.
- *Capacity Development* builds capacity for housing administration and delivery in municipalities and provinces, and promotes sustainable housing delivery and community empowerment. This subprogramme had a staff complement of 35 and a total budget of R24.6 million in 2011/12, of which 47 per cent was used

for compensation of employees and 32.9 per cent was used for goods and services. The subprogramme manages the annual scholarship programme, the departmental internships programme and conducts capacity audits in provincial departments. Expenditure cuts of R352 000 over the MTEF period have been effected.

- *Priority Projects Facilitation* is responsible for managing priority human settlement projects nationally. This subprogramme had a staff complement of 10 and a total budget of R10 million in 2011/12, of which 58.6 per cent was used for compensation of employees. 18 projects have been approved as priority projects and support initiatives have been detailed in a business plan. Approved expenditure cuts of R204 000 over the MTEF period have been effected.
- *Human Settlement Planning* is responsible for managing human settlements planning processes, and supporting the implementation of human settlements and housing development frameworks. This subprogramme had a staff complement of 25 and a total budget of R11.1 million in 2011/12, of which 84.6 per cent was used for personnel costs. Over the medium term, the guidelines for human settlements planning and design will be reviewed, the framework for provincial human settlements planning will be amended and the human settlements component of metropolitan municipalities' capital budgets will be assessed. Expenditure cuts of R174 000 over the MTEF period have been effected.
- *Sanitation Services* promotes universal access to sustainable sanitation services by coordinating and monitoring the implementation of the sanitation programme. This subprogramme had a staff complement of 97 and a total budget of R97.8 million in 2011/12, of which 40.8 per cent was used for goods and services and 32 per cent was used for payments for capital assets. Over the medium term, support will be provided to municipalities to meet the 2014 sanitation target of universal access to sanitation through the delivery of ventilated pit latrines to rural households, and to implement the rural household infrastructure grant and the health and hygiene strategy. Expenditure cuts of R1.1 million over the MTEF period have been made.

Expenditure estimates

Table 31.7 Housing Planning and Delivery Support

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	12.2	28.5	4.7	3.2	3.4	3.6	3.8
Programme Implementation Support	4.3	5.4	5.6	21.2	83.8	110.9	117.1
Rental Housing and People's Housing Process	8.4	11.5	11.8	13.3	13.9	14.7	15.5
Stakeholder Mobilisation	8.1	11.0	12.6	13.8	14.6	14.7	15.5
Capacity Development	23.4	31.5	27.5	24.6	25.9	27.1	28.7
Priority Projects Facilitation	4.4	3.9	3.0	10.0	10.1	10.6	11.1
Human Settlement Planning	6.4	6.8	8.0	11.1	13.1	13.9	14.7
Sanitation Services	27.3	41.9	85.3	97.8	71.7	78.3	82.6
Total	94.6	140.5	158.4	195.0	236.5	273.7	288.9
Change to 2011 Budget estimate				38.8	57.9	50.0	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	90.7	132.3	101.0	158.3	230.7	268.1	283.0
Compensation of employees	30.2	39.4	57.3	83.4	99.1	105.2	111.1
Goods and services	60.5	92.9	43.6	74.8	131.4	162.8	171.8
<i>of which:</i>							
Computer services	0.1	0.1	0.9	0.0	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	17.5	23.9	10.0	42.3	79.3	105.8	111.7
Lease payments	0.3	0.2	0.1	1.4	1.0	1.0	1.1
Travel and subsistence	22.0	29.6	17.3	15.1	11.6	12.3	13.0
Interest and rent on land	0.0	0.0	0.0	0.1	0.2	0.1	0.1

Table 31.7 Housing Planning and Delivery Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	2.4	7.0	9.8	4.6	4.4	4.2	4.5
Non-profit institutions	–	–	–	–	0.4	–	–
Households	2.4	7.0	9.8	4.6	4.0	4.2	4.5
Payments for capital assets	1.5	1.1	47.5	32.1	1.3	1.4	1.5
Buildings and other fixed structures	0.2	–	46.9	31.1	–	–	–
Machinery and equipment	1.2	1.1	0.5	0.9	1.3	1.4	1.5
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	94.6	140.5	158.4	195.0	236.5	273.7	288.9
Details of selected transfers and subsidies							
Households							
Other transfers to households							
Current	2.4	7.0	9.8	4.6	4.0	4.2	4.5
Bursaries non-employees	2.3	7.0	9.6	4.6	4.0	4.2	4.5
Gifts	0.1	0.0	0.2	–	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, spending increased from R94.6 million to R195 million, at an average annual rate of 27.3 per cent. The increase was mainly in the *Sanitation Services* subprogramme, where spending grew from R27.3 million in 2008/09 to R97.8 million in 2011/12, at an average annual rate of 53 per cent, due to the implementation of the rural household sanitation programme. The increase was mainly due to an increase in agency support, and the contracting of service providers for the rural household infrastructure programme. Over the same period, spending in the *Priority Projects Facilitation* subprogramme increased from R4.4 million in 2008/09 to R10 million in 2011/12, at an average annual rate of 31.5 per cent, to allow the department to increase the support it provides to provinces on the implementation of priority projects in line with the department's strategic objectives. Between 2008/09 and 2011/12, 19 priority projects have been provided with implementation support. Between 2010/11 and 2011/12, this programme conducted an assessment of 20 municipalities to determine the robustness of their human settlement planning frameworks and resource capacity.

Expenditure is expected to increase to R288.9 million in 2014/15, at an average annual rate of 14 per cent.

The spending focus over the medium term is expected to be on providing project level technical assistance to 49 municipalities through the national upgrading support programme. This is reflected in the expenditure trends of *Programme Implementation Support* programme, where expenditure is expected to grow from R21.2 million in 2011/12, to R117.1 million in 2014/15, at an average annual rate of 76.8 per cent. As a result of the increased focus on the national upgrading support programme, spending on consultants and professional services is expected to grow over the medium term from R42.3 million to R111.7 million, at an average annual rate of 38.2 per cent.

Programme 4: Housing Development Finance

Objectives and measures

- Facilitate access to end user finance by collaborating with the financial sector to develop mechanisms to increase market penetration by providing mortgage loans to 600 000 households by 2014.
- Improve the expenditure efficiency of provinces and metropolitan municipalities on housing delivery and sanitation services by providing ongoing financial and grant management support, as well as ongoing business planning and reporting support, in line with the annual Division of Revenue Act.

- Ensure sound financial management by maintaining ongoing controls and systems, and continually reducing the number of queries raised by the auditor general.

Subprogrammes

- *Management* provides strategic leadership to the programme. This subprogramme had a staff complement of 2 and a total budget of R2.8 million in 2011/12, of which 58.2 per cent was used for compensation of employees. Approved expenditure cuts of R44 000 over the MTEF period have been effected.
- *Financial and Funds Management* provides overall financial and grant management services, including financial support, internal control, supply chain and systems support. This subprogramme had a staff complement of 122 and a total budget of R51.4 million in 2011/12, of which 69.2 per cent was used for compensation of employees. Approved expenditure cuts of R774 000 over the MTEF period have been effected.
- *Housing Equity* manages activities related to the Office of Disclosure, coordination in the human settlements sector, and mobilises and promotes investment for housing development. This subprogramme had a staff complement of 17 and a total budget of R10.2 million in 2011/12, of which 73.7 per cent was used for compensation of employees. In 2011/12, the unit produced a report on lending practices of banks in terms of the Home Loan Mortgage and Disclosure Act (2000). Approved expenditure cuts of R144 000 over the MTEF period have been effected.
- *Human Settlements Development Grant* reflects the conditional grant allocation that is transferred to all provinces. Funding to provinces is based on an allocation formula that takes housing needs, migration and development potential into account. This subprogramme had a total budget of R15.1 billion, of which 100 per cent was used for transfers to provinces. Allocations for disaster management, are also included in this grant and amount to R294.8 million in 2012/13 and R298.9 million in 2013/14. No expenditure cuts have been approved over the MTEF period for this subprogramme.
- *Contributions* makes contributions to housing institutions. Funds are transferred on the basis of a ministerial approval of strategic and business plans. This subprogramme had a total budget of R487.1 million in 2011/12, of which 100 per cent was used for transfers to departmental agencies. Approved expenditure cuts of R3.9 million over the medium term have been made in the transfer to the Housing Development Agency.
- *Rural Households Infrastructure Grant* reflects the indirect conditional grant allocation for household infrastructure in rural areas for onsite water and sanitation solutions. This subprogramme had a total budget of R257.5 million in 2011/12, of which 100 per cent was for payments for capital assets to support the sanitation services. The grant will be gradually integrated into the municipal infrastructure grant, resulting in expenditure reductions of R676.5 million over the medium term.
- *Urban Settlements Development Grant* reflects the conditional grant transferred to municipalities for infrastructure to support land production and the upgrading of informal settlements in metropolitan municipalities. This subprogramme had a total budget of R6.3 billion in 2011/12, of which 100 per cent was used for transfers to municipalities. Expenditure cuts of R17.3 million in 2012/13 have been effected.

Expenditure estimates

Table 31.8 Housing Development Finance

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	2.3	2.4	0.6	2.8	3.0	3.2	3.4
Financial and Funds Management	26.1	29.3	34.5	51.4	54.8	58.7	62.0
Housing Equity	10.7	9.7	6.5	10.2	10.6	11.2	11.8
Human Settlements Development Grant	8 727.6	10 819.3	13 032.1	15 121.5	15 726.0	16 983.9	17 808.3
Contributions	227.7	352.6	346.2	487.1	912.8	973.8	913.9
Rural Households Infrastructure Grant	–	–	61.6	257.5	479.5	389.0	–
Backlogs in Water and Sanitation at Schools and Clinics Grant	199.9	350.0	–	–	–	–	–
Urban Settlements Development Grant	3 572.4	4 418.2	4 968.0	6 267.0	7 392.2	9 076.9	10 545.6
Total	12 766.7	15 981.5	18 449.6	22 197.5	24 579.0	27 496.6	29 345.0
Change to 2011 Budget estimate				202.4	325.6	1 549.3	–

Table 31.8 Housing Development Finance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	38.5	41.0	40.3	64.2	67.8	72.4	76.4
Compensation of employees	16.7	23.3	26.5	44.7	48.2	51.2	54.0
Goods and services	21.8	17.7	13.7	19.5	19.6	21.2	22.3
<i>of which:</i>							
Computer services	2.5	3.3	2.8	2.3	3.4	4.4	4.6
Consultants and professional services: Business and advisory services	0.5	2.1	0.0	0.8	0.6	0.5	0.6
Lease payments	–	0.1	0.1	0.2	0.4	0.4	0.5
Travel and subsistence	3.0	1.8	1.5	3.3	2.1	2.2	2.3
Transfers and subsidies	12 727.6	15 940.1	18 347.2	21 875.6	24 031.0	27 034.5	29 267.9
Provinces and municipalities	12 300.0	15 237.4	18 000.1	21 388.5	23 118.2	26 060.8	28 353.9
Departmental agencies and accounts	227.7	352.6	346.2	487.1	912.8	973.8	913.9
Households	199.9	350.0	0.9	–	–	–	–
Payments for capital assets	0.6	0.4	62.1	257.7	480.2	389.7	0.7
Buildings and other fixed structures	–	–	61.6	257.5	479.5	389.0	–
Machinery and equipment	0.6	0.3	0.3	0.2	0.7	0.7	0.7
Software and other intangible assets	–	0.0	0.1	–	–	–	–
Total	12 766.7	15 981.5	18 449.6	22 197.5	24 579.0	27 496.6	29 345.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	227.7	352.6	213.9	260.9	265.4	219.6	126.6
Social Housing Regulatory Authority	–	–	54.5	19.3	21.1	22.2	23.5
Rural Housing Loan Fund	–	–	49.5	49.5	52.0	–	–
Housing Development Agency	–	62.7	69.3	89.1	92.3	97.5	103.1
National Urban Reconstruction and Housing Agency	–	3.5	–	100.0	100.0	100.0	–
Social Housing Foundation	217.7	263.0	6.6	3.0	–	–	–
Thubelisha Homes	10.0	23.5	–	–	–	–	–
Servcon	–	–	34.0	–	–	–	–
Capital	–	–	132.3	226.2	647.4	754.1	787.3
Social Housing Regulatory Authority	–	–	132.3	226.2	647.4	754.1	787.3
Households							
Other transfers to households							
Current	0.0	0.0	0.9	–	–	–	–
Transfers to households	0.0	0.0	0.9	–	–	–	–
Capital	199.9	350.0	–	–	–	–	–
Backlogs in water and sanitation at schools and clinics grant	199.9	350.0	–	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	8 727.6	10 819.3	13 032.1	15 121.5	15 726.0	16 983.9	17 808.3
Human settlements development grant	8 727.6	10 819.3	13 032.1	15 121.5	15 726.0	16 983.9	17 808.3
Municipalities							
Municipal bank accounts							
Capital	3 572.4	4 418.2	4 968.0	6 267.0	7 392.2	9 076.9	10 545.6
Urban settlements development grant	3 572.4	4 418.2	4 968.0	6 267.0	7 392.2	9 076.9	10 545.6

Expenditure trends

Expenditure increased from R12.8 billion in 2008/09 to R22.2 billion in 2011/12, at an average annual rate of 20.2 per cent. This increase was mainly reflected in the *Human Settlements Development Grant* subprogramme, which grew from R8.7 billion in 2008/09 to R15.1 billion in 2011/12, at an average annual rate of 20.1 per cent,

and has funded the construction of 532 583 houses and serviced 348 760 sites. The grant includes funding for disaster relief in areas declared as disasters by the National Disaster Management Centre. The *Backlogs in Water and Sanitation at Schools and Clinics Grant* subprogramme was discontinued in 2009/10 because the objectives of the grant were met.

The spending focus over the medium term will be on making transfers to provinces and municipalities to fund low income housing delivery, purchase land for informal settlement upgrading and to formalise informal settlements. This explains the increases in expenditure in the *Urban Settlements Development Grant* subprogramme, where expenditure is expected to grow from R6.3 billion to R10.5 billion over the medium term, at an average annual rate of 18.9 per cent, and the *Human Settlements Development Grant* subprogramme, where expenditure is expected to grow from R15.1 billion to R17.8 billion over the medium term, at an average annual rate of 5.6 per cent. The *Rural Households Infrastructure Grant* subprogramme will be gradually integrated with the municipal infrastructure grant to improve the efficiency of the delivery of rural sanitation and will be completely phased out by 2014/15. The budget for consultants in 2011/12 was R805 000, or 4.1 per cent of the programme's goods and service budget, and is expected to decline to R560 000 over the medium term, at an average annual rate of 11.4 per cent.

Programme 5: Strategic Relations and Governance

Objectives and measures

- Oversee the performance of housing institutions by:
 - monitoring strategic and business plans and assessing the approach to policy advocacy and effectiveness of governance arrangements
 - ensuring compliance with regulations and delivery on mandates on an ongoing basis.
- Provide integrated business solutions, support, business information and related services by maintaining centralised housing and human settlements databases, thus ensuring the regular availability of accurate information, data and solutions.
- Raise awareness around the housing subsidy programme by disseminating public information and enhancing media coverage on a regular basis.
- Improve the department's organisational planning and performance monitoring by the continuous management of the development of the strategic and performance plans and the implementation of these plans.
- Enhance intergovernmental coordination to accelerate housing delivery by undertaking capacity and compliance assessments for 27 municipalities by 2014.

Subprogrammes

- *Management* provides strategic leadership to the programme. This subprogramme had a staff complement of 2 and a total budget of R2.7 million in 2011/12, of which 60.8 per cent was used for compensation of employees. Expenditure cuts of R42 000 over the MTEF period have been effected.
- *Management Information Services* manages the development and implementation of integrated business solutions, data and information, provides knowledge services, and manages the housing subsidy system. This subprogramme had a staff complement of 28 and a total budget of R68.3 million in 2011/12, of which 83.6 per cent was used for goods and services. Expenditure cuts of R64.2 million over the MTEF period have been effected.
- *Intergovernmental and International Relations* coordinates the department's mandate within the intergovernmental relations framework, facilitates the department's participation in interdepartmental relations and maintains international partnerships that support the development of sustainable human settlements. This subprogramme had a staff complement of 18 and total budget of R18.6 million in 2011/12, of which 63.9 per cent was used for goods and services to support municipal accreditation. Expenditure cuts of R221 000 over the MTEF period have been effected.

- *Communications* manages communication and public relations. This subprogramme had a staff complement of 52 and a total budget of R36.2 million in 2011/12, of which 50.4 per cent was used for goods and services. Approved expenditure cuts of R688 000 over the MTEF period have been identified.
- *Housing Institutions* oversees the management of public entities reporting to the Minister of Human Settlements. It also monitors the overall performance of housing entities in terms of policy alignment, legislative and regulatory compliance. This subprogramme had a staff complement of 20 and a total budget of R15.3 million in 2011/12, of which 60.5 per cent was used for compensation of employees. Approved expenditure cuts of R169 000 over the MTEF period have been identified.
- *Strategic Management* develops and monitors the implementation of the departmental strategic and performance plans. This subprogramme had a staff complement of 15 and a total budget of R11.4 million in 2011/12, of which 62 per cent was used for compensation of employees. Approved expenditure cuts of R113 000 over the MTEF period have been identified.
- *Transformation* develops and manages transformation programmes in compliance with the national policy framework and international human rights instruments and directives. This subprogramme had a staff complement of 12 and a total budget of R6.9 million in 2011/12, of which 82.9 per cent was used for compensation of employees. Approved expenditure cuts of R97 000 over the MTEF period have been identified.
- *Contributions* supports the work of the United Nations Human Settlements Programme and the Cities Alliance in South Africa and Africa through annual contributions to the Cities Alliance and the Habitat Foundation. This subprogramme had a total budget of R1 million in 2011/12, of which 100 per cent was used for transfers to foreign governments and international organisations. No approved expenditure cuts for the MTEF period have been identified.

Expenditure estimates

Table 31.9 Strategic Relations and Governance

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	2.7	2.7	1.8	2.7	2.8	2.9	3.1
Management Information Services	55.6	58.8	28.1	68.3	69.0	68.9	71.2
Intergovernmental and International Relations	55.6	7.7	7.0	18.6	14.4	14.0	14.8
Communications	116.1	38.3	21.0	36.2	42.7	43.3	46.1
Housing Institutions	15.2	9.0	10.2	15.3	12.4	13.0	13.7
Strategic Management	2.9	3.9	12.7	11.4	8.5	9.0	9.5
Transformation	4.4	5.6	5.8	6.9	7.1	7.5	7.9
Contributions	0.8	0.7	0.7	1.0	1.0	1.1	1.1
Total	253.4	126.7	87.4	160.5	157.9	159.7	167.4
Change to 2011 Budget estimate				4.9	(0.3)	(47.6)	–
Economic classification							
Current payments	249.8	125.0	85.8	158.1	155.1	156.7	164.3
Compensation of employees	27.7	32.3	39.3	58.3	62.2	65.9	69.7
Goods and services	222.0	92.7	46.5	99.7	92.9	90.7	94.5
<i>of which:</i>							
Computer services	44.6	51.0	18.5	52.9	52.8	51.6	53.0
Consultants and professional services: Business and advisory services	52.9	5.5	12.5	11.8	3.0	2.8	3.0
Lease payments	0.3	0.2	0.3	1.9	0.4	0.4	0.4
Travel and subsistence	12.2	6.4	5.8	8.3	4.4	4.6	4.8
Interest and rent on land	0.1	0.0	0.0	0.1	0.1	0.1	0.1

Table 31.9 Strategic Relations and Governance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	0.8	0.9	0.7	1.0	1.0	1.1	1.1
Foreign governments and international organisations	0.8	0.7	0.7	1.0	1.0	1.1	1.1
Households	0.0	0.2	–	–	–	–	–
Payments for capital assets	2.8	0.7	0.9	1.4	1.8	2.0	2.0
Machinery and equipment	1.4	0.5	0.8	1.3	1.7	1.9	1.9
Software and other intangible assets	1.4	0.3	0.1	0.1	0.1	0.1	0.1
Total	253.4	126.7	87.4	160.5	157.9	159.7	167.4
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	0.8	0.7	0.7	1.0	1.0	1.1	1.1
Habitat Foundation	0.8	0.7	0.7	1.0	1.0	1.1	1.1

Expenditure trends

Expenditure decreased from R253.4 million in 2008/09 to R160.5 million in 2011/12, at an average annual rate of 14.1 per cent. The higher spending in 2008/09 was for funding municipal accreditation capacity and compliance assessment, which assesses municipal readiness to deliver housing programmes. In 2011/12, 8 compliance certificates for level 1 and 2 accreditation were issued to 6 metropolitan and district municipalities. The decreases in expenditure in 2009/10 and 2010/11 were mainly due to reduced expenditure on advertising in the *Communications* subprogramme, where expenditure decreased from R116.1 million in 2008/09 to R36.2 million in 2011/12, at an average annual rate of 32.2 per cent. A decrease in expenditure in the *International Relations* subprogramme from R55.6 million in 2008/09 to R7.04 million in 2010/11 was due to a decrease in the travel and consultants budget.

Over the medium term, expenditure is expected to increase to R167.4 million, at an average annual rate of 1.4 per cent, due to the reprioritisation of spending on non-core goods and services items, in the form of travel and subsistence, venues and facilities, to areas that support initiatives to establish sustainable human settlements and improved quality of household life (outcome 8). These include building capacity for accreditation, upgrading informal settlements and providing rental housing.

The budget for consultants in 2011/12 was R11.8 million, or 11.8 per cent of the programme's goods and service budget, and is expected to decline to R3 million over the medium term, at an average annual rate of 36.7 per cent.

Public entities and other agencies

National Home Builders Registration Council

Overview: 2008/09 – 2014/15

The National Home Builders Registration Council is a schedule 3A public entity, which was established in terms of the Housing Consumers Protection Measures Act (1998) to represent the interests of housing consumers. It does this by providing warranty protection against defined defects in new homes, regulates the home building industry and provides training and capacity building to contractors to promote compliance with technical standards in the home building environment. In 2010, the council embarked on an organisational redesign process to improve access to its services by establishing service points across the country.

As the council played a critical role in identifying projects for rectification in Eastern Cape and KwaZulu-Natal, it has since been appointed to manage the projects, as an interim measure, until an appropriate management mechanism has been approved and implemented.

The focus over the medium term will be on strengthening the council's regulatory role, while maintaining and protecting the warranty fund. The council will ensure that all houses built, including rural housing projects and homes related to the people's housing process homes, are enrolled and inspected. Geotechnical investigations will take priority and the enforcement role of the organisation will be intensified. The council will also establish a quality assurance centre in every provincial human settlements department. A legislative review of the Housing Consumers Protection Measures Act (1995) will be undertaken to achieve alignment with related legislation such as the Public Finance Management Act (1999) and the Consumer Protection Act (2008), as well as to increase the benefits being offered to housing consumers.

Performance

Between 2008/09 and 2011/12, the total number of homes enrolled was 409 082 and the number of new builders registered was 14 771. As the residential property market recovers, home enrolments and the number of new registrations of builders are expected to increase. With the focus on improving enforcement, the council is expected to increase the number of inspections of all homes enrolled to 127 918 in 2014/15. Given the current trends in the residential property market and the recessionary impact of the economic environment, the council does not anticipate significant increases in the enrolment of homes in the non-subsidy sector in the short term.

Selected performance indicators

Table 31.10 National Home Builders Registration Council

Indicator	Programme/ Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new builders registered per year	Grow and protect the warranty fund	4 820	3 616	3 650	3 335	3 568	3 818	4 086
Number of builders membership renewed per year	Grow and protect the warranty fund	12 390	10 366	11 115	11 431	12 231	13 087	14 003
Number of additional home enrolments in the non-subsidy sector per year	Grow and protect the warranty fund	78 568	26 903	31 458	33 919	36 293	38 834	41 552
Number of additional late home enrolments per year	Grow and protect the warranty fund	4 583	2 130	966	1 696	1 815	1 942	2 078
Number of new projects enrolled in the subsidy sector per year	Grow and protect the warranty fund	124 190	24 564	56 200	66 700	71 369	76 365	81 710
Number of additional homes enrolled in the subsidy sector per year	Grow and protect the warranty fund	100 000	41 616	94 000	181 783	194 508	208 123	222 692
Number of inspections carried out per year	Inspection	435 336	237 400	270 693	104 419	111 728	119 549	127 918
Number of additional cases referred for conciliation per year	Legislates the protection of housing consumers in terms of Housing Consumer Protection Measures Act (1995)	424	374	536	-	-	-	-

Programmes/activities/objectives

Table 31.11 National Home Builders Registration Council

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Warranty fund administration	16.3	18.1	21.7	21.6	29.0	29.7	31.4
Customer service and administration	109.5	163.1	175.5	115.9	142.2	141.3	165.6
Information technology and technical support	46.8	59.9	54.5	61.5	71.6	72.5	85.3
Legislative framework review and legal services	9.8	12.7	8.9	13.3	13.6	14.1	14.9
Home builder training and development	1.6	1.8	2.1	2.1	2.9	3.0	3.2
Staff training and development	8.3	8.3	10.1	13.4	14.3	14.7	15.6
Marketing and communications	22.5	23.0	11.2	20.0	16.6	13.9	14.9
Quality assurance	197.0	194.6	153.6	199.9	237.9	253.3	259.5
Total expense	412.0	481.5	437.7	447.7	528.1	542.5	590.3

The National Home Builders Registration Council had a total budget of R447.7 million in 2011/2012, of which 44.7 per cent was used for inspections to ensure that quality homes are built.

Savings and cost effectiveness measures

The council has begun reducing the cost of training of emerging home builders, which saw expenditure on this item decrease from R36 million in 2009/10 to R12 million in 2011/12. This cost reduction was achieved by moving training onsite and only providing training for projects linked to the Department of Human Settlements. In addition, the following measures will be implemented: strategic breakaways will be conducted in-house rather than at hired venues, research and development will be brought in-house, the duration of internal staff meetings will be limited to reduce catering costs, video conferencing will be used to reduce traveling and catering costs, and open days will be held at customer service centres to reduce the cost of advertising to educate consumers about their rights and home builders about their obligations under the act. No expenditure cuts have been identified for the council over the MTEF period.

Expenditure estimates

Table 31.12 National Home Builders Registration Council

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	826.0	692.6	772.9	706.1	742.8	777.5	817.4
Sale of goods and services other than capital assets <i>of which:</i>	583.5	425.8	442.4	450.4	529.1	552.0	579.5
<i>Sales by market establishments</i>	583.5	425.8	442.4	450.4	529.1	552.0	579.5
<i>Other non-tax revenue</i>	242.5	266.8	330.5	255.7	213.8	225.5	237.9
Total revenue	826.0	692.6	772.9	706.1	742.8	777.5	817.4
Expenses							
Current expenses	412.0	479.9	436.0	444.7	524.9	539.1	586.7
Compensation of employees	134.0	147.7	154.6	167.0	257.0	272.4	287.4
Goods and services	257.9	313.3	264.7	256.6	247.7	247.2	269.5
Depreciation	20.0	18.8	16.7	21.2	20.2	19.5	29.8
Transfers and subsidies	-	1.7	1.7	3.0	3.2	3.4	3.6
Total expenses	412.0	481.5	437.7	447.7	528.1	542.5	590.3
Surplus / (Deficit)	414.0	211.1	335.2	258.0	215.0	235.0	227.0
Statement of financial position							
Carrying value of assets	80.9	71.8	58.5	54.1	98.3	140.4	118.6
<i>of which:</i>							
<i>Acquisition of assets</i>	17.5	10.9	3.4	16.7	64.4	61.5	8.0
Investments	2 778.7	2 934.9	3 118.8	3 420.6	3 586.6	3 769.7	4 029.5
Inventory	0.3	0.1	0.1	0.1	0.1	0.1	0.2
Receivables and prepayments	87.7	51.2	9.2	29.3	23.7	23.9	24.7
Cash and cash equivalents	27.1	30.7	354.3	25.1	25.1	25.1	25.1
Total assets	2 974.7	3 088.7	3 540.9	3 529.1	3 733.8	3 959.1	4 198.1
Accumulated surplus / (deficit)	1 831.0	2 039.0	2 381.5	2 639.9	2 854.6	3 089.6	3 316.7
Capital and reserves	107.7	106.0	42.4	60.1	46.3	35.9	45.5
Trade and other payables	187.0	120.6	328.0	41.5	45.3	46.0	48.3
Provisions	849.0	823.1	789.0	787.6	787.6	787.6	787.6
Total equity and liabilities	2 974.7	3 088.7	3 540.9	3 529.1	3 733.8	3 959.1	4 198.1

Expenditure trends

The council generates revenue from two main sources: registration and renewal fees paid by home builders, and home enrolment fees from housing consumers. Between 2008/09 and 2011/12, revenue decreased from R826 million to R706.1 million at an average annual rate of 5.1 per cent. This was driven by a decrease in the number of home enrolments as a result of the impact of global financial and economic crisis on the local

housing market. Over the medium term, revenue is expected to increase to R817.4 million at an average annual rate of 5 per cent as the economy recovers.

Expenditure grew from R412 million in 2008/09 to R447.7 million in 2011/12, at an average annual rate of 2.8 per cent. This was mainly due to inflation related adjustments to compensation of employees, employment of additional technical staff and the associated increase in expenditure on goods and services. In this period, the council carried out over 1 million inspections and enrolled 134 508 homes under the warranty fund. Over the medium term, spending is expected to grow to R590.3 million, at an average annual rate of 9.7 per cent as the council increases the number of inspectors to strengthen its regulatory function. As a result, spending on compensation of employees is expected to increase from R167 million in 2011/12 to R287.4 million in 2014/15, at an average annual rate of 19.8 per cent over the medium term.

Personnel information

Table 31.13 National Home Builders Registration Council

	Post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive Management	6	6	2	6	5	5	4	7	7	7
Senior management	34	34	6	23	25	27	28	42	42	43
Middle management	75	75	11	73	76	63	65	91	92	92
Professionals	136	136	25	135	127	116	120	218	218	216
Skilled	99	99	9	101	99	85	87	96	96	97
Semi-skilled	8	8	–	8	8	8	7	7	7	8
Very low skilled	17	17	–	26	14	14	11	16	16	16
Total	375	375	53	372	354	318	322	477	478	479
<i>Compensation (R thousand)</i>				134 024	147 724	154 608	166 963	257 007	272 427	287 411
<i>Unit cost (R thousand)</i>				360	417	486	519	539	570	600

1. As at 30 September 2011.

As at 30 September 2011, the council had a staff complement of 322 and 53 posts were vacant due to an ongoing organisational restructuring. The number of filled posts is expected to increase to 479 over the medium term as the council employs 88 new inspectors and 8 engineering specialists to increase the capacity of the inspectorate to improve the quality of homes built.

Social Housing Regulatory Authority

Overview: 2008/09 – 2014/15

The Social Housing Regulatory Authority was established in 2010 in terms of the Social Housing Act (2008). The authority invests in social housing and regulates the social housing sector. The authority also provides institutional support to social housing institutions, enabling them to achieve the accreditation required to deliver social housing services to communities. The authority is classified as a schedule 3A entity in terms of the Public Finance Management Act (1999).

Over the medium term, the authority will build its capacity and credibility as a national regulator, invest in and monitor the social housing sector and form strategic partnerships with both local and international financiers to attract more funds to the social housing sector.

The social housing feasibility grant has been allocated to 14 projects in 2010/11 and this is expected to increase to 20 in 2014/15. The purpose of the grant is to assist a provisionally or fully accredited social housing institution that has a project which it believes to be suitable for social housing in terms of the regulations, or where a social housing institution has submitted a grant application that was refused by the authority, to submit an application for grant funding. Furthermore, the number of social housing institutions that will be supported through the start-up or gearing grant is expected to double from 15 to 30 over the MTEF period.

Performance

Since inception, the authority has processed 100 per cent of the applications for accreditation received from private sector entities and expects to continue meeting this level of performance over the medium term. The success rate for applications for accreditation is expected to increase from 60 per cent in 2011/12 to 75 per cent in 2014/15, as a result of the institutional support of the regulator to new and emerging contractors.

Selected performance indicators

Table 31.14 The Social Housing Regulatory Authority

Indicator	Programme/ Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new social housing units invested in per year	Investment in the social housing sector	- ¹	- ¹	1 685	1 594	4 482	5 220	5 450
Number of additional social housing projects receiving the project feasibility grant per year	Investment in the social housing sector	- ¹	- ¹	14	8	14	16	20
Number of additional social housing institutions supported through start-up/ gearing grant per year	Investment in the social housing sector	- ¹	- ¹	- ²	15	20	25	30
Number of additional social housing institutions supported through specific intervention grants per year	Investment in the social housing sector	- ¹	- ¹	50	12	15	15	15
Number of new inspections and audits per year	Investment in the social housing sector	- ¹	- ¹	- ³	12	20	30	30

1. The Social Housing Regulatory Authority was formally established in 2010/11. Therefore indicators only start from 2010/11.

2. This grant did not start until 2011/12.

3. Due to the Social Housing Regulatory Authority only being established in 2010/11, it would take a year for applications to be received and processed before the inspections and audits can be performed.

Programmes/activities/objectives

Table 31.15 The Social Housing Regulatory Authority

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Investment in social housing sector	-	-	-	-	368.4	680.5	731.3
Regulation in social housing sector	-	-	-	-	47.0	55.7	53.6
Administration	-	-	59.3	123.5	19.8	18.7	19.2
Total expense	-	-	59.3	123.5	435.2	754.9	804.2

The Social Housing Regulatory Authority had a total budget of R123.5 million in 2011/12, of which 100 per cent was used for start up costs.

Savings and cost effectiveness measures

No expenditure cuts have been identified by the authority.

Expenditure estimates

Table 31.16 The Social Housing Regulatory Authority

Statement of financial performance				Revised	Medium-term estimate		
R million	Audited outcome			estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	-	-	0.8	5.9	-	-	-
<i>Other non-tax revenue</i>	-	-	0.8	5.9	-	-	-
Transfers received	-	-	59.2	117.6	435.2	754.9	804.2
Total revenue	-	-	60.0	123.5	435.2	754.9	804.2
Expenses							
Current expenses	-	-	59.3	123.5	435.2	754.9	804.2
Compensation of employees	-	-	0.8	10.7	12.2	12.8	13.6
Goods and services	-	-	58.5	112.3	422.5	741.6	790.1
Depreciation	-	-	0.1	0.5	0.5	0.5	0.5
Total expenses	-	-	59.3	123.5	435.2	754.9	804.2
Surplus / (Deficit)	-	-	0.7	-	-	-	-

Expenditure trends

The authority was established in 2010/11 and is wholly funded by the Department of Human Settlements. Of the R117.6 million transferred to the authority in 2011/12, R73.8 million was used to recruit staff and establish the necessary systems for the authority to become operational. Total revenue is expected to increase significantly from R123.5 million in 2011/12 to R804.2 million in 2014/15, at an average annual rate of 59.7 per cent, due to an increase in transfers to social housing institutions aimed at subsidising medium density rental housing units.

Expenditure is expected to increase from R123.5 million to R804.2 million over the medium term, at an average annual rate of 59.7 per cent, to allow the agency to fast-track the delivery of social housing units. In its first two years of existence, the authority supported the development of 3 279 housing units, and the number of social housing units receiving the restructuring capital grant is expected to increase from 1 594 units in 2011/12 to 5 450 units in 2014/15.

Personnel information

Table 31.17 The Social Housing Regulatory Authority

	Post status as at 30 September 2011			Number of posts filled/planned for on funded establishment						
	Number of posts on approved establishment	Number of vacant posts	Number of funded posts (establishment)	Actual			Mid year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	2	2	-	-	-	2	2	2	2	2
Senior management	4	4	-	-	-	2	4	3	3	3
Middle management	2	2	-	-	-	-	2	5	5	5
Professionals	5	1	4	-	-	-	1	8	8	8
Semi-skilled	8	7	1	-	-	5	7	5	5	5
Very low skilled	2	2	-	-	-	-	2	2	2	2
Total	23	18	5	-	-	9	18	25	25	25
Compensation (R thousand)				-	-	757	10 720	12 200	12 847	13 617
Unit cost (R thousand)				-	-	84	596	488	514	545

1. As at 30 September 2011.

As at 30 September 2011, the authority had an establishment of 23 posts, of which 18 were funded and filled. The authority's staff complement is expected to increase to 25 employees in 2014/15 in order to capacitate the institution to deliver on social housing, which is a national priority.

National Urban Reconstruction and Housing Agency

Overview: 2008/09 – 2014/15

The National Urban Reconstruction and Housing Agency was established in 1995 as a schedule 3A public entity, through a partnership between the department and the Soros Economic Development Fund. The agency provides bridging finance in the construction of subsidy housing, affordable housing, community facilities and related infrastructure. The agency provides loan facilities to established and emerging contractors. It disburses bridging finance directly to established contractors, while emerging contractors access its funds through intermediaries, who are also responsible for providing support services to contractors.

The agency's operations are organised into three programmes: the subsidy housing programme, the affordable housing programme, and the infrastructure and community facilities programme.

Between 2008/09 and 2010/11, the agency focused on increasing the business volumes and accessing funding from financiers at developmental rates to increase the available funding capacity for the affordable housing programme.

Over the medium term, the agency is set to develop new financial instruments to encourage private sector participation in the human settlements sector. In addition, the agency aims to improve the efficiency and effectiveness of service delivery to small contractors by internalising the intermediary channel. The new small contractor finance and development programme aims to provide qualified small contractors employment opportunities through a two-year cycle.

Performance

The number of subsidy houses and sites financed increased significantly to 27 893 units in 2011/12. The number of subsidy housing units and sites to be completed is expected to decrease to 5 509 units in 2014/15, due to the shift in priorities from subsidised housing towards the upgrading of informal settlements.

Selected performance indicators

Table 31.18 National Urban Reconstruction and Housing Agency

Indicator	Programme/ Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of new loans signed: subsidy housing and sites per year per R'000	Loans for subsidy housing	R209 444	R149 485	R83 316	R163 271	R112 800	R124 000	R136 000
Value of new loans signed: affordable housing and sites per year per R'000	Loans for affordable housing	R 53 535	R240 922	R 84 983	R115 069	R330 000	R363 000	R400 000
Value of new loans signed: infrastructure projects per year per R'000	Loans for infrastructure projects	R149 881	R164 407	R 99 614	R110 430	R72 000	R 79 000	R 87 000
Number of fully subsidised new houses/sites completed per year	Loans for subsidy housing	14 657	18 702	10 668	27 893	4 620	5 082	5 590
Number of affordable new houses/sites completed per year	Loans for affordable housing	182	3 652	2 092	2 899	1 950	2 145	2 360
Number of new infrastructure projects completed per year	Loans for infrastructure projects	3 098	41	33	45	8	10	12

Programmes/activities/objectives

Table 31.19 National Urban Reconstruction and Housing Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Loans for affordable housing	23.1	30.0	41.5	28.9	21.9	28.4	33.1
Loans for subsidiary housing	9.9	12.8	17.8	12.4	9.4	12.2	14.2
Loans for infrastructure projects	19.8	25.7	35.6	24.8	18.8	24.3	28.4
Programme management	13.2	17.1	23.7	13.0	18.1	16.2	18.9
Total expense	66.1	85.6	118.6	79.1	68.2	81.1	94.7

The National Urban Reconstruction and Housing Agency had a total budget of R79.1 million in 2011/12, of which 36.5 per cent was used for loans in the affordable housing sector.

Expenditure trends

The agency generates revenue from interest on loans disbursed, whereas the main drivers of operational expenditure are compensation of employees, legal fees, board fees and computer services. Revenue declined from R82.6 million in 2008/09 to R63.1 million in 2011/12, at an average annual rate of 8.6 per cent. The decrease in revenue is driven by the decrease in the agency's loan book, which fell from R365.3 million in 2008/09 to R316.7 million in 2011/12, due to fewer loan disbursements being made as a result of the slow down in the housing market. Revenue is expected to increase over the medium term to R75.3 million, at an average annual rate of 6.1 per cent, due to interest and repayment income from the increased number of loans given out to contractors as the residential housing market recovers. The loan book is expected to increase to R376.6 million over the medium term.

Expenditure increased from R66.1 million in 2008/09 to R79.1 million in 2011/12, at an average annual rate of 6.1 per cent, due to higher expenditure on legal fees, board fees and computer services. Spending is expected to grow to R94.7 million over the medium term, at an average annual rate of 6.2 per cent, in line with expected increased activities in disbursing loans.

The agency expects deficits in 2011/12, 2013/14 and 2014/15, due to late payments from provincial departments to contractors increasing the likelihood that the contractors may default. This made it necessary to raise additional provisions for impairments over the medium term. Borrowing is used to leverage off funding to provide bridging finance to established and emerging contractors. The R100 million recapitalisation grant the agency expects to receive from the department in 2012/13 and 2013/14 is reflected under capital and reserves on the balance sheet.

Personnel information

Table 31.20 National Urban Reconstruction and Housing Agency

	Post status as at 30 September 2011			Number of posts filled/planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive Board Members	16	16	-	15	12	16	16	16	16	16
Executive Management Senior	4	4	-	4	4	4	4	4	4	4
Executive Management Middle	8	8	-	12	11	9	8	9	9	9
Executive Management Professionals	-	-	3	-	-	-	-	-	-	-
Skilled	10	10	-	7	8	9	10	12	12	12
Semi-skilled	7	7	-	6	6	6	7	7	7	10
Very low skilled	10	10	-	13	11	11	10	10	10	10
	-	-	-	2	3	-	-	-	-	-
Total	55	55	3	59	55	55	55	58	58	61
Compensation (R thousand)				23 169	25 968	23 389	26 720	33 561	42 152	52 943
Unit cost (R thousand)				393	472	425	486	579	727	868

1. As at 30 September 2011.

As at 30 September 2011, the agency had an establishment of 55 posts, all of which were filled. The agency expects to appoint 3 additional staff members in 2012/13. The agency's staff complement is expected to increase to 61 over the medium term as a result of more staff being hired to take up functions that had previously been outsourced.

National Housing Finance Corporation

Overview: 2008/09 – 2014/15

The National Housing Finance Corporation was established in 1996 as a schedule 3A development finance institution and is listed to schedule 3A of the Public Finance Management Act (1999). The corporation aims to improve access to housing credit for the low and middle income housing market by facilitating private sector lending for housing purposes. It also acts as a fund and risk manager. The corporation disburses its funds through its wholesale and commercial business units.

Between 2008/09 and 2010/11, the corporation focused on the broadening of its product offerings through the establishment of innovative partnerships with private sector partners and the acquisition of additional capital. Over the medium term, the corporation will gear its operations to deliver on sustainable human settlements and improved quality of household life and the related outputs (outcome 8). In particular, the corporation is expected to implement approved amendments to the finance linked subsidy programme. Through nine pilot projects, the corporation will act as a one-stop shop to process applications and disbursements, and liaise with financial institutions. The corporation will work closely with the Social Housing Regulatory Authority to facilitate the provision of debt finance for the delivery of new social housing units in the sector. As a result, the corporation expects to fund more social housing projects over the medium term.

Performance

Between 2008/09 and 2011/12, the total number of loans disbursed for social housing decreased from 11 939 to 6 644 as the residential property market contracted during the recession. However, the total number of loans disbursed to intermediaries increased from 2 924 to 7 500 as the affordable housing segment outperformed the rest of the residential property during the recession.

Selected performance indicators

Table 31.21 National Housing Finance Corporation

Indicator	Programme/ Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new loans disbursed through project finance activities per year	Projects	11 939	7 869	5 757	6 644	6 944	7 527	8 088
Number of loans disbursed through commercial finance activities per year	Commercial products	2 924	2 218	1 739	7 500	8 985	11 042	11 713
Provision for impairments on gross advances (percentage) per year	All	5%	9%	8%	8%	8%	8%	8%
Total operating expenditure to total income (percentage) per year	All	37%	41%	59%	75%	54%	43%	37%
Total operating expenditure to total lending income (percentage) per year	All	94%	93%	92%	92%	51%	34%	26%

Programmes/activities/objectives

Table 31.22 National Housing Finance Corporation

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Retail finance	18.8	28.1	20.5	24.9	–	–	–
Commercial finance	37.5	56.1	40.9	49.9	115.1	192.9	126.9
Project finance	114.4	170.9	124.6	151.9	240.3	439.9	289.3
Strategic partnerships and investments	–	–	–	–	78.0	138.9	91.4
Total expense	170.7	255.0	185.9	226.7	433.4	771.7	507.5

The National Housing Finance Corporation had a total budget of R226.7 million in 2011/12, of which 67 per cent was used for financing projects.

Savings and cost effectiveness measures

No expenditure cuts have been identified by the corporation.

Expenditure estimates

Table 31.23 National Housing Finance Corporation

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	278.7	301.7	245.8	244.9	489.7	879.7	644.6
Sale of goods and services other than capital assets	118.7	178.7	182.3	203.1	441.6	817.1	558.5
<i>of which:</i>							
Administration fees	0.1	0.0	0.2	–	–	–	–
Sales by market establishments	118.6	178.7	182.1	203.1	441.6	817.1	558.5
Other non-tax revenue	160.0	123.0	63.5	41.8	48.1	62.6	86.1
Total revenue	278.7	312.8	245.8	244.9	489.7	879.7	644.6
Expenses							
Current expenses	128.2	239.4	170.2	219.7	416.3	740.2	464.0
Compensation of employees	41.3	47.6	48.2	77.5	83.9	88.8	81.0
Goods and services	84.0	189.8	119.9	127.7	264.8	496.0	146.9
Depreciation	0.8	0.9	0.9	1.9	4.0	5.1	3.9
Interest, dividends and rent on land	2.1	1.0	1.2	12.6	63.5	150.3	232.2
Total expenses	170.7	255.0	185.9	226.7	433.4	771.7	507.5
Surplus / (Deficit)	108.0	57.8	59.9	18.0	56.0	108.0	137.0
Statement of financial position							
Carrying value of assets	43.6	61.0	73.2	76.9	78.6	77.5	57.4
<i>of which:</i>							
Investments	1 271.2	1 113.0	979.7	1 086.0	1 011.8	1 042.1	1 114.3
Inventory	57.9	54.3	64.0	63.5	243.6	175.1	–
Loans	1 053.8	1 330.9	1 562.8	1 701.9	2 504.0	3 370.6	4 387.9
Receivables and prepayments	47.9	36.4	66.4	36.0	32.7	34.5	32.6
Cash and cash equivalents	276.8	263.0	215.8	258.2	245.8	254.7	264.2
Taxation	7.5	27.2	28.6	24.7	24.7	24.7	24.7
Total assets	2 764.5	2 910.2	3 015.9	3 268.9	4 162.7	5 000.6	5 902.6
Accumulated surplus / (deficit)	1 078.8	1 136.6	1 196.6	1 178.4	1 234.7	1 342.6	1 479.7
Capital and reserves	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0
Borrowings	16.9	16.2	65.3	276.5	1 061.7	1 654.7	2 301.5
Deferred income	10.1	–	–	–	–	–	–
Trade and other payables	37.3	23.2	9.7	90.9	181.5	239.1	306.6
Provisions	14.5	14.0	12.9	5.5	5.8	6.1	6.2
Total equity and liabilities	2 758.8	2 885.9	2 990.5	3 247.4	4 141.2	4 979.1	5 881.1

Expenditure trends

The main source of revenue is interest from loans disbursed. Revenue decreased from R278.7 million in 2008/09 to R244.9 million in 2011/12, at an average annual rate of 4.2 per cent, due to the slowdown of the housing finance market. Over the medium term, revenue is expected to increase to R644.6 million, at an average annual rate of 38.1 per cent, as the housing market recovers. The agency expects an expansion of lending to the social housing market to drive the increase in revenue. Additional payments received for the management of the finance linked individual subsidy programme will also increase revenue over the MTEF period.

Between 2008/09 to 2011/12, expenditure grew from R170.7 million to R226.7 million, at an average annual rate of 9.9 per cent, mainly due to an increase in cost of sales. Over the medium term, expenditure is expected to grow to R507.5 million, at an average annual rate of 30.8 per cent, driven mostly by increased lending to banks and related financial institutions, which led to higher interest payments.

The corporation's loan book increased from R1.1 billion in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 17.3 per cent. The slower than expected growth is primarily due to lacklustre housing market

conditions due to the global financial and economic downturn that started in 2009. The loan book is expected to increase to R4.4 billion over the medium term, at an average annual rate of 37.1 per cent, as the corporation expands activity in the social housing market and manages the finance linked subsidy programme.

Borrowings increased significantly from R16.9 million in 2008/09 to R276.5 million in 2011/12, at an average annual rate of 153.9 per cent, due to the loan of €20 million from the French Development Bank and a further €30 million from the European Investment Bank. The corporation expects to increase borrowings to R2.3 billion over the medium term to support its growing loan book.

Personnel information

Table 31.24 National Housing Finance Corporation

	Post status as at 30 September 2011			Number of posts filled/planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Executive Board members	1	1	–	1	1	1	1	1	1	1
Executive management	7	7	1	8	6	7	7	8	8	8
Senior management	17	17	–	16	16	17	17	17	17	17
Professionals	21	21	1	21	21	21	21	22	22	22
Skilled	7	7	–	7	7	8	7	7	7	7
Semi-skilled	35	35	–	34	35	35	35	35	35	35
Total	88	88	2	87	86	89	88	90	90	90
Compensation (R thousand)				41 290	47 608	48 242	77 538	83 891	88 807	81 029
Unit cost (R thousand)				475	554	542	881	932	987	900

1. As at 30 September 2011.

As at 30 September 2011, the corporation had an establishment of 88 posts, all of which were filled. Two additional posts, the chief of operations and a systems analyst, are expected to be created, growing the number of filled posts to 22 over the medium term.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information of the vote at www.treasury.gov.za under the budget information link:

- The **Housing Development Agency** is mandated to identify, acquire, hold, develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements. The agency's total expenditure for 2012/13 is R107.5 million
- The **Rural Housing Loan Fund** is a wholesale lending institution. Its main business is to raise money and lend it on to retail credit intermediaries to provide repeat access to housing credit to low income rural households. The fund's total expenditure for 2012/13 is R30.6 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
R million									
Departmental infrastructure									
Rural household infrastructure grant	Basic water and sanitation infrastructure provided	Various	-	-	61.6	77.5	479.5	389.0	-
Accelerated community infrastructure programme	Basic water and sanitation infrastructure provided	Various	-	0.2	46.9	31.1	-	-	-
Infrastructure transfers to other spheres, agencies and departments									
Human settlements development grant	Houses completed and sites serviced	Various	-	8 727.6	10 819.3	13 032.1	15 121.5	16 983.9	17 808.3
Urban settlements development grant for cities	Bulk infrastructure installed	Identification	-	3 572.4	4 418.2	4 968.0	6 267.0	9 076.9	10 545.6
Total			-	12 300.2	15 237.4	18 108.7	21 497.2	26 449.8	28 353.9

Vote 32

Mineral Resources

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	238.9	232.3	1.2	5.5	254.6	270.7
Promotion of Mine Safety and Health	154.5	149.6	4.4	0.5	166.1	175.9
Mineral Regulation	180.1	139.1	41.0	0.0	184.4	194.8
Mineral Policy and Promotion	595.6	81.7	513.8	0.1	694.0	719.7
Total expenditure estimates	1 169.1	602.6	560.3	6.1	1 299.1	1 361.2
Executive authority	Minister of Mineral Resources					
Accounting officer	Director General of Mineral Resources					
Website address	www.dmr.gov.za					

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

Aim

Promote and regulate the minerals and mining sector for transformation, growth and development; and ensure that all South Africans derive sustainable benefits from the country's mineral wealth.

Programme purposes

Programme 1: Administration

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

Programme 2: Promotion of Mine Safety and Health

Purpose: Ensure the safe mining of minerals under healthy working conditions.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector to promote economic development, employment and ensure transformation and environmental compliance.

Programme 4: Mineral Policy and Promotion

Purpose: Develop relevant mineral policies that promote South Africa's mining and minerals industries to attract investment.

Strategic overview: 2008/09 – 2014/15

The legislative mandate of the Department of Mineral Resources is determined by the Mineral and Petroleum Resources Development Act (2002), which provides the regulatory framework for equitable access to and the sustainable development of South Africa's mineral resources. The Mine Health and Safety Act (1996) governs mine health and safety.

Priorities over the medium term

Policy and legislative developments

The department is implementing the mining sector strategy as approved by the minister. The process involves stakeholder engagement to assist the mining industry to unlock current constraints. Such engagement is coordinated through the mining industry growth, development and employment task team, and aims to ensure the competitiveness and transformation of the sector.

The review of the Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996) began with stakeholder consultation and drafting of the bills, which formed the basis of discussion. The review aims to strengthen enforcement, simplify the administrative fines system, reinforce offences and penalties, remove ambiguities in certain definitions and expressions, and ensure consistency with other laws. The enforcement and administrative fine guidelines have been approved to strengthen the enforcement function of the mine health and safety inspectorate.

An online mineral resources administration system will be developed to process mining licence applications. This will enable the monitoring of the status and improve the overall quality of licence applications.

The department has established a compliance inspection and enforcement unit to underpin the targets of the Broad Based Socioeconomic Charter for the South African Mining Industry. The benefits of this development include: more social and labour plans, increased socioeconomic development within communities, increased access to resource information, the early commissioning of new mines or expansion projects, improved revenue collection, improved job creation from environmental rehabilitation, and more effective transformation. These interventions support the objectives of the new growth path.

Minerals beneficiation strategy

The mineral beneficiation strategy adopted by Cabinet in June 2011 provides a policy framework to: add value to minerals to facilitate economic diversification; increase productive capacity; create opportunities for job creation; boost local value addition; expedite progress towards technology development and knowledge based economy; and attain incremental GDP growth in mineral value addition per capita. The strategy is complementary to the vision outlined in the mining and minerals policy, the national industrial policy framework and its associated industrial policy action plan 2 infrastructure build programme, the advanced manufacturing technology strategy, and the new growth path.

Following the adoption of the strategy, the department tabled two of the five pilot value chains (iron and steel and energy) as outlined in the beneficiation strategy. These were approved by Cabinet in October 2011.

Mine health and safety

Although there has been some improvement in accident statistics, loss of life in the South African mining industry continues to be a matter of great concern to the department. Fall of ground accidents remain the largest cause of fatalities, followed by the transportation and machinery categories.

Many occupational health impacts are not immediate and hence difficult to quantify. Silicosis, an illness caused by excessive dust exposure, remains a major cause of premature retirement and death of South African miners. Tuberculosis, exacerbated by co-infection with HIV, also continues to be a serious challenge. Noise induced hearing loss, a result of exposure to high levels of noise in workplaces, is also a significant health hazard.

The environment

The rehabilitation of derelict and ownerless mines is a key area of focus for the department. In implementing the strategy for the management of these mine sites, the department has prioritised 12 projects for rehabilitation in 2012/13. The rehabilitation of mines is an expensive exercise. Only a certain number of sites can be dealt with in any one year, depending on the resources.

Selected performance indicators

Table 32.1 Mineral Resources

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health	12 700	7 164 ¹	7 566	8 396	8 396	8 396	8 396
Number of mining rights granted to historically disadvantaged South Africans per year ²	Mineral Regulation	152	300	198	27	90	90	90
Number of industry workshops on compliance issues per year	Mineral Regulation	9	9	32 ³	27	27	27	27
Number of mining charter inspections per year	Mineral Regulation	140	171	100	160	180	200	220
Number of environment inspections per year	Mineral Regulation	1 742	1 907	2 853 ⁴	1 740	1 800	1 900	2 000
Number of planned promotional activities (exhibitions, conferences, workshops) per year	Mineral Policy and Promotion	11	11	15	12	12	12	12
Number of policies developed or reviewed per year	Mineral Policy and Promotion	3	3	1	2	4	2	2
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	0	0	5	10	12	12	13
Number of sustainable Small, Micro and Medium Enterprises supported (new and established) per year	Mineral Policy and Promotion	45	49	82	54	67	67	69

1. The decrease in 2009/10 is due to fewer mine health and safety inspectors being available.

2. The department does not have control over the number of eligible applications submitted, hence the year-to-year fluctuations. The target over the medium term has been adjusted to include the number of women led companies to avoid double counting as women are also included in the definition of historically disadvantaged South Africans.

3. The increase in 2010/11 was due to the implementation of the mining industry strategy and signing of the stakeholder engagement which required that the department hold more workshops with stakeholders.

4. The increase in 2010/11 was due to the moratorium on the issuing of new mining rights, which resulted in all mining rights being inspected for environmental compliance.

Expenditure estimates

Table 32.2 Mineral Resources

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	160.0	159.3	226.7	247.9	247.9	238.9	254.6	270.7
Promotion of Mine Safety and Health	112.7	132.0	137.1	147.5	147.5	154.5	166.1	175.9
Mineral Regulation	155.3	179.5	188.6	162.2	162.2	180.1	184.4	194.8
Mineral Policy and Promotion	340.3	382.9	442.3	481.4	481.4	595.6	694.0	719.7
Total	768.3	853.8	994.7	1 039.0	1 039.0	1 169.1	1 299.1	1 361.2
Change to 2011 Budget estimate				2.8	2.8	61.6	120.3	132.9

Economic classification

	389.6	425.4	533.0	588.8	588.8	602.6	661.7	701.8
Current payments								
Compensation of employees	231.0	275.1	326.5	380.4	380.4	401.9	425.2	450.8
Goods and services	158.6	150.3	206.5	208.4	208.4	200.7	236.5	251.0
<i>of which:</i>								
Computer services	13.1	8.6	19.6	23.6	23.6	17.5	18.5	20.4
Consultants and professional services:	9.7	–	5.8	25.7	25.7	10.0	33.1	36.3
Infrastructure and planning								
Lease payments	18.2	13.9	71.0	40.6	40.6	34.6	34.0	35.8
Travel and subsistence	32.5	30.4	54.7	56.2	56.2	61.2	64.8	67.7

Table 32.2 Mineral Resources (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2012/13	2013/14	2014/15
Economic classification								
Transfers and subsidies	366.9	395.8	438.1	438.4	438.4	560.3	625.9	647.1
Departmental agencies and accounts	167.6	178.2	215.2	199.1	199.1	266.5	308.6	342.2
Public corporations and private enterprises	198.0	217.3	222.4	238.3	238.3	292.6	316.0	303.7
Households	1.3	0.4	0.5	1.1	1.1	1.2	1.2	1.3
Payments for capital assets	11.5	32.0	23.6	11.7	11.7	6.1	11.5	12.2
Buildings and other fixed structures	–	12.8	17.1	0.8	0.8	–	–	–
Machinery and equipment	9.7	18.3	5.4	10.6	10.6	6.1	11.5	12.2
Software and other intangible assets	1.8	0.9	1.1	0.3	0.3	–	–	–
Payments for financial assets	0.4	0.7	0.1	–	–	–	–	–
Total	768.3	853.8	994.7	1 039.0	1 039.0	1 169.1	1 299.1	1 361.2

Expenditure trends

The spending focus over the medium term will be on implementing the beneficiation value chains, and rehabilitating derelict and ownerless mines. The department has prioritised the rehabilitation of 37 derelict and ownerless mines at a cost of R139 million. Transfers and subsidies constitute an average of 46.3 per cent of the department's total expenditure over the seven-year period, mainly due to transfers to public entities such as the Council for Geoscience and the Council for Mineral Technology, which receive R773.5 million and R779.1 million over the medium term.

Between 2008/09 and 2011/12, expenditure increased from R768.3 million to R1 billion, at an average annual rate of 10.6 per cent, due to the split of the Department of Minerals and Energy into two departments, which resulted in the need for more administrative staff. Consequently, over the same period, expenditure on compensation of employees increased from R231 million to R380.4 million, at an average annual rate of 18.1 per cent. Expenditure on goods and services increased from R158.6 million to R208.4 million, at an average annual rate of 9.5 per cent, to provide for the increased staff. Transfer payments, particularly to public corporations and private enterprises, grew from R366.9 million to R438 million between 2008/09 and 2011/12, at an average annual rate of 6 per cent, mainly due to inflation related adjustments and allocations for infrastructure projects.

Over the medium term, expenditure is projected to increase to R1.4 billion, at an average annual rate of 9.4 per cent, due mainly to the following additional allocations made in the 2012 Budget:

- R893 000 in 2012/13, R981 000 in 2013/14 and R1.1 million in 2014/15 for improved conditions of service in the department
- R3.7 million in 2012/13, R3.9 million in 2013/14 and R4.1 million in 2014/15 for improved conditions of service for the Council for Geoscience and Council for Mineral Technology
- R75 million in 2012/13, R130 million in 2013/14 and R145 million in 2014/15 as part of the economic support and competitiveness package for the Council for Geoscience and Council for Mineral Technology.

In addition, a Cabinet approved baseline cut of R18 million in 2012/13, R14.5 million in 2013/14 and R17.2 million in 2014/15 was also made. The details of the cut are discussed in the subprogrammes where applicable.

Expenditure on consultants increased from R26.4 million in 2008/09 to R31.9 million in 2011/12, at an average annual rate of 6.5 per cent, and is expected to increase to R43.6 million over the medium term, at an average annual rate of 11.1 per cent. Consultants are mainly used for strategic planning sessions, performance information systems, verification for new employees, translations and transcripts, and to provide skills for the rehabilitation of mines.

Personnel information

Table 32.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 734	1 145	73	1 133	1 076	994	1 054	1 189	1 189	1 189
Salary level 1 – 6	342	301	20	369	331	266	285	303	303	303
Salary level 7 – 10	792	457	27	421	433	358	421	516	516	516
Salary level 11 – 12	485	307	22	238	242	300	273	276	276	276
Salary level 13 – 16	115	80	4	105	70	70	75	94	94	94
Administration	526	388	46	350	271	253	363	401	401	401
Salary level 1 – 6	165	146	10	156	125	110	140	149	149	149
Salary level 7 – 10	246	165	22	120	116	88	150	168	168	168
Salary level 11 – 12	68	50	11	22	13	34	44	47	47	47
Salary level 13 – 16	47	27	3	52	17	21	29	37	37	37
Promotion of Mine Safety and Health	407	298	14	326	329	295	248	308	308	308
Salary level 1 – 6	58	52	–	74	68	53	46	48	48	48
Salary level 7 – 10	41	34	2	71	82	32	32	91	91	91
Salary level 11 – 12	285	191	11	155	154	189	150	146	146	146
Salary level 13 – 16	23	21	1	26	25	21	20	23	23	23
Mineral Regulation	645	345	8	361	370	338	335	358	358	358
Salary level 1 – 6	99	91	5	119	114	88	86	90	90	90
Salary level 7 – 10	429	202	3	188	190	187	186	201	201	201
Salary level 11 – 12	91	34	–	37	49	46	48	49	49	49
Salary level 13 – 16	26	18	–	17	17	17	15	18	18	18
Mineral Policy and Promotion	156	114	5	96	106	108	108	122	122	122
Salary level 1 – 6	20	12	5	20	24	15	13	16	16	16
Salary level 7 – 10	76	56	–	42	45	51	53	56	56	56
Salary level 11 – 12	41	32	–	24	26	31	31	34	34	34
Salary level 13 – 16	19	14	–	10	11	11	11	16	16	16

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

2. As at 30 September 2011.

As at 30 September 2011, the department had 1 145 funded posts on the approved establishment and 73 additional posts. Filled posts are expected to increase from 1 054 in 2011/12 to 1 189 in 2014/15 as part of the department's strategic plan to fill all inspectors post over the medium term. The department had 140 vacancies due to its inability to attract inspectors within the current salary bands. Resignations and transfers also contributed to the vacancies. The department aims to fill vacancies in 2012/13.

The number of posts core to the department's functions is 66.3 per cent of the department's total funded establishment over the medium term.

Departmental receipts

Table 32.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Departmental receipts	261 304	212 715	30 302	46 424	46 424	47 757	51 100	54 679
Sales of goods and services produced by department	2 291	1 056	2 159	2 782	2 782	2 966	3 172	3 394
Sales by market establishments	83	–	309	458	458	460	492	527
<i>of which:</i>								
Market establishment: Non-residential building	6	–	–	–	–	–	–	–
Market establishment: Rental parking - Covered and open	77	–	309	458	458	460	492	527
Administration fees	2 085	942	1 353	1 770	1 770	1 875	2 006	2 146
<i>of which:</i>								
Minerals and Petroleum Resources Development Act (2002) application fees	2 063	920	1 328	1 750	1 750	1 847	1 976	2 114
Requested information: Promotion of Access to Information Act (2000)	22	22	25	20	20	28	30	32
Other sales	123	114	497	554	554	631	674	721
<i>of which:</i>								
Services rendered: Commission on insurance and garnishee orders	99	84	123	134	134	154	165	176
Services rendered: Marking of exam papers	4	6	353	392	392	447	478	512
Services rendered: Photocopies and faxes	16	20	17	22	22	24	25	27
Replacement of security cards	4	4	4	6	6	6	6	6
Sales of scrap, waste, arms and other used current goods	4	27	8	2	2	6	6	7
<i>of which:</i>								
Sales: Scrap	1	25	1	–	–	1	1	1
Sales: Waste paper	3	2	7	2	2	5	5	6
Fines, penalties and forfeits	112	382	531	846	846	826	884	947
Interest, dividends and rent on land	256 089	210 791	26 978	42 246	42 246	43 255	46 285	49 525
Interest	409	516	170	152	152	193	207	222
Rent on land	255 680	210 275	26 808	42 094	42 094	43 062	46 078	49 303
Transactions in financial assets and liabilities	2 808	459	626	548	548	704	753	806
Total	261 304	212 715	30 302	46 424	46 424	47 757	51 100	54 679

The department generates revenue mainly from surface rentals and prospecting fees collected from licence holders. Revenue is also generated from administrative fees for licence applications. Between 2008/09 and 2011/12, revenue decreased from R261.3 million to R46.4 million, at an average annual rate of 43.8 per cent, mainly due to the implementation of the Royalty Act (2008), which resulted in shifting the royalty collections function from the department to the South African Revenue Service. Over the medium term, revenue is expected to increase to R54.7 million, at an average annual rate of 5.6 per cent, due to an anticipated increase in the number of mining licences issued.

Programme 1: Administration

Expenditure estimates

Table 32.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	15.1	15.6	15.8	20.7	19.7	20.4	21.8
Corporate Services	61.1	64.1	97.3	86.7	93.7	96.5	101.2
Department Management	7.5	7.0	12.9	17.2	17.4	18.2	19.2
Financial Administration	55.2	67.6	75.9	87.9	69.7	79.0	85.9
Internal Audit	5.4	5.0	6.9	11.4	13.0	13.7	14.2
Office Accommodation	15.7	0.0	18.0	24.1	25.4	26.8	28.4
Total	160.0	159.3	226.7	247.9	238.9	254.6	270.7
Change to 2011 Budget estimate				-	(19.8)	(20.0)	(20.3)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	147.6	141.2	204.6	235.6	232.3	242.5	258.0
Compensation of employees	62.1	73.7	90.7	119.6	126.9	134.3	142.3
Goods and services	85.5	67.5	113.8	116.0	105.4	108.2	115.6
<i>of which:</i>							
Computer services	8.2	7.2	14.9	21.8	11.8	12.6	14.3
Lease payments	17.8	8.5	45.1	40.0	30.3	30.2	32.2
Travel and subsistence	15.7	11.6	18.5	19.0	20.3	21.1	22.1
Transfers and subsidies	1.3	0.3	0.5	1.1	1.2	1.2	1.3
Households	1.3	0.3	0.5	1.1	1.2	1.2	1.3
Payments for capital assets	11.0	17.3	21.7	11.2	5.5	10.8	11.5
Buildings and other fixed structures	-	3.7	17.1	0.8	-	-	-
Machinery and equipment	9.2	12.7	4.6	10.0	5.5	10.8	11.5
Software and other intangible assets	1.8	0.9	-	0.3	-	-	-
Payments for financial assets	0.2	0.5	0.0	-	-	-	-
Total	160.0	159.3	226.7	247.9	238.9	254.6	270.7

Details of selected transfers and subsidies

Households	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Other transfers to households							
Current	1.3	0.3	0.5	1.1	1.2	1.2	1.3
Households	0.1	-	0.0	-	-	-	-
Employee social benefits	1.2	0.3	0.4	1.1	1.2	1.2	1.3

Expenditure trends

Expenditure increased from R160 million in 2008/09 to R247.9 million in 2011/12, at an average annual rate of 15.7 per cent, mainly due to the splitting of the department and additional staff engaged. Over the medium term, expenditure is projected to increase to R270.7 million, at an average annual rate of 3 per cent, mainly due to additional funding received for improved conditions of service.

Expenditure on consultants decreased from R5.3 million in 2008/09 to R4.6 million in 2011/12, at an average annual rate of 4.4 per cent, and is expected to increase to R4.8 million over the medium term, at an average annual rate of 1.6 per cent. Consultants are mainly used for the strategic planning sessions and verification of qualifications of new employees.

Between 2008/09 and 2010/11, the department spent R33.7 million on office accommodation for over 1 000 employees at its head office and all regional offices. Over the medium term, the department has budgeted R80.6 million for office accommodation for 3 000 employees. Expenditure on office accommodation is

expected to grow from R24.1 million in 2011/12 to R28.4 million in 2014/15, at an average annual rate of 5.6 per cent, as a result of the increased staff complement.

Programme 2: Promotion of Mine Safety and Health

Objectives and measures

- Promote mine health and safety by:
 - conducting investigations, inspections and audits and implementing the occupational health and safety strategy and enforcement guidelines to reduce occupational injuries, fatalities and dangerous occurrences by 20 per cent per year
 - reducing overexposure to silica occupational exposure limit and noise exposure limit by 10 per cent per year
 - conducting investigations, inspections and audits, and implementing occupational health and safety strategy and enforcement guidelines on an ongoing basis.
- Contribute to skills development in the technical sector by continuously improving the pass rate of the mine health inspection course through the review and implementation of a certificate of competency model developed with the mining qualification authority and universities.
- Improve turnaround times of resolving medical appeals by adhering to prescribed timeframes for medical appeals, chief inspector of mines appeals, and Petroleum Resources Development Act (2002) applications and administrative tasks.
- Fill vacancies to reduce the vacancy rate by 5 per cent per year through ongoing revision and the implementation of a human resources plan.
- Promote employment and ensure transformation by:
 - continuously attracting, developing and retaining skills
 - improving employment equity targets by 20 per cent, 32 per cent and 38 per cent per year over the medium term
 - reducing the staff turnover rate by 5 per cent per year.

Subprogrammes

- *Governance Policy and Oversight* develops health and safety strategies, makes inputs to policy development and provides technical support to regions. Mines' safety performances are evaluated monthly, problem areas are identified and corrective measures developed. Capacity development and process improvement is also conducted by putting strategies in place with the Mining Qualification Authority to address the skills shortage in the mining industry, and inputs are made in the review of health and safety legislation. This subprogramme had a staff complement of 73 and a total budget of R46.6 million in 2011/12, of which 61.4 per cent was used for compensation of employees. Efficiency savings of R1.2 million in 2012/13, R1.3 million in 2013/14 and R1.6 million in 2014/15 have been identified on transfers to the Mine Health and Safety Council. 9.9 per cent of this subprogramme's budget is transferred to the Mine Health and Safety Council.
- *Mine Health and Safety Regions* is responsible for the monitoring and evaluation of occupational health and safety programmes at mines to address emerging challenges. This includes improving health surveillance and monitoring at mine sites, as well as cooperating with other public agencies; compliance monitoring with regards to the Mine Health and Safety Act (1996) and related legislation through audits, inspections, investigations and inquiries; and participation in matters likely to impact on the health and safety of mine employees and the people in surrounding communities. The improvement in health surveillance and compliance monitoring has resulted in a 24 per cent annual reduction in mine accidents. 168 mine employees died in 2009 compared with 127 fatalities in 2010. The deaths were mainly due to fall of ground accidents. This subprogramme had a staff complement of 235 and a total budget of R100.9 million in 2011/12, of which 88.3 per cent was used for compensation of employees. R3.7 million in 2012/13,

R3.2 million in 2013/14, and R3.2 million in 2014/15 have been reprioritised from the Administration programme to this subprogramme to cater for travel and subsistence, and training.

Expenditure estimates

Table 32.6 Promotion of Mine Safety and Health

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Governance Policy and Oversight	51.8	59.3	52.1	46.6	48.3	51.1	53.7
Mine Health and Safety Regions	60.9	72.8	85.0	100.9	106.1	115.0	122.2
Total	112.7	132.0	137.1	147.5	154.5	166.1	175.9
Change to 2011 Budget estimate				–	(3.1)	(4.0)	(4.4)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	107.3	126.8	131.7	141.7	149.6	160.9	170.6
Compensation of employees	83.4	92.1	102.6	117.6	119.7	130.1	138.3
Goods and services	23.9	34.7	29.1	24.1	29.8	30.7	32.3
<i>of which:</i>							
Computer services	2.2	1.4	0.8	1.0	1.2	1.3	1.3
Consultants and professional services:	–	–	–	0.1	–	–	–
Infrastructure and planning	0.0	3.6	8.5	0.0	1.0	0.4	0.2
Lease payments	0.0	3.6	8.5	0.0	1.0	0.4	0.2
Travel and subsistence	10.4	11.0	14.0	14.6	15.8	16.7	17.7
Transfers and subsidies	4.9	5.1	5.4	5.3	4.4	4.6	4.7
Departmental agencies and accounts	4.9	5.1	5.4	5.3	4.4	4.6	4.7
Payments for capital assets	0.5	–	0.0	0.5	0.5	0.6	0.6
Machinery and equipment	0.5	–	0.0	0.5	0.5	0.6	0.6
Payments for financial assets	0.0	0.1	0.0	–	–	–	–
Total	112.7	132.0	137.1	147.5	154.5	166.1	175.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Mine Health and Safety Council	4.9	5.1	5.4	5.3	4.4	4.6	4.7

Expenditure trends

Expenditure increased from R112.7 million in 2008/09 to R147.5 million in 2011/12, at an average annual rate of 9.4 per cent. The increase in expenditure is mainly due to salary adjustments, and travel and subsistence for mine inspectors. Funds are also allocated for bursaries and training to build capacity in scarce skills. Over the medium term, expenditure is expected to increase to R175.9 million, at an average annual rate of 6 per cent, mainly to provide for improved conditions of service.

The programme has conducted 27 430 occupational health and safety inspections, and mine audits between 2008/09 and 2011/12. Over the medium term, the department expects that 25 188 inspections and audits will be completed.

Expenditure on consultants decreased from R3.6 million in 2008/09 to R482 000 in 2011/12, at an average annual rate of 48.9 per cent, and is expected to increase to R1 million over the medium term, at an average annual rate of 29.4 per cent. Consultants are mainly used to provide assistance on performance information systems.

Programme 3: Mineral Regulation

Objectives and measures

- Promote job creation through the development of small, medium and micro enterprises (SMMEs) and local economic development projects on an ongoing basis.
- Promote sustainable resources use and mine environmental management through approved work programmes, social and labour plans, and environmental management plans by conducting 27 industry workshops on compliance issues per year over the medium term.
- Reduce state environmental risk by ensuring that environmental liabilities are adequately funded and updated annually, and that closure certificates are only issued when there is no residual state liability.
- Implement transformation policies and legislation by:
 - granting 90 mining rights to historically disadvantaged South Africans per year
 - increasing procurement participation in the mining industry by broad based black economic empowerment (BEE) entities with mining charter objectives from 0 in 2011/12 to 200 by 2014/15
 - ensuring companies' compliance with the goal that management comprises 40 per cent historically disadvantaged South Africans by 2014.
- Monitor and enforce compliance with the Broad Based Socioeconomic Charter for the South African Mining Industry by:
 - conducting 180 inspections for the charter annually
 - conducting 5 700 environmental inspections over the MTEF period
 - issuing directives and statutory orders in cases where inspection reports recommend corrective actions necessary.
- Improve the turnaround times of the processing of mining rights applications by ensuring adherence to the prescribed timeframes for prospecting and mining rights applications by using an electronic licensing system, known as the South African mineral resources administration system.

Subprogrammes

- *Mineral Regulation and Administration* administers prospecting and mining rights, licensing and compliance with the Mineral and Petroleum Resources Development Act (2002), including mines' compliance with environmental protection requirements. Since the implementation of the Mineral and Petroleum Resources Development Act (2002), the department has processed over 28 000 mining rights applications and issued over 6 000 mining rights and permits. The issued prospecting and mining rights permits contain terms and conditions that the mine rights holders must comply with, which include the social and labour plan, and environmental protection. This subprogramme had a staff complement of 347 and a total budget of R115.1 million in 2011/12, of which 82.6 per cent was used for compensation of employees. R5.5 million in 2012/13, R5.2 million in 2013/14 and R5.2 million in 2014/15 have been reprioritised from the Administration programme to this subprogramme to cater for the increased staff complement and related goods and services, such as travel and subsistence.
- *Management Mineral Regulation* provides for the overall management of the programme. This subprogramme had a staff complement of 11 and a total budget of R7.7 million in 2011/12, of which 72.6 per cent was used for compensation of employees.
- *South African Diamond and Precious Metal Regulator* issues licences and permits related to the trade in diamonds, gold and platinum; and monitors activities in the diamond, platinum and gold sectors. Savings of R536 000 in 2012/13, R648 000 in 2013/14 and R816 000 have been identified from transfers.

Expenditure estimates

Table 32.7 Mineral Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Mineral Regulation and Administration	108.0	119.7	139.0	115.1	129.4	131.4	138.7
Management Mineral Regulation	7.3	20.5	9.0	7.7	9.7	9.7	10.3
South African Diamond and Precious Metal Regulator	40.0	39.4	40.6	39.4	41.0	43.3	45.8
Total	155.3	179.5	188.6	162.2	180.1	184.4	194.8
Change to 2011 Budget estimate				1.8	9.1	9.1	8.9

Economic classification

Current payments	115.2	125.4	146.1	122.8	139.1	141.1	149.0
Compensation of employees	68.8	88.1	98.4	100.7	108.3	109.2	115.6
Goods and services	46.4	37.3	47.7	22.1	30.8	31.9	33.4
<i>of which:</i>							
Computer services	2.5	–	3.6	0.1	3.6	3.8	4.0
Consultants and professional services:	9.7	–	5.8	–	–	–	–
Infrastructure and planning							
Lease payments	0.3	1.8	10.5	0.2	1.1	1.1	1.2
Travel and subsistence	5.6	6.0	16.8	13.0	14.7	15.2	15.9
Transfers and subsidies	40.0	39.4	40.7	39.4	41.0	43.3	45.8
Departmental agencies and accounts	40.0	39.4	40.6	39.4	41.0	43.3	45.8
Payments for capital assets	0.0	14.7	1.9	0.0	0.0	0.0	0.0
Buildings and other fixed structures	–	9.1	–	–	–	–	–
Machinery and equipment	0.0	5.6	0.7	0.0	0.0	0.0	0.0
Software and other intangible assets	–	–	1.1	–	–	–	–
Payments for financial assets	0.1	0.0	0.0	–	–	–	–
Total	155.3	179.5	188.6	162.2	180.1	184.4	194.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	40.0	39.4	40.6	39.4	41.0	43.3	45.8
South African Diamond and Precious Metal Regulator	40.0	39.4	40.6	39.4	41.0	43.3	45.8

Expenditure trends

Expenditure increased from R155.3 million in 2008/09 to R162.2 million in 2011/12, at an average annual rate of 1.4 per cent. Expenditure on goods and services decreased from R46.4 million in 2008/09 to R22.1 million in 2011/12, at an average annual rate of 21.9 per cent, due to the shifting of the rehabilitation of derelict and ownerless mines function from this programme to the *Mineral Policy and Promotion* programme.

Over the medium term, expenditure is expected to increase to R194.8 million, at an average annual rate of 6.3 per cent, due to inflation related adjustments. Expenditure on goods and services is projected to increase to R33.4 million over the medium term, at an average annual rate of 14.8 per cent, due to the department focusing on enforcing compliance with the Broad Based Socioeconomic Charter for the South African Mining Industry and the Mineral and Petroleum Resources Development Act (2002), which require numerous site inspections.

Using its allocated budget of R535.5 million between 2008/09 and 2010/11, the programme granted 650 mining rights to historically disadvantaged South Africans, conducted 50 industry workshops on compliance, 411 mining charter inspections and 6 502 environmental inspections. The programme imposed a moratorium on issuing licences and conducted 3 700 compliance inspections in 2010/11, which was funded by savings from other programmes. Over the medium term, R559 million is budgeted for the issuing of 270 mining rights, 81 industry workshops, 600 mining charter inspections and 5 700 environmental inspections.

Expenditure on consultants decreased from R17.5 million in 2008/09 to R150 000 in 2011/12, at an average annual rate of 79.5 per cent, and is expected to increase to R474 000 over the medium term, at an average annual rate of 46.7 per cent. Consultants are mainly used for the rehabilitation of mines.

Programme 4: Mineral Policy and Promotion

Objectives and measures

- Promote investment in the mining sector by:
 - growing the mining industry through local and foreign investment and by creating sustainable jobs throughout the mining value chain from exploration to creating 5 mineral beneficiation value chains on an ongoing basis, in support of the new growth path
 - implementing the sector strategy through the mining industry growth development and employment task team subcommittees by continuously identifying barriers to transformation and competitiveness
 - implementing 2 beneficiation value chains by 2012/13 out of a five pilot value chains over the medium term
 - supporting small scale mining by developing 67 new small scale mining projects by 2012/13 and continuing to support existing small scale mining projects over the medium term
 - promoting South Africa's mining sector through 36 promotional conferences, exhibitions, research outputs and publications over the medium term
 - developing 35 publications on the mining and minerals industry that will be completed in 2012/13.
- Promote green and sustainable mining over the medium term by:
 - developing a green mining strategy for the effective management of the environment
 - implementing rehabilitation projects
 - ensuring sustainable mining of strategic minerals
 - developing a strategy for the reclamation of dumps
 - rehabilitating 37 ownerless mine sites.
- Ensure transformation in the mining and minerals sector by:
 - ensuring that previously disadvantaged South Africans participate in the economy through mining while ensuring that mining and workers' health and safety issues are respected at all times
 - reviewing and amending on an ongoing basis mining and minerals legislation regulations that will promote transformation in the mining sector
 - drafting and certifying 8 minerals bills that seek to transform the sector for Parliament's approval over the medium term.

Subprogrammes

- *Management* provides overall management for the programme by leading and managing all projects. This subprogramme had a staff complement of 5 and a total budget of R11 million in 2011/12, of which 72.9 per cent was used for compensation of employees. Funds in the subprogramme are mainly used for compensation of employees and goods and services, especially travel and subsistence, administrative fees, and venues and facilities to support management's attendance at and participation in conferences and international engagements to attract investment in the sector. R7.8 million in 2013/14 and R8.6 million in 2014/15 have been reprioritised for the implementation of the beneficiation strategy and for membership fees for the Kimberley Process and the African Diamond Producing Countries. No savings over the medium term have been identified in this subprogramme.
- *Mineral Policy* develops new policies, reviews existing policies, and amends legislation to promote investment and achieve transformation in the minerals and mining industry. This subprogramme had a staff complement of 20 and a total budget of R10.5 million in 2011/12, of which 73.4 per cent was used for compensation of employees. Most of the funds are allocated to research undertaken for the development and revision of policies, organising consultations with stakeholders, attending parliamentary hearings on mineral policies and gazetting of precious metals amendment bills. In 2012/13, the promulgation of the amended Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996), as well as amendments to the Precious Metals Act (2005) and the Diamonds Act (1986) are planned; regulations to the Geoscience Amendment Act (2010) will be finalised. No savings over the medium term have been identified in this subprogramme.

- *Mineral Promotion* promotes mineral development and gives advice on trends in the mining industry to attract investment. Responsibilities also include the provision of credible information on the minerals and mining sector, as well as the promotion of investment in South Africa's minerals and mining sector. This subprogramme had a staff complement of 61 and a total budget of R55.8 million in 2011/12, of which 36.8 per cent was used for compensation of employees, 21.4 per cent for goods and services, and 41.7 per cent for transfers and subsidies. In 2010/11, the mining sector strategy was developed, which aims to increase growth in gross fixed capital investment in mining by 10 per cent annually. In the same year, the department, together with mining stakeholders, signed a declaration on a strategy for sustainable growth and meaningful transformation of South Africa's mining industry. The beneficiation strategy is currently being implemented through the development of pilot value chains. The strategy's implementation will be a key focus area in 2012/13. R1.9 million in 2012/13, R1.7 million in 2013/14 and R1.7 million in 2014/15 have been reprioritised for the implementation of the beneficiation pilot value chains. No savings over the medium term have been identified in this subprogramme.
- *Assistance to Mines* prevents the uncontrolled movement of water into and out of underground mine openings or holdings by providing subsidies to marginal mines to pump extraneous water from underground mine openings and to research, develop and implement strategic solutions for mine water management, including managing the decanting of contaminated water. This subprogramme had a budget of R18 million in 2011/12, which was transferred in full to marginal mining companies on condition that the company pumps the water and then claims a portion of their cost from the department. The transfer is done if mining companies fully comply with the provisions of funding. Because most mining companies currently do not comply, a portion of this allocation has been transferred to the Council for Geoscience to assist with research, development and implementation of the strategic solutions for mine water management. No savings over the medium term have been identified in this subprogramme.
- *Council for Geoscience* is a national agency tasked with developing and maintaining national geosciences knowledge infrastructure for both land and ocean environments. This subprogramme had a total budget of R154.4 million in 2011/12, which was transferred in full to the Council for Geoscience. Savings of R2.9 million in 2012/13, R3.6 million in 2013/14 and R3 million in 2014/15 have been identified on these transfers. As part of the economic competitiveness and support package, additional allocations of R40 million in 2012/13, R70 million in 2013/14, and R90 million in 2014/15 have been made available to the Council for Geoscience to fund the building and laboratory infrastructure.
- *Council for Mineral Technology* provides research, development and technologies that foster the development of business in the mineral and mineral products industries. This subprogramme had a total budget of R197 million in 2011/12, which was transferred in full to the Council for Mineral Technology. Savings of R6.3 million in 2012/13 and R1.5 million in 2014/15 have been identified on these transfers. As part of the economic competitiveness and support package, additional allocations of R35 million in 2012/13, R60 million in 2013/14 and R55 million in 2014/15 have been made available to the Council for Mineral Technology to fund various projects.
- *Economic Advisory Services* provides macroeconomic research and analysis to inform executive management of the department. It also supports the political principals' briefing notes, reports and other information on ad hoc issues, for example the recent and major transaction between Anglo American and De Beers in the minerals and mining sector. This subprogramme had a staff complement of 20 and a total budget of R2.7 million, of which 88.5 per cent was used for compensation of employees. The subprogramme leads and convenes the job creation task team of the mining industry growth, development and employment task team stakeholder forum. The subprogramme has been tasked with researching and analysing the economic impact of the regulatory and legislative framework of the mining and minerals sector through a tool called the regulatory impact assessments. Over the medium term, the focus will be on monitoring and evaluating major global economic events and developments that have an impact on the South African economy, and the mining and minerals sector in particular. No savings over the medium term have been identified in this subprogramme.
- *Mine Environmental Management* provides strategic guidance on mine environmental management and mine closure. This subprogramme had a staff complement of 11 and a total budget of R32 million in 2011/12, of which 88 per cent was used for goods and services. The department will continue to manage the rehabilitation of derelict and ownerless mines. Most of the planned outputs were not met due to human capacity challenges and the departure from the department of key officials in the management of the

projects. 5 mine sites were rehabilitated in 2010/11 and no rehabilitation projects were completed in 2011/12. However, all projects are at different stages of implementation. Some have appointed contractors, while others are in procurement stages. From the R52 million allocated for the rehabilitation of derelict and ownerless mines, R30 million will be transferred to the Council for Mineral Technology for service providers who carry out the rehabilitation of mines. The remaining R20 million will be transferred to the Council for Geoscience to develop the bills of quantities, the rehabilitation plans and to implement mitigation measures at the four high priority sites in Mpumalanga and at other dangerous mine shafts. No savings over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 32.8 Mineral Policy and Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Management	1.9	13.2	17.4	11.0	11.5	12.4	12.8
Mineral Policy	3.6	8.4	4.9	10.5	12.8	18.1	19.1
Mineral Promotion	38.1	36.5	48.9	55.8	61.6	66.8	70.2
Assistance to Mines	38.2	31.1	3.0	18.0	18.0	18.0	19.1
Council for Geoscience	122.7	132.7	169.2	154.4	221.2	260.7	291.7
Council for Mineral Technology	135.8	161.1	195.8	197.0	250.1	272.0	257.0
Economic Advisory Services	–	–	–	2.7	3.8	4.2	4.4
Mine Environmental Management	–	–	3.0	32.0	16.6	41.8	45.4
Total	340.3	382.9	442.3	481.4	595.6	694.0	719.7
Change to 2011 Budget estimate				1.0	75.3	135.3	148.8
Economic classification							
Current payments	19.5	32.0	50.6	88.7	81.7	117.2	124.2
Compensation of employees	16.7	21.2	34.8	42.5	47.0	51.6	54.6
Goods and services	2.8	10.8	15.9	46.2	34.7	65.6	69.7
<i>of which:</i>							
Computer services	0.1	–	0.3	0.7	0.8	0.8	0.9
Consultants and professional services:	–	–	–	25.6	10.0	33.1	36.3
Infrastructure and planning	–	–	–	–	–	–	–
Lease payments	–	–	6.9	0.4	2.2	2.3	2.3
Travel and subsistence	0.8	1.8	5.3	9.6	10.3	11.8	12.1
Transfers and subsidies	320.7	350.9	391.6	392.7	513.8	576.7	595.4
Departmental agencies and accounts	122.7	133.7	169.2	154.4	221.2	260.7	291.7
Public corporations and private enterprises	198.0	217.3	222.4	238.3	292.6	316.0	303.7
Payments for capital assets	0.0	–	0.0	–	0.1	0.1	0.1
Machinery and equipment	0.0	–	0.0	–	0.1	0.1	0.1
Total	340.3	382.9	442.3	481.4	595.6	694.0	719.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	111.8	115.6	154.1	152.9	208.7	238.0	264.0
State Diamond Trader	–	1.0	–	–	–	–	–
Council for Geoscience	111.8	114.6	154.1	152.9	208.7	238.0	264.0
Capital	10.8	18.1	15.0	1.5	12.5	22.6	27.8
Council for Geoscience	10.8	18.1	15.0	1.5	12.5	22.6	27.8
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	147.5	163.4	202.2	200.6	225.2	242.1	234.5
Industrial Development Corporation of South Africa	24.0	25.1	23.6	23.3	24.6	26.0	27.6
Council for Mineral Technology	123.4	138.3	178.6	177.3	200.7	216.1	206.9
Capital	12.4	22.8	17.2	19.7	49.4	55.9	50.1
Council for Mineral Technology	12.4	22.8	17.2	19.7	49.4	55.9	50.1
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	38.2	31.1	3.0	18.0	18.0	18.0	19.1
Assistance to mines	38.2	31.1	3.0	18.0	18.0	18.0	19.1

Expenditure trends

Expenditure increased from R340.3 million in 2008/09 to R481.4 million in 2011/12, at an average annual rate of 12.3 per cent. This includes transfer payments to public entities, which represents 81.6 per cent of total expenditure in 2011/12. Spending by public entities has increased with the allocation of R30 million for mine water treatment technology and R90 million for the rehabilitation of derelict and ownerless mines projects. Between 2008/09 and 2011/12, spending on compensation of employees grew from R16.7 million to R42.5 million, at an average annual rate of 36.5 per cent, while spending on goods and services grew from R2.8 million to R46.2 million, at an average annual rate of 154.2 per cent. The increase in both items was as a result of transferring the international coordination and mine occupational policy, and the mine occupational safety policy directorates from the *Administration* and the *Promotion of Mine Safety and Health* programmes to this programme. The increase in goods and services is also attributable to shifting of the rehabilitation of derelict and ownerless mines function from the *Mineral Regulation* programme to this programme.

Over the medium term, expenditure is projected to grow to R719.7 million, at an average annual rate of 14.3 per cent, due to additional allocations for salary and housing allowance adjustments in the department and the increase in the allocations to the Council for Geoscience and the Council for Mineral Technology, which increase by R200 million and R150 million over the medium term. Expenditure in the *Assistance to Mines* subprogramme decreases from R38.2 million in 2008/09 to R19 million in 2014/15, at an average annual rate of 10.9 per cent, due to the reclassification of funds to the Council for Geoscience for the Witwatersrand water ingress project. Transfers to the Council for Geoscience are projected to increase from R122.7 million in 2008/09 to R291.7 million in 2014/15 due to the reclassification of funds to the Council for Geoscience for the Witwatersrand water ingress project and an additional allocation of R200 million for the building and laboratory infrastructure. Over the medium term, R79.4 million is budgeted for consultants for professional services in infrastructure planning for the rehabilitation of derelict mines projects.

Using its current payments budget of R102 million between 2008/09 and 2010/11, the programme: held 37 promotional activities, including workshops, conferences and exhibitions; developed and reviewed 7 policies; rehabilitated 5 derelict and ownerless mines; and supported 176 small scale mining projects. Over the medium term, R323 million is budgeted for 36 promotional activities, 37 rehabilitation of derelict and ownerless mines projects, and for providing support to 203 sustainable small scale mining projects.

Public entities and other agencies

Council for Mineral Technology

Overview: 2008/09 – 2014/15

The mandate of the Council for Mineral Technology, set out in the Mineral Technology Act (1989), is to carry out research, develop and transfer technology, promote mineral technology, and foster the establishment and expansion of industries in the field of minerals.

The council develops appropriate, innovative technology for transfer to the industry, and provides the industry with test work, consultancy and analytical and mineralogical services.

The council's strategic intent and objectives are closely aligned with national imperatives and priorities, which include maximising the use of finite ore resources, alleviating poverty and creating employment, adding value to mineral and metal products, and promoting the transition from a resource dominated to a knowledge based economy.

The following areas of research and development have been identified as deserving increased investment: accessing and processing low-grade and complex ore bodies and residues; enhanced extraction techniques (hydrometallurgy, pyrometallurgy, biotechnology); ensuring that the council and South Africa remain at the forefront of technological innovation in the sector; developing more water and energy efficient technologies; technologies and processes for the low carbon economy; developing nanotechnology and advanced 'smart' material; investigating measurement, control and (remote) automation; exploring advanced mineralogical analysis and assaying techniques; and enhancing the local economic impact of mineral activities.

The council's potential growth in capacity is being hampered by the high turnover of experienced scientists and engineers. The council has introduced a human resources planning process to ensure consistency in job grades, classifications and titles across the organisation. A comprehensive human resources policy has been introduced.

Performance

The council achieved the target of improving and developing 5 technologies, and expects that due to improved market conditions, 17 more technologies will be developed over the medium term. The council also supported 18 junior resource companies in 2011/12 and aims to support 85 more companies over the medium term. It developed 3 technologies relevant to small scale mining operators in 2011/12 and expects to develop 14 more technologies over the medium term. In addition, the council awarded 72 undergraduate and 59 postgraduate bursaries in 2011/12 from a target of 90 in the scientific and technological fields. The performance beyond target was due to the good uptake for part time bursaries by council staff and better centralised administration. Over the medium term, the council projects to grant 270 bursaries to undergraduate and postgraduate students.

Selected performance indicators

Table 32.9 Council for Mineral Technology

Indicator	Programme/ Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new or improved technologies developed per year	Research and develop efficient mineral processing technologies	10	5	5	6	5	6	7
Number of new or improved mining and minerals processing products and services developed per year	Research and develop efficient mineral processing technologies	13	14	14	15	15	16	18
Number of demonstrations for council developed products and technologies per year	Research and develop efficient mineral processing technologies	1	3	3	4	4	5	5
Number of water and energy efficient flow sheets developed per year	Research and develop green technologies and processes	2	2	1	2	2	3	4
Number of junior resource companies supported per year	Promote the mineral based economies of rural and marginalised communities	18	25	10	18	25	30	30
Number of technologies relevant to SMMEs developed per year	Promote the mineral based economies of rural and marginalised communities	2	2	3	3	4	5	5
Number of bursaries granted per year	Build world class research and development excellence	116	85	85	90	90	90	90
Number of trainees employed per year	Build world class research and development excellence	45	53	58	50	40	50	50

Programmes/activities/objectives

Table 32.10 Council for Mineral Technology

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Enhance Mintek's visibility and credibility to all stakeholders	–	–	–	32.9	41.2	57.6	59.5
Research and develop efficient mineral processing technologies and value added products and services	237.3	227.5	207.8	211.2	226.5	237.7	246.7
Research and develop green technologies and processes to mitigate the impact of mineral development on the environment	–	–	–	9.1	9.7	10.4	11.1
Promote the mineral based economies of rural and marginalised communities through technical assistance and skills development	18.3	18.1	10.9	17.1	18.3	19.5	20.9
Ensure the short term viability and long term sustainability of Mintek	–	–	–	7.1	7.6	8.2	8.7
Uphold good governance practices	96.4	76.8	111.4	100.0	107.0	114.4	118.2
Build world class research and development excellence	22.6	26.2	23.7	28.9	30.9	33.1	35.4
Old objectives	12.2	24.8	12.4	–	–	–	–
Total expense	386.8	373.5	366.2	406.2	441.1	480.8	500.5

The Council for Mineral Technology had a total budget of R406.2 million in 2011/12, of which 59.8 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The council has undertaken various initiatives to save costs. The most significant was changing all the council's lighting to energy saving units after implementing a demand side management system in 2009/10. The council expects to realise savings of R1 million as a result of reduced consumption on electricity. The council also identified savings from a moratorium on filling vacant non-critical positions, resulting in saving of R12 million on salary costs in 2010/11. Efficiency savings of R7.7 million have been identified on goods and services over the medium term.

Expenditure estimates

Table 32.11 Council for Mineral Technology

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	290.6	251.7	259.3	261.3	268.5	299.7	321.6
Sale of goods and services other than capital assets	256.2	223.2	208.5	246.7	257.6	289.3	309.5
<i>of which:</i>							
<i>Sales by market establishments</i>	256.2	223.2	208.5	246.7	257.6	289.3	309.5
<i>Other non-tax revenue</i>	34.3	28.4	50.8	14.6	10.9	10.5	12.0
Transfers received	135.8	123.6	128.7	153.6	179.0	189.3	181.4
Total revenue	426.4	375.2	388.7	414.9	447.5	489.0	503.0
Expenses							
Current expenses	386.4	373.4	366.2	406.2	441.1	480.8	500.5
Compensation of employees	216.4	228.7	227.2	242.9	259.9	278.1	292.0
Goods and services	146.0	127.2	123.1	151.6	165.4	187.9	194.3
Depreciation	15.5	14.2	12.4	11.6	15.8	14.9	14.2
Interest, dividends and rent on land	8.5	3.3	3.5	–	–	–	–
Total expenses	386.8	373.5	366.2	406.2	441.1	480.8	500.5
Surplus / (Deficit)	39.6	1.7	22.4	9.0	6.0	8.0	2.0
Statement of financial position							
Carrying value of assets	204.3	195.3	211.6	256.8	259.8	264.8	272.5
<i>of which:</i>							
<i>Acquisition of assets</i>	10.9	25.7	63.8	103.4	57.0	66.4	63.6
Investments	136.2	222.9	246.8	208.8	213.6	203.4	201.0
Inventory	5.1	6.5	5.7	6.1	6.5	6.2	5.9
Receivables and prepayments	82.4	60.2	43.9	37.1	33.6	33.6	33.5
Cash and cash equivalents	79.6	3.8	20.7	12.9	5.5	2.3	3.3
Non-current assets held for sale	0.1	–	–	–	–	–	–
Taxation	–	–	0.5	0.5	0.5	0.5	0.5
Total assets	507.7	488.7	529.2	522.2	519.6	510.9	516.8
Accumulated surplus / (deficit)	340.4	232.7	231.5	240.2	246.6	254.8	257.3
Capital and reserves	–	109.4	132.9	132.9	131.8	130.6	145.3
Finance lease	0.7	0.4	–	–	–	–	–
Deferred income	78.5	76.4	100.9	94.1	89.1	77.4	62.1
Trade and other payables	54.8	38.8	35.0	27.3	24.4	20.4	24.4
Taxation	–	0.2	–	–	–	–	–
Provisions	33.4	30.9	28.9	27.6	27.6	27.6	27.6
Total equity and liabilities	507.7	488.7	529.2	522.2	519.6	510.9	516.8

Expenditure trends

The spending focus over the medium term will be on research in water treatment and the rehabilitation of derelict and ownerless mines, and the implementation of the following projects, which were funded by the economic competitiveness and support package: infrastructure upgrade, Northern Cape semi-precious gemstones, a rare earth pilot plant, a metal atomising plant, and mining discharges, residues and exposed rocks facility.

Revenue is generated mainly from commercial companies that obtain products, services and contracted research from the council, as well as transfer payments from the Department of Mineral Resources. Between 2008/09 and 2011/12, total revenue decreased from R426.4 million to R414.9 million, at an average annual rate of 0.9 per cent. This decrease is due to lower commercial income generated in 2011/12. Revenue is expected to increase to R503 million over the medium term, at an average annual rate of 6.6 per cent, due to additional funding of R30 million for research in water treatment and the rehabilitation of derelict and ownerless mines. In addition the council receives R35 million in 2012/13, R60million in 2013/14 and R55 million in 2014/15 as part of the economic support package to fund various projects.

Expenditure increased from R386.8 million in 2008/09 to R406.2 million in 2011/12, at an average annual rate of 1.6 per cent, and is expected to increase to R500.5 million over the medium term, at an average annual rate of 7.2 per cent. This is mainly due to an increase in staff costs, which make up 59.8 per cent of the council's total expenditure in 2011/12 and continue to increase over the medium term.

Personnel information

Table 32.12 Council for Mineral Technology

	Post status as at 30 September 2011			Number of posts filled/planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	9	–	2	7	7	9	7	9	9	9
Executive management	6	–	–	5	6	4	6	6	6	6
Senior management	15	–	–	14	13	12	15	15	16	16
Middle management	115	–	36	90	83	80	79	121	120	122
Professionals	203	–	23	145	156	182	180	208	218	225
Skilled	172	–	11	199	199	167	161	179	177	174
Semi-skilled	147	–	9	162	161	146	138	169	171	172
Very low skilled	107	–	20	164	151	95	87	142	142	142
Total	774	–	101	786	776	695	673	849	859	866
Compensation (R thousand)				216 433	228 709	227 158	242 873	259 874	278 065	291 969
Unit cost (R thousand)				275	295	327	361	306	324	337

1. As at 30 September 2011.

The council had an establishment of 774 posts. The number of filled posts decreased from 786 in 2008/09 to 673 in 2011/12, due to retrenchments and natural attrition. In January 2011, 44 employees were retrenched in the hydrometallurgy division following the cancellation of a toll smelting contract by a significant customer in March 2010.

The 101 vacancies as at 30 September 2011 existed due to a significant increase in resignations, mainly in the professional field. The staff plan estimates an increase of 5 per cent in filled posts over the medium term. This is mainly to cater for the absorption of bursary recipients and trainees in the bursary pipeline. The ratio of support staff to line staff was 1:3.

Council for Geoscience

Overview: 2008/09 – 2014/15

The mandate of the organisation is derived from the Geoscience Act (1993). Broadly, the act mandates the council to undertake geoscience research; compile a comprehensive and integrated collection of knowledge of geology and related disciplines; study mineral resources and land surface use and advise government institutions and the general public in this area; and develop and maintain the national geoscience library, national borehole core depository, national geophysical and geochemical test sites, and the geoscience museum.

The Geoscience Amendment Act (2010) came into effect in December 2010, making it mandatory for all geological information to be submitted to the council as it is generated. Examples include information relating to prospecting and mining, exploration, geotechnical activities, borehole cores and seismological events. The act also provides for the creation of a national geohazards advisory authority, which obliges state authorities to seek the advice of the council in relation to geohazards affecting development and infrastructure.

The strategic focus over the medium term will be on: increasing investment into the industry and addressing sustainable growth and meaningful transformation; ensuring compliance with legislative requirements; contributing to rural development and poverty eradication; developing products, systems and services; and contributing to the development of Africa by participating in the upgrading of the continent's geoscience infrastructure; and building scientific, administrative and managerial capacity. The council investigated the age of the Karoo sedimentary rocks found within South Africa, Botswana and Namibia to strengthen collaboration with and transfer skills to young scientists.

Performance

The council completed the following activities and projects in 2010/11: investigated the age of the Karoo sedimentary rocks found within South Africa, Botswana and Namibia to strengthen collaboration and capacity building to young scientists; continued research on rare earth metals which lead to production, job creation and socioeconomic development; and consolidated the geoscience field school as a year-long programme for full time participants and mentoring. Other programmes included internship and scholarships.

Selected performance indicators

Table 32.13 Council for Geoscience

Indicator	Programme/ Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Annual technical programme performance index	Statutory projects	91.9%	83.5%	85.0%	85.0%	85.0%	85.0%	85.0%
Number of mineral maps, map explanations and mineral related publications published per year ¹	Statutory projects	–	–	–	5	6	7	8
Number of maps and publications published each year	Statutory projects	117	48	42	40	40	40	40
Number of papers and articles published per year	Statutory projects	109	92	121	35	70	70	70
Number of rural development projects in progress per year	Statutory projects	43	33	33	30	10	12	14
Number of regional and African development projects in progress per year	Statutory projects	32	31	29	22	22	25	27
Number of projects with external collaborators completed each year	Statutory projects	62	61	77	55	58	60	62
Percentage satisfied customers (of total customers completing satisfaction questionnaire)	Statutory projects	88.2%	90.1%	89.12%	85%	85%	85%	85%

1. No past data available, as this indicator starts in 2011/12.

Programmes/activities/objectives

Table 32.14 Council for Geoscience

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Commercial projects: Local	110 602	111 500	65 236	75 232	80 306	86 135	81 781
Commercial projects: Foreign	17 498	14 041	65 236	75 232	80 306	86 135	81 781
Statutory projects	123 671	103 022	65 322	72 566	95 893	101 152	129 025
Other objectives	–	–	–	–	40 000	70 000	90 000
Total expense	251 771	228 563	195 793	223 030	296 506	343 422	382 588

The Council for Geoscience had a total budget of R223 million in 2011/12, of which 58.9 per cent was used for compensation of employees.

Savings and cost effectiveness measures

In 2011/12, the council cut spending on overheads by freezing funding on certain items such as training and bursaries, travel and entertainment costs, and conferences. Efficiency savings of R2.9 million in 2012/13, R3.6 million in 2013/14 and R3.0 million in 2014/15 have been identified as a result. These savings and cost effectiveness measures will be maintained over the medium term.

Expenditure estimates

Table 32.15 Council for Geoscience

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	127.3	71.1	71.9	68.6	75.4	82.8	90.9
Sale of goods and services other than capital assets	110.6	63.2	61.9	66.0	72.6	79.9	87.8
<i>of which:</i>							
<i>Sales by market establishments</i>	110.6	63.2	61.9	66.0	72.6	79.9	87.8
<i>Other non-tax revenue</i>	16.7	7.9	10.1	2.6	2.8	2.9	3.0
Transfers received	126.0	135.3	139.2	154.4	221.2	260.7	291.7
Total revenue	253.3	206.5	211.1	223.0	296.5	343.4	382.6
Expenses							
Current expenses	251.8	228.6	195.8	221.8	295.3	342.4	381.1
Compensation of employees	131.0	130.8	122.8	131.3	140.5	150.3	160.9
Goods and services	107.0	83.5	57.7	76.0	139.5	176.8	204.9
Depreciation	13.8	14.2	15.3	14.5	15.3	15.3	15.3
Interest, dividends and rent on land	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers and subsidies	–	–	–	1.2	1.2	1.0	1.5
Total expenses	251.8	228.6	195.8	223.0	296.5	343.4	382.6
Surplus / (Deficit)	1.5	(22.1)	15.3	–	–	–	–
Statement of financial position							
Carrying value of assets	195.5	212.2	197.3	184.3	169.9	156.1	142.8
<i>of which:</i>							
<i>Acquisition of assets</i>	30.2	31.3	2.0	1.5	1.0	1.5	2.0
Receivables and prepayments	79.6	56.1	27.6	35.7	37.0	43.8	44.2
Cash and cash equivalents	113.5	93.0	138.9	122.4	122.9	129.9	125.9
Total assets	388.6	361.3	363.8	342.4	329.9	329.8	313.0
Accumulated surplus / (deficit)	208.0	185.9	201.2	201.2	201.2	201.2	201.2
Capital and reserves	–	–	–	15.5	6.4	0.6	2.2
Capital reserve fund	–	88.3	85.7	83.0	80.3	77.7	75.0
Deferred income	91.0	45.2	53.9	–	–	–	–
Trade and other payables	64.0	15.6	6.8	25.8	23.0	23.1	18.4
Provisions	25.6	26.3	16.3	16.8	18.9	27.1	16.1
Total equity and liabilities	388.6	361.3	363.8	342.4	329.9	329.8	313.0

Expenditure trends

The spending focus over the medium term will be on increasing investment in the industry and addressing sustainable growth and meaningful transformation; ensuring compliance with legislative requirements; contributing to rural development and poverty eradication; developing products, systems and services; contributing to the development of Africa by participating in the upgrading of the continent's geoscience infrastructure; and building scientific, administrative and managerial capacity. The council's main source of revenue is fees for geological service contracts and transfers from the department. Total revenue decreased from R253.3 million in 2008/09 to R223 million in 2011/12, at an average annual rate of 4.2 per cent, due to a decline in contractual and commercial projects as a result of the global economic down turn in the minerals sector. Over the medium term, revenue is projected to increase to R382.6 million, at an average annual rate of 19.7 per cent, due to anticipated increases in geological contracts as a result of expected improvements in the global economy, an increase in transfers received for the Witwatersrand water ingress project. An additional allocation of R200 million for building and laboratory infrastructure also contributed to the increase.

Between 2008/09 and 2011/12, expenditure decreased from R251.8 million to R223 million, at an average annual rate of 4 per cent, due to reduced expenditure on goods and services as a result of fewer activities in commercial projects. Over the medium term, expenditure is projected to increase to R382.6 million, at an average annual rate of 19.7 per cent. Spending on compensation of employees is expected to increase from R131.3 million in 2011/12 to R160.9 million in 2014/15, at an average annual rate of 7 per cent, as the council fills vacant posts.

Personnel information

Table 32.16 Council for Geoscience

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	7	5	2	5	5	5	5	5	5	5
Senior management	3	3	–	3	3	3	3	3	3	3
Middle management	13	11	2	14	12	10	11	11	11	11
Professionals	140	134	16	155	157	161	134	152	152	152
Skilled	85	82	3	101	96	84	82	82	82	82
Semi-skilled	57	50	7	56	55	51	50	50	50	50
Very low skilled	11	11	–	13	11	11	11	11	11	11
Total	326	306	30	357	349	335	306	324	324	324
Compensation (R thousand)				131 013	130 846	122 813	131 312	140 504	150 339	160 863
Unit cost (R thousand)				367	375	367	429	434	464	496

1. As at 30 September 2011.

As at 30 September 2011, the council had an establishment of 332 employees, 56 of which were additional critical positions. The entity had 22 vacancies.

According to the implementation plan, the council expects to recruit at least 56 staff members over the medium term who will serve as researchers, professionals, technicians and administrative personnel.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- **The Mine Health and Safety Council** is mandated to advise the Minister of Mineral Resources on all occupational health and safety issues in the mining industry, and to develop legislation, conduct research, promote mine health and safety issues, and liaise with other bodies. The council's budget for 2012/13 is R57.3 million.

- The **South African Diamond and Precious Metals Regulator** is mandated to regulate the diamond, platinum and gold industries, and accelerate beneficiation in the jewellery industry. The regulator's total budget for 2012/13 is R62.5 million.
- The **State Diamond Trader** is mandated to promote equitable access to diamonds and local beneficiation. Revenue is generated by selling rough diamonds to clients, which comprise mainly diamond polishers and cutters. The entity's budget for 2012/13 is R570.4 million.

Vote 33

Rural Development and Land Reform

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 096.7	1 076.1	14.0	6.6	896.3	844.4
Geospatial and Cadastral Services	561.9	538.6	15.2	8.1	466.0	493.2
Rural Development	934.8	661.7	273.1	–	984.4	1 031.9
Restitution	3 000.0	422.0	2 578.0	–	3 459.0	3 806.3
Land Reform	3 284.2	514.7	2 769.5	–	3 512.1	3 683.9
Total expenditure estimates	8 877.6	3 213.0	5 649.8	14.7	9 317.9	9 859.7

Executive authority: Minister of Rural Development and Land Reform
 Accounting officer: Director General of Rural Development and Land Reform
 Website address: www.ruraldevelopment.gov.za

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

Aim

Create and maintain an equitable and sustainable land dispensation and act as a catalyst in rural development that ensures rural livelihoods, decent work and continued social and economic advancement for all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic and logistical support in the form of executive services, corporate services, acquisition of vehicles for departmental use, oversee departmental capital works, provide bursaries to non-employees and provide for a nominal contribution to the Public Sector Education and Training Authority.

Programme 2: Geospatial and Cadastral Services

Purpose: Provide geospatial information, cadastral surveys, and spatial planning as well as technical services in support of sustainable land development.

Programme 3: Rural Development

Purpose: Initiate, facilitate, coordinate and catalyse the implementation of a comprehensive rural development programme leading to sustainable and vibrant rural communities.

Programme 4: Restitution

Purpose: Settle land restitution claims under the Restitution of Land Rights Act (1994) and provide settlement support to beneficiaries.

Programme 5: Land Reform

Purpose: Initiate sustainable land reform programmes in South Africa.

Strategic overview: 2008/09 – 2014/15

Land reform and rural development continue to be key priorities for government as a whole, and the Department of Rural Development and Land Reform in particular. The department's mandate includes developing and implementing the comprehensive rural development programme, which aims to alleviate poverty and food insecurity by maximising the use and management of natural resources, and by creating viable and sustainable rural communities. The land reform programme gives previously disadvantaged individuals access to land, addresses tenure security and provides restitution to those previously dispossessed of their land, without disrupting agricultural production and food security. The comprehensive rural development programme aims to alleviate poverty and food security threats by maximising the use and management of natural resources, as well as by creating viable and sustainable rural communities.

The department has engaged the World Bank on a two-year contract to advise it on building internal capacity and improving the delivery of its services.

Outcomes based approach

The department has integrated the outcomes based approach into its internal programmes and processes. It works towards achieving vibrant, equitable and sustainable rural communities with food security for all (outcome 7). The outcome is linked to five outputs, which are all pertinent to the department's work and which have been integrated into its strategic goals. These are: sustainable agrarian reform with a thriving small and large farming sector (output 1); improved access to affordable and diverse food (output 2); improved rural services to support sustainable livelihoods (output 3); rural job creation, linked to skills training and promoting economic livelihoods (output 4); and an enabling institutional environment for sustainable and improved growth (output 5).

The department collaborates with other government departments and non-governmental organisations whose mandates are also linked to these outcomes.

Strategic priorities over the medium term

Rural development

The department will continue to roll out the comprehensive rural development programme in the 22 priority districts identified by government for poverty alleviation in Eastern Cape, KwaZulu-Natal, Limpopo, North West, Northern Cape and Mpumalanga. In conjunction with other stakeholders, the department aims to develop a comprehensive rural development plan for each of the districts, guided by the needs of the community. The plans will address basic needs with the aim of improving rural livelihoods. Once rolled out, these plans will lead to the implementation of a range of projects relating to food security, water, energy and sanitation. To enhance food security, the animal and veld management programme has been created, which involves the conservation of animal grazing land, and is in its early stages of development.

A youth policy and strategy was formulated to address unemployment among rural youth. In August 2010, the department launched the national rural youth services corps. The department has recruited 7 500 young people from rural areas through the programme, and aims to recruit 5 000 more per year, to be trained in farming and building skills.

Land reform

The aim of the land reform programme is to acquire strategically located land and to ensure 100 per cent productivity of all redistributed farms by 2016, in line with the recapitalisation and development strategy, which aims to attract investment and private sector participation in the land reform programme.

Restitution and state land administration

The restoration of land rights and equitable redress continue to be key departmental objectives. The department will transfer all validated and approved land claims on state land by the end of 2012/13. The department will finalise all monetary compensation by 2012/13. The department will also ensure that reliable information on state and public land holdings and ownership patterns in the country is made available by updating the public land register by 2013.

Providing assistance to distressed farmers

Together with the Land Bank, the Department of Agriculture, Forestry and Fisheries, and National Treasury, the department is addressing the technical, financial and operational support problems of distressed farmers. Applying a curatorship approach, the farmers are provided with technical, financial and operational support to improve the productivity of their farms.

The Green Paper on Agrarian Transformation, Rural Development and Land Reform

In August 2011, Cabinet approved the green paper, which proposes to develop new policies on agrarian transformation, rural development and land reform.

Selected performance indicators**Table 33.1 Rural Development and Land Reform**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of land parcels updated in a comprehensive land register per year ¹	Geospatial and Cadastral Services	-	-	-	-	310 000	320 000	330 000
Number of rural households with access to clean water per year ¹	Rural Development	-	-	-	-	202	302	319
Number of new participants in the national rural youth services corps per year ¹	Rural Development	-	-	7 401	7 500	5 000	5 000	5 000
Number of land claims settled per year ²	Restitution	1 305	131	120	360	380	400	420
Number of farms recapitalised per year ¹	Land Reform	-	-	411	387	416	500	525

1. No data available for these years as the indicators are new.

2. The numbers fluctuate because some claims take longer than others and the budget is not always adequate.

Expenditure estimates**Table 33.2 Rural Development and Land Reform**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	456.6	579.5	689.7	911.8	911.8	1 096.7	896.3	844.4
Geospatial and Cadastral Services	276.3	311.0	371.7	555.5	555.5	561.9	466.0	493.2
Rural Development	9.1	72.1	357.5	901.9	901.9	934.8	984.4	1 031.9
Restitution	3 122.1	2 331.6	3 766.8	2 497.3	2 497.3	3 000.0	3 459.0	3 806.3
Land Reform	2 805.6	2 569.6	1 937.2	3 270.2	3 270.2	3 284.2	3 512.1	3 683.9
Total	6 669.8	5 863.8	7 122.9	8 136.7	8 136.7	8 877.6	9 317.9	9 859.7
Change to 2011 Budget estimate				12.5	12.5	203.5	(63.2)	-

Economic classification

	2008/09	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15
Current payments	1 251.5	1 533.0	2 135.7	3 137.6	3 137.6	3 213.0	2 912.8	2 958.2
Compensation of employees	614.2	760.9	946.7	1 307.2	1 307.2	1 556.0	1 652.7	1 728.6
Goods and services	637.3	772.1	1 121.8	1 830.3	1 830.3	1 657.0	1 260.1	1 229.6
<i>of which:</i>								
Administrative fees	38.0	16.8	13.3	39.8	39.8	193.9	72.9	72.6
Consultants and professional services:	79.3	142.8	158.4	283.1	283.1	314.3	294.8	292.1
Business and advisory services								
Travel and subsistence	134.3	107.1	149.7	113.2	113.2	111.9	108.3	114.8
Operating expenditure	8.4	5.9	112.8	308.5	308.5	429.5	279.7	306.0
Interest and rent on land	0.0	-	67.2	-	-	-	-	-

Table 33.2 Rural Development and Land Reform (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Transfers and subsidies	5 360.3	4 293.6	4 940.0	4 955.8	4 955.8	5 649.8	6 390.1	6 885.3
Provinces and municipalities	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.1
Departmental agencies and accounts	1 518.2	1 101.8	1 065.5	2 158.8	2 158.8	2 189.2	2 479.3	2 599.8
Foreign governments and international organisations	1.1	1.2	1.1	1.3	1.3	1.3	1.4	1.5
Public corporations and private enterprises	–	–	–	0.0	0.0	130.9	118.5	125.7
Non-profit institutions	1.5	2.3	2.4	2.6	2.6	2.7	2.8	3.0
Households	3 839.4	3 188.3	3 870.8	2 793.0	2 793.0	3 325.6	3 788.0	4 155.4
Payments for capital assets	55.6	35.6	44.4	43.4	43.4	14.7	15.0	16.1
Machinery and equipment	41.6	35.3	44.4	42.3	42.3	13.1	13.5	14.4
Land and sub-soil assets	14.0	–	–	–	–	–	–	–
Software and other intangible assets	–	0.3	–	1.0	1.0	1.7	1.5	1.8
Payments for financial assets	2.4	1.6	2.8	–	–	–	–	–
Total	6 669.8	5 863.8	7 122.9	8 136.7	8 136.7	8 877.6	9 317.9	9 859.7

Expenditure trends

The implementation of the comprehensive rural development programme, land reform, and the settlement of restitution claims, still remain the department's core spending focus over the medium term. Expenditure increased from R6.7 billion in 2008/09 to R8.1 billion in 2011/12, at an average annual rate of 6.9 per cent, due to the need to settle 4 000 outstanding restitution claims. Over the medium term, expenditure is expected to increase to R9.9 billion, at an average annual rate of 6.6 per cent, due to the addition of 5 000 recruits under the national rural youth services corps programme, and the need to recapitalise 525 farms. The *Restitution* and *Land Reform* programmes are major contributors to this trend, as they jointly account for expenditure of R20.7 billion between 2012/13 and 2014/15. These programmes are responsible for ensuring the finalisation of restitution claims, the acquisition of strategically located land, and the implementation of the recapitalisation and development programme.

In 2011/12, the *Rural Development* programme recorded growth of 152.3 per cent, mainly due to additional funds of R544 million received during the 2011 adjustments budget process for the development of rural livelihoods and the implementation of the animal and veld management programme. Transfers to households decreased from R3.8 billion in 2008/09 to R2.8 billion in 2011/12, at an average annual rate of 10.1 per cent, due to the focus on the recapitalisation and development programme. Over the medium term, transfers to households are expected to increase to R4.2 billion, at an average annual rate of 14.2 per cent, due to the need to finalise the restitution process. Compensation of employees increased from R614.2 million in 2008/09 to R1.3 billion in 2011/12, at an average annual increase of 28.6 per cent, due to an increase in staff from 3 056 to 3 929 in the same period. Over the medium term, expenditure on this item is expected to increase to R1.7 billion, at an average annual rate of 9.8 per cent, due to adjustments for improved conditions of service.

Expenditure on consultants increased from R115.5 million in 2008/09 to R659.7 million in 2011/12, at an average annual rate of 78.8 per cent, due to the need to expedite restitution claims. Over the medium term, expenditure on consultants is expected to decrease to R335.7 million, at an average annual rate of 20.2 per cent.

Infrastructure spending

Expenditure on infrastructure increased from R6.3 million in 2008/09 to R23 million in 2011/12, on the following minor projects: upgrading and installing a back-up generator at the Van Der Sterr building in Cape Town; upgrading the kitchen and toilets in the Cape Town surveyor general's offices; upgrading, repairing and renovating the Pietermaritzburg deeds office and surveyor general's office; refurbishing boardrooms and upgrading power supply, reticulation, network centre, maintenance and repairs at the national office in Pretoria; and site clearance and construction efforts at the Cape Town deeds office.

Over the MTEF period, expenditure is expected to decrease as some of these projects are reaching completion.

Personnel information

Table 33.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	6 300	3 674	256	3 057	3 266	3 409	3 929	5 048	5 051	5 054
Salary level 1 – 6	1 541	997	157	1 168	1 238	1 154	1 154	1 368	1 369	1 370
Salary level 7 – 10	3 459	1 925	50	1 527	1 619	1 716	1 974	2 604	2 605	2 606
Salary level 11 – 12	1 019	553	48	279	328	423	601	794	794	795
Salary level 13 – 16	281	199	1	83	81	116	200	281	282	283
Administration	2 069	1 305	12	628	747	880	1 316	1 645	1 646	1 647
Salary level 1 – 6	662	451	3	275	303	310	454	543	543	543
Salary level 7 – 10	1 011	593	8	275	327	406	600	771	771	771
Salary level 11 – 12	287	182	1	53	82	114	183	222	222	222
Salary level 13 – 16	109	79	–	25	35	50	79	109	109	110
Geospatial and Cadastral Services	1 645	942	142	782	808	949	1 084	1 322	1 323	1 323
Salary level 1 – 6	423	264	66	351	371	370	330	361	361	361
Salary level 7 – 10	693	401	28	321	331	370	429	540	540	540
Salary level 11 – 12	448	207	47	94	90	157	254	340	340	340
Salary level 13 – 16	81	70	1	16	16	52	71	81	81	81
Rural Development	708	210	12	–	–	103	222	459	460	460
Salary level 1 – 6	18	10	–	–	–	7	10	68	68	68
Salary level 7 – 10	556	153	12	–	–	80	165	300	300	300
Salary level 11 – 12	114	34	–	–	–	10	34	71	71	71
Salary level 13 – 16	20	13	–	–	–	6	13	20	20	20
Restitution	827	622	3	881	886	695	625	720	721	721
Salary level 1 – 6	213	176	2	244	256	224	178	191	191	192
Salary level 7 – 10	522	370	1	552	543	407	371	437	437	437
Salary level 11 – 12	66	58	–	63	78	64	58	66	66	66
Salary level 13 – 16	26	18	–	22	9	–	18	26	26	26
Land Reform	1 051	595	87	766	825	782	682	901	902	902
Salary level 1 – 6	225	96	86	298	308	243	182	205	205	206
Salary level 7 – 10	677	408	1	379	418	453	409	556	556	556
Salary level 11 – 12	104	72	–	69	78	78	72	95	95	95
Salary level 13 – 16	45	19	–	20	21	8	19	45	45	45

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

2. As at 30 September 2011.

The department had an approved establishment of 6 300 posts. The number of filled posts grew from 3 057 in 2008/09 to 3 929 in 2011/12. Over the MTEF period, filled posts are expected to increase to 5 054 as the department fills vacancies in core positions. The ratio of support staff to line staff was at 1:2. The ratio of consultants to total personnel was 1:10.

Departmental receipts

Table 33.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	64 170	44 047	48 802	49 947	35 851	38 750	40 866	42 058
Sales of goods and services produced by department	20 941	16 884	18 420	22 883	17 691	18 646	19 691	20 754
Sales by market establishments	1 211	1 160	1 027	1 556	889	937	989	1 043
of which:								
Market establishment: Non-residential building	1 211	1 160	977	1 461	840	885	935	985
Market establishment: Parking: Covered and open	–	–	50	95	49	52	55	57
Administrative fees	17 115	13 281	14 603	18 963	14 560	15 346	16 206	17 081
of which:								
Servitude rights	17 115	13 281	989	850	363	383	404	426
Surveyor inspection fees	–	–	13 613	18 111	14 196	14 963	15 800	16 654
Request information: Promotion of Access to Information Act (2000)	–	–	1	2	1	1	1	1
Other sales	2 615	2 443	2 790	2 364	2 242	2 363	2 495	2 630
of which:								
Services Rendered: Commission on insurance and garnishee orders	2 615	2 443	412	455	420	443	467	493
Services Rendered: Management fees	–	–	2	30	31	33	35	36
Sales: Tender documents	–	–	4	47	43	45	48	50
Sales: Maps	–	–	2 118	1 731	1 606	1 693	1 788	1 884
Sales: Plans	–	–	254	101	142	150	158	167
Sales of scrap, waste, arms and other used current goods	29	90	4	–	12	13	13	14
of which:								
Sales: Scrap	29	90	4	–	11	12	12	13
Sales: Waste paper	–	–	–	–	1	1	1	1
Transfers received	49	–	–	–	–	–	–	–
Interest, dividends and rent on land	33 438	21 830	25 088	21 840	13 030	13 734	14 503	15 286
Interest	20 407	12 434	19 268	15 840	9 808	10 338	10 917	11 506
Rent on land	13 031	9 396	5 820	6 000	3 222	3 396	3 586	3 780
Sales of capital assets	963	498	225	224	–	963	963	–
Transactions in financial assets and liabilities	8 750	4 745	5 065	5 000	5 118	5 394	5 696	6 004
Total	64 170	44 047	48 802	49 947	35 851	38 750	40 866	42 058

Revenue is derived mainly from renting out farms and land. Departmental receipts decreased from R64.2 million in 2008/09 to R49.9 million in 2011/12, at an average annual rate of 8 per cent, due to a decrease in lease payments as a result of economic hardship. Over the medium term, revenue is expected to decrease to R42.1 million, at an average annual rate of 5.6 per cent.

Programme 1: Administration

Expenditure estimates

Table 33.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	–	17.2	19.4	20.7	20.4	16.3	17.2
Management	34.1	40.4	53.0	125.3	173.6	85.1	90.1
Corporate Services	375.6	378.0	487.0	608.2	702.4	607.0	626.0
Office Accommodation	44.6	138.3	121.7	137.8	90.9	141.7	62.1
Government Motor Transport	–	–	–	3.7	3.8	4.0	4.3
Capital Works	2.4	5.6	8.6	16.1	105.5	42.2	44.7
Total	456.6	579.5	689.7	911.8	1 096.7	896.3	844.4
Change to 2011 Budget estimate				305.7	481.6	247.6	158.4

Table 33.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	424.0	551.8	660.1	885.2	1 076.1	873.9	820.1
Compensation of employees	134.3	178.9	251.9	417.3	498.6	523.9	539.6
Goods and services	289.7	372.9	408.2	467.8	577.5	350.1	280.5
<i>of which:</i>							
Administrative fees	30.7	11.9	3.1	5.0	119.0	5.1	5.0
Consultants and professional services:	13.7	14.5	14.0	31.9	51.3	38.7	41.6
Business and advisory services							
Travel and subsistence	34.7	26.9	34.4	31.6	40.7	29.9	32.4
Operating expenditure	6.1	1.9	3.4	6.1	10.0	9.7	9.6
Transfers and subsidies	13.9	13.4	14.6	13.3	14.0	15.1	16.5
Households	13.9	13.4	14.6	13.3	14.0	15.1	16.5
Payments for capital assets	18.7	14.2	14.7	13.4	6.6	7.3	7.8
Machinery and equipment	18.7	13.9	14.7	13.4	6.6	7.3	7.8
Software and other intangible assets	–	0.3	–	0.0	–	–	–
Payments for financial assets	0.0	0.2	0.3	–	–	–	–
Total	456.6	579.5	689.7	911.8	1 096.7	896.3	844.4

Details of selected transfers and subsidies

Households							
Other transfers to households							
Current	12.7	13.4	14.4	13.3	13.9	15.0	16.4
Bursaries for non-employees	12.7	13.4	14.4	13.3	13.9	15.0	16.4

Expenditure trends

Between 2008/09 and 2011/12, expenditure grew from R456.6 million to R911.8 million, at an average annual rate of 25.9 per cent. This growth is mainly attributable to the implementation of the department's new structure; which saw the creation of provincial shared services centres in all provinces, the creation of the enterprise programme management office, and the centralisation of security services, together with the provision of office accommodation. Over the medium term, expenditure is expected to decrease to R844.4 million, at an average annual rate of 2.5 per cent, due to funds being reprioritised for restitution to settle claims.

Expenditure in the *Corporate Services* subprogramme increased from R375.6 million in 2008/09 to R608.2 million in 2011/12, at an average annual rate of 17.4 per cent, due to inflation adjusted salary increases. Over the medium term, expenditure on this subprogramme is expected to increase marginally to R626 million, at an average annual rate of 1 per cent. Spending on consultants increased from R17.6 million in 2008/09 to R33.1 million in 2011/12, at an average annual rate of 23.4 per cent, due to the need to expedite the land reform programme. Over the medium term, expenditure on consultants is expected to increase to R43.1 million, at an average annual rate of 9.2 per cent, for the same reason. These consultants are mainly used for the valuation of land.

Programme 2: Geospatial and Cadastral Services

Objectives and measures

- Provide fundamental geospatial information as a national asset in accordance with user needs by:
 - maintaining 985 reference beacons of the national control survey network in 2012/13
 - acquiring earth imagery of South Africa at 0.5 ground sample distance covering 410 000 km² by March 2013
 - producing 1 670 maps of South Africa in the national map series by March 2013.

- Implement a South African spatial data infrastructure by:
 - developing and maintaining the technical infrastructure, standards and institutional framework on an ongoing basis
 - developing and monitoring the policy framework by 2013.
- Improve the efficiency of cadastral surveys management by:
 - reducing the turnaround time for the approval of cadastral documents from 15 days in 2012/13 to 9 days by 2014/15
 - implementing the e-cadastre system by 2014 , thus ensuring that the land register or inventory is annually and instantly updated in 100 per cent of cases
 - reducing the time taken to process cadastral documents from 15 to 8 days by 2013
 - training 260 officials on geo-information systems by 2015.
- Promote equitable, sustainable land use and allocation through an integrated land planning and administration system, by:
 - stimulating development in areas of poverty, and reducing spatial inequalities by 2013
 - identifying strategically located land and facilitating access to land for sustainable use by rural communities by 2013
 - developing targeted policies and legislation to support efficient national spatial planning and land use management by 2014
 - ensuring the productive use of land by providing technical support for rural communities by 2014
 - continuously supporting municipalities with spatial planning and land use management
 - supporting comprehensive rural development programme wards with spatial planning on an ongoing basis.

Subprogrammes

- *Cadastral Surveys* is responsible for examining and approving all surveys of land and real rights that are intended to be registered in the deeds office, maintaining records, compiling maintaining and revising maps of property boundaries, and providing cadastral advisory services to other government institutions. This subprogramme had a staff complement of 350 and a total budget of R249.4 million in 2011/12, of which 54 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *National Geospatial Information* promotes and controls all matters related to geodetic and topographical surveying, and provides geospatial information services, including South African spatial data infrastructure. This subprogramme had a staff complement of 440 and a total budget of R136.9 million in 2011/12, of which 51 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Spatial Planning* provides for national land use management and spatial planning systems. This subprogramme had a staff complement of 260 and a total budget of R89.8 million in 2011/12, of which 63 per cent was used for goods and services. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Registration of Deeds Trading Account* provides a high quality deeds registration system, whereby secure titles are registered and speedy and accurate information is provided. This subprogramme had a staff complement of 1231 and a total budget of R77.2 million in 2011/12, of which 100 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *South African Council for Planners* transfers funds to the South African Council for Planners, a non-profit organisation dealing with the registration and activities of the planning profession. This subprogramme had a staff complement of 34 and a total budget of R2.6 million in 2011/12, of which 90 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 33.6 Geospatial and Cadastral Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Cadastral Surveys	116.3	127.7	174.4	249.4	280.4	233.0	247.0
National Geospatial Information	80.9	92.4	99.0	136.6	156.8	144.8	152.5
Spatial Planning	22.8	31.0	68.1	89.8	110.9	73.6	78.2
Registration of Deeds Trading Account	54.8	57.6	27.9	77.2	11.1	11.7	12.4
South African Council for Planners	1.5	2.3	2.4	2.6	2.7	2.8	3.0
Total	276.3	311.0	371.7	555.5	561.9	466.0	493.2
Change to 2011 Budget estimate				167.4	156.0	38.0	44.4

Economic classification

Current payments	207.8	233.4	328.5	464.6	538.6	441.4	467.6
Compensation of employees	140.4	166.5	241.2	303.8	330.3	349.6	372.3
Goods and services	67.3	66.9	87.4	160.9	208.3	91.9	95.2
<i>of which:</i>							
Administrative fees	1.4	0.5	1.2	0.9	2.4	2.4	2.6
Consultants and professional services:	0.7	3.0	16.6	66.3	99.6	2.2	1.9
Business and advisory services							
Travel and subsistence	23.2	12.9	16.2	19.9	16.0	13.8	14.2
Operating expenditure	0.6	0.9	0.9	1.4	1.6	1.2	1.3
Transfers and subsidies	58.1	61.8	32.1	81.2	15.2	16.9	17.3
Provinces and municipalities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	54.8	57.6	27.9	77.2	11.1	11.7	12.4
Foreign governments and international organisations	1.1	1.2	1.1	1.3	1.3	1.4	1.5
Non-profit institutions	1.5	2.3	2.4	2.6	2.7	2.8	3.0
Households	0.6	0.7	0.6	0.1	0.0	0.9	0.3
Payments for capital assets	10.3	15.7	10.8	9.7	8.1	7.7	8.3
Machinery and equipment	10.3	15.7	10.8	8.7	6.5	6.2	6.6
Software and other intangible assets	–	–	–	1.0	1.7	1.5	1.8
Payments for financial assets	0.2	0.1	0.3	–	–	–	–
Total	276.3	311.0	371.7	555.5	561.9	466.0	493.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	54.8	57.6	27.9	77.2	11.1	11.7	12.4
Registration of Deeds Trading Account	54.8	57.6	27.9	77.2	11.1	11.7	12.4
Foreign governments and international organisations							
Current	1.1	1.2	1.1	1.3	1.3	1.4	1.5
Regional Centre for Mapping of Resources for Development	1.1	1.2	1.1	1.3	1.3	1.4	1.5
Non-profit institutions							
Current	1.5	2.3	2.4	2.6	2.7	2.8	3.0
South African Council for Planners	1.5	2.3	2.4	2.6	2.7	2.8	3.0

Expenditure trends

Expenditure grew from R276.3 million in 2008/09 to R555.5 million in 2011/12, at an average annual rate of 26.2 per cent, mainly due to the implementation of the department's new structure and the remaining portion of the occupation specific dispensation, salary levels 1 to 12. In the same period, 1 300 maps of South Africa were produced. Furthermore, the programme received additional funding amounting to R167.8 million during the

2011 adjusted estimates of national expenditure process, to fund the finalisation of the state land audit and to assist municipalities with the development of spatial development frameworks.

Over the medium term, expenditure is expected to decrease to R493.2 million in 2014/15, at an average annual rate of 3.9 per cent, due to the reprioritisation of funds from the *Geospatial* programme to the *Restitution* programme to settle claims. Transfers to the Registration of Deeds Trading Account increased from R54.8 million in 2008/09 to R77.2 million in 2011/12, at an average annual rate of 12.1 per cent, due to the need to cover deficits incurred. Over the medium term, transfers are expected to decrease to R12.4 million, at an average annual rate of 45.6 per cent, due to the fact that the entity is expected to make a profit and will therefore cover some of its costs.

Spending on the *National Geospatial Information* subprogramme increased from R80.9 million in 2008/09 to R136.6 million in 2011/12, at an average annual rate of 19.1 per cent, due to salary increases. Over the medium term, expenditure on this subprogramme is expected to increase to R153.7 million, at an average annual rate of 3.9 per cent. 1 670 maps of South Africa will be produced over the medium term.

Expenditure on consultants increased from R700 000 in 2008/09 to R66.3 million in 2011/12, at an average annual rate of 355.8 per cent, due to the need to expedite restitution claims. Over the medium term, expenditure on consultants is expected to decrease to R1.9 million, at an average annual rate of 69.4 per cent, due to the decreasing number of claims to be settled.

Programme 3: Rural Development

Objectives and measures

- Reduce spatial inequalities in rural areas in all provinces by providing access to clean water to 202 households and alternative energy to 403 households by 2012/13.
- Harness technological innovations and indigenous knowledge systems in rural communities by:
 - identifying 10 agricultural improvement technologies through research, and have these tested by March 2013.
 - implementing indigenous knowledge systems in 15 communities by 2012/13.
 - ensuring a 40 per cent increase in technological innovations and indigenous knowledge systems in rural communities to improve food production by 2013/14.
- Ensure economic and social development in rural communities by:
 - establishing 2 000 food gardens and 3 agri-parks in the comprehensive rural development programme wards by March 2013.
 - increasing employment benefits for youth through the national rural youth service corps programme from 7 401 in 2010/11, adding 5 000 new youths for each year of the MTEF period
 - establishing 395 cooperatives and 25 enterprises, by 2012/13.

Subprogrammes

- *Rural Development National Office* is responsible for formulating policies and introducing products and services for the effective implementation of the comprehensive rural development programme, by deploying people in rural areas. This subprogramme had a staff complement of 162 and a total budget of R232.9 million in 2011/12, of which 57 per cent was used for goods and services. No savings or reductions have been identified in this subprogramme.
- *Rural Development Provincial Offices* provides support services to effectively implement the comprehensive rural development programme, by deploying people in rural areas. This subprogramme had a staff complement of 47 and a total budget of R669 million in 2011/12, of which 89 per cent was used for goods and services. No savings or reductions have been identified in this subprogramme.
- *National Rural Youth Services Corps* is responsible for training rural youth in different skills such as building and farming, or skills to match the needs of the communities from which they are recruited. This subprogramme had a staff complement of 13, and a total budget of R400 million in 2012/13, of which 80

per cent was used for compensation of employees. No savings or reductions have been identified in this subprogramme.

Expenditure estimates

Table 33.7 Rural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million							
Rural Development National Office	9.1	72.1	201.7	232.9	177.0	201.2	218.6
Rural Development Provincial Offices	–	–	155.8	669.0	357.8	533.3	548.4
National Rural Youth Services Corps	–	–	–	–	400.0	250.0	265.0
Total	9.1	72.1	357.5	901.9	934.8	984.4	1 031.9
Change to 2011 Budget estimate				460.6	293.8	80.5	97.2

Economic classification

Current payments	9.1	72.1	346.9	899.9	661.7	624.1	651.2
Compensation of employees	3.6	2.0	23.6	100.5	172.3	182.6	186.7
Goods and services	5.5	70.1	323.3	799.5	489.4	441.5	464.5
<i>of which:</i>							
Administrative fees	–	0.2	0.9	1.6	0.1	0.2	0.2
Consultants and professional services:	4.6	61.2	68.5	76.7	65.1	156.4	161.5
Business and advisory services							
Travel and subsistence	0.6	0.1	16.1	8.0	10.2	12.3	13.5
Operating expenditure	0.0	–	105.8	282.3	400.2	256.1	270.7
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	–	–	0.0	–	273.1	360.3	380.7
Departmental agencies and accounts	–	–	–	–	142.2	241.8	255.0
Public corporations and private enterprises	–	–	–	–	130.9	118.5	125.7
Payments for capital assets	–	0.0	10.5	1.9	–	–	–
Machinery and equipment	–	0.0	10.5	1.9	–	–	–
Total	9.1	72.1	357.5	901.9	934.8	984.4	1 031.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	–	–	142.2	241.8	255.0
Agricultural Research Council	–	–	–	–	11.3	241.8	255.0
Agricultural Development Agency	–	–	–	–	130.9	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	–	–	–	–	130.9	118.5	125.7
Independent Development Trust	–	–	–	–	130.9	118.5	125.7

Expenditure trends

Expenditure grew significantly from R9.1 million in 2008/09 to R901.9 million in 2011/12, at an average annual rate of 362.6 per cent, due to the rollout of the new national rural youth services corps programme; the employment of new people; the implementation of projects such as the electrification of rural households; the provision of clean water and sanitation; the establishment and registering of cooperatives and rural enterprises; and the provision of access to ICT technology in 2011/12.

Over the medium term, expenditure is expected to increase to R1 billion, at an average annual rate of 4.6 per cent, due to the implementation of the comprehensive rural development programme, which still remains

the core focus of the programme. Attention will be given to the 22 prioritised districts for the rollout and implementation of projects.

Transfers to non-profit institutions are expected to increase from R273.1 million to R380.7 million between 2012/13 and 2014/15, due to the implementation of the comprehensive rural development programme. Expenditure on consultants increased from R4.6 million in 2008/09 to R409.8 million in 2011/12, at an average annual rate of 346.6 per cent, due to the implementation of the programme. Over the medium term, expenditure is expected to decrease to R168.7 million, at an average annual rate of 25.6 per cent, due to the implementation of cost cutting measures.

Programme 4: Restitution

Objectives and measures

- Settle outstanding restitution claims by:
 - finalising the research on the 4 000 outstanding claims
 - verifying claimants for outstanding claims
 - validating and gazetting the claims
 - negotiating and settling claims on state land where there are no financial implications, by 2013.

Subprogrammes

- *Restitution National Office* provides administrative and professional support to the Commission on the Restitution of Land Rights for processing and investigating restitution claims, and develops and coordinates restitution policy and oversees court cases. This subprogramme had a staff complement of 180 and a total budget of R51.1 million in 2011/12, of which 73 per cent was used for compensation of employees and related costs. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Restitution Regional Offices* is responsible for the research, validation, verification and negotiation of settlement; and provides administrative support services for the settlement of claims. This subprogramme had a staff complement of 386 and a total budget of R363.1 million in 2011/12, of which 61.4 per cent was used for compensation of employees and related costs. No savings or reductions have been identified in this subprogramme. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Restitution Grants* redresses restitution claims by restoring land or providing alternative land, financial compensation and alternative relief, settlement planning and facilitation assistance, and by contributing funds to resettle communities. This subprogramme had a total budget of R2.1 billion in 2011/12, of which 100 per cent was used for grants. In 2011/12, the Commission on Restitution of Land Rights finalised 154 backlog claims and settled 131 outstanding claims at a cost of R5.5 billion. 808 backlog claims will be finalised over the medium term. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 33.8 Restitution

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Restitution National Office	31.2	36.1	43.4	51.1	52.7	54.4	57.3
Restitution Regional Offices	307.3	328.0	375.5	363.1	369.5	378.2	397.9
Restitution Grants	2 783.7	1 967.6	3 348.0	2 083.1	2 577.8	3 026.4	3 351.0
Total	3 122.1	2 331.6	3 766.8	2 497.3	3 000.0	3 459.0	3 806.3
Change to 2011 Budget estimate				–	380.1	695.4	(300.0)

Table 33.8 Restitution (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	317.2	361.3	413.0	412.4	422.0	432.4	455.0
Compensation of employees	185.5	218.1	204.7	250.6	265.5	275.4	293.6
Goods and services	131.7	143.2	141.4	161.8	156.5	157.0	161.4
<i>of which:</i>							
<i>Administrative fees</i>	3.5	2.3	4.9	2.9	1.9	1.9	1.8
<i>Consultants and professional services:</i>	25.0	29.6	6.8	38.4	38.2	41.2	40.3
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	38.5	33.8	37.4	23.4	23.7	27.5	28.7
<i>Operating expenditure</i>	0.9	1.9	1.5	4.2	4.8	4.2	4.0
Interest and rent on land	–	–	66.9	–	–	–	–
Transfers and subsidies	2 783.7	1 967.6	3 348.1	2 083.4	2 578.0	3 026.7	3 351.3
Households	2 783.7	1 967.6	3 348.0	2 083.3	2 578.0	3 026.6	3 351.3
Payments for capital assets	20.4	1.6	4.4	1.5	–	–	–
Machinery and equipment	6.4	1.6	4.4	1.5	–	–	–
Land and sub-soil assets	14.0	–	–	–	–	–	–
Payments for financial assets	0.9	1.1	1.4	–	–	–	–
Total	3 122.1	2 331.6	3 766.8	2 497.3	3 000.0	3 459.0	3 806.3

Details of selected transfers and subsidies

Households							
Other transfers to households							
Capital	2 783.7	1 967.6	3 348.0	2 083.1	2 577.8	3 026.4	3 351.0
Restitution grants	2 783.7	1 967.6	3 348.0	2 083.1	2 577.8	3 026.4	3 351.0

Expenditure trends

Between 2008/09 and 2011/12, expenditure decreased from R3.1 billion to R2.5 billion, at an average annual rate of 7.2 per cent. Over the medium term, expenditure is expected to increase to R3.8 billion, at an average annual rate of 15.1 per cent, due to the need to settle outstanding claims. In 2009/10, the programme's expenditure decreased by 25.3 per cent, as it was expected to wind down in that year. However, as there were over 4 000 outstanding claims, the department extended the programme. Expenditure in 2010/11 increased by 61.6 per cent to clear restitution commitments. Over 4 000 claims will be finalised over the medium term. To date, 76 229 out of a total of 79 696 claims have been settled.

Expenditure on transfers to households decreased from R2.8 billion in 2008/09 to R2.1 billion in 2011/12, at an average annual rate of 9.2 per cent, as the claims were expected to have been finalised by 2008/09. Over the medium term, expenditure on this item is expected to increase to R3.4 billion, at an average annual rate of 17.2 per cent, due to the need to settle outstanding claims. Spending on consultants increased from R41.7 million in 2008/09 to R62.5 million in 2011/12, at an average annual rate of 14.4 per cent, for the same reason. Over the medium term, expenditure on consultants is expected to decrease to R58.2 million, due to the implementation of cost cutting measures.

Programme 5: Land Reform**Objectives and measures**

- Improve access to affordable and diverse food by training 2 120 farmers in cost effective farming methods and advising them on the different types of crops that can be planted efficiently in different areas by 2013.
- Increase production, guarantee food security, create employment opportunities in the agricultural sector, graduate small farmers into commercial farmers, and establish rural development monitors by resuscitating 280 defunct farms, and training and funding 300 farmers through the recapitalisation and development programme by 2014.

Subprogrammes

- *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; state land administration services; information, risk and compliance management in the land reform branch; financial support to the provinces; strategic land reform intervention support through recapitalisation and development services; alignment of land reform strategic institutional partnerships; and land acquisition and land warehouse services. This subprogramme had a staff complement of 279 and a total budget of R151.8 million in 2011/12, of which 41 per cent was used for compensation of employees, while 37 per cent was used on functions such as the land rights management facility. In 2010/11, the department recapitalised 411 farms. An additional 387 farms will have been recapitalised by the end of 2011/12. Revitalisation of 11 irrigation schemes is underway in Limpopo (Sekhukhune, Greater Tzaneen, Thulamela); Mpumalanga (Ehlanzeni); KwaZulu-Natal (Uthukulu, Umzinyathi); Free State (Motheo); North-West (Moretele, Bojanala); Northern Cape (Namakwa); and Eastern Cape (Chris Hani). No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Land Reform Provincial Offices* implements land reform programmes and projects, and administers state land in each province. Land needs will be categorised to ensure the successful implementation of land reform. Success will be measured by job creation, increased incomes, and a critical mass of successful farmers contributing to GDP. The provincial offices will also be recapitalising and developing distressed land reform projects, and strengthening the security of tenure of farm dwellers and labour tenants by providing legal support. This subprogramme had a staff complement of 150 and a total budget of R340.5 million, of which 62 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Land Reform Grants* provides funding for project and programme planning, land acquisition and settlement, and allows the department to maintain, plan, develop or improve property. This subprogramme had a staff complement of 180 and a total budget R698.3 million in 2011/12, of which 80 per cent was used for the recapitalisation and development of distressed farms. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *KwaZulu-Natal Ingonyama Trust Board* provides transfers for salaries for administering the Ingonyama Trust Board. This subprogramme had a staff complement of 32, and a total budget of R6.8 million in 2011/12, which was transferred in full to the board. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Land Reform Empowerment Facility* provides transfers to Khula Enterprise Finance, the revolving credit loan facility used by the department to finance land acquisition and equity in commercial farming ventures. There were no staff payment allocations as this subprogramme has been discontinued.
- *Communal Land Rights Programme* provides land reform support to communities. Expenditure decreased from R19.4 million in 2008/09 to R300 000 in 2010/11, at an average annual rate 87.6 per cent, due to the winding down of the programme.
- *Agricultural Land Holding Account* is responsible for buying and holding land until suitable beneficiaries are identified in terms of the Provision of Land and Assistance Act (1993). This subprogramme had no staff and a total budget of R2.1 billion in 2011/12, of which 100 per cent was used for purchasing land.

Expenditure estimates

Table 33.9 Land Reform

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Land Reform National Office	51.3	73.0	96.7	151.8	138.2	132.9	138.8
Land Reform Provincial Offices	230.2	245.1	296.3	340.5	376.5	408.0	425.6
Land Reform Grants	1 041.2	1 206.6	506.2	696.3	733.5	745.4	787.3
KwaZulu-Natal Ingonyama Trust Board	2.5	3.1	9.2	6.8	7.2	7.5	8.0
Communal Land Rights Programme	19.4	0.8	0.3	–	–	–	–
Agricultural Land Holding Account	1 460.9	1 041.1	1 028.5	2 074.7	2 028.7	2 218.3	2 324.3
Total	2 805.6	2 569.6	1 937.2	3 270.2	3 284.2	3 512.1	3 683.9
Change to 2011 Budget estimate				(921.3)	(1 108.1)	(1 124.7)	–

Table 33.9 Land Reform (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	293.5	314.5	387.1	475.4	514.7	540.9	564.4
Compensation of employees	150.3	195.4	225.3	235.1	289.3	321.2	336.4
Goods and services	143.2	119.1	161.6	240.3	225.4	219.7	227.9
<i>of which:</i>							
Administrative fees	2.3	1.9	3.2	29.3	70.5	63.3	63.1
Consultants and professional services:	35.4	34.5	52.6	69.9	60.1	56.3	46.8
Business and advisory services							
Travel and subsistence	37.3	33.5	45.5	30.2	21.3	24.8	25.9
Operating expenditure	0.8	1.1	1.1	14.5	12.8	8.6	20.4
Interest and rent on land	–	–	0.2	–	–	–	–
Transfers and subsidies	2 504.6	2 250.8	1 545.2	2 777.9	2 769.5	2 971.2	3 119.6
Provinces and municipalities	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Departmental agencies and accounts	1 463.4	1 044.2	1 037.6	2 081.6	2 035.9	2 225.8	2 332.3
Households	1 041.2	1 206.6	507.5	696.3	733.5	745.4	787.3
Payments for capital assets	6.3	4.2	4.0	16.8	–	–	–
Machinery and equipment	6.3	4.2	4.0	16.8	–	–	–
Payments for financial assets	1.3	0.1	0.8	–	–	–	–
Total	2 805.6	2 569.6	1 937.2	3 270.2	3 284.2	3 512.1	3 683.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 463.4	1 044.2	1 037.6	2 081.6	2 035.9	2 225.8	2 332.3
KwaZulu-Natal Ingonyama Trust Board	2.5	3.1	9.2	6.8	7.2	7.5	8.0
Agricultural Land Holding Account	1 460.9	1 041.1	1 028.5	2 074.7	2 028.7	2 218.3	2 324.3
Households							
Other transfers to households							
Capital	1 041.2	1 206.6	506.2	696.3	733.5	745.4	787.3
Land reform grants	1 041.2	1 206.6	506.2	696.3	733.5	745.4	787.3

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R2.8 billion to R3.3 billion, at an average annual rate of 5.2 per cent, and is expected to increase to R3.7 billion over the medium term, at an average annual rate of 4.1 per cent, due to the implementation of the recapitalisation and development programme. 1.4 million hectares were redistributed in the same period. R10.6 billion was spent between 2008/09 and 2011/12 in implementing the land reform programme. Transfers to the agricultural land holding account from 2009/10 to 2011/12 account for 63.4 per cent of the total expenditure in 2011/12, while land reform grants account for 21.3 per cent.

Expenditure on consultants increased from R42.7 million in 2008/09 to R77 million in 2011/12, at an average annual rate of 21.7 per cent, due to the need to expedite the land reform programme. Over the medium term, expenditure is expected to decrease to R57.4 million, at an average annual rate of 9.3 per cent, due to funds being reprioritised towards restitution to settle claims. Over the MTEF period, the focus will be on recapitalising 525 distressed farms. 1 million hectares will be redistributed over the medium term.

Public entities and other agencies

Registration of deeds trading entity

Overview: 2008/09 – 2014/15

Deeds registries were established in terms of the Deeds Registries Act (1937). Their primary purpose is to register rights in land and thus provide security of title. They also maintain public registers of land.

The registration of 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.

The entity is responsible for cadastral surveys, which create, mark, define, retrace, or re-establish land boundaries and subdivisions. In conjunction with the cadastral surveys management unit in the department, the deeds registration entity has been progressively introducing e-cadastre since November 2010. This is aimed at improving cadastral survey management and deeds registration, and at reducing the deeds registration turnaround time. It has been implemented through an enterprise architecture that will result in the consolidation of cadastre and deeds data stores, and the scanning of all paper and microfilm records for digitising the archives. Server storage capacity will have been increased by 2011/12 to accommodate the increase in records as a result of back-scanning. The target date for the full implementation of the e-cadastre project is July 2013. Some of the early benefits of this project will be the conversion of paper records into a digital format to facilitate the alignment of deeds registries with provincial boundaries, and the elimination of discriminatory practices of the past within the deeds environment. E-cadastre will also enhance the accuracy and integrity of deeds registration information, as well as the time it takes to deliver title deeds.

Performance

The entity was involved in registering 180 547 properties in 2011/12. The number of properties registered is expected to decrease to 90 792 in 2014/15 due to the economic downturn.

Selected performance indicators

Table 33.10 Registration of deeds trading entity

Indicator	Activity/Objective/Programme/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of properties registered per year	Registration of title deeds	96 507	40 924	50 390	18 0547	29 3360	82 539	90 792

Programmes/activities/objectives

Table 33.11 Registration of deeds trading entity

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Registration of title deeds	366.2	353.9	419.8	509.1	646.2	565.0	593.9
Total expense	366.2	353.9	419.8	509.1	646.2	565.0	593.9

The registration of deeds trading account had a total budget of R509.1 million in 2011/12, of which 55.4 percent was used for compensation of employees.

Savings and cost effectiveness measures

Since 2008/09, the deeds trading account's revenue has been decreasing due to the decline in the property market caused by the global economic crisis. To offset the decline in revenue, the department transferred R40 million in 2010/11 and R77 million in 2011/12. The entity could not, in these circumstances, identify any savings. However, to reduce costs, the entity has introduced tighter controls in travelling expenses and is investigating other methods that will help to reduce administrative expenditure.

Expenditure estimates

Table 33.12 Registration of Deeds Trading Account

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	314.8	304.7	354.6	431.9	635.1	553.3	581.5
Sale of goods and services other than capital assets	309.8	301.6	350.5	426.2	629.5	547.4	575.3
<i>of which:</i>							
Administration fees	309.8	301.6	350.5	426.2	629.5	547.4	575.3
Other non-tax revenue	5.0	3.1	4.1	5.7	5.6	5.9	6.1
Transfers received	51.4	49.2	40.8	77.2	11.1	11.7	12.4
Total revenue	366.2	353.9	395.4	509.1	646.2	565.0	593.9
Expenses							
Current expenses	366.2	353.9	419.8	509.1	646.2	565.0	593.9
Compensation of employees	204.9	222.6	258.0	282.1	296.6	320.7	349.9
Goods and services	141.6	104.1	134.5	202.1	323.2	216.4	214.7
Depreciation	19.5	27.1	27.2	24.7	26.2	27.6	29.1
Interest, dividends and rent on land	0.2	0.1	0.1	0.2	0.2	0.2	0.3
Total expenses	366.2	353.9	419.8	509.1	646.2	565.0	593.9
Surplus / (Deficit)	-	-	(24.4)	-	-	-	-
Statement of financial position							
Carrying value of assets	137.8	130.8	98.4	96.8	89.1	84.9	80.5
<i>of which:</i>							
Acquisition of assets	49.0	20.8	5.5	25.0	18.4	23.5	24.7
Inventory	0.9	1.1	1.3	2.4	3.5	4.6	5.7
Receivables and prepayments	60.2	43.6	50.0	45.9	52.2	54.4	56.7
Cash and cash equivalents	32.6	64.9	56.5	86.7	95.4	104.9	115.4
Total assets	231.6	240.5	206.3	231.8	240.1	248.8	258.2
Accumulated surplus/(deficit)	126.9	185.2	160.8	160.8	160.8	160.8	160.8
Finance lease	1.1	1.1	1.9	0.7	0.8	0.8	0.9
Deferred income	4.6	13.0	-	-	-	-	-
Trade and other payables	18.3	15.7	21.7	45.0	45.7	47.1	48.6
Provisions	22.3	25.5	22.0	22.0	24.2	26.6	29.3
Managed funds (e.g. Poverty alleviation fund)	58.3	-	-	3.3	8.7	13.4	18.7
Total equity and liabilities	231.6	240.5	206.3	231.8	240.1	248.8	258.2

Expenditure trends

Over the medium term, the spending focus will be on implementing the electronic cadastre system.

The entity receives revenue mainly from sales of information and the registration of title deeds. It also derives its revenue from transfers made by the department. Revenue increased from R366.2 million in 2008/09 to R509.1 million in 2011/12, at an average annual rate of 11.6 per cent, due to an increase in the number of properties registered. Over the medium term, revenue is expected to increase to R593.9 million, at an average annual rate of 5.3 per cent, due to expected economic growth. Transfers received increased from R51.4 million in 2008/09 to R77.2 million in 2011/12, at an average annual rate of 14.5 per cent, due to the need to cover for deficit incurred. Over the medium term, transfers received are expected to decrease to R12.4 million, at an average annual rate of 45.6 per cent, as the entity is expected to make a profit and this will cover some of its costs.

Expenditure increased from R366.2 million in 2008/09 to R509.1 million in 2011/12, at an average annual rate of 11.6 per cent, due to the implementation of an electronic register system. 368 525 properties were registered in the same period. Over the medium term, expenditure is expected to increase to R593.9 million, at an average

annual rate of 5.3 per cent, due to the implementation of an electronic cadastre project. 466 691 properties will be registered over the medium term.

The trading account incurred a deficit of R24.4 million in 2010/11 as a result of a decrease in revenue due to a decline in the property market.

Personnel information

Table 33.13 Registration of Deeds Trading Account

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	–	–	–	1	1	1	1	1
Senior management	45	45	15	11	21	15	31	42	42	42
Middle management	652	652	401	163	271	264	274	374	392	418
Professionals	1 456	1 456	531	881	996	953	925	945	947	947
Total	2 154	2 154	947	1 055	1 288	1 233	1 231	1 362	1 382	1 408
Compensation (R thousand)				204 948	222 619	257 984	282 111	296 560	320 749	349 854
Unit cost (R thousand)				194	173	209	229	218	232	248

1. As at 30 September 2011.

The entity had an establishment of 2 154 posts and all were funded. The number of posts filled increased from 1 055 in 2008/09 to 1 231 in 2011/12 and is expected to increase to 1 408 over the medium term to increase capacity for the registrations process and to accelerate it.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **KwaZulu-Natal Ingonyama Trust Board** is a land management agency that provides support to communities on communal land and estate management services to the Minister of Rural Development and Land Reform. The board ensures that any commercial activity on communal land is developmental and benefits local communities.
- The **agricultural land holding account** was established in terms of sections 10(1)(a) of the Provision of Land and Assistance Act (1993) to give legal effect to the proactive land acquisition strategy. The strategy involves acquiring land and other property (movable and immovable) held by the state, which can then be used by beneficiaries of the strategy.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Maintenance										
Cape Town, Van Der Sterr building: Upgrading and installation of back-up generator	Upgrading	Various	17.0	-	-	1.8	12.6	2.6	-	-
Cape Town, surveyor general, Plein Street: Upgrading of kitchen and toilet	Upgrading	Construction	2.9	-	-	0.3	0.2	2.5	-	-
Pietermaritzburg, deeds office and surveyor general: Upgrading, repairs and renovations	Upgrading, repairs and renovations	Identification	70.1	-	-	-	3.8	64.0	2.2	-
Pretoria, Cooperation building: Refurbishment of national office boardrooms	Refurbishment	Identification	3.7	-	2.8	0.9	-	-	-	-
Pretoria, old Cooperation building: Upgrading of power supply and re-tiltulation	Upgrading	Tender	9.5	-	-	3.5	6.0	-	-	-
Pretoria, old Cooperation building: Upgrading of network centre	Upgrading	Construction	0.3	-	-	0.3	-	-	-	-
Cape Town, deeds office: Clearance of construction site	Upgrading	Identification	0.4	-	-	0.1	0.3	-	-	-
Office accommodation: Maintenance and repairs	Maintenance and repairs	Various	3.9	3.9	-	-	-	-	-	-
Office accommodation: Maintenance and repairs	Maintenance and repairs	Various	2.4	2.4	-	-	-	-	-	-
Total			110.1	6.3	2.8	6.9	23.0	69.0	2.2	-

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Science and Technology

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	202.7	199.6	1.0	2.1	212.3	230.5
Research, Development and Innovation	1 156.4	53.9	1 102.2	0.2	1 317.7	1 439.8
International Cooperation and Resources	141.2	61.3	79.4	0.5	152.1	161.1
Human Capital and Knowledge Systems	2 035.9	31.4	2 004.4	0.1	2 378.9	2 589.0
Socio Economic Partnerships	1 419.8	47.3	1 372.0	0.5	1 516.7	1 600.5
Total expenditure estimates	4 955.9	393.5	4 559.0	3.4	5 577.6	6 020.8

Executive authority Minister of Science and Technology
Accounting officer Director General of Science and Technology
Website address www.dst.gov.za

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

Aim

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 organisations funded by the department comply with good corporate governance and that their activities are aligned with the strategic focus of the national system of innovation. Monitor and evaluate the performance of the science councils.

Programme 2: Research, Development and Innovation

Purpose: Facilitate knowledge generation and exploitation through research and development in the key priority areas of space science, bioeconomy, and energy. Promote the expansion of our knowledge stock by stimulating the development of innovative and viable products and services, together with their commercialisation, where appropriate.

Programme 3: International Cooperation and Resources

Purpose: Develop, promote and manage international relationships, opportunities, and science and technology agreements that both strengthen the national system of innovation and enable an exchange of knowledge, capacity and resources between South Africa and its regional and international partners.

Programme 4: Human Capital and Knowledge Systems

Purpose: Provide leadership in the creation of an innovative and competitive society with highly skilled human capital, and competitive knowledge and research infrastructure.

Programme 5: Socio Economic Partnerships

Purpose: Enhance the growth and development priorities of government through informed science and technology interventions, the development of strategic partnerships with other government departments, industry, research institutions, and communities.

Strategic overview: 2008/09 – 2014/15

The Department of Science and Technology derives its mandate from the 1996 White Paper on Science and Technology. The department executes its mandate through the implementation of its key strategies such as the national research and development strategy and the 10-year innovation plan. The plan seeks to transform the South African economy into a knowledge based economy, in which the production and dissemination of knowledge will lead to economic benefits and enrich all fields of human endeavour. The success of this plan will be measured by the extent to which science and technology can play a driving role in enhancing productivity, economic growth and socioeconomic development.

Strategic objectives and outcomes based approach

The goals of the department are to: develop the capacity of the national system of innovation, enhance South Africa's knowledge exploitation and generation, build world class research infrastructure, and position South Africa as a significant strategic international partner. These goals have been translated into the strategic priorities of the department for the medium term. The key focus areas will be on building and strengthening human capital for the national system of innovation, generating and maximising the use of knowledge, and strengthening international cooperation.

Science and technology play a fundamental role in the development of the economy and society. To further advance this role, the department established the Technology Innovation Agency, a public entity, and the National Intellectual Property Management Office, which was established as the implementing agency of the Intellectual Property Rights from Publicly Financed Research and Development Act (2008), to play a regulatory role in respect of the adherence of recipients of public funds of the provisions of the act. The introduction of these agencies will stimulate and intensify technological innovation aimed at improving the quality of life of all South Africans. Over the past few years, the department has initiated pilot projects to demonstrate technological solutions in areas as diverse as cultivating medicinal plants, fish production, essential oils, new plant cultivars, sustainable water delivery, and the design of low cost housing. These projects target marginalised communities and have the potential to improve the circumstances of society at large.

In relation to government's 12 outcomes, the department, through its work, contributes to: helping realise a long and healthy life for all South Africans (outcome 2); creating decent employment through inclusive economic growth (outcome 4); and creating a skilled and capable workforce to support an inclusive growth path (outcome 5).

In relation to outcome 2, the department initiated an accelerating sustainable water service delivery through technology innovation in the OR Tambo and Amathole district municipalities in Eastern Cape. The aim of the project was to demonstrate the use of technology innovation in delivering water in a sustainable manner, thus increasing access to safe drinking water. The project has already produced fruit in OR Tambo, where water is flowing from the communal water stations designed to produce 3 cubic metres of potable water per hour.

To contribute to creating decent jobs (outcome 4) and supporting entrepreneurship, the department helped 573 small, medium and micro enterprises (SMMEs) in the first quarter of 2011/12 through its technology station programme. In helping to create a skilled and capable workforce (outcome 5) and build human capital for the national system of innovation by the end of the second quarter of 2011/12, the department awarded bursaries to 1 275 honours, 2 771 masters and 1 574 PhD candidates. Furthermore, 2 339 researchers were supported in the same period to promote and enhance research productivity and to increase South Africa's world share of knowledge outputs.

Selected performance indicators

Table 34.1 Science and Technology

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of patents, patents applications and trademarks resulting from policy funded research per year	Socio Economic Partnerships, Research Development and Innovation and Human Capital and Knowledge Systems	50	19	59	32	37	40	44
Number of companies provided with a technology assistance package per year to facilitate successful participation in infrastructure public procurement process per year	Socio Economic Partnerships	- ¹	24	24	24	13	22	28
Total number of postgraduate students supported	Human Capital and Knowledge Systems	5 060	5 131	5 644	6 600	6 100	6 400	6 700
Number of researchers supported per year	Human Capital and Knowledge Systems	2 422	2 442	2 519	2 500	2 600	2 700	2 800
Foreign funds leveraged off per year in support of science, technology and innovation cooperation	International Cooperation and Resources	R189m	R230m	R196.3m	R199.3m	R240 m	R140m	R 140m
Number of foreign participants in global knowledge and science and technology innovation network per year	International Cooperation and Resources	- ¹	- ¹	- ¹	3 380	800	930	900
Number of technology based enterprises supported per year	Research, Development and Innovation	- ¹	- ¹	- ¹	14	5	5	5
Number of small and medium enterprises provided with technology support per year	Socio Economic Partnerships	- ¹	1 594	1 791	1 753	1 928	2 120	2 500

1. New indicators so no historical information for these years.

Expenditure estimates

Table 34.2 Science and Technology

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	141.0	159.1	188.9	195.7	195.7	202.7	212.3	230.5
Research, Development and Innovation	853.0	1 141.4	802.8	854.6	854.6	1 156.4	1 317.7	1 439.8
International Cooperation and Resources	136.3	117.5	131.4	137.2	137.2	141.2	152.1	161.1
Human Capital and Knowledge Systems	1 454.7	1 591.4	1 754.1	1 950.4	1 950.4	2 035.9	2 378.9	2 589.0
Socio Economic Partnerships	1 118.4	1 174.6	1 174.7	1 269.1	1 269.1	1 419.8	1 516.7	1 600.5
Total	3 703.5	4 183.9	4 051.9	4 407.0	4 407.0	4 955.9	5 577.6	6 020.8
Change to 2011 Budget estimate				2.4	2.4	68.6	67.5	180.1

Table 34.2 Science and Technology (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	259.8	284.2	331.7	365.3	365.3	393.5	417.4	447.0
Compensation of employees	141.6	167.5	190.6	227.6	227.6	242.3	253.4	275.0
Goods and services	118.3	116.8	140.7	137.7	137.7	151.2	164.1	171.9
<i>of which:</i>								
Communication	6.8	8.4	8.0	7.9	7.9	8.7	9.3	9.9
Consultants and professional services:	7.6	7.3	9.7	16.9	16.9	17.6	19.5	20.6
Business and advisory services								
Agency and support / outsourced services	22.4	19.3	16.6	14.7	14.7	18.4	21.2	20.7
Travel and subsistence	35.7	27.9	38.6	36.2	36.2	40.9	43.2	45.6
Interest and rent on land	–	–	0.3	–	–	–	–	–
Transfers and subsidies	3 440.2	3 891.9	3 709.6	4 038.4	4 038.4	4 559.0	5 156.6	5 570.0
Departmental agencies and accounts	1 876.5	2 318.3	2 243.1	2 633.5	2 633.5	2 857.5	3 244.0	3 551.2
Higher education institutions	69.5	113.4	173.2	–	–	–	–	–
Public corporations and private enterprises	1 075.1	1 185.8	1 246.3	924.8	924.8	972.6	1 047.9	1 102.5
Non-profit institutions	418.4	273.6	46.1	480.1	480.1	728.9	864.8	916.4
Households	0.7	0.7	1.0	–	–	–	–	–
Payments for capital assets	3.3	7.7	10.6	3.3	3.3	3.4	3.6	3.8
Machinery and equipment	3.3	7.7	10.6	3.3	3.3	3.4	3.6	3.8
Payments for financial assets	0.1	0.1	0.0	–	–	–	–	–
Total	3 703.5	4 183.9	4 051.9	4 407.0	4 407.0	4 955.9	5 577.6	6 020.8

Expenditure trends

Spending over the medium term will focus on human capital development, knowledge generation and exploitation, investment in research and development infrastructure, and pursuing African advancement and leveraging international cooperation. The department will also continue to encourage South African innovation by funding marketable products emerging from research and the process of incubation.

Expenditure increased from R3.7 billion in 2008/09 to R4.4 billion in 2011/12, at an average annual rate of 6 per cent. The slowdown in overall expenditure is due to the fact that the Square Kilometre Array project was reallocated to over the medium term due to slow spending in 2011/12.

Over the medium term, expenditure is expected to increase to R6 billion, at an average annual rate of 11 per cent. This is mainly due to an additional allocation of R350 million received over the medium term from the economic competitiveness and support package comprised: R60 million for technology localisation, R110 million for the internship programme and R180 million for research into satellite development, titanium and nanotechnology. This allocation was made specifically to stimulate the economy and create jobs. The increase in spending is further due to the funding reallocated from 2011/12 to 2012/13 and 2013/14 for the Square Kilometre Array project, additional funds for improved conditions of service in the department and its entities, and the expansion of human resources and research infrastructure to support the development of research capacity in universities.

The department spends R17.9 million or 0.4 per cent of its total allocation in 2011/12 on consultants to support critical skills and provide technical expertise. Spending on consultants is expected to increase to R21.8 million in over the medium term, at an average annual rate of 6.7 per cent, as a result of inflationary adjustments and an increase in projects.

Infrastructure spending

In September 2006, South Africa and Australia were shortlisted as suitable sites to host the core of the Square Kilometre Array radio telescope. The announcement of the successful bidding country is expected before the end of 2012. The shortlisted countries are building demonstration telescopes to develop the technology and optimise alignment with the scientific research expectations. The South African demonstration telescope,

MeerKAT, is being constructed in two phases. The seven-dish array prototype was completed in 2010. R894.6 million is allocated over the medium term to complete the MeerKAT telescope, which is expected to be fully assembled by 2013/14.

R535 million has been spent on research, development and infrastructure between 2008/09 and 2011/12, and R1.4 billion is been allocated over the medium term. The allocation earmarked for research infrastructure will be used to provide state of the art research equipment and infrastructure to the scientific community to ensure global competitiveness in research, development and innovation. Between 2006/07 and 2011/12, the department, through its implementing agency, the National Research Foundation, awarded a grant to the University of the Western Cape to acquire a 200 kilovolt field emission gun transmission electron microscope for R10.2 million. The microscope will be used for research in critical areas, such as photovoltaics, superconductors, bioceramic coatings, and metal semi-conductor interaction. The department awarded a R10 million scanning auger nanoprobe and the PHI5000 XPS versaprobe to the University of the Free State. The research focus areas for this equipment are nano solid state lighting, flat panel displays, solar cells, corrosion of alloys and steels (airplanes), drug development, biology cell structures, catalyst development, and physical metallurgy.

In 2008/09, the department allocated R69 million to the Nelson Mandela Metropolitan University to establish a centre for high resolution transmission electron microscopy by acquiring a high resolution transmission electron microscope, a feeder transmission electron microscope and a variety of sample preparation equipment. Sasol and the Department of Higher Education and Training contributed to the establishment of the centre. The centre, which was officially launched in October 2011, aims to promote knowledge and human capital development in areas of strategic importance to South Africa, to foster collaborative research, to develop interdisciplinary research, and to systematically develop a creative research training environment that is internationally competitive.

The South African National Research Network and the Centre for High Performance Computing together constitute the department's cyber infrastructure initiative. Spending on cyber infrastructure amounted to R404.1 million between 2007/08 and 2010/11, and R523.4 million has been allocated over the MTEF period. The first phase of the South African National Research Network has been completed and 105 research sites have been connected to the network's national backbone. Spending increased from R172.5 million in 2007/08 to R576.6 million in 2010/11. Total funding is expected to increase to R1.1 billion (cumulative) over the MTEF period.

Personnel information

Table 34.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	447	425	-	339	421	421	435	470	470	470
Salary level 1 – 6	62	60	-	61	57	58	62	64	64	64
Salary level 7 – 10	129	123	-	89	122	121	125	143	143	143
Salary level 11 – 12	140	132	-	103	134	143	142	156	156	156
Salary level 13 – 16	116	110	-	86	108	99	106	107	107	107
Administration	230	221	-	155	219	219	225	249	249	249
Salary level 1 – 6	44	43	-	40	41	41	43	47	47	47
Salary level 7 – 10	80	77	-	61	81	81	79	91	91	91
Salary level 11 – 12	54	51	-	19	48	48	51	58	58	58
Salary level 13 – 16	52	50	-	35	49	49	52	53	53	53
Research, Development and Innovation	49	49	-	43	38	38	48	39	39	39
Salary level 1 – 6	5	5	-	3	3	3	5	3	3	3
Salary level 7 – 10	8	8	-	4	4	4	8	4	4	4
Salary level 11 – 12	9	19	-	20	16	16	18	16	16	16
Salary level 13 – 16	17	17	-	16	15	15	17	16	16	16

Table 34.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
International Cooperation and Resources	61	58	–	59	61	61	58	69	69	69
Salary level 1 – 6	3	3	–	6	4	4	3	4	4	4
Salary level 7 – 10	24	24	–	15	22	22	23	26	26	26
Salary level 11 – 12	17	16	–	24	19	19	16	20	20	20
Salary level 13 – 16	17	15	–	14	16	16	16	19	19	19
Human Capital and Knowledge Systems	44	40	–	36	43	43	42	46	46	46
Salary level 1 – 6	4	4	–	7	3	4	5	4	4	4
Salary level 7 – 10	6	5	–	2	6	5	4	8	8	8
Salary level 11 – 12	22	20	–	18	22	31	30	31	31	31
Salary level 13 – 16	12	11	–	9	12	3	3	3	3	3
Socio Economic Partnerships	63	57	–	46	60	60	62	67	67	67
Salary level 1 – 6	6	5	–	5	6	6	6	6	6	6
Salary level 7 – 10	11	9	–	7	9	9	11	14	14	14
Salary level 11 – 12	28	26	–	22	29	29	27	31	31	31
Salary level 13 – 16	18	17	–	12	16	16	18	16	16	16

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

2. As at 30 September 2011.

The department had an establishment of 447 posts as at 30 September 2011. The number of filled posts grew from 339 in 2008/09 to 435 in 2011/12 and is expected to grow to 470 over the MTEF period. The growth is attributed to the expansion in the department's activities due to the establishment of the South African National Space Agency, the Technology Innovation Agency and the National Intellectual Property Management Office to respond to the economic and social challenges of the economy.

As at 30 September 2011, there were 12 vacancies in the department, most of which are in salary levels 8 and 11 to 12, and the senior management level. Most of the vacancies are in the *Administration* programme and were created by resignations and transfers into other government departments. The recruitment process is underway to fill all vacant and new posts, which, in the interim, are filled on contract basis or using secondments. The ratio of support staff to line function staff in the department was 1:12.

Departmental receipts

Table 34.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	333	1 585	468	350	875	116	116	116
Sales of goods and services produced by department	26	30	35	40	46	28	28	28
Other sales	26	30	35	40	46	28	28	28
of which:								
Service rendered: Commission on insurance	26	28	32	35	26	27	27	27
Sales of equipment less than R5 000: Domestic furniture	–	–	–	–	19	–	–	–
Replacement of security cards	–	2	3	5	1	1	1	1
Interest, dividends and rent on land	9	3	8	10	4	8	8	8
Interest	9	3	8	10	4	8	8	8
Sales of capital assets	–	–	–	–	257	–	–	–
Transactions in financial assets and liabilities	298	1 552	425	300	568	80	80	80
Total	333	1 585	468	350	875	116	116	116

The department generates departmental receipts from miscellaneous items such as debt repayments, interests on bank accounts and recovered private telephone costs. Receipts increased from R333 000 in 2008/09 to R875 000 in 2011/12, at an average annual rate of 38 per cent, due to auction of assets in 2011/12. Over the medium term, departmental revenue is expected to remain stable at R116 000 due to a projected decrease in transactions in financial assets and liabilities as no assets are planned to be auctioned over the medium term.

Programme 1: Administration

Table 34.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	2.9	3.2	3.3	3.5	3.7	3.9	4.1
Management	56.6	58.2	64.8	72.1	82.1	79.8	91.2
Corporate Services	76.6	90.3	113.2	108.1	104.3	115.5	121.2
Governance	3.4	5.8	5.4	8.0	8.4	8.8	9.3
Office Accommodation	1.4	1.7	2.1	4.0	4.2	4.4	4.7
Total	141.0	159.1	188.9	195.7	202.7	212.3	230.5
Change to 2011 Budget estimate				3.6	4.8	(6.2)	(1.7)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	138.1	151.6	179.5	192.7	199.6	209.0	227.0
Compensation of employees	60.7	82.6	94.3	113.4	117.2	117.4	129.9
Goods and services	77.4	68.9	85.0	79.3	82.4	91.6	97.1
<i>of which:</i>							
Communication	3.3	4.8	4.5	4.8	5.1	5.5	5.9
Consultants and professional services:	6.8	3.6	4.9	9.0	9.5	10.3	11.0
Business and advisory services							
Agency and support / outsourced services	16.8	9.4	9.9	4.9	5.1	7.4	7.8
Travel and subsistence	15.8	11.6	17.4	17.0	18.1	19.4	20.6
Interest and rent on land	–	–	0.2	–	–	–	–
Transfers and subsidies	0.6	1.0	1.4	1.0	1.0	1.1	1.1
Higher education institutions	0.0	0.1	0.1	–	–	–	–
Public corporations and private enterprises	–	–	0.3	–	–	–	–
Non-profit institutions	0.6	0.4	0.6	1.0	1.0	1.1	1.1
Households	–	0.5	0.4	–	–	–	–
Payments for capital assets	2.2	6.5	7.9	2.0	2.1	2.2	2.3
Machinery and equipment	2.2	6.5	7.9	2.0	2.1	2.2	2.3
Payments for financial assets	0.1	0.1	0.0	–	–	–	–
Total	141.0	159.1	188.9	195.7	202.7	212.3	230.5

Details of selected transfers and subsidies

Non-profit institutions							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Institutional and programme support	0.6	0.4	0.6	1.0	1.0	1.1	1.1

Expenditure trends

Expenditure increased from R141 million in 2008/09 to R195.7 million in 2011/12, at an average annual rate of 11.5 per cent. This can be attributed to the expansion of executive support, procurement of the performance information management system, establishment of the ministerial review committee and the introduction of the ministerial participation programme. Over the medium term, expenditure is expected to increase to R230.5 million, at an average annual rate of 5.6 per cent. The increase is due to inflation related adjustments to spending in compensation of employees and on goods and services.

Expenditure on consultants increased from R7.1 million in 2008/09 to R9.6 million in 2011/12, at an average annual rate of 10.7 per cent, due to the increased use of facilities management services. Over the medium term, spending on consultants is expected to increase to R11.7 million in 2014/15, at an average annual rate of 6.8 per cent, to accommodate inflationary increases.

Programme 2: Research, Development and Innovation

Objectives and measures

- Support research, development and innovation initiatives in the strategic research areas of space, energy, biosciences and innovation research to enhance South Africa's knowledge and skills base by:
 - increasing the number of undergraduates and postgraduates students who are funded in space, bioscience and energy related research from 274 in 2012/13 to 310 by 2014/15
 - completing 15 MeerKAT antennae by 2014/15
 - publishing 20 publications resulting from research and development funded initiatives by 2014/15
 - supporting 6 research chairs and 2 centres of competence by 31 March 2013
 - creating a total of 400 construction jobs through the MeerKAT antennae project in the Northern Cape by 2014/15.
- Create and support multidirectional policy and institutional linkages between research and development and commercialisation to increase the commercialisation potential of research and development outcomes by:
 - supporting 15 new technology based enterprises by 2014/15
 - supporting 8 centres of competence demonstrators by 2014/15
 - training 140 candidates in internet protocol and technology transfer by 2014/15
 - increasing the number of requests for satellite datasets honoured from 5000 in 2012/13 to 6000 in 2013/14
 - developing 2 prototypes and registering 4 patents by 2014/15.
- Promote coordination among national systems of innovation institutions in space, energy and bioscience-related research that will enable the effective and efficient use of resources and the pooling of expertise by developing 10 policy briefs and concept documents by 2014/15.

Subprogrammes

- *Space Science* focuses on creating the necessary strategic and institutional regimes for the development of a viable space programme and a functional earth observing system. This includes providing strategic leadership on key aspects linked to the construction of the Square Kilometre Array demonstrator telescope and related activities. Targeted initiatives include developing space applications, products and services that respond to the needs of end users across all tiers of government. This subprogramme had a staff complement of 11 and a total budget of R129.4 million in 2011/12, of which 82.5 per cent was allocated to the South African National Space Agency and 8.7 per cent to the Square Kilometre Array project. No savings in 2012/13 have been identified in this subprogramme.
- *Hydrogen and Energy* provides policy direction in the long term and cross-cutting research, development and innovation in the energy sector. It 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 global hydrogen economy. This subprogramme had a staff complement of 10 and a total budget of R140.6 million in 2011/12, of which 93 per cent was used on transfers and subsidies for the energy grand challenge, health innovation and HIV and AIDS prevention, treatment technologies, and the hydrogen strategy. Over the medium term, focus will be placed on developing the hydrogen strategy catalysis and hydrogen strategy systems centres of competence to facilitate human capacity development, capital acquisitions and the undertaking of projects. No savings in 2012/13 have been identified in this subprogramme.
- *Biotechnology and Health* provides policy leadership for developing a world class bioeconomy in South Africa and to support health interventions aimed at combating infectious diseases such as HIV and AIDS, malaria and TB. This subprogramme had a staff complement of 12 and a total budget of R112.9 million in 2011/12, of which 56 per cent was used for health innovation research, while 40 per cent was used for implementing the biotechnology strategy. Over the medium term, the focus for health motivation and biotechnology will be to increase the number and quality of South African developed products and services for the prevention and treatment of HIV and AIDS through increased support for basic and applied research

in the areas of antiretrovirals, microbicides, vaccines and diagnostics. Successful projects have included the piloting of telemedicine and telebioeconomy. No savings in 2012/13 have been identified in this subprogramme.

- *Innovation Planning and Instruments* drives strategic interventions and creates support instruments which enable the national system of innovation to translate a greater portion of its research and development and intellectual property into diversified products, services, spin-offs and new industries. This subprogramme had a staff complement of 27 and a total budget of R471.7 million in 2011/12, of which 92 per cent was used for supporting the activities of the Technology Innovation Agency. The implementation of the Technology Innovation Agency and the National Intellectual Property Management office from Publicly Financed Research and Development Act (2008) will support the commercialisation of locally developed technologies, and provide a sound management system for intellectual property developed using public money. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 34.6 Research, Development and Innovation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Space Science	341.0	575.2	88.6	129.4	380.1	496.3	571.0
Hydrogen and Energy	139.7	146.8	130.8	140.6	147.9	155.5	164.6
Biotechnology and Health	228.4	253.9	154.0	112.9	131.5	139.2	145.9
Innovation Planning and Instruments	143.9	165.5	429.3	471.7	496.9	526.6	558.2
Total	853.0	1 141.4	802.8	854.6	1 156.4	1 317.7	1 439.8
Change to 2011 Budget estimate				-	44.0	44.9	90.6

Economic classification

Current payments	23.5	32.5	37.2	50.8	53.9	57.5	61.0
Compensation of employees	13.6	17.1	21.2	31.7	31.1	33.7	37.4
Goods and services	9.9	15.4	16.0	19.2	22.9	23.8	23.6
<i>of which:</i>							
Communication	0.6	0.8	0.8	0.5	0.5	0.5	0.6
Consultants and professional services:	0.3	0.1	1.4	2.8	0.9	0.9	0.9
Business and advisory services							
Agency and support / outsourced services	1.8	5.8	3.1	5.5	8.8	9.2	8.1
Travel and subsistence	4.9	4.4	4.6	3.6	3.5	3.8	4.0
Transfers and subsidies	829.3	1 108.5	763.8	803.6	1 102.2	1 259.9	1 378.6
Departmental agencies and accounts	468.5	748.9	513.5	636.8	705.1	744.3	832.1
Higher education institutions	54.1	82.9	124.8	-	-	-	-
Public corporations and private enterprises	32.6	103.4	124.8	-	-	-	-
Non-profit institutions	273.7	173.3	0.8	166.7	397.1	515.6	546.5
Households	0.4	-	0.0	-	-	-	-
Payments for capital assets	0.2	0.3	1.7	0.2	0.2	0.2	0.3
Machinery and equipment	0.2	0.3	1.7	0.2	0.2	0.2	0.3
Total	853.0	1 141.4	802.8	854.6	1 156.4	1 317.7	1 439.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	204.3	256.7	513.5	636.8	705.1	744.3	832.1
Biofuels	-	-	5.0	-	-	-	-
Biotechnology strategy	2.0	50.4	15.8	-	-	-	-
Energy grand challenge	-	0.5	0.2	42.7	46.7	49.1	51.9
Health innovation	-	16.0	12.4	-	-	-	-
Hydrogen strategy	8.7	11.7	17.2	-	-	-	-
Innovation projects	-	7.0	5.5	17.9	21.2	27.0	28.6
Innovation Fund	140.0	149.2	-	-	-	-	-
Technology Innovation Agency	-	-	410.6	433.8	455.2	478.2	506.9
HIV and AIDS prevention and treatment technologies	-	-	18.2	19.3	20.3	21.3	22.6
International Centre for Genetic Engineering and Biotechnology	10.0	9.9	9.9	5.1	10.4	10.9	11.6
Space Science							
Space science	18.1	-	6.1	-	44.0	45.0	91.0
Square Kilometre Array	25.5	12.0	12.6	11.3	11.8	12.5	13.2
South African National Space Agency	-	-	-	106.7	95.5	100.2	106.3

Table 34.6 Research, Development and Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Capital	264.3	492.2	-	-	-	-	-
Space science	-	1.9	-	-	-	-	-
Square Kilometre Array	264.3	490.3	-	-	-	-	-
Non-profit institutions							
Current	273.7	173.3	0.8	114.8	123.8	130.1	137.9
Biofuels	5.0	5.0	-	5.3	5.6	5.9	6.2
Biotechnology strategy	175.3	123.9	-	35.4	42.8	44.9	47.6
Energy grand challenge	44.3	5.0	-	-	-	-	-
Health innovation	14.5	17.6	-	38.5	41.6	43.7	46.3
Hydrogen strategy	18.0	0.8	-	30.4	30.9	32.5	34.4
Innovation projects	-	3.0	-	-	-	-	-
Technology Top 100	-	-	-	5.3	3.0	3.2	3.4
HIV and AIDS prevention and treatment technologies	16.6	17.2	-	-	-	-	-
Space science	0.1	0.7	0.8	-	-	-	-
Capital	-	-	-	51.9	273.2	385.4	408.6
Hydrogen strategy	-	-	-	51.9	54.5	57.3	60.8
Square Kilometre Array	-	-	-	-	218.7	328.1	347.8
Higher education institutions							
Current	15.4	38.6	85.8	-	-	-	-
Biotechnology strategy	0.2	4.0	42.0	-	-	-	-
Energy grand challenge	-	0.3	18.8	-	-	-	-
Health innovation	-	-	11.9	-	-	-	-
Hydrogen strategy	10.0	31.8	9.0	-	-	-	-
Innovation projects	-	-	4.2	-	-	-	-
Space science	5.2	2.5	-	-	-	-	-
Capital	38.8	44.2	39.0	-	-	-	-
Hydrogen strategy	38.8	44.2	39.0	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	16.6	69.4	89.3	-	-	-	-
Biotechnology strategy	0.1	1.7	18.2	-	-	-	-
Energy grand challenge	-	34.0	23.0	-	-	-	-
Health innovation	1.0	2.0	13.6	-	-	-	-
Hydrogen strategy	8.8	6.6	11.8	-	-	-	-
Innovation projects	-	-	1.1	-	-	-	-
Innovation Fund	-	2.0	-	-	-	-	-
Space science	6.8	23.1	21.6	-	-	-	-
Capital	15.9	34.0	35.4	-	-	-	-
Hydrogen strategy	1.7	-	-	-	-	-	-
Space science	14.2	34.0	35.4	-	-	-	-

Expenditure trends

Expenditure increased from R853 million in 2008/09 to R854.6 million in 2011/12, at an average annual rate of 0.1 per cent, and is expected to increase to R1.4 billion over the medium term, at an average annual rate of 19 per cent. The increase over the medium term is due to funds received from the economic competitiveness and support package of R44 million in 2012/13, R45 million in 2013/14 and R91 million in 2014/15 for research into satellite development, titanium and nanotechnology. This research is expected to boost industry and create jobs. The increase in spending is also due to the rescheduling of spending on

the Square Kilometre Array project from 2011/12 to 2012/13 and 2013/14. Allocations were reallocated as follows: R218.7 million in 2012/13, R328.1 million in 2013/14 and R347.8 million in 2014/15.

Spending on consultants increased from R319 000 in 2008/09 to R2.8 million in 2011/12, at an average annual rate of 105.4 per cent, due to the Square Kilometre Array project. These consultants support critical skills and provide technical expertise. Over the medium term, expenditure on this item is expected to decrease to R929 000, at an average annual rate of 30.5 per cent, due to public entities taking over the work of some of the consultants.

Programme 3: International Cooperation and Resources

Objectives and measures

- Stimulate international technology transfer and knowledge production and innovation in research by leveraging off foreign science, technology and innovation funds of R520 million by 2014/15 by increasing the value of South African and foreign funds spent on science and technology based socioeconomic development in Africa from R46.5 million in 2012/13 to R61 million in 2014/15.
- Increase access to global knowledge and to science, technology and innovation networks through international bilateral agreements, to facilitate international technology transfer, and a competent and equitable pool of science, engineering and technology skills, to support the national system of innovation by exposing South African researchers to cooperation opportunities through a network of at least 2 600 international researchers over the MTEF period.
- Promote the involvement of the next generation of researchers in the international knowledge network by ensuring participation of at least 1 200 South African students participating in international cooperative science, technology and innovation research projects over the MTEF period, thus contributing to the development of a skilled future workforce able to promote South Africa's national system of innovation.

Subprogrammes

- *Multilateral Cooperation and Africa* seeks to advance and facilitate South Africa's participation in strategic African bilateral and multilateral partnerships, and global multilateral science, technology and innovation organisations so as to strengthen the national system of innovation and to achieve shared economic and social development in the region and the continent. This subprogramme had a staff complement of 19 and a total budget of R60 million in 2011/12, of which 54 per cent was transferred to the Africa Institute of South Africa. No savings in 2012/13 have been identified in this subprogramme.
- *International Resources* leverages funding, human capital and knowledge; promotes the hosting of global research infrastructures in South Africa, the Southern African Development Community (SADC) region and the African continent; and facilitates access to international research facilities to benefit researchers and students through the national system of innovation. A specific focus continues to be on managing the engagement with the European Union (EU), in pursuit of significant new financial support through the EU sector budget support programme. This subprogramme had a staff complement of 20 and a total budget of R47.2 million in 2011/12, of which 55 per cent was used for transfer payments, while 22 per cent was used for goods and services such as travel and subsistence. No savings in 2012/13 have been identified in this subprogramme.
- *Overseas Bilateral Cooperation* promotes and facilitates collaborative activities and leverages off resources in support of the national system of innovation from countries outside Africa, with specific focus on accelerating the development of a knowledge driven economy. South Africa will host the next Brazil-Russia-India-China-South Africa forum science and technology senior officials meeting in 2012, which will also be used as a platform to strategically put in place processes for further implementation. This subprogramme had a staff complement of 20 and a total budget of R30 million in 2011/12, of which 43 per cent was used for transfer payments, while 22 per cent was used for goods and services such as travel and subsistence. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 34.7 International Cooperation and Resources

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Multilateral Cooperation and Africa	57.2	54.6	58.2	60.0	59.0	62.5	66.3
International Resources	42.2	39.2	39.9	47.2	50.6	53.2	56.3
Overseas Bilateral Cooperation	37.0	23.6	33.3	30.0	31.7	36.4	38.5
Total	136.3	117.5	131.4	137.2	141.2	152.1	161.1
Change to 2011 Budget estimate				-	(0.7)	(0.8)	(0.9)

Economic classification

Current payments	48.9	41.6	51.1	53.8	61.3	68.3	72.1
Compensation of employees	30.4	27.9	31.2	30.5	35.5	41.0	43.4
Goods and services	18.5	13.7	19.9	23.3	25.8	27.3	28.7
<i>of which:</i>							
Communication	1.3	1.2	1.2	1.2	1.6	1.7	1.8
Consultants and professional services:	0.2	0.0	0.1	0.2	0.2	0.2	0.2
Business and advisory services							
Agency and support / outsourced services	2.9	0.9	0.8	3.9	4.0	4.3	4.5
Travel and subsistence	8.6	6.9	10.0	10.0	11.9	12.6	13.2
Transfers and subsidies	86.9	75.6	79.8	82.9	79.4	83.3	88.4
Departmental agencies and accounts	44.3	42.8	50.9	32.4	33.6	35.2	37.5
Higher education institutions	2.8	3.8	6.4	-	-	-	-
Public corporations and private enterprises	34.3	26.9	18.2	-	-	-	-
Non-profit institutions	5.5	2.1	4.3	50.4	45.8	48.1	50.9
Payments for capital assets	0.5	0.2	0.5	0.5	0.5	0.6	0.6
Machinery and equipment	0.5	0.2	0.5	0.5	0.5	0.6	0.6
Total	136.3	117.5	131.4	137.2	141.2	152.1	161.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	44.3	42.8	50.9	32.4	33.6	35.2	37.5
Africa Institute of South Africa	30.5	29.3	30.6	32.4	33.6	35.2	37.5
Global science: Bilateral cooperation	12.9	7.7	9.5	-	-	-	-
Global science: International resources	0.4	3.3	4.7	-	-	-	-
Global science: Multilaterals and Africa	0.5	2.5	6.1	-	-	-	-
Non-profit institutions							
Current	5.5	2.1	4.3	50.4	45.8	48.1	50.9
Global science: Bilateral cooperation	0.8	-	-	13.0	11.6	12.2	12.9
Global science: International resources	0.6	1.7	4.1	26.1	26.8	28.2	29.8
Global science: Multilaterals and Africa	4.2	0.4	0.1	11.3	7.4	7.7	8.1
Higher education institutions							
Current	2.8	3.8	6.4	-	-	-	-
Global science: International resources	1.6	1.3	4.5	-	-	-	-
Global science: Multilaterals and Africa	1.2	2.5	1.9	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	34.3	26.9	18.2	-	-	-	-
Global science: Bilateral cooperation	6.3	1.3	1.7	-	-	-	-
Global science: International resources	21.1	20.7	11.5	-	-	-	-
Global science: Multilaterals and Africa	7.0	5.0	5.0	-	-	-	-

Expenditure trends

Expenditure increased from R136.3 million in 2008/09 to R137.2 million in 2011/12, at an average annual rate of 0.2 per cent. The slight increase is attributable to maintenance of projects aimed at strengthening bilateral and multilateral cooperation and leveraging international resources.

Over the medium term, expenditure is expected to increase to R161.1 million, at an average annual rate of 5.5 per cent, in line with inflationary expectations.

Expenditure on consultants increased from R238 000 in 2008/09 to R635 000 in 2011/12, at an average annual rate of 38.7 per cent. These consultants support critical skills and provide technical expertise. Over the medium term, expenditure on this item is expected to increase to R747 000, at an average annual rate of 5.6 per cent, in line with inflationary expectations.

Programme 4: Human Capital and Knowledge Systems

Objectives and Measures

- Enhance South Africa's global competitiveness by building a science, engineering and technology human capital pipeline thereby increasing:
 - the number of postgraduate research students supported from 6 300 in 2012/13 to 6 900 in 2014/15
 - the number of people participating in science awareness and engagement initiatives from 375 000 in 2012/13 to 422 700 in 2014/15.
- Promote and enhance research productivity to increase South Africa's world share of knowledge outputs by:
 - increasing the number of researchers supported from 2 900 in 2012/13 to 3 100 in 2014/15
 - increasing the number of book chapters from 240 to 260, the number of patents from 20 to 40 and products, prototypes and artefacts from 140 to 160 in 2012/13 and 2014/15.
- Identify and support the development of new and emerging research areas and technologies for their application in the improvement of quality of life and enhancement of economic competitiveness by:
 - facilitating the first intake of students into the national nanoscience postgraduate teaching and training platform in 2012
 - supporting 7 nanotechnology flagship projects by 2014/15.
- Ensure the availability of appropriate infrastructure for enhancement of research, development and innovation competitiveness by:
 - increasing the availability of broadband connectivity for research, development and innovation from 28 research sites connected in 2012/13 to a cumulative 92 research sites connected to the South African National Research Network in 2014/15
 - increasing the number of research equipment grants awarded to increase knowledge outputs from 50 research equipment grants in 2012/13 to a cumulative 170 by 2014/15
 - increasing the number of postgraduate students to be trained from 2 500 in 2012/13 to 3 000 by 2014/15
 - increasing the number of researchers accessing infrastructure from 250 in 2012/13 to 350 by 2014/15.
- Promote and develop research, development and innovation in indigenous knowledge systems for improved quality of life by:
 - developing legislation for the protection and preservation of indigenous knowledge by 2014/15
 - ensuring that an approved accreditation and certification system is in place by 2014/15
 - ensuring that Northern Cape and Free State have functional national record systems in place by 2012/13
 - establishing a fully functional national bioprospecting platform for the bioeconomy by 2014/15.

Subprogrammes

- *Human Capital and Science Platforms* formulates and implements programmes that address the availability of human capital for science, technology and innovation; and ensures the production of new knowledge to build South Africa's knowledge resources. The primary purposes are to: promote science and technology

through a range of programmes such as the South African Research Chairs Initiative and centres of excellence with the aim of encouraging the production of a new generation of researchers; support emerging researchers; and encourage and maximise the output of actively established researchers. This subprogramme had a staff complement of 20 and a total budget of R1.4 billion in 2011/12, of which 78 per cent was transferred to the National Research Foundation as its core grant, the majority of which was distributed as bursaries for postgraduate students, while 1 per cent was transferred to the Academy of Science of South Africa. No savings in 2012/13 have been identified in this subprogramme.

- *Indigenous Knowledge Systems* promotes the role of indigenous knowledge systems in national research and development programmes to strengthen their contribution to science, technology and innovation. It 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. This subprogramme had a staff complement of 12 and a total budget of R17.1 million in 2011/12, of which 51 per cent was used for transfer payments for indigenous knowledge systems and 35.5 per cent on compensation of employees. No savings in 2012/13 have been identified in this subprogramme.
- *Emerging Research Areas and Infrastructure* facilitates the strategic implementation of research equipment and infrastructure to promote knowledge production in areas of national priority and to sustain research and development-led innovations. This subprogramme had a staff complement of 10 and a total budget of R527.5 million in 2011/12, of which 81 per cent was used for the acquisition and refurbishment of infrastructure, while 19 per cent was used for the development of new and emerging research areas. The subprogramme is currently supporting the development of 4 emerging research areas: nanotechnology, synthetic biology, robotics and photonics. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 34.8 Human Capital and Knowledge Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Human Capital and Science Platforms	1 062.0	1 119.1	1 243.7	1 405.8	1 433.6	1 695.7	1 864.8
Indigenous Knowledge Systems	12.1	23.5	25.3	17.1	28.4	31.2	33.1
Emerging Research Areas and Infrastructure	380.6	448.7	485.2	527.5	573.9	652.0	691.1
Total	1 454.7	1 591.4	1 754.1	1 950.4	2 035.9	2 378.9	2 589.0
Change to 2011 Budget estimate				–	(13.7)	(29.5)	36.6

Economic classification

Current payments	21.5	25.7	29.6	26.2	31.4	32.6	33.9
Compensation of employees	15.0	18.1	19.4	19.7	24.6	25.6	26.5
Goods and services	6.5	7.6	10.3	6.5	6.8	7.0	7.4
<i>of which:</i>							
Communication	0.8	0.9	0.7	0.6	0.6	0.6	0.6
Consultants and professional services:	0.1	0.2	2.0	0.5	0.5	0.5	0.5
Business and advisory services							
Agency and support / outsourced services	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Travel and subsistence	3.4	2.6	3.9	3.1	3.3	3.4	3.6
Transfers and subsidies	1 433.0	1 565.4	1 724.3	1 924.1	2 004.4	2 346.2	2 554.9
Departmental agencies and accounts	1 090.1	1 237.0	1 341.9	1 557.4	1 619.4	1 940.9	2 125.6
Higher education institutions	5.8	18.5	34.7	–	–	–	–
Public corporations and private enterprises	262.1	262.5	315.0	104.7	99.9	105.1	111.5
Non-profit institutions	74.7	47.1	32.4	262.0	285.1	300.1	317.9
Households	0.4	0.3	0.3	–	–	–	–
Payments for capital assets	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Machinery and equipment	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Total	1 454.7	1 591.4	1 754.1	1 950.4	2 035.9	2 378.9	2 589.0

Table 34.8 Human Capital and Knowledge Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	959.1	1 076.7	1 191.0	1 319.8	1 339.9	1 599.5	1 763.6
Emerging research areas	–	17.0	3.5	–	–	–	–
Human resources development	227.0	273.3	335.3	156.7	201.9	414.6	503.9
Indigenous knowledge system	1.3	11.3	11.4	–	–	–	–
National Research Foundation	683.4	692.1	749.1	1 099.0	1 070.8	1 114.3	1 184.9
Science and youth	2.2	20.7	33.9	–	–	–	–
Science themes	45.2	57.7	57.7	64.1	67.1	70.6	74.8
Women in Science	–	–	0.1	–	–	–	–
Learnerships	–	4.5	–	–	–	–	–
Capital	131.0	160.4	150.9	237.6	279.5	341.4	361.9
Frontier science and technology	11.5	–	–	–	–	–	–
Research and development infrastructure	119.5	160.4	150.9	237.6	279.5	341.4	361.9
Non-profit institutions							
Current	72.9	47.1	29.4	181.8	200.9	211.6	224.1
Technology Top 100	2.3	–	–	–	–	–	–
Centre for High Performance Computing	–	–	–	1.8	1.9	1.9	2.0
Emerging research areas	–	–	5.9	55.6	58.2	61.2	64.9
Human resources development	16.1	5.6	3.7	–	–	–	–
Indigenous knowledge system	–	0.0	0.1	8.7	19.7	20.7	21.9
National nanotechnology centres	–	–	–	42.4	44.5	46.8	49.6
Science and youth	40.8	30.4	4.2	59.4	63.2	66.5	70.5
Science themes	1.5	1.2	1.9	–	–	–	–
Academy of Science of South Africa	5.6	9.9	10.6	14.0	13.5	14.5	15.2
Learnerships	6.6	–	3.0	–	–	–	–
Capital	1.8	–	3.0	80.1	84.1	88.5	93.8
Centre for High Performance Computing	–	–	–	80.1	84.1	88.5	93.8
Research and development infrastructure	1.8	–	3.0	–	–	–	–
Higher education institutions							
Current	5.8	5.9	19.1	–	–	–	–
Technology Top 100	–	0.1	–	–	–	–	–
Emerging research areas	–	1.9	4.0	–	–	–	–
Frontier science and technology	0.5	–	–	–	–	–	–
Human resources development	0.1	0.1	7.1	–	–	–	–
Indigenous knowledge system	2.6	3.4	4.7	–	–	–	–
Science and youth	2.6	0.2	3.0	–	–	–	–
Science themes	–	–	0.2	–	–	–	–
Women in Science	–	0.3	0.2	–	–	–	–
Capital	–	12.6	15.6	–	–	–	–
Research and development infrastructure	–	12.6	15.6	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	153.9	101.4	57.6	–	–	–	–
Centre for High Performance Computing	–	61.3	1.6	–	–	–	–
Emerging research areas	–	30.4	35.5	–	–	–	–
Frontier science and technology	132.5	–	–	–	–	–	–
Human resources development	20.5	6.2	6.5	–	–	–	–
Indigenous knowledge system	0.9	1.1	0.7	–	–	–	–
Science and youth	–	–	13.2	–	–	–	–
Learnerships	–	2.3	–	–	–	–	–

Table 34.8 Human Capital and Knowledge Systems (continued)

R million	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Capital	108.2	158.7	257.2	104.7	99.9	105.1	111.5
Centre for High Performance Computing	–	1.4	70.4	–	–	–	–
National nanotechnology centres	–	34.9	38.3	–	–	–	–
Research and development infrastructure	19.2	28.9	49.7	–	–	–	–
South African National Research Network	89.0	93.5	98.8	104.7	99.9	105.1	111.5
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	–	2.5	0.3	–	–	–	–
Technology Top 100	–	2.5	0.3	–	–	–	–

Expenditure trends

Expenditure increased from R1.5 billion in 2008/09 to R2 billion in 2011/12, at an average annual rate of 10.3 per cent. The main area of expenditure was in human capital development, mainly to support researchers and students pursuing postgraduate studies at honours, masters, doctorate and postdoctoral level. These activities are managed by the National Research Foundation, which explains the increase in transfer payments in this period. In addition, spending in research and development infrastructure and cyber infrastructure, which includes the Centre for High Performance Computing and South African National Research Network, also increased.

Over the medium term, expenditure is expected to increase to R2.6 billion, at an average annual rate of 9.9 per cent. This is mainly due to additional allocations received in the 2011 budget of R358 million for bursaries for post-graduate students and R150 million for scientific equipment, and allocations of R15 million in 2012/13, R15 million in 2013/14 and R80 million in 2014/15 from the economic competitiveness and support package for the internship programme. The additional funding will be used to increase the total number of interns supported, thereby adding to the skills base in the science and technology industry.

Expenditure on consultants increased from R128 000 in 2008/09 to R473 000, at an average annual rate of 54.6 per cent. These consultants were appointed to support critical skills and provide technical expertise. Over the medium term, expenditure on this item is expected to increase to R542 000, at an average annual rate of 4.6 per cent, in line with inflationary expectations.

Programme 5: Socio Economic Partnerships

Objectives and measures

- Inform and influence technology based options and opportunities for transforming rural economic development, social economic development, government planning and service delivery, and the building of sustainable human settlements by:
 - creating, sustaining or improving 400 livelihood opportunities by 31 March 2013
 - testing, evaluating and documenting one influential policy study on a technology-led opportunity for sustainable livelihoods by 31 March 2013
 - testing, evaluating and documenting two influential policy studies for government planning, service delivery and the building of sustainable human settlements by 31 March 2013.
- Identify, grow and sustain a portfolio of niche high-potential science, technology and innovation capabilities for sustainable development and the greening of society and the economy by:
 - funding or co-funding 200 students for research degrees by 31 March 2013
 - making two additions to the intellectual property portfolio of patents, patent applications prototypes and technology demonstrators by 31 March 2013
 - producing 50 scientific and technical papers by 31 March 2013.

- To enhance understanding and analysis that supports improvements in the functioning and performance of the national system of innovation by:
 - generating 5 policy briefings on the innovation system and innovation policy by 31 March 2013.
- Identify, grow and sustain a portfolio of niche high potential research and development capabilities that improve the competitiveness of existing and emerging economic sectors and which facilitates the development of new targeted industries, with growth potential in advanced manufacturing, chemicals, advanced metals and ICTs by:
 - funding or co-funding 138 students for research degrees by 31 March 2013
 - producing 13 additions to the internet portfolio including patents, patent applications, prototypes and technology demonstrators by 31 March 2013
 - providing 1 928 small and medium enterprises with technology support by 31 March 2013.
- Support the generation, application and dissemination of social scientific knowledge, high end human capital development in the social sciences and humanities and stronger links between knowledge and policy by:
 - funding or co-funding 35 honours, masters and PhD students in the social sciences and humanities by 31 March 2013
 - funding or co-funding 50 internships in the social sciences and humanities by 31 March 2013
 - publishing 7 peer reviewed scientific publications by 31 March 2013
 - introducing 9 policy interventions in the form of seminars, briefs and policy papers by 31 March 2013.

Subprogrammes

- *Science and Technology for Economic Impact* advances strategic medium and long term sustainable economic growth and sector development priorities and government service delivery through two value adding functions: investing in the long term knowledge generation capabilities of the national system of innovation, specifically those that offer innovation opportunities and partnership with other government departments and economic sectors; and spearheading focused efforts that exploit knowledge capabilities for economic benefit. This subprogramme had a staff complement of 34 and a total budget of R945.7 million in 2011/12, of which 97 per cent was used for transfer payments to science councils, universities, and other research, development and innovation agencies. The Council for Scientific and Industrial Research accounted for 73 per cent of the total transfers, while the remaining 27 per cent was used for ringfenced initiatives that advance a number of strategies which the subprogramme is responsible for. These include the advanced manufacturing technology strategy; the technology localisation strategy; the global change grand challenge; the advanced metals initiative; and the ICT research, development, and innovation strategy. In 2008/09, line items for the global change grand challenge were created for funding the implementation of the technology localisation strategy and technology transfer related initiatives were scaled down. No savings in 2012/13 have been identified in this subprogramme.
- *Science and Technology for Social Impact* leads and supports knowledge generation and use in human and social dynamics in development; promotes the use of technology based approaches for the creation of sustainable livelihoods, government planning and service delivery; and the building of sustainable human settlements, particularly within resource constrained communities. This is done through a combination of demonstration and application of new and mature technologies, policy analysis, and through engagement in policy and decision making processes. This subprogramme had a staff complement of 13 and a total budget of R296.8 million in 2011/12, of which 97 per cent was used as follows: transfers to the Human Sciences Research Council account (61 per cent), research and development (15 per cent) and the initiatives that support technology for sustainable livelihoods account for (9 per cent). The subprogramme focuses on mature technologies that are seen as having the potential to achieve government's broad development objectives. This is done by building partnerships with other government departments, focusing on research and technology transfer. In 2010/11, 2 innovation strategies that support localisation have been developed for the nuclear manufacturing and foundry industry innovation strategies. No savings in 2012/13 have been identified in this subprogramme.

- *Science and Technology Investment* leads and supports the development of indicators and instruments for measuring and monitoring investments in science and technology, the performance of the national system of innovation, and ways of strengthening the system and innovation policy. This subprogramme had a staff complement of 15 and a total budget of R26.6 million in 2011/12, of which 37 per cent was used for policy indicator activities, while 23 per cent was used for research and development. In 2011/12, an annual research and development survey was conducted; innovation measurement was carried out; science and technology indicators, databases and information systems such as the research information management system, and national science and technology expenditure tables were developed; and section 11D of the Income Tax Act (1962) was implemented to promote private sector research and development investment. Progress with the implementation of the research information management system, which relates to university requirements for managing research portfolios, is under way. The number of institutions actually using 1 or 2 modules has increased from 3 in 2008/09 to 32 in 2011/12. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 34.9 Socio Economic Partnerships

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Science and Technology for Economic Impact	847.2	899.2	888.3	945.7	1 022.1	1 100.7	1 158.0
Science and Technology for Social Impact	247.6	264.9	254.3	296.8	372.5	390.0	412.9
Science and Technology Investment	23.7	10.4	32.2	26.6	25.1	26.0	29.6
Total	1 118.4	1 174.6	1 174.7	1 269.1	1 419.8	1 516.7	1 600.5
Change to 2011 Budget estimate				(1.2)	34.2	59.2	55.5

Economic classification

Current payments	27.8	32.9	34.2	41.7	47.3	50.0	52.9
Compensation of employees	22.0	21.7	24.7	32.3	34.0	35.7	37.8
Goods and services	5.8	11.2	9.5	9.4	13.3	14.3	15.1
<i>of which:</i>							
Communication	0.8	0.8	0.9	0.8	0.9	1.0	1.0
Consultants and professional services:	0.1	3.5	1.1	4.5	6.5	7.5	7.9
Business and advisory services							
Agency and support / outsourced services	0.7	2.8	2.5	0.1	0.1	0.1	0.1
Travel and subsistence	3.0	2.4	2.8	2.5	4.0	3.9	4.1
Transfers and subsidies	1 090.4	1 141.3	1 140.2	1 226.9	1 372.0	1 466.2	1 547.0
Departmental agencies and accounts	273.7	289.6	336.7	406.9	499.3	523.4	556.0
Higher education institutions	6.7	8.1	7.2	–	–	–	–
Public corporations and private enterprises	746.1	793.0	788.0	820.1	872.7	942.7	991.0
Non-profit institutions	63.9	50.7	8.0	–	–	–	–
Households	–	–	0.2	–	–	–	–
Payments for capital assets	0.2	0.4	0.3	0.4	0.5	0.5	0.5
Machinery and equipment	0.2	0.4	0.3	0.4	0.5	0.5	0.5
Total	1 118.4	1 174.6	1 174.7	1 269.1	1 419.8	1 516.7	1 600.5

Table 34.9 Socio Economic Partnerships (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	273.7	289.6	336.7	406.9	499.3	523.4	556.0
Advanced manufacturing technology strategy	–	–	23.2	–	–	–	–
Global change science and technology	12.7	15.6	12.1	33.6	64.3	67.6	71.3
Human and social development dynamics	14.3	3.0	26.0	18.0	10.3	11.3	10.0
Human Science Research Council	163.9	166.2	194.3	206.2	214.2	223.6	238.5
Local systems of innovation	5.0	5.0	–	9.1	8.6	9.0	9.6
Natural resources and public assets	52.8	55.3	50.5	62.0	66.1	69.5	73.6
Quality of life nuclear technologies	–	3.8	0.7	0.7	–	–	–
Resource based industries	–	1.7	0.5	–	–	–	–
Research Information Management System	14.0	–	13.9	8.6	4.8	4.5	6.9
Science and technology indicators	3.0	2.0	7.9	8.5	9.0	9.5	10.1
South African Research Chairs Initiative for Human Sciences	–	21.3	–	19.4	70.4	74.0	78.5
Technology for poverty alleviation	8.0	–	0.6	18.3	30.8	32.4	34.4
Technology for sustainable livelihoods	–	15.7	–	–	–	–	–
Information communication technology	–	–	1.0	–	–	–	–
Local manufacturing capacity	–	–	6.1	22.5	20.9	21.9	23.3
Non-profit institutions							
Current	63.9	50.7	8.0	–	–	–	–
Global change science and technology	0.0	0.1	–	–	–	–	–
Advanced manufacturing technology strategy	10.0	–	–	–	–	–	–
Local systems of innovation	0.3	0.1	5.2	–	–	–	–
Resource based industries	3.5	0.6	1.0	–	–	–	–
Tshumisano Trust	36.6	36.4	–	–	–	–	–
Local manufacturing capacity	13.5	13.5	0.9	–	–	–	–
Higher education institutions							
Current	6.7	8.1	7.2	–	–	–	–
Global change science and technology	–	–	1.0	–	–	–	–
Local systems of innovation	0.4	1.7	1.5	–	–	–	–
Resource based industries	0.1	1.0	0.1	–	–	–	–
Technology for sustainable livelihoods	6.2	3.8	–	–	–	–	–
Local manufacturing capacity	–	1.6	5.6	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	191.4	193.6	102.2	132.9	135.2	172.3	180.8
Advanced manufacturing technology strategy	38.0	47.2	22.2	49.6	43.3	45.5	48.3
Global change science and technology	4.3	4.7	6.0	–	–	–	–
Human and social development dynamics	12.0	8.4	2.0	–	–	–	–
Local systems of innovation	0.7	0.4	0.7	–	–	–	–
Quality of life nuclear technologies	5.0	–	–	–	–	–	–
Resource based industries	29.6	28.3	35.9	39.1	39.0	41.0	43.5
Technology for poverty alleviation	15.5	25.6	9.5	–	–	–	–
Technology for sustainable livelihoods	21.3	13.4	13.7	25.9	35.6	37.5	39.8
Information communication technology	55.0	55.6	11.2	18.4	17.3	18.2	19.3
Local manufacturing capacity	10.0	10.0	0.9	–	–	30.0	30.0
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	554.7	599.4	685.8	687.2	737.5	770.5	810.2
Council for Scientific and Industrial Research	554.7	599.4	685.8	687.2	737.5	770.5	810.2

Expenditure trends

Expenditure increased from R1.1 billion in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 4.3 per cent. The marginal increase is ascribed to sustained activities in policy and indicator development, tax incentives, sustainable human settlement research, sustainable livelihoods and social development analysis. Over the medium term, expenditure is expected to increase to R1.6 billion, at an average annual rate of 8 per cent, mainly due to additional allocations of R30 million in 2013/14 and R30 million in 2014/15 from the economic competitiveness and support package for the support of local, technology-intensive manufacturers to improve their competitiveness and their capability to supply in large public procurement and large export orders.

Expenditure on consultants increased from R96 000 in 2008/09 and increased to R4.5 million in 2011/12, at an average annual rate of 259.4 per cent, due to projects associated with technology for economic impact, specifically global change. Consultants are appointed mainly to support critical skills and provide technical expertise. Over the medium term, expenditure on this item is expected to increase to R7.9 million in 2014/15, at an average annual rate of 20.9 per cent. The increased spending over the medium term can be attributed to the following activities, which require outside expertise: conducting impact studies on all projects that are six years and older to inform improvements, introducing technology localisation activities in the programme and conducting policy analysis to inform the research interventions required for the country.

Public entities and other agencies

Council for Scientific and Industrial Research

Overview: 2008/09 – 2014/15

The Council for Scientific and Industrial Research was established under the Scientific Research Council Act (1988). Its objectives are to foster industrial and scientific development in the national interest through multidisciplinary research and technological innovation. The council's activities focus on directed research and development, and cut across the research and innovation value chain.

Strategic focus is directed at basic and applied research, and technology development, transfer and implementation for commercial and social benefit. The council is funded through a combination of baseline and ringfenced grants from the department, and contract research and development income from the public and private sectors domestically, throughout the rest of Africa and internationally. Contract research and development income comprises 70 per cent of total annual income.

The council's strategy over the medium term is structured around six research impact areas that support national priorities: energy, which entails developing renewable and alternative energy technology options and providing decision support to achieve an energy secure, low carbon, national economy with reduced water impact; industry, which entails new technology and technological innovation for advanced manufacturing and mining; the built environment, which entails contributing technological innovations that support planning, design, construction and management of the built environment; the natural environment, which entails developing decision support tools and capabilities to monitor the state of the natural resource base, and applying environmental engineering to provide technological innovations that address key resource base issues; defence and national security, which entails developing technological solutions that contribute to the security of South Africa, the region and the continent; and health, which entails supporting the creation of an effective and efficient health care system, and developing affordable preventative, diagnostic and treatment solutions to address priority diseases.

Priorities over the medium term include: building and transforming human capital; strengthening the science, engineering and technology base; carrying out relevant research and development; transferring skills and technology, and maintaining financial sustainability and good governance. A number of measures are in place to address potential reductions in funding and income from research and development, and to ensure the continuity of the council's work and cost effective service delivery.

One of the mechanisms for the implementation of the research impact areas will be the council's flagship programmes, which will be launched in 2012/13. The initial flagship programmes will be health and nutrition,

water sustainability, and safety and security. Organisational priorities underpinning the strategy are building and transforming human capital; strengthening the science, engineering and technology base, and performing relevant research and development; and transferring technology and skilled human capital, while maintaining financial sustainability and good governance.

Performance

In general, the organisation has met or exceeded performance targets since 2008/09 and is on track to do so in 2011/12. The number of permanent staff studying towards masters or doctorate degrees increased to 226 in 2010/11 and the number of staff with doctorate degrees increased to 299. This target is expected to increase to 345 over the medium term.

Selected performance indicators

Table 34.10 Council for Scientific and Industrial Research

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of science, engineering and technology staff who are black	Building and transforming human capital	53.3% (1 512)	52.20% (1 547)	52.6% (1 560)	53.8% (1 530)	54.5% (1 550)	55.3% (1 580)	56% (1 610)
Total number of staff with doctorates	Building and transforming human capital	273	283	299	300	315	330	345
Number of publication equivalents per year	Strengthening the science engineering and technology base and performing relevant research and development	451	502	576	550	600	630	660
Number of new technology demonstrator equivalents per year	Strengthening the science engineering and technology base and performing relevant research and development	24	39	37	25	27	28	30
Private sector and international income per year	Transferring technology and skilled human capital	R289.8m	R310.9m	R327.8m	R305.1m	R323.4m	R342.8m	R363.4m
Number of new international and national patents granted per year	Transferring technology and skilled human capital	35	13	14	12	16	20	22
Broad based black economic empowerment rating per year	Corporate governance	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3

Programmes/ activities/ objectives

Table 34.11 Council for Scientific and Industrial Research

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Defence, Peace, Safety and Security	298.0	300.8	347.5	355.4	374.2	392.8	412.5
Materials Science Manufacturing	182.7	168.5	169.1	172.5	181.4	190.3	199.6
Biosciences	122.6	133.9	127.9	130.3	137.0	143.6	150.6
Natural Resources and the Environment	185.2	139.0	144.7	148.5	156.5	164.4	172.9
Built Environment	157.0	141.4	136.0	140.0	147.6	155.3	163.5
Meraka Institute	168.9	217.2	158.9	162.9	171.7	180.4	189.6
Centres and Implementation Units	262.1	341.6	377.4	381.1	399.6	417.5	436.4
R&D Core, Shared Services and Group Adjustments	150.0	276.6	299.2	389.2	412.3	433.6	456.6
Total expense	1 526.5	1 719.1	1 760.9	1 879.9	1 980.3	2 078.0	2 181.7

The Council for Scientific and Industrial Research had a total budget of R1.9 billion in 2011/12, of which 53.6 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The entity continues to strive to operate effectively and efficiently to ensure that savings are effected and financial resource investments are aligned to its strategic priorities. The shared services function is continually looking to standardise and automate functions, thereby rationalising costs and providing value addition services to the research and development operations. An energy efficiency plan was developed in 2006/07 and measures put in place in 2008/09 to reduce energy usage. Energy consumption has come down by more than 1.2 per cent each year since 2008/09.

Expenditure estimates

Table 34.12 Council for Scientific and Industrial Research

Statement of financial performance				Revised	Medium-term estimate		
R million	Audited outcome			estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	1 104.5	1 267.6	1 259.4	1 231.4	1 334.5	1 404.9	1 473.9
Sale of goods and services other than capital assets	955.7	1 176.9	1 187.2	1 175.0	1 278.0	1 346.2	1 413.7
<i>of which:</i>							
<i>Sales by market establishments</i>	955.7	1 176.9	1 187.2	1 175.0	1 278.0	1 346.2	1 413.7
<i>Other non-tax revenue</i>	148.8	90.7	72.2	56.3	56.4	58.8	60.2
Transfers received	480.3	509.1	535.4	683.4	680.8	710.9	747.4
Total revenue	1 584.8	1 776.7	1 794.7	1 914.7	2 015.3	2 115.8	2 221.4
Expenses							
Current expenses	1 525.1	1 718.9	1 760.8	1 879.9	1 980.3	2 078.0	2 181.7
Compensation of employees	772.0	880.7	946.5	1 008.2	1 073.8	1 143.5	1 217.9
Goods and services	705.6	788.3	768.2	831.5	865.2	892.1	920.9
Depreciation	37.4	42.8	42.1	40.2	41.3	42.4	42.9
Interest, dividends and rent on land	10.0	7.2	4.1	–	–	–	–
Total expenses	1 526.5	1 719.1	1 760.9	1 879.9	1 980.3	2 078.0	2 181.7
Surplus / (Deficit)	58.3	57.6	33.9	35.0	35.0	38.0	40.0
Statement of financial position							
Carrying value of assets	298.0	350.2	392.5	401.9	435.9	445.9	475.9
<i>of which:</i>							
<i>Acquisition of assets</i>	115.1	96.0	91.3	49.5	75.3	52.4	72.9
Investments	100.0	1.5	1.4	1.5	1.5	1.5	1.5
Inventory	79.3	80.9	89.5	103.6	111.5	123.6	129.7
Receivables and prepayments	138.7	128.8	118.5	175.6	189.6	196.2	236.1
Cash and cash equivalents	782.5	800.0	1 009.4	877.4	821.5	809.5	800.3
Non-current assets held for sale	96.8	94.9	94.9	–	–	–	–
Taxation	–	0.3	0.4	–	–	–	–
Total assets	1 495.3	1 456.5	1 706.7	1 559.9	1 560.0	1 576.7	1 643.5
Accumulated surplus / (deficit)	449.5	507.2	541.0	575.8	610.9	648.7	688.3
Deferred income	40.6	42.4	57.4	–	–	–	–
Trade and other payables	995.0	896.7	1 097.8	967.2	934.3	915.1	944.9
Provisions	10.3	10.3	10.5	17.0	14.9	12.9	10.3
Total equity and liabilities	1 495.3	1 456.5	1 706.7	1 559.9	1 560.0	1 576.7	1 643.5

Expenditure trends

The spending over the medium term will be on: building and transforming human capital; strengthening the science, engineering and technology base; carrying out relevant research and development; transferring skills and technology; and maintaining financial sustainability and good governance.

The council is funded through ringfenced grants from the department, and contract research and development income from the public and private sectors. The council generates about 70 per cent of its income from research and development contract income. Contract revenue increased from R955.7 million in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 7.1 per cent, through additional contract research and development work secured and inflationary adjustments. Contract revenue is projected to increase to R1.4 billion in 2012/13 as a result of the securing of additional contract research and development work and inflationary growth. The decrease in contract income between 2010/11 to 2011/12 is due to the transfer of the Satellite Application Centre to the South African National Space Agency and transfer of the advanced manufacturing technology strategy to the Technology Innovation Agency in 2010/11.

Expenditure increased from R1.5 billion in 2008/09 to R1.9 billion in 2011/12, at an average annual rate of 7.2 per cent, due to inflationary increases and related income generating activities. Expenditure is expected to increase to R2.2 billion over the medium term, at an average annual rate of 5.1 per cent, due to a projected increase in activities related to income generation. Expenditure on compensation of employees increased from R772 million in 2008/09 to R1 billion in 2011/12, at an average annual rate of 9.3 per cent, due to growth in manpower costs and inflationary adjustments. Over the medium term, expenditure on this item is expected to increase to R1.2 billion, at an average annual rate of 6.5 per cent, due to inflationary growth in manpower costs and modest growth in available positions.

Personnel information

Table 34.13 Council for Scientific and Industrial Research

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	1	1	1	1
Executive management	13	13	1	10	10	13	11	12	12	12
Senior management	80	80	1	58	79	82	83	79	79	81
Professionals	1 036	1 036	18	950	977	1 031	1 039	1 057	1 078	1 099
Skilled	836	836	14	881	892	876	788	853	870	887
Semi-skilled	413	413	7	444	432	418	387	421	429	438
Very low skilled	17	17	–	23	17	18	18	17	17	17
Total	2 396	2 396	41	2 367	2 408	2 439	2 327	2 440	2 486	2 535
Compensation (R thousand)				771 977	880 745	946 485	1 008 220	1 073 754	1 143 548	1 217 879
Unit cost (R thousand)				326	366	388	433	440	460	480

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 2 396 posts, all of which were funded. The number of filled posts decreased from 2 367 in 2008/09 to 2 327, due to the Satellite Application Centre moving to the South African National Space Agency as from 1 April 2011. The number of filled posts is expected to increase to 2 535 over the medium term as this is aligned to contract income generation.

There were 69 vacancies as at 30 September 2011 due to the difficulty in finding suitable skilled candidates given the current science environment in the country and having to work within a constrained budget. However, the council is in the process of filling these posts. The ratio of support staff to line staff was 1:2.

National Research Foundation

Overview: 2008/09 – 2014/15

The National Research Foundation Act (1998) mandates the National Research Foundation to promote and support research in all fields of humanities, the social and natural sciences, engineering and technology. It provides research funding and research platforms through national facilities and science awareness activities. The Foundation also performs an agency function on behalf of the Department of Science and Technology and is a service provider to several other government departments.

The foundation's Vision 2015 strategic plan aims to: promote internationally competitive research as the basis for a knowledge economy; grow a representative science and technology workforce in South Africa; provide

cutting-edge research, technology and innovation platforms; operate world class evaluation and funding systems; and contribute to a vibrant national innovation system.

Annually, the foundation funds the work of more than 2 900 researchers at universities and other research institutes. Transformation and the nurturing of young talent is a tenet of the foundation. Knowledge generation is promoted through the national research facilities and through special initiatives such as research chairs and centres of excellence.

The research and innovation support and advancement programme promotes and supports research through human capacity development in all fields of knowledge and technology, funds strategic research platforms and infrastructure, facilitates strategic national and international partnerships and networks, and rates researchers. The total budget is R1.5 billion in 2012/13 with a staff complement of 240. Approximately 90 per cent of the programme's expenditure relates to research grants and bursaries. The foundation also continues to manage the Technology and Human Resources for Industry Programme on behalf of the Department of Trade and Industry.

The national research facilities programme provides highly specialised equipment and infrastructure platforms to researchers and research institutions. The foundation operates five national research facilities namely, Ithemba Laboratory for Accelerator Based Sciences; the South African Astronomical Observatory; the Hartebeesthoek Radio Astronomy Observatory; the South African Institute for Aquatic Biodiversity, and the National Zoological Gardens of South Africa. The programme has a total budget of R431 million in 2012/13 and a staff complement of 834.

The South African agency for science and technology advancement programme promotes and communicates the value and impact of science, technology and innovation for a dynamic knowledge economy. These activities contribute to building a science, engineering and technology human resource base. The agency has a total budget of R93.5 million in 2012/13 and a staff complement of 43 employees.

The Square Kilometre Array programme houses South Africa's bid for this prestigious project, which, when built, will be the largest radio telescope in the world, up to 100 times more sensitive than any other telescope. It will probe the edges of the universe and allow scientists to answer fundamental questions in astronomy, physics and cosmology, including the nature of dark energy and dark matter.

MeerKAT, the current phase of the project, under construction at a site near Carnarvon in the Northern Cape, entails the design, testing and construction of 64 Gregorian offset dishes and includes the costs of appropriate systems, land, astronomy and site operations, and telescope array. South Africa's investment in MeerKAT will provide it with leading edge world class radio astronomy infrastructure that will enhance its bid for the full Square Kilometre Array project. A successful bid will not only position South Africa as the leading international provider of astronomical data, but could attract international funding of some R20 billion, with accompanying job creation, human capacity development and knowledge discovery for a coordinated South Africa based African footprint. The project budget of R560 million, includes capital expenditure of R282 million for 2012/13. The current staff complement is 92.

Priorities over the medium term include elevating science advancement activities to a corporate level, which is intended to provide a national footprint. Its activities also entail the upgrade of the Johannesburg Observatory site. The foundation has put in place mechanisms to enable creating a separate astronomy institution pending further direction from the department. In ensuring sustainability of the National Zoological Gardens in Pretoria, the foundation and the department are currently working on business models for the optimal functioning of the gardens as a national research facility, with a view to transforming it into a research platform for veterinary and conservation science.

Performance

In 2010/11, the entity's target for the number of peer reviewed journal articles was 3 500 but actual performance amounted to 3 935, thereby exceeding the performance target by 435 articles. Similarly, the number of grant holders supported by the research and innovation support and advancement programme was 2 600, while actual performance amounted to 2 927, thereby exceeding the target by 327 grant holders supported. Most performance targets were exceeded in 2010/11 and this is expected to continue over the medium term. In 2009/10, additional funding for the research chair initiative was given, thus significantly increasing the number of student bursaries and scholarships for doctorate, masters, and Bachelor of Technology or honours compared to 2008/09. This target will remain over the MTEF period.

Selected performance indicators

Table 34.14 National Research Foundation

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of peer-reviewed journal articles per year	Research and innovation support and advancement	5 354	2 753	3 935	3 500	4 000	4 100	4 200
Number of grant holders supported by the research and innovation support and advancement programme per year	Research and innovation support and advancement	3 570	2 442	2 927	2 800	2 900	3 000	3 100
Number of student bursaries and scholarships: third or fourth year awarded per year	Research and innovation support and advancement	253	286	425	400	420	440	460
Number of student bursaries and scholarships: Bachelor of Technology or honours awarded per year	Research and innovation support and advancement	260	1663	2 718	1 700	1 700	1 800	1 900
Number of student bursaries and scholarships for masters awarded per year	Research and innovation support and advancement	874	2 203	3 566	2 820	3 000	3 100	3 200
Number of student bursaries and scholarships for PhDs awarded per year	Research and innovation support and advancement	528	1 265	1 937	1 519	1 600	1 700	1 800
Number of postdoctoral fellowships per year	Research and innovation support and advancement	33	255	405	381	400	420	440
Number of interactions with public at large per year	South African Agency for Science and Technology Advancement	– ¹	20 997	49 385	45 000	48 000	48 000	48 000
Number of collaborations with institutions abroad per year	National facilities	– ¹	117	149	140	132	133	137
Number of science promotion publications generated by national facilities per year	National facilities	– ¹	30	32	32	31	32	33
Number of times participated in science festivals per year	South African Agency for Science and Technology Advancement	– ¹	140 807	57 450	114 000	120 000	130 000	140 000

1. New indicator therefore no performance information in these years.

Programmes/activities/objectives

Table 34.15 National Research Foundation

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Research and Innovation Support and Advancement and corporate	882.8	941.2	1 324.1	1 486.1	1 451.5	1 323.1	1 326.4
National research facilities	379.2	372.3	412.6	477.0	431.1	429.0	428.9
South African Agency for Science and Technology Advancement	36.9	47.7	58.5	75.1	93.5	56.1	56.1
Square Kilometre Array project	80.1	78.7	154.3	250.8	278.1	244.2	264.0
Total expense	1 379.1	1 439.9	1 949.6	2 289.0	2 254.2	2 052.3	2 075.5

The National Research Foundation had a total budget of R2.3 billion in 2011/12, of which 64.9 per cent was used for skills development.

Savings and cost effectiveness measures

The foundation implemented various austerity measures in 2011/12, including: curtailing costs by means of enhanced coordinated analysis; planning and negotiating better rates by leveraging economies of scale; working faster and more economically by automating a number of processes, especially the rollout of the foundation's online submission system, and work is currently being done on developing workflow software specifically for tender management and procurement planning; reducing new initiatives at corporate level that entail marginal costs; and implementing the recommendations of the external five-year review, which includes aligning overhead costs with similar international organisations. The post-retirement medical benefit has been paid out for the vast majority of members and an annuity purchased for the remaining members. This has reduced staff related costs for 2011/12. Efficiency savings on overheads are targeted at a minimum of R9.8 million for 2012/13, in addition to other operation costs being reduced to accommodate the reduced budget allocation.

Expenditure estimates

Table 34.16 National Research Foundation

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Revenue							
Non-tax revenue	720.1	809.2	1 269.7	1 126.3	1 433.3	1 090.4	1 196.8
Sale of goods and services other than capital assets	574.6	703.3	1 157.4	1 038.0	1 367.0	1 024.0	1 129.0
<i>of which:</i>							
<i>Sales by market establishments</i>	25.3	32.0	39.5	47.8	53.4	54.0	64.1
<i>Other sales</i>	549.2	671.3	1 117.9	990.2	1 313.6	970.0	1 064.9
<i>Other non-tax revenue</i>	145.6	105.9	112.3	88.3	66.3	66.5	67.8
Transfers received	732.8	729.3	769.5	1 134.3	1 093.0	1 138.6	1 216.2
Total revenue	1 452.9	1 538.6	2 039.2	2 260.6	2 526.4	2 229.0	2 413.0
Expenses							
Current expenses	612.8	626.1	732.3	933.5	963.1	905.4	943.1
Compensation of employees	287.9	334.9	388.7	435.9	483.5	493.0	527.5
Goods and services	293.3	257.9	304.4	453.1	434.9	367.0	370.8
Depreciation	30.9	32.6	38.7	44.4	44.5	45.3	44.7
Interest, dividends and rent on land	0.6	0.6	0.5	0.1	0.1	0.1	0.1
Transfers and subsidies	766.3	813.9	1 217.3	1 355.5	1 291.1	1 146.9	1 132.3
Total expenses	1 379.1	1 439.9	1 949.6	2 289.0	2 254.2	2 052.3	2 075.5
Surplus / (Deficit)	73.9	98.6	89.6	(28.0)	272.0	177.0	337.0
Statement of financial position							
Carrying value of assets	319.6	428.4	507.4	582.3	853.0	1 020.8	1 348.7
<i>of which:</i>							
<i>Acquisition of assets</i>	111.1	146.5	119.0	119.8	315.8	213.8	373.1
Investments	46.1	41.2	38.2	38.2	38.2	38.2	38.2
Inventory	3.9	3.3	3.7	6.0	6.5	7.0	7.0
Accrued investment interest	–	–	–	3.0	2.8	1.5	1.0
Receivables and prepayments	265.0	270.1	540.3	678.5	712.7	709.0	703.5
Cash and cash equivalents	756.2	1 313.9	795.4	470.5	522.8	209.9	200.0
Total assets	1 390.8	2 056.8	1 885.0	1 778.4	2 135.9	1 986.4	2 298.4
Accumulated surplus / (deficit)	(26.9)	51.0	64.5	(39.3)	(37.8)	(29.0)	(19.4)
Capital and reserves	447.7	41.2	38.2	38.2	38.2	38.2	38.2
Capital reserve fund	–	427.3	506.3	581.2	851.9	1 019.7	1 347.6
Finance lease	–	2.6	1.6	2.2	2.0	1.9	1.7
Deferred income	–	1 359.0	1 096.0	1 124.8	1 210.1	878.5	853.4
Trade and other payables	875.3	69.0	68.2	71.5	71.7	77.2	76.9
Provisions	94.7	106.8	110.2	–	–	–	–
Total equity and liabilities	1 390.8	2 056.8	1 885.0	1 778.4	2 135.9	1 986.4	2 298.4

Expenditure trends

The spending focus over the medium term will be on the research and innovation support and advancement division to increase outputs both qualitatively and quantitatively, primarily through the increased numbers of targeted research in the national system of innovation.

The foundation generates revenue from transfers from the department, contract funding, and sales and interest. Revenue increased from R1.5 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 15.9 per cent. The increase is due to an additional allocation received in 2011/12 for bursaries for postgraduate students and additional contract funding received over the period. Over the medium term, transfers received are expected to increase from R1.1 billion to R1.2 billion, at an average annual rate of 2.4 per cent, due to increased allocations, while contract funding is projected to increase from R990.2 million to R1.1 billion over the same period, at an average annual rate of 2.5 per cent. This increase in the projection for contract funding is due to the uncertainty involved in this revenue stream.

Expenditure increased from R1.4 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 18.4 per cent. This growth is primarily due to the ramping up of directed initiatives and programmes, including the South African Research Chairs Initiative at R300 million per year, and the Square Kilometre Array project.

The increase can also be attributed to expenditure on urgent infrastructure needs; national research equipment; the broadband roll out to rural universities; and human capacity bursaries and assistance to needy students. Increased expenditure, mainly grants and bursaries, is directly linked to additional income received, the most significant being contract funding. Such grants are awarded on a competitive basis of merit by external panel review members. The Square Kilometre Array project, being a world class, highly specialised and competitive bid has maximised the use of the foundation's specialist expertise, where practical, and outsourced the remainder to ensure timeous delivery.

Over the medium term, expenditure is expected to decrease to R2.1 billion, at an average annual rate of 3.2 per cent. This trend relates to the expected decrease in expenditure in 2013/14 on the Square Kilometre Array project and the uncertainty involved in projecting future year expected contract income.

Personnel information

Table 34.17 National Research Foundation

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	5	5	–	5	5	5	5	5	5	5
Senior management	21	21	–	24	24	24	21	21	21	21
Middle management	–	–	–	298	159	200	–	–	–	–
Professionals	273	273	–	256	579	640	273	273	273	273
Skilled	593	593	–	283	274	262	593	593	593	593
Semi-skilled	237	237	–	209	50	62	237	237	237	237
Very low skilled	80	80	–	–	–	33.0	80.0	80.0	80.0	80.0
Total	1 219	1 219	109	1 085	1 101	1 236	1 219	1 219	1 219	1 219
Compensation (R thousand)				287 902	334 947	388 703	435 899	483 510	492 971	527 478
Unit cost (R thousand)				265	304	314	358	397	404	433

1. As at 30 September 2011.

The number of posts filled increased from 1 085 in 2008/09 to 1 219 in 2011/12. The filled posts are expected to remain at a constant 1 219 over the medium term. Staff in the Square Kilometre Array project is expected to increase as the project ramps up in 2012/13, while staff in other divisions such as national research facilities, specifically national zoological gardens, where a sustainability study is currently being undertaken, will decrease. There were 109 vacant operational positions as at 30 September 2011. The foundation is in the process of reviewing the vacancies. The ratio of support staff to line staff is 1:1.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Academy of Science of South Africa** links South Africa with scientific communities at the highest levels in the SADC region, the rest of Africa and internationally; promotes common ground in scientific thinking across all disciplines; encourages and promotes innovative and independent scientific thinking; promotes the development of intellectual capacity in all people; provides effective scientific evidence based advice; and facilitates appropriate action in the public interest. Its total budget in 2012/13 is R17 million.
- The **Africa Institute of South Africa** is a research institute which focuses on political, socioeconomic, international and development issues in contemporary Africa. Its total budget in 2012/13 is R38 million.
- The **Human Sciences Research Council** undertakes, promotes and coordinates research in the human and social sciences. Its total budget in 2012/13 is R387 million.
- The **South African National Space Agency** was established under the South African National Space Agency Act (2008) and came into existence in December 2010. The agency aims to be a key contributor to the South African earth observation strategy by providing space based data platforms in collaboration with other entities that focus on in-situ earth observation measurements, like the South African earth observation network. Its total budget in 2012/13 is R144 million.

- The **Technology Innovation Agency** is a national public entity that draws its mandate from the Technology Innovation Agency Act (2008) and became operational on 1 April 2010. The agency is an intervention to improve research and development from higher education institutions, science councils, public entities, private companies, and commercialisation; thereby increasing technological innovation in the economy. Its total budget in 2012/13 is R451 million.

Additional table: Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
Infrastructure transfers to other spheres, agencies and departments									
Square Kilometer Array	Construction of telescopes	Construction	1 649.2	264.3	490.3	–	218.7	328.1	347.8
Space infrastructure	Satellite construction	Construction	290.8	14.2	36.4	–	–	–	–
Hydrogen strategy	Purchase of equipment	Various	440.7	40.5	44.2	51.9	54.5	57.2	66.0
National nanotechnology centres	Equipping centres	Various	310.0	–	34.9	42.4	44.5	46.7	50.0
South African National Research Network	Broadband connectivity	Various	883.2	89.0	93.5	104.7	99.9	104.9	11.3
Total			3 573.8	408.0	699.3	199.0	417.7	537.0	475.1

Vote 35

Tourism

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	195.0	190.9	–	4.1	206.7	218.8
Policy and Knowledge Services	788.0	34.1	753.3	0.6	861.4	908.0
International Tourism	46.8	40.9	5.3	0.7	48.8	51.7
Domestic Tourism	337.5	65.2	270.5	1.8	378.5	401.7
Total expenditure estimates	1 367.3	331.1	1 029.0	7.2	1 495.4	1 580.1
Executive authority	Minister of Tourism					
Accounting officer	Director General of Tourism					
Website address	www.tourism.gov.za					

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

Aim

Promote and support the growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic governance and risk management; and legal, corporate affairs, information technology, and strategic communications support services to the department.

Programme 2: Policy and Knowledge Services

Purpose: Ensure strategic tourism sector policy development, monitoring and evaluation, and research and knowledge management services.

Programme 3: International Tourism

Purpose: Develop and support South Africa's tourism potential throughout the various regions of the world.

Programme 4: Domestic Tourism

Purpose: Promote development and growth of sustainable domestic tourism throughout South Africa.

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Tourism is to create conditions for the sustainable growth and development of tourism in South Africa. In terms of the Constitution, tourism is a functional area of concurrent national and provincial legislative competence.

The Tourism Act (1993) provides for the promotion of tourism to and in South Africa, and for the regulation and rationalisation of the tourism industry. This includes measures aimed at enhancing and maintaining the standards of facilities and services used by tourists, and the coordination and rationalisation of the activities of those who are active in the tourism industry.

The role of tourism in economic growth and job creation

The 1996 White Paper on the Development and Promotion of Tourism in South Africa provides a framework and guidelines for the development and promotion of tourism in South Africa. Its vision is to develop the tourism sector as a national political and economic priority to maximise its contribution to improving the quality of life of all South Africans.

The industrial policy action plan 2 identifies tourism as an important driver of both domestic consumer spending and foreign exchange earnings, underpinned by a sustainable resource base and relatively low barriers to entry for entrepreneurs.

Tourism is named in the new growth path as one of six key sectors for economic growth in South Africa. It is labour intensive, with the potential to stimulate economic growth and create jobs. To enhance tourism's contribution to economic growth and job creation the new growth path defines the following measures: expand tourism infrastructure and services; promote targeted marketing campaigns, manage costs, provide quality assurance and logistics; improve training; identify employment and entrepreneurial opportunities for the youth; enhance support measures to encourage diversification; and develop a comprehensive programme to support cultural industries. The new growth path commits the sector to the creation of 225 000 jobs by 2020. The national tourism sector strategy aims for all role players to coordinate their activities to achieve these objectives.

Outcomes

In the outcomes approach to service delivery, tourism contributes to the realisation of decent employment through inclusive economic growth (outcome 4), and vibrant, equitable and sustainable rural communities and food security for all (outcome 7). It is anticipated that, in conjunction with other departments, the department will make a major contribution to achieving the growth and employment targets set for outcome 4, through activities involving skills development, continuous improvement in the quality of tourism products and services, support for small, medium and micro enterprises (SMMEs), and other measures.

The department's contribution to outcome 7 will be to lead the building of a dynamic tourism sector in the context of South Africa's socioeconomic development. With its entity, South African Tourism, the department is also committed to creating a better South Africa and contributing to a better and safer Africa and world (outcome 11) by implementing a tourism marketing strategy that attracts volume and value, and increases tourism's contribution to South Africa's GDP.

Priorities over the medium term

The department's key priorities over the medium term include: promoting job creation; developing rural, cultural, heritage and domestic tourism; facilitating skills development in the tourism sector; providing quality assurance; promoting service excellence; facilitating the transformation of the sector; providing opportunities for youth; promoting entrepreneurship; increasing investment in the tourism sector; promoting responsible tourism; expanding tourism infrastructure; facilitating product development; coordinating stakeholder cooperation and partnerships; information and knowledge management; and growing the market in terms of both domestic and foreign tourists. The national tourism sector strategy seeks to increase tourism's total direct and indirect contribution to the economy from R189.4 billion in 2009 to R318.2 billion in 2015 and R499 billion in 2020.

To ensure the achievement of the sector's targets, the department will support the implementation of the national tourism sector strategy and work towards increasing the number of foreign arrivals from 9 933 966 in 2009 to 12 068 030 by 2015, and to increasing the number of domestic tourists from 14 600 000 in 2009 to 16 000 000 by 2015. International marketing efforts will concentrate on high yield markets.

Selected performance indicators

Table 35.1 Tourism

Indicator	Programme	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of tourism products supported through the social responsibility funding (expanded public works programme)	Domestic Tourism	-	-	-	45	50	50	50
Number of regional support packages delivered, informed by relevant strategies (e.g. rural strategy) per year		-	-	-	-	2	2	2
Number of full-time equivalent jobs supported through tourism enterprise partnership per year ²		-	-	6 226	5 000	6 000	6 382	-
Number of full time equivalent jobs created through the social responsibility implementation programme per year (expanded public works programme) per year		-	-	5 716	4 531	5 054	5 889	6 003
Number of rural enterprises supported per year ²		-	-	-	500	530	530	-
Number of members of designated groups historically disadvantaged enterprises supported per year ²		-	-	-	3 150	3 351	3 365	-
Number of country profiles developed and updated per year	International Tourism	-	-	-	-	4	8	16
Number of South African missions abroad activated for tourism mainstreaming		-	-	-	-	4	8	12
Number of initiatives facilitated to reduce barriers to tourism growth per year	Policy and Knowledge Services	-	-	-	2	2	2	2
Number of information and knowledge systems and services developed and maintained per year		-	1	4	1	2	2	2
Number of national tourism information gateways operational per year		-	-	-	-	2	3	3

1. Some indicators have no past data, as they are new indicators.

2. There is no funding allocation for this period; output is expected to end the year before.

Expenditure estimates

Table 35.2 Tourism

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	86.0	80.2	155.8	185.9	185.9	195.0	206.7	218.8
Policy and Knowledge Services	600.1	714.5	644.2	695.5	695.5	788.0	861.4	908.0
International Tourism	11.5	10.7	26.4	33.7	33.7	46.8	48.8	51.7
Domestic Tourism	504.7	340.2	317.1	349.8	349.8	337.5	378.5	401.7
Total	1 202.2	1 145.6	1 143.5	1 265.0	1 265.0	1 367.3	1 495.4	1 580.1
Change to 2011 Budget estimate				22.1	22.1	93.4	150.1	154.1

Table 35.2 Tourism (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	182.0	137.7	213.9	272.5	272.5	331.1	343.0	364.5
Compensation of employees	106.4	89.6	100.3	144.6	144.6	180.6	188.4	199.4
Goods and services	75.5	48.1	113.6	127.7	127.7	150.3	154.4	164.8
<i>of which:</i>								
<i>Administrative fees</i>	<i>0.1</i>	<i>0.6</i>	<i>0.3</i>	<i>0.5</i>	<i>0.5</i>	<i>25.4</i>	<i>26.6</i>	<i>28.1</i>
<i>Computer services</i>	<i>2.7</i>	<i>1.2</i>	<i>9.4</i>	<i>12.1</i>	<i>12.1</i>	<i>19.7</i>	<i>20.7</i>	<i>21.9</i>
<i>Consultants and professional services: Business and advisory services</i>	<i>10.8</i>	<i>3.7</i>	<i>8.3</i>	<i>21.2</i>	<i>21.2</i>	<i>9.8</i>	<i>9.3</i>	<i>10.2</i>
<i>Travel and subsistence</i>	<i>34.7</i>	<i>20.3</i>	<i>30.0</i>	<i>34.3</i>	<i>34.3</i>	<i>38.5</i>	<i>39.8</i>	<i>42.3</i>
Interest and rent on land	–	–	–	0.3	0.3	0.2	0.2	0.2
Transfers and subsidies	1 019.9	1 007.5	912.8	965.5	965.5	1 029.0	1 145.1	1 207.9
Departmental agencies and accounts	582.1	699.5	631.7	668.6	668.6	753.3	826.0	870.5
Foreign governments and international organisations	–	4.0	3.3	2.0	2.0	5.3	5.5	5.9
Non-profit institutions	72.4	59.1	27.7	22.7	22.7	27.7	32.9	34.8
Households	365.4	244.9	250.2	272.2	272.2	242.8	280.7	296.7
Payments for capital assets	0.4	0.4	16.8	27.0	27.0	7.2	7.3	7.7
Machinery and equipment	0.3	0.4	16.8	26.9	26.9	7.0	7.1	7.6
Software and other intangible assets	0.1	0.0	–	0.0	0.0	0.1	0.1	0.1
Total	1 202.2	1 145.6	1 143.5	1 265.0	1 265.0	1 367.3	1 495.4	1 580.1

Expenditure trends

The spending focus over the medium term will be on increasing the number of tourists visiting South Africa from other African countries.

Expenditure increased from R1.2 billion in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 1.7 per cent mainly, due to allocations for the refurbishment of an office building acquired in 2011/12, and for the implementation of the tourism 2010 plan, which enabled South Africa to meet its obligations to FIFA. These allocations also explain the growth in spending on goods and services, which increased from R75.5 million to R127.7 million between 2008/09 and 2011/12, at an average annual rate of 19 per cent.

Over the medium term, expenditure is expected to increase to R1.6 billion over the medium term, at an average annual rate of 7.7 per cent. This increase is mainly due to an additional allocation of R218 million for South African Tourism to expand its work in growing the number of tourists visiting from other African states.

The department receives additional allocations of R4.7 million in 2012/13, R5.1 million in 2013/14 and R5.6 million in 2014/15 for improved conditions of service. A Cabinet approved baseline cut of R1.3 million in 2012/13, R667 000 in 2013/14, and R831 000 in 2014/15 was also made, details of which are located in the subprogrammes where applicable.

Between 2012/13 and 2014/15, R29.6 million is allocated for spending on consultants to provide support to the department's internal audit unit.

Personnel information

Table 35.3 Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	530	443	30	161	161	272	379	379	473	473
Salary level 1 – 6	115	102	30	32	33	57	95	95	132	132
Salary level 7 – 10	240	197	–	65	64	107	148	148	197	197
Salary level 11 – 12	108	87	–	36	35	58	82	82	87	87
Salary level 13 – 16	67	57	–	28	30	50	54	54	57	57
Administration	302	264	30	95	93	165	210	210	294	294
Salary level 1 – 6	86	81	30	25	24	43	71	71	111	111
Salary level 7 – 10	138	110	–	37	37	65	82	82	110	110
Salary level 11 – 12	46	43	–	17	17	30	29	29	43	43
Salary level 13 – 16	32	30	–	16	15	27	28	28	30	30
Policy and Knowledge Services	78	57	–	–	12	22	40	40	57	57
Salary level 1 – 6	13	7	–	–	3	5	6	6	7	7
Salary level 7 – 10	37	23	–	–	4	7	15	15	23	23
Salary level 11 – 12	18	17	–	–	2	3	11	11	17	17
Salary level 13 – 16	10	10	–	–	4	7	8	8	10	10
International Tourism	50	46	–	36	36	27	59	59	46	46
Salary level 1 – 6	7	7	–	3	3	4	10	10	7	7
Salary level 7 – 10	22	22	–	14	14	12	25	25	22	22
Salary level 11 – 12	10	10	–	12	12	6	18	18	10	10
Salary level 13 – 16	11	7	–	7	7	5	6	6	7	7
Domestic Tourism	100	76	–	30	20	58	70	70	76	76
Salary level 1 – 6	9	7	–	4	3	5	8	8	7	7
Salary level 7 – 10	43	42	–	13	9	23	26	26	42	42
Salary level 11 – 12	34	17	–	7	4	19	24	24	17	17
Salary level 13 – 16	14	10	–	6	4	11	12	12	10	10

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

2. As at 30 September 2011.

The department had an establishment of 530 posts. The number of filled posts grew from 161 in 2008/09 to 379 in 2011/12. Over the MTEF period, filled posts are expected to increase to 473 due to the expansion of the department from its establishment in 2010/11. The growth over the medium term is essential for the department to achieve its objectives. As at 30 September 2011, there were 94 vacancies, the majority of which were in salary levels 7 to 10. The main reason for these vacancies relates to the availability of office accommodation. Most of these vacancies are in the *Administration* programme. The ratio of support staff to line staff was 1:0.8 as at 30 September 2011.

Departmental receipts

Table 35.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	–	719	1 521	1 730	1 905	2 015	2 136	2 254
Sales of goods and services produced by department	–	138	64	37	80	85	90	95
Sales by market establishments	–	–	34	16	45	48	51	54
<i>of which:</i>								
<i>Rent collected from the letting of open and covered parking</i>	–	–	34	16	45	48	51	54
Other sales	–	138	30	21	35	37	39	41
<i>of which:</i>								
<i>Commission received on deduction of insurance and other premiums from employees' salaries</i>	–	138	30	21	35	37	39	41
Sales of scrap, waste, arms and other used current goods	–	3	–	–	–	–	–	–
<i>of which:</i>								
<i>Sale of waste paper</i>	–	3	–	–	–	–	–	–
Fines, penalties and forfeits	–	24	–	–	–	–	–	–
Interest, dividends and rent on land	–	31	29	18	25	26	28	30
Interest	–	31	29	18	25	26	28	30
Transactions in financial assets and liabilities	–	523	1 428	1 675	1 800	1 904	2 018	2 129
Total	–	719	1 521	1 730	1 905	2 015	2 136	2 254

Departmental receipts increased from R719 000 in 2009/10 to R1.9 million in 2011/12, at an average annual rate of 62.8 per cent, mainly due to unspent expanded public works programme project funds from previous years that were paid back to the department. Other receipts are from commission received on the deduction of insurance and other premiums, and employee stop orders from salaries. Over the medium term, receipts are expected to increase to R2.3 million, at an average annual rate of 5.8 per cent.

Programme 1: Administration

Expenditure estimates

Table 35.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	28.1	27.5	24.3	32.5	33.0	37.4	39.6
Management	2.8	2.8	8.7	10.7	16.6	17.2	18.2
Corporate Affairs	51.2	49.1	86.3	120.8	121.5	127.1	134.5
Office Accommodation	3.9	0.8	36.4	22.0	24.0	25.0	26.4
Total	86.0	80.2	155.8	185.9	195.0	206.7	218.8
Change to 2011 Budget estimate				17.2	(13.7)	(13.3)	(14.4)

Economic classification

Current payments	85.6	79.8	140.2	160.6	190.9	202.3	214.1
Compensation of employees	51.6	53.9	58.9	84.7	97.4	101.3	107.2
Goods and services	34.0	25.9	81.4	75.6	93.4	100.8	106.7
<i>of which:</i>							
<i>Administrative fees</i>	0.0	0.0	0.1	0.4	25.1	26.3	27.8
<i>Computer services</i>	1.9	0.3	8.8	3.6	18.4	19.7	20.8
<i>Consultants and professional services:</i>	3.6	0.5	2.8	4.4	3.7	4.1	4.3
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	15.4	13.0	15.1	20.7	12.7	14.4	15.2
Interest and rent on land	–	–	–	0.2	0.1	0.2	0.2

Table 35.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	-	-	0.5	-	-	-	-
Households	-	-	0.5	-	-	-	-
Payments for capital assets	0.4	0.4	15.0	25.3	4.1	4.4	4.6
Machinery and equipment	0.3	0.4	15.0	25.3	4.0	4.3	4.6
Software and other intangible assets	0.1	0.0	-	0.0	0.1	0.1	0.1
Total	86.0	80.2	155.8	185.9	195.0	206.7	218.8

Expenditure trends

Expenditure increased from R86 million in 2008/09 to R185.9 million in 2011/12, at an average annual rate of 29.3 per cent. The increase is mainly due to an increase in funding for the new office building, which the department took occupation of in 2010, improved conditions of service and other costs such as internal and external audit fees. The department also purchased furniture, and IT and security equipment for the building.

Over the medium term, expenditure is expected to increase from R185.9 million to R218.8 million, at an average annual rate of 5.6 per cent, as a result of an increase in funding for the newly created post of IT chief director and the consumer protection directorate, which is included under legal services.

R12 million between 2012/13 and 2014/15 has been allocated for consultants to provide support to the department's internal audit unit.

Programme 2: Policy and Knowledge Services

Objectives and measures

- Monitor and evaluate performance of the tourism industry, tourism strategies and policies to inform decision making by:
 - publishing 3 state of tourism reports, 3 annual national tourism sector strategy implementation reports, and 5 impact evaluation reports for the Department of Tourism initiatives by 2014/15
 - developing 3 tourism forecasting models and oversight reports on departmental entities and their partners by 2014/15
 - providing progress reports on tourism indicators for government outcomes over the medium term.
- Create an enabling policy environment and improve intergovernmental coordination by:
 - supporting provincial and local government on policy direction and programmes focusing on the review and development of 4 tourism related policies, strategies and frameworks by 2014/15
 - developing and implementing a framework for the alignment and integration of the national tourism sector strategy at provincial and local government level by 2014/15
 - implementing a tourism capacity building programme targeting municipalities by 2014/15
 - facilitating 6 initiatives aimed at the reduction of barriers to tourism growth by 2014/15
 - implementing 4 initiatives and platforms aimed at improving stakeholder engagement within the tourism industry by 2014/15.
- Provide knowledge management for the tourism sector by:
 - providing adequate tourism sector knowledge and information services focusing on the development and maintenance of 6 information and knowledge systems and services by 2014/15
 - implementing the national visitors information framework ensuring that 8 national tourism information gateways are operational by 2014/15
 - implementing a standardised knowledge management framework for the tourism sector by 2014/15

- developing and maintaining a standardised research framework for the tourism sector; continuing with conducting 13 tourism research studies, initiating 2 new research studies, and conducting 9 studies on tourism indicators identified in the national tourism sector strategy by 2014/15.
- Increase compliance with the Tourism BEE Charter and Scorecard by:
 - aligning the Preferential Procurement Policy Framework Act (2000) with tourism’s broad based black economic empowerment (BEE) measures and ensuring compliance by tourism accredited agencies by 2014/15
 - developing and implementing a system for monitoring compliance with BEE ratings by tourism enterprises by 2014/15
 - producing 3 integrated reports on public sector spend on empowered tourism goods and services, and 3 reports on the extent of empowerment from public private partnerships concession and assets disposal by state entities in tourism, and 2 reports on the state of tourism sector transformation, by 2014/15
 - promoting the use a self assessment tool among tourism enterprises by 2014/15.
- Promote responsible tourism best practice by:
 - providing a framework for implementing a responsible tourism response to climate change by 2014/15
 - developing and implementing the national minimum standards for responsible tourism, and encouraging the implementation of a toolkit for certification agencies and tourism businesses by 2014/15
 - developing and implementing a national responsible tourism strategy which will focus on a community participation programme covering capacity building and community beneficiation by 2014/15
 - conducting compliance assessment and the implementation of an incentive scheme to encourage compliance with tourism best practice by 2014/15.

Subprogrammes

- *Policy and Knowledge Services Management* provides a comprehensive administrative and operational support service for the *Policy and Knowledge Services* programme; and manages policy development and evaluation, research, information and knowledge management, and the promotion of sector transformation and responsible tourism. This subprogramme had a staff complement of 5 and a total budget of R3.8 million in 2011/12, of which 27 per cent was used for goods and services such as travel and subsistence.
- *Policy Development and Evaluation* manages the development of integrated policies, sector planning, intergovernmental coordination and stakeholder management, the monitoring and evaluation of tourism policies and strategies, tourism projects implemented by the department, the promotion of responsible tourism practices in the tourism industry, and sector transformation. This subprogramme had a staff complement of 23 and a total budget of R10.7 million in 2011/12.
- *Research and Knowledge Management* facilitates research, information and knowledge management in the tourism sector. This subprogramme had a staff complement of 12 and a total budget of R12.4 million in 2011/12, the bulk of which was used for collaborative research projects with universities, piloting information gateways and branding visitor information gateways.
- *South African Tourism* is responsible for marketing South Africa as a desirable tourist destination. Through the tourism growth strategy, it aims to make tourism the leading economic sector in South Africa, and so promote the sustainable economic and social empowerment of all South Africans. This subprogramme had a staff complement of 159 and a total budget of R668.6 million in 2011/12.

Expenditure estimates

Table 35.6 Policy and Knowledge Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Policy and Knowledge Services Management	–	–	1.8	3.8	3.4	3.6	3.8
Policy Development and Evaluation	13.6	10.4	5.1	10.7	18.1	17.6	18.7
Research and Knowledge Management	4.3	4.6	5.6	12.4	13.2	14.2	15.1
South African Tourism	582.1	699.5	631.7	668.6	753.3	826.0	870.5
Total	600.1	714.5	644.2	695.5	788.0	861.4	908.0
Change to 2011 Budget estimate				–	53.1	86.9	87.0

Economic classification

Current payments	17.9	15.0	12.4	26.5	34.1	34.9	37.0
Compensation of employees	7.4	9.2	6.8	14.6	22.0	22.8	24.2
Goods and services	10.5	5.7	5.6	11.9	12.1	12.1	12.8
<i>of which:</i>							
Administrative fees	0.0	0.0	0.0	0.1	0.2	0.2	0.2
Computer services	0.3	0.0	0.6	0.4	1.3	1.0	1.1
Consultants and professional services:	0.1	0.9	1.8	5.0	1.7	3.4	3.6
Business and advisory services							
Travel and subsistence	7.0	1.8	1.8	3.5	3.9	4.3	4.5
Transfers and subsidies	582.1	699.5	631.7	668.6	753.3	826.0	870.5
Departmental agencies and accounts	582.1	699.5	631.7	668.6	753.3	826.0	870.5
Payments for capital assets	–	–	0.2	0.4	0.6	0.5	0.6
Machinery and equipment	–	–	0.2	0.3	0.6	0.5	0.6
Total	600.1	714.5	644.2	695.5	788.0	861.4	908.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	582.1	699.5	631.7	668.6	753.3	826.0	870.5
South African Tourism	582.1	699.5	631.7	668.6	753.3	826.0	870.5

Expenditure trends

The bulk of this programme's expenditure is transferred to South African Tourism. Expenditure increased from R600.1 million in 2008/09 to R695.5 million in 2011/12, at an average annual rate of 5 per cent, due to an increase in transfers to South African Tourism in preparation for the 2010 FIFA World Cup and the opening of a new office in Angola. Over the medium term, expenditure is expected to increase to R908 million, at an average annual rate of 9.3 per cent, due to the expectation of an increased number of tourists from other African countries.

Additional allocations to South African Tourism are to grow the number of tourists visiting from other African states. It is expected that South African Tourism will increase the number of international tourist arrivals per year from 10.3 million in 2011/12 to 12.6 million in 2014/15.

R8.6 million between 2012/13 and 2014/15 is allocated for spending on consultants to support the development of the visitor information centre brand and national tourism information gateway space planning.

Programme 3: International Tourism

Objectives and measures

- Provide international tourism market analysis to inform strategic interventions in 2014/15 by:
 - developing country and region specific profiles on tourism related indicators and response plans
 - developing and updating 28 country tourism profiles and 14 regional tourism profiles
 - developing and implementing a market intervention toolkit
 - introducing 12 strategic interventions for selected tourism markets and activating 24 South African missions abroad for tourism mainstreaming.
- Use bilateral and multilateral engagements to advance tourism's national, regional, African and global agenda in 2014/15 by:
 - negotiating and facilitating effective international agreements
 - implementing existing international agreements
 - participating in 24 multilateral forums
 - supporting 12 strategic national priorities through international bilateral and or multilateral engagements.

Subprogrammes

- *International Tourism Management* provides a comprehensive administrative and operational support service for the programme's activities. It develops and supports the growth of South Africa's tourist attractions. This subprogramme had a staff complement of 5 and a total budget of R11.6 million in 2011/12, of which 79.3 per cent was used for goods and services, including computer services.
- *Tourism Development in the Americas and the Caribbean* develops and supports the growth of tourism from North America through the United Nations World Tourism Organisation, the World Travel Tourism Council, multilateral and regional organisations in Latin America and the Caribbean. This subprogramme had a staff complement of 14 and a total budget of R7.5million in 2011/12, of which 38.6 per cent was used for goods and services, including consultants.
- *Tourism Development in Europe* develops and supports the growth of tourism from Western Europe, the T20 group of tourism ministers, the World Travel Tourism, European multilateral and regional organisations, Eastern Europe and the Mediterranean. This subprogramme had a staff complement of 14 and a total budget of R6 million in 2011/12, of which 56.6 per cent was used for goods and services, including consultants.
- *Tourism Development in Africa and the Middle East* develops and supports the growth of tourism across Africa, the Middle East, Indian Ocean island states, and African multilateral and regional organisations. This subprogramme had a staff complement of 13 and a total budget of R4.3 million in 2011/12, of which 60.5 per cent was used for goods and services, including consultants.
- *Tourism Development in Asia and Australasia* develops and supports the growth of tourism from central, eastern, south western and southern Asia, and Asian multilateral and regional organisations, Australasia and the Pacific islands. This subprogramme had a staff complement of 13 and a total budget of R4.3 million in 2011/12, of which 60.4 per cent was used for goods and services, including consultants.

Expenditure estimates

Table 35.7 International Tourism

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
International Tourism Management	11.5	6.7	9.0	11.6	3.9	4.2	4.4
Americas and Caribbean	–	1.5	5.1	7.5	11.5	12.0	12.7
Europe	–	–	3.7	6.0	9.2	9.6	10.2
Africa and Middle East	–	2.5	5.2	4.3	12.8	13.3	14.1
Asia and Australasia	–	–	3.3	4.3	9.4	9.7	10.3
Total	11.5	10.7	26.4	33.7	46.8	48.8	51.7
Change to 2011 Budget estimate				4.4	11.3	12.2	12.9

Economic classification

Current payments	11.5	6.7	22.8	31.7	40.9	42.5	45.0
Compensation of employees	4.1	3.2	8.1	11.1	25.7	26.8	28.3
Goods and services	7.4	3.5	14.8	20.6	15.2	15.7	16.6
<i>of which:</i>							
Administrative fees	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Computer services	0.0	0.1	0.1	8.0	–	–	–
Consultants and professional services:	5.5	1.8	2.2	8.3	2.1	1.4	1.3
Business and advisory services							
Travel and subsistence	1.0	0.7	7.6	2.2	8.0	8.8	9.3
Transfers and subsidies	–	4.0	3.3	2.0	5.3	5.5	5.9
Foreign governments and international organisations	–	4.0	3.3	2.0	5.3	5.5	5.9
Payments for capital assets	–	–	0.3	–	0.7	0.8	0.8
Machinery and equipment	–	–	0.3	–	0.7	0.8	0.8
Total	11.5	10.7	26.4	33.7	46.8	48.8	51.7

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	–	4.0	3.3	2.0	5.3	5.5	5.9
Regional Tourism Organisation of South Africa	–	2.5	1.9	–	3.2	3.3	3.5
United Nations World Tourism Organisation	–	1.5	1.3	2.0	2.1	2.2	2.3

Expenditure trends

Expenditure increased from R11.5 million in 2008/09 to R33.7 million in 2011/12, at an average annual rate of 43.1 per cent. The increase is mainly due to the transfer of the international relations chief directorate from the *Administration* programme to this programme.

Over the medium term, expenditure is projected to increase to R51.7 million, at an average annual rate of 15.3 per cent, as a result of the newly created *International Tourism Management* subprogramme and the inclusion of membership fees for international organisations in the subprogramme. These fees were previously budgeted for in the *Administration* programme. As this is a new programme, it does not have historical performance information.

Expenditure on travel and subsistence is expected to increase from R2.2 million in 2011/12 to R9.3 million in 2014/15, at an average rate of 62.8 per cent. Officials are expected to travel extensively both locally and internationally as part of their marketing responsibilities. R5 million is allocated for spending on consultants between 2012/13 and 2014/15.

Programme 4: Domestic Tourism

Objectives and measures

- Facilitate the implementation of appropriate support packages for regions through the development of provincial and regional profiles to inform support packages, and coordinate the implementation with the appropriate authorities by developing and updating 9 provincial profiles and delivering 6 support packages informed by relevant strategies by 2014/15.
- Facilitate the implementation of national tourism imperatives by 2014/15 by:
 - implementing programmes that are responsive to national socioeconomic policies
 - supporting 505 tourism products through the expanded public works programme's social responsibility funding
 - implementing a tourism incentive programme
 - implementing the rural tourism strategy recommendations
 - supporting 12 national programmes focusing on skills development and quality assurance.
- Provide support to SMMEs for economic development and job creation over the MTEF period by:
 - providing funds for the Tourism Enterprise Partnership and monitoring its performance
 - supporting growth of 5 per cent in revenue or 5 per cent in jobs in 530 rural enterprises, 25 enterprises, 170 businesses with market access and 3 150 historically disadvantaged enterprises
 - providing training on tourism opportunities and competitiveness.
- Create employment opportunities by:
 - implementing labour intensive tourism projects targeting the unemployed, youth, women, and people with disabilities by 2014/15
 - creating 16 949 full time equivalent jobs through the implementation of the expanded public works programme social responsibility component by 2014/15.
- Facilitate the development and growth of provincial and regional profiles over the MTEF period by:
 - implementing 6 support packages informed by rural, heritage and human resource development strategies
 - coordinating with appropriate authorities in each region to implement support packages
 - updating 9 provincial profiles.

Subprogrammes

- *Domestic Tourism Management* provides a comprehensive administrative and operational support service for the programme's activities, develops potential in promoting and supporting the growth of domestic tourism in South Africa's southern and northern regions, and transfers funds to facilitate development support for SMMEs through strategic partners in tourism. It focuses on supporting rural and historically disadvantaged enterprises, growing tourism enterprises, creating revenue streams and jobs, and developing skills and capacity. This subprogramme had a staff complement of 6 and a total budget of R6.3 million in 2011/12, of which 43 per cent was transferred to strategic partners in tourism such as the Tourism Enterprise Partnership.
- *Domestic Tourism Management: Southern Region* develops potential in promoting and supporting the growth of South African domestic tourism in the country's southern region. This entails managing the development of domestic tourism in Western Cape and Northern Cape (leading in heritage development), managing the development of domestic tourism in Eastern Cape and Free State (leading in rural development), conducting research to develop and update provincial and regional tourism profiles, developing and implementing tourism support packages informed by relevant strategies with a specific focus on product support, implementing the rural tourism strategy, and supporting national tourism programmes in the region. This subprogramme had a staff complement of 8 and a total budget of R9.7 million in 2011/12, of which 24.7 per cent was used for goods and services, including travel and subsistence.

- *Domestic Tourism Management: Northern Region* develops potential in promoting and supporting the growth of South African domestic tourism in Gauteng, North West and Limpopo (leading in niche tourism development), and Kwazulu-Natal and Mpumalanga (leading in social tourism development). This entails conducting research to develop and update provincial and regional tourism profiles, developing and facilitating the implementation of tourism support packages informed by relevant strategies with a specific focus on product support, implementing the rural tourism strategy, and supporting national tourism programmes in the region. This subprogramme had a staff complement of 9 and a total budget of R11.1 million in 2011/12, of which 26.1 per cent was used for travel and subsistence.
- *Social Responsibility Implementation* facilitates the 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. This subprogramme had a staff complement of 47 and a total budget of R302.7 million in 2011/12, of which 4.3 per cent was used for implementing tourism projects and training project beneficiaries.
- *Strategic Partners in Tourism* addresses transfers and subsidies for small business. The subprogramme had a total budget of R20 million in 2011/12 and split its transfers between the Ezemvelo Wildlife programme and the Tourism Enterprise Partnership. Strategic partners function as specialist agencies for the department.

Expenditure estimates

Table 35.8 Domestic Tourism

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Domestic Tourism Management	3.0	7.0	9.9	6.3	11.0	11.5	12.7
Domestic Tourism Management: Southern Region	12.2	15.1	5.9	9.7	11.9	12.3	13.1
Domestic Tourism Management: Northern Region	–	–	11.2	11.1	12.2	12.7	13.4
Social Responsibility Implementation	420.1	266.0	270.2	302.7	277.4	312.0	330.7
Strategic Partners in Tourism	69.4	52.1	20.0	20.0	25.0	30.0	31.8
Total	504.7	340.2	317.1	349.8	337.5	378.5	401.7
Change to 2011 Budget estimate				0.5	42.7	64.3	68.6
Economic classification							
Current payments	66.9	36.2	38.4	53.7	65.2	63.3	68.4
Compensation of employees	43.3	23.3	26.6	34.1	35.5	37.5	39.7
Goods and services	23.6	12.9	11.8	19.5	29.7	25.8	28.7
<i>of which:</i>							
Administrative fees	0.0	0.4	0.0	0.0	0.1	0.0	0.1
Computer services	0.5	0.7	0.0	0.0	0.0	0.0	0.0
Consultants and professional services: Business and advisory services	1.6	0.5	1.5	3.4	2.3	0.5	1.0
Travel and subsistence	11.3	4.9	5.5	8.0	13.9	12.3	13.3
Transfers and subsidies	437.8	304.0	277.4	294.9	270.5	313.6	331.5
Non-profit institutions	72.4	59.1	27.7	22.7	27.7	32.9	34.8
Households	365.4	244.9	249.7	272.2	242.8	280.7	296.7
Payments for capital assets	–	–	1.3	1.3	1.8	1.6	1.7
Machinery and equipment	–	–	1.3	1.3	1.7	1.6	1.7
Software and other intangible assets	–	–	–	–	0.1	0.1	0.1
Total	504.7	340.2	317.1	349.8	337.5	378.5	401.7

Table 35.8 Domestic Tourism (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Non-profit institutions							
Current	72.4	59.1	27.7	22.7	27.7	32.9	34.8
Strategic partners in tourism	69.4	52.1	20.0	20.0	25.0	30.0	31.8
National tourism business initiative	2.0	2.0	2.2	1.2	1.2	1.3	1.3
Tourism Hospitality and Sports Education and Training Authority	–	4.0	–	–	–	–	–
Tourism Business Council	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Federated Hospitality Association of South Africa	0.5	0.5	5.0	0.5	0.5	0.6	0.6
Ezemvelo KwaZulu-Natal Wildlife	–	–	–	0.5	0.5	0.5	0.6
Households							
Other transfers to households							
Current	365.4	244.9	249.7	272.2	242.8	280.7	296.7
Expanded public works programme	365.4	244.9	238.3	253.0	202.7	219.1	231.4
Expanded public works programme incentive	–	–	11.4	19.2	40.1	61.6	65.3

Expenditure trends

Expenditure decreased from R504.7 million in 2008/09 to R349.8 million in 2011/12, at an average annual rate of 11.5 per cent, due to a decrease in funding for the expanded public works programme as the department did not meet the job creation target.

This is a new programme and therefore does not have historical performance information to compare with. Over the MTEF period, the budget will focus on creating full time equivalent jobs through the social responsibility implementation. In 2010/11, the *Social Responsibility Implementation* programme created 8 090 full time equivalent jobs and implemented 25 390 accredited training person days.

Over the medium term, expenditure is expected to increase to R401.7 million, at an average annual rate of 4.7 per cent, mainly due to increased funding for the implementation of the expanded public works programme.

R3.9 million is allocated between 2012/13 and 2014/15 for spending on consultants to provide support for business and advisory services.

Public entities and other agencies

South African Tourism

Overview: 2008/09 – 2014/15

The core business of South African Tourism, established in terms of the Tourism Act (1993), is to position and market South Africa as a tourism destination of choice. The entity's key activities include promoting tourism by encouraging potential visitors to travel to and within South Africa and ensuring the highest attainable quality standards of tourism services and facilities.

The entity's key objectives include increasing: the annual volume of international tourists visiting the country, the average spend per tourist, international brand awareness of South Africa as a travel destination, and the number of graded accommodation establishments. Funding is primarily used for running marketing offices in targeted countries and promoting local tourism, which helps reduce seasonality in the industry, and facilitating the grading of products and services. The entity engages with various marketing initiatives such as media hosting, participating in various exhibitions both domestic and international to promote tourism to South Africa.

These exhibitions include the annual Indaba South Africa and Meetings Africa marketing platforms, which increase trading activity.

Performance

Foreign tourist arrivals grew from 5 944 568 between January and February 2010 to 6 100 270 between the same period in 2011. This represents an increase of 2.6 per cent. Opportunities for further growth in the tourism sector are substantial, especially in light of the 2010 FIFA World Cup, which improved South Africa's global image. The average spend per international tourist is expected to increase from R8 900 in 2010/11 to R13 820 in 2014/15.

Selected performance indicators

Table 35.9 South African Tourism

Indicators	Programme/ activity/ objective	Past			Current	Projections		
		2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of global brand awareness	Head office marketing	76% (14 489 400)	79% (15 061 350)	79% (15 061 350)	77% (22 534 050)	79% (22 534 050)	79% (22 534 050)	80% (22 534 050)
Number of accommodation establishments graded per year	Tourism Grading Council of South Africa	6 940	8 196	5 932	8 288	6 172	6 789	7 468
Number of international tourist arrivals per year	International portfolios	9 591 828	9 933 966	11 395 700	10 295 520	11 922 201	12 243 315	12 683 472
- land arrivals		7 087 452	7 490 425	8 498 735	7 912 667	8 959 083	9 312 060	9 580 733
- air arrivals		2 504 376	2 443 541	2 896 965	2 382 853	2 963 117	3 031 255	3 102 699
Average spend per international tourist in the country per year	International portfolios	R8 100	R8 400	R8 900	R9 222	R12 536	R13 162	R13 820

Programmes/ activities/ objectives

Table 35.10 South African Tourism

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
International portfolios	382.5	432.1	429.9	342.0	360.6	391.3	408.0
Head office marketing	215.8	293.7	299.3	396.2	421.0	445.5	472.7
Head office support	70.8	61.2	53.9	44.2	48.5	64.6	63.6
Head office finance	31.5	31.1	35.4	37.5	39.8	42.2	44.7
Tourism Grading Council of South Africa	33.4	35.4	37.5	39.8	42.2	44.7	47.4
Total expense	734.0	853.5	856.1	859.7	912.1	988.3	1 036.4

South African Tourism had a total budget of R859.7 million in 2011/12, of which 84.8 per cent was used for goods and services.

Savings and cost effectiveness measures

The entity plans to implement cost savings measures and reduce its overheads over the MTEF period. The entity plans to reassess the size of its board of directors, a contributing factor to high costs, to ensure the efficient use of limited resources. Flowing from the annual performance planning sessions where overheads are scrutinised and minimised, the use of external consultants has been curtailed and stringent measures applied to avoid unnecessary consumables so that the bulk of the entity's funding can be used for international marketing activities.

The entity operates in a multi-currency environment, where significant foreign exchange movements can have a substantial impact on the consolidated budget. The organisation plans to increase overseas offices from 11 to 12

by closing the Japan office and opening two new offices, one in Nigeria and another in Brazil. Foreign exchange rates and overhead structures will continue to be monitored closely so that maximum cost efficiencies can be maintained. South Africa Tourism transfers funds to its international offices timeously to minimise foreign exchange movement risk.

Expenditure estimates

Table 35.11 South African Tourism

Statement of financial performance				Revised	Medium-term estimate		
R million	Audited outcome			estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	99.2	91.9	97.7	72.3	80.8	82.3	83.9
Sale of goods and services other than capital assets	73.1	–	–	–	–	–	–
<i>of which:</i>							
Other sales	73.1	–	–	–	–	–	–
Other non-tax revenue	26.0	91.9	97.7	72.3	80.8	82.3	83.9
Transfers received	641.8	775.0	736.7	748.3	831.3	906.0	952.5
Total revenue	740.9	866.9	834.4	820.5	912.1	988.3	1 036.4
Expenses							
Current expenses	734.0	853.5	856.1	859.7	912.1	988.3	1 036.4
Compensation of employees	110.9	111.5	103.6	114.5	120.7	127.4	134.6
Goods and services	604.7	723.0	737.3	728.7	774.0	842.5	882.5
Depreciation	8.6	14.8	14.3	16.5	17.4	18.4	19.4
Interest, dividends and rent on land	9.7	4.2	0.8	–	–	–	–
Total expenses	734.0	853.5	856.1	859.7	912.1	988.3	1 036.4
Surplus / (Deficit)	6.9	13.4	(21.7)	(39.0)	–	–	–
Statement of financial position							
Carrying value of assets	86.9	74.3	68.2	57.9	47.0	37.1	26.7
<i>of which:</i>							
Acquisition of assets	34.2	10.9	9.1	6.2	6.5	8.5	9.0
Receivables and prepayments	36.8	75.8	30.2	30.9	32.5	34.3	36.2
Cash and cash equivalents	162.6	224.7	270.0	210.1	250.3	276.8	304.1
Total assets	286.3	374.7	368.4	298.9	329.8	348.2	367.0
Accumulated surplus / (deficit)	54.6	68.2	46.7	3.9	3.9	3.9	3.9
Capital and reserves	14.5	17.5	17.3	18.6	19.6	19.6	19.6
Finance lease	25.0	2.9	2.6	2.8	3.0	3.1	3.3
Deferred income	–	56.6	50.2	50.2	50.2	50.2	50.2
Trade and other payables	180.5	209.8	230.4	210.1	231.4	254.0	277.8
Provisions	11.7	19.8	21.1	13.2	21.6	17.3	12.2
Total equity and liabilities	286.3	374.7	368.4	298.9	329.8	348.2	367.0

Expenditure trends

South Africa Tourism derives 89 per cent of its revenue over the MTEF period from transfers from the department. It also receives transfers from the Tourism Business Council of South Africa in the form of tourism levies collected by Tourism Marketing South Africa. Transfers received increased from R642 million in 2008/09 to R748.3 million in 2011/12, at an average annual rate of 5.3 per cent. The increase was to fund the preparations for the 2010 FIFA World Cup and the opening of offices in China and Angola. Over the medium term, transfers received are expected to increase to R952.5 million, at an average annual rate of 8.4 per cent, due to an additional allocation of R218 million for the entity's programme to grow the number of tourists visiting from other African states, which will be where spending is focused over the medium term.

The entity uses the bulk of its revenue in international marketing, which promotes tourism to South Africa and creates awareness for Brand South Africa.

Between 2008/09 and 2011/12, expenditure grew from R734 million in 2008/09 to R859.7 million in 2011/12, at an average annual rate of 5.4 per cent, due to the preparations for hosting the 2010 FIFA World Cup in 2009/10 and the opening of a new office in Angola in 2011/12. Over the medium term, expenditure is expected to increase to R1 billion, at an average annual rate of 6.4 per cent. The allocation over the medium term will help to increase global awareness of South Africa as a leisure destination, increasing from 17 million in 2011/12 to 18 million in 2014/15. The entity has allocated R27.8 million over the medium term for spending on consultants.

Personnel information

Table 35.12 South African Tourism

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	24	24	–	12	12	12	24	24	24	24
Executive management	5	5	–	4	5	5	5	5	5	5
Senior management	16	16	–	–	–	–	14	14	14	14
Middle management	61	61	2	14	14	14	61	61	61	61
Professionals	–	–	–	140	135	104	55	55	55	55
Skilled	53	53	–	–	–	–	–	–	–	–
Total	159	159	2	170	166	135	159	159	159	159
Compensation (R thousand)				110 912	111 459	103 628	114 480	120 662	127 419	134 554
Unit cost (R thousand)				652	671	768	720	759	801	846

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 159 posts, all of which are funded. The number of filled posts decreased from 170 in 2008/09 to 159 in 2011/12. The decrease is due to interns who were incorrectly included in the previous years' figures. Over the MTEF period, filled posts are expected to remain constant at 159, due to the establishment of the conventions bureau department. There were 2 vacant positions, both in middle management. The ratio of support staff to line staff is 1:0.6.

Vote 36

Trade and Industry

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	608.7	597.4	1.9	9.4	690.5	722.2
International Trade and Economic Development	133.5	97.8	35.4	0.3	137.8	149.9
Broadening Participation	879.9	89.9	789.4	0.6	928.4	985.6
Industrial Development: Policy Development	1 482.9	105.9	1 376.2	0.7	1 535.9	1 673.2
Consumer and Corporate Regulation	244.7	70.7	173.4	0.7	259.6	248.5
Industrial Development: Incentive Administration	5 437.6	158.2	5 278.3	1.1	6 472.1	6 960.5
Trade and Investment South Africa	304.8	183.5	120.0	1.4	328.2	378.3
Total expenditure estimates	9 092.1	1 303.4	7 774.6	14.1	10 352.3	11 118.1

Executive authority Minister of Trade and Industry

Accounting officer Director General of Trade and Industry

Website address www.thedti.gov.za

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

Aim

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 to the department and its entities, to ensure the successful implementation of the department's mandate through sustainable and integrated resource solutions and services that are customer driven.

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 regional and continental integration and development cooperation in line with the New Partnership for Africa's Development.

Programme 3: Broadening Participation

Purpose: Lead the development of policies and strategies that create an enabling environment for small, medium and micro enterprises, and enhance the competitiveness of local and provincial economies, to achieve inclusive shared equity, growth and job creation.

Programme 4: Industrial Development: Policy Development

Purpose: Design and implement policies, strategies and programmes to develop manufacturing and related sectors of the economy; in order to contribute to the creation of decent jobs, value addition and competitiveness in both domestic and export markets.

Programme 5: Consumer and Corporate Regulation

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.

Programme 6: Industrial Development: Incentive Administration

Purpose: Stimulate and facilitate the development of sustainable, competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priorities.

Programme 7: Trade and Investment South Africa

Purpose: Increase export capacity and support direct investment flows through strategies for targeted markets, and an effectively managed network of foreign trade offices.

Strategic overview: 2008/09 – 2014/15

The scope of the Department of Trade and Industry's mandate is governed by a broad legislative framework that includes: the Broad-Based Black Economic Empowerment Act, (2003); the Companies Act, (2008), the Consumer Protection Act, (2008), the National Small Enterprise Act, (1996), and the Small Business Development Act, (1981).

The department strives to contribute to a dynamic and globally competitive industrial economy, that is characterised by inclusive growth and development, together with decent employment and equity, built on the full potential of all citizens. The department contributes to realising this vision by promoting structural transformation, through the provision of a predictable, competitive, equitable and socially responsible environment, which is conducive to investment, trade and enterprise development. The department will also broaden participation in the economy to strengthen economic development, and continually improve its internal skills and capabilities to effectively deliver on its mandate, and respond to the needs of South Africa's economic citizens.

The department has 15 listed public entities that report to the minister.

The department's strategic objectives are to: facilitate the transformation of the economy to promote industrial development, investment, competitiveness and employment creation; build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy, and economic development objectives; facilitate broad based economic participation through targeted interventions to achieve more inclusive growth; create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner; and promote a professional, ethical, dynamic, competitive and customer focused working environment that ensures effective and efficient service delivery.

Strategic priorities over the medium term

The department will build on its industrial development efforts through the industrial policy action plan and the new growth path. The action plans take forward government interventions in support of industrial development and employment creation. In some cases, other actions and programmes have been transferred to departments best suited to undertake these responsibilities. These include functions that will fall under the departments of tourism, science and technology, and agriculture, forestry and fishing. Plans for skills development, innovation and technology, have been added. Sector specific programmes on boatbuilding, oil and gas, and green industries, have been introduced.

As part of an economic competitiveness and support package that was announced in the Medium-term Budget Policy Statement, R8 billion over the medium term has been allocated to the Department of Trade and Industry to stimulate the economy in two main areas:

The manufacturing competitiveness enhancement programme

The department's proposed manufacturing competitiveness enhancement programme receives R5.8 billion that is earmarked for manufacturers that are in distress from the effects of the financial crisis.

Due to thinner export markets and other adverse conditions arising from the financial crisis, this may take the form of: production support mechanisms, loans, equity injection, working capital support, restructuring assistance, support for the acquisition of fixed assets, and investment initiatives to enable the firms to address improved sales, job preservation and expansion, income support to employees, layoffs support, and similar measures.

The manufacturing competitiveness enhancement programme aims to provide a credible support package to stabilise and grow output, employment and confidence in the manufacturing sector in the face of uncertain local and export market conditions arising from the global economic crisis. The programme seeks to encourage firms to innovate and invest in activities that will enhance their productivity and bolster their competitiveness. It will target firms in downstream manufacturing sectors that are characterised by high employment intensity and exposure to intense international competition.

Industrial development zones and proposed special economic zones

Over the medium term, R2.3 billion has been allocated to the industrial development zones and proposed special economic zones. The department has undertaken a comprehensive review of the zones with a view to improving the infrastructure in the zones, attracting foreign and domestic investors, developing structured financing products and incentive measures to achieve the outcomes of the industrial policy action plan and the new growth path. The draft strategy and draft bill have been published for public comment, for which the deadline is late March 2012.

The South African renewables initiative shall examine low interest loans and guarantee instruments. Funding shall be sourced from international and domestic sources. The initiative aims to assist in meeting the emissions reductions targets of 34 per cent below business as usual by 2020, and to 42 per cent by 2025. It further aims to establish the financing arrangements, optimise job creation and expand South Africa's manufacturing base.

Broadening participation in the economy

In broadening participation in the economy, the focus will be on the amendment of the Cooperative Act (2005) to enable the establishment of the Cooperatives Agency, an institution that will provide adequate financial and non-financial support to cooperatives, to ensure that they are sustainable and self-sufficient. Cabinet has approved the Cooperatives Amendment Bill and strategy for public comment.

Refining the legislative and regulatory environment

The Consumer Protection Act (2008) came into effect in April 2011. The act aims to improve consumer confidence levels in the South African market by providing consumers with protection on issues such as agreements, product quality, rights to refund and repairs. This will complement the National Credit Act (2005), which has made good progress in curbing reckless lending and spending. The National Consumer Commission has been established to protect consumers.

The Companies Act (2008), which came into effect on 1 May 2011, simplifies business registration processes, reduces red tape and enhances the transparency of companies. It establishes the following institutions: the Companies and Intellectual Property Commission, to enforce company and intellectual property legislation; the Companies Tribunal, providing for dispute resolution and reviews of administrative decisions made by the Companies and Intellectual Property Commission; the Take-Over Regulation Panel, prescribing regulations on company takeovers; and the Financial Reporting Standards Council, which advises the minister on regulations on financial reporting standards, and companies' financial records and statements.

Selected performance indicators

Table 36.1 Trade and Industry

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of projects implemented under the national industrial participation programme since its inception ¹	Industrial Development: Policy Development	225	250	275	290	0	0	0
Total value of investment and export credits under the national industrial participation programme since its inception ¹	Industrial Development: Policy Development	US\$13bn	US\$14bn	US\$15.4bn	US\$16bn	0	0	0
Total number of direct jobs created under the national industrial participation programme since its inception ¹	Industrial Development: Policy Development	17 500	18 500	19 000	20 000	0	0	0
Number of projects supported under the support programme for industrial innovation per year	Broadening Participation	85	100	110	20	20	20	25
Value of support for industrial innovation projects per year	Broadening Participation	R120m	R160m	R110m	R20m	R20m	R20m	R22m
Number of technology incubators supported per year	Broadening Participation	29	29	34	39	44	49	49
Number of technology transfer interventions supported per year	Broadening Participation	30	40	40	40	40	40	40
Number of students supported by the technology and human resources for industry programme per year	Broadening Participation	2 500	2 500	2 000	2100	2200	2200	2200
Number of researchers supported by technology and human resources for industry programme per year	Broadening Participation	730	750	798	700	700	700	700
Number of companies financially assisted per year through:	Industrial Development: Incentive Administration							
- export market and investment assistance		1 203	1 500	1 753	664	870	909	1 120
- black business supplier development programme		1 320	1 600	1 104	1 086	1 600	1 760	1 930
- enterprise development programme		3 200	1 800	600	300	200	120	100
- enterprise investment programme		50	300	759	530	750	296	315
- cooperatives		150	220	232	115	135	145	145
Number of film and television productions assisted per year	Industrial Development: Incentive Administration	60	80	49	40	63	70	73
Number of bilateral and regional trade and investment agreements signed per year	International Trade and Economic Development	12	12	-	12	-	-	-
Number of successful technical and business missions to foreign countries and companies undertaken per year	International Trade and Economic Development	15	15	23	15	15	15	15
Number of government-to-government platforms per year	International Trade and Economic Development	18	18	18	18	18	18	-

Table 36.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of target internal and external events and exhibitions per year	Administration	50	100	68	150	60	60	60
Key performance indicators for Coega industrial development zone: - total value of investment per year - number of jobs facilitated per year - number of further investors expected per year	Industrial Development: Incentive Administration	R22.07bn 4 906 2	R800m 2 775 4	R402m 193 6	R3bn 1 200 6	R800m 800 5	R1bn 1 000 6	R1.5bn 1 200 7
Key performance indicators for East London industrial development zone: - number of foreign investors per year - value of investments per year - number of jobs facilitated per year	Industrial Development: Incentive Administration	7 R347m 525	4 R96m 192	7 R531m 521	2 R350m 700	3 R500m 100	3 R750m 400	3 R750m 400
Key performance indicators for Richards Bay industrial development zone: - number of foreign investors per year - value of investments per year - number of jobs facilitated per year	Industrial Development: Incentive Administration	– – 140	4 R1.9bn 375	1 R250m 150	2 R300m 100	1 R200m 200	1 R200m 200	2 R400m 300
Key performance indicators for the critical infrastructure programme: - number of new projects per year - value of investments per year - number of jobs facilitated per year	Industrial Development: Incentive Administration	5 R12bn 3 910	12 R6bn 2 510	12 R34.7bn 9 271	6 R4bn 3 520	12 R6bn 3 600	13 R6.5bn 4 000	13 R6.5bn 4 000
Number of direct jobs facilitated per year - enterprise investment programme - business process services and off-shoring	Industrial Development: Incentive Administration	– 5 950	1 025 2 340	15 018 806	6 875 800	11 582 6 000	9 417 7 000	9 867 10 000
Number of quarterly reports on industrial policy action plan tabled at Cabinet	Industrial Development: Policy Development	–	–	4	4	4	4	4
Number of templates submitted to National Treasury for designation of sectors or sub-sectors per year ²	Industrial Development: Policy Development	–	–	–	6	3	3	3
Number of students enrolled in the tool making apprenticeship programme per year ²	Industrial Development: Policy Development	–	–	–	150	420	490	150
Number of workers trained through the industrial skills upgrading programme per year ²	Industrial Development: Policy Development	–	–	–	150	200	300	350

1. Indicators have been revised as a result of the shift in focus of programmes

2. New indicators introduced

Expenditure estimates

Table 36.2 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	421.7	443.2	480.0	659.3	641.6	608.7	690.5	722.2
International Trade and Economic Development	108.6	123.0	106.9	144.8	144.8	133.5	137.8	149.9
Broadening Participation	1 065.1	1 160.6	798.1	865.7	885.7	879.9	928.4	985.6
Industrial Development: Policy Development	418.7	425.5	1 145.1	1 311.0	1 369.7	1 482.9	1 535.9	1 673.2
Consumer and Corporate Regulation	111.6	133.8	145.0	229.7	231.7	244.7	259.6	248.5
Industrial Development: Incentive Administration	2 400.7	3 338.2	2 793.0	3 320.9	3 250.9	5 437.6	6 472.1	6 960.5
Trade and Investment South Africa	310.2	299.0	328.6	345.1	352.1	304.8	328.2	378.3
Total	4 836.7	5 923.3	5 796.7	6 876.5	6 876.5	9 092.1	10 352.3	11 118.1
Change to 2011 Budget estimate				89.6	89.6	1 725.2	2 779.9	3 091.4

Economic classification

	907.2	935.1	990.0	1 299.2	1 292.5	1 303.4	1 433.1	1 512.9
Current payments								
Compensation of employees	383.1	437.7	514.9	621.3	621.3	714.0	798.6	825.3
Goods and services	524.1	497.4	474.8	677.8	671.1	589.4	634.5	687.5
<i>of which:</i>								
<i>Consultants and professional services:</i>								
<i>Business and advisory services</i>	55.6	39.8	39.9	93.5	93.5	87.7	87.2	99.7
<i>Lease payments</i>	157.7	179.4	191.4	207.0	193.0	171.9	189.8	202.1
<i>Travel and subsistence</i>	99.7	74.7	78.7	121.3	121.3	109.7	114.3	128.8
<i>Venues and facilities</i>	54.9	41.8	26.2	47.9	47.9	38.2	41.7	42.9
<i>Interest and rent on land</i>	–	–	0.3	–	–	–	–	–
Transfers and subsidies	3 903.5	4 961.9	4 789.2	5 533.4	5 551.1	7 774.6	8 909.0	9 594.7
Departmental agencies and accounts	1 117.2	1 200.9	839.0	1 004.1	1 026.1	1 060.2	1 190.5	1 281.2
Higher education institutions	10.5	15.5	14.8	3.5	3.5	10.0	12.8	15.8
Foreign governments and international organisations	34.2	31.4	36.6	40.4	40.4	37.0	39.0	41.2
Public corporations and private enterprises	2 730.4	3 704.0	3 859.3	4 470.2	4 458.9	6 648.2	7 646.2	8 198.1
Non-profit institutions	6.1	7.6	37.8	14.7	21.7	17.9	18.9	56.8
Households	5.2	2.6	1.7	0.4	0.4	1.3	1.5	1.6
Payments for capital assets	22.1	23.2	15.2	43.9	32.9	14.1	10.3	10.6
Machinery and equipment	14.8	20.4	12.9	25.3	14.3	11.4	10.1	10.4
Software and other intangible assets	7.2	2.7	2.3	18.6	18.6	2.7	0.2	0.2
Payments for financial assets	3.9	3.2	2.3	–	–	–	–	–
Total	4 836.7	5 923.3	5 796.7	6 876.5	6 876.5	9 092.1	10 352.3	11 118.1

Expenditure trends

The spending focus over the MTEF period will be on designing and implementing policies, strategies and programmes to promote industrial development and broadening participation. This will include providing incentives that will create an enabling environment to attract investment and stimulate the development of sustainable, competitive enterprises. This contributes directly to decent employment through inclusive economic growth (outcome 4).

Expenditure increased from R4.8 billion in 2008/09 to R6.9 billion in 2011/12, at an average annual rate of 12.4 per cent. Spending in the *Industrial Development: Policy Development* and *Industrial Development: Incentive Administration* programmes grew between 2008/09 and 2011/12, due to the introduction of incentive support programmes for the clothing and textile, and automotive sectors. The incentives increased expenditure in the *Industrial Development: Policy Development* programme from R418.7 million in 2008/09 to R1.3 billion

in 2011/12, at an average annual rate of 46.3 per cent, and in the *Industrial Development: Incentive Administration* programme from R2.4 billion in 2008/09 to R3.3 billion in 2011/12, at an average annual rate of 11.4 per cent.

Over the medium term, expenditure is expected to grow to R11.1 billion, at an average annual rate of 17.4 per cent, mainly as a result of additional allocations for the economic support and competitive package (R5.8 billion to the manufacturing competitiveness enhancement programme and R2.3 billion for the special economic zones) which are classified under transfer payments.

In addition, the 2012 Budget sets out additional allocations of:

- R42.9 million for improved conditions of service in the department (R12.9 million in 2012/13, R14.2 million in 2013/14, and R15.8 million in 2014/15)
- R14.2 million for the improved conditions of services in public entities (R4.5 million in 2012/13, R4.7 million in 2013/14, and R5 million in 2014/15)
- R150 million for the National Metrology Institute of South Africa for capital infrastructure (R50 million in 2013/14 and R100 million in 2014/15).

Spending on consultants and professional services is expected to increase from R102.2 million in 2011/12 to R107.9 million in 2014/15, at an average annual rate of 1.8 per cent. Consultants are appointed to provide legal services for contracts and industrial research, and incentive reviews.

Infrastructure spending

Spending relates primarily to the critical infrastructure programme and the industrial development zones. Contributions through the critical infrastructure programme have generated R56.9 billion of investments. Between 2002 and 2010, these contributions have supported more than 69 424 direct job opportunities in infrastructure construction and operations. The number of direct job opportunities supported is lower than the 74 000 initially reported in 2009, due to the economic recession and cancellation of some projects.

R4.8 billion has been allocated to the three industrial development zones between 2002 and 2010. R3.5 billion of this was allocated to the Coega industrial development zone; the East London industrial development zone received R1.2 billion; and the Richards Bay industrial development zone received R88.4 million. Since the inception of the industrial development zones programme in 2001, 38 investors have invested R12.8 billion and are on site in the three industrial development zones, and 41 451 jobs have been created. R1.1 billion in funding has been allocated to the three industrial development zones over the medium term: Coega will receive R726.1 million, East London R250 million and Richards Bay R72 million.

The department, together with National Treasury and the Development Bank of Southern Africa, is considering incentive measures and financial instruments for the zones.

Mega projects

The **Coega industrial development zone** was designated in 2001. The greenfield site near Port Elizabeth consists of 11 500ha of land and is adjacent to the Ngqura deep water port. Some of the key sectors at Coega include agro-processing, general manufacturing, business process services, energy, automotives and petrochemicals. Infrastructure programmes include road construction, earthworks, electricity, water, sewerage, factories and office buildings.

Coega was designed to attract private sector investment in export orientated industries. Its aims are to create jobs in the industrial development zone, to promote the growth of domestic industries outside Coega, and boost growth through increased exports, technology transfer and increased employment. 12 private investors have moved into the zone since inception. Another 13 private investors have committed about R9 billion, which could create approximately 3 000 jobs. Coega is in discussions with a further seven investors.

The Coega Development Corporation's expenditure increased from R718.4 million in 2008/09 to R859.9 million in 2009/10, and decreased to R714 million in 2010/11 and R383.7 million in 2011/12. The 2012 Budget allocates R726.1 million to the corporation. Coega's expenditure is expected to be R417.9 million in 2012/13 and R308.2 million in 2013/14.

The **East London industrial development zone** was designated in 2001. Its key focus sectors are: automotive, marine aquaculture, agro-processing (bio-fuels, food and timber processing), pharmaceutical industry, ICT and electronics, business process services, and the automotive supplier park. The automotive supplier park supports the main component suppliers for the Mercedes Benz C-class export programme.

Since 2002, 23 investors invested R1.1 billion and are operational on site. The investment has created 1 240 direct jobs and approximately 11 300 construction jobs. The Sunningdale Dairy and Matla Diamond Works were completed in 2009/10. The East London industrial development zone is set to attract another nine investors with an estimated investment value of R900 million, and with the potential to create 900 jobs over the medium term. The industrial development zone received R154 million in 2008/09, R373.4 million in 2009/10, and R198 million in 2010/11. Over the MTEF period, it is allocated R171.3 million, R150 million and R100 million.

Between 2002/03 and 2010/11, the **critical infrastructure development programme** received R1.7 billion, of which R1.1 billion was spent on leveraged investment projects with an estimated value of R88.4 billion. The projects have created over 69 000 jobs; of which 59.4 per cent were permanent jobs and 40.6 per cent construction jobs. Over this period, the programme managed to provide infrastructure support to 42 investment projects at various locations across the country. 23.8 per cent of these were in KwaZulu-Natal, 21.4 per cent in Gauteng and 14.3 per cent in North West. 45.2 per cent of the projects supported were in the mining sector, 14.3 per cent in manufacturing, and 8.3 per cent in tourism and chemicals.

The critical infrastructure development programme projects have committed to support upstream and downstream industries to produce value added products in line with national industrial policy. The budget allocation in 2011/12 was R118.5 million. Expenditure is set to increase to R182 million in 2012/13, R190 million in 2013/14 and R203 million in 2014/15.

Large project

The National Metrology Institute of South Africa establishes and manages an internationally accepted measurement system for South Africa. The institute is seeking a means to upgrade the national measurement standards by building a fit for purpose facility, and modernising the equipment that makes up the national measurement standards.

The institute's measurement infrastructure and equipment is fast becoming outdated. The institute is currently unable to provide an accurate measurement system in line with its legislated mandate and has begun discussions with National Treasury regarding a feasibility study for a new building. The pre-feasibility study has been completed. Funding of R25 million in 2011/12, R50 million in 2013/14 and R100 million in 2014/15 has been allocated for new equipment and to fund the feasibility study.

Small project

The **Richards Bay industrial development zone** is located in KwaZulu-Natal. The industrial development zone is in the process of developing infrastructure to attract investors. Its key strategic industrial clusters include aluminium clustering, and wood, chemicals, and mineral beneficiation. The industrial development zone has in 2009/10 and 2010/11 attracted investments worth R650 million from Tata Steel. Three investors have moved on site and another four worth R800 million are set to be secured. This has the potential to create 700 jobs over the medium term. The industrial development zone received R60.7 million in 2011/12, and has been allocated R42 million in 2012/13 and R30 million in 2013/14.

Personnel information

Table 36.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts On approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 298	1 298	104	1 006	1 140	1 150	1 264	1 441	1 441	1 441
Salary level 1 – 6	117	117	88	157	207	207	190	212	212	212
Salary level 7 – 10	592	592	13	448	495	504	562	635	635	635
Salary level 11 – 12	365	365	3	225	271	270	310	360	360	360
Salary level 13 – 16	224	224	–	176	167	169	202	234	234	234
Administration	394	394	48	372	400	410	480	526	526	526
Salary level 1 – 6	79	79	38	132	135	135	124	134	134	134
Salary level 7 – 10	157	157	7	135	144	153	193	215	215	215
Salary level 11 – 12	112	112	3	65	83	82	107	117	117	117
Salary level 13 – 16	46	46	–	39	38	40	56	60	60	60
International Trade and Economic Development	158	158	1	106	111	111	133	152	152	152
Salary level 1 – 6	2	2	1	1	3	3	1	1	1	1
Salary level 7 – 10	72	72	–	38	51	51	60	68	68	68
Salary level 11 – 12	48	48	–	36	28	28	40	48	48	48
Salary level 13 – 16	36	36	–	31	29	29	32	35	35	35
Broadening Participation	108	108	6	74	86	86	105	121	121	121
Salary level 1 – 6	1	1	6	2	4	4	4	9	9	9
Salary level 7 – 10	46	46	–	36	34	34	41	46	46	46
Salary level 11 – 12	29	29	–	13	22	22	29	33	33	33
Salary level 13 – 16	32	32	–	22	26	26	31	33	33	33
Industrial Development: Policy Development	148	148	14	106	107	107	124	158	158	158
Salary level 1 – 6	1	1	10	4	11	11	7	7	7	7
Salary level 7 – 10	56	56	4	48	39	39	46	61	61	61
Salary level 11 – 12	45	45	–	27	29	29	35	44	44	44
Salary level 13 – 16	46	46	–	28	28	28	36	46	46	46
Consumer and Corporate Regulation	116	116	4	90	96	96	55	64	64	64
Salary level 1 – 6	1	1	4	4	5	5	2	3	3	3
Salary level 7 – 10	56	56	–	40	47	47	26	29	29	29
Salary level 11 – 12	29	29	–	29	27	27	13	16	16	16
Salary level 13 – 16	30	30	–	17	17	17	14	16	16	16
Industrial Development: Incentive Administration	241	241	12	161	214	214	227	258	258	258
Salary level 1 – 6	16	16	12	6	22	22	23	25	25	25
Salary level 7 – 10	153	153	–	109	133	133	139	152	152	152
Salary level 11 – 12	51	51	–	24	41	41	45	52	52	52
Salary level 13 – 16	21	21	–	22	18	18	20	29	29	29
Trade and Investment South Africa	133	133	19	96	126	126	140	162	162	162
Salary level 1 – 6	17	17	17	8	27	27	29	33	33	33
Salary level 7 – 10	52	52	2	41	47	47	57	64	64	64
Salary level 11 – 12	51	51	–	31	41	41	41	50	50	50
Salary level 13 – 16	13	13	–	16	11	11	13	15	15	15

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

2. As at 30 September 2011.

Between 2009/10 and 2010/11, the approved establishment increased from 1 140 to 1 150 posts. Of these, 198 were vacant as at 31 March 2011. It is expected that filled posts will increase to 1 441 in 2012/13 and stay constant until 2014/15. The ratio of support staff to line staff is 2.1. The percentage of consultants used in relation to the total number of personnel is 9.1 per cent. Between 2008/09 and 2014/15, the number of posts increased by 435 posts, due to the implementation of the industrial policy action plan, the refocusing of gender issues and cooperatives; participation in the Brazil-Russia-India-China-South Africa group of countries partnership; refocusing marketing needs and strengthening governance of the department's public entities; investment and export promotion; capacity building in ICT, as well as the provision for the administration of new incentive schemes.

Departmental receipts

Table 36.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	64 931	52 570	35 630	116 921	43 021	47 321	48 804	51 380
Tax receipts	3 064	3 008	3 161	3 900	2 555	5 000	5 200	5 300
Sales of goods and services produced by department	-	-	213	275	260	320	335	357
Sales by market establishments	-	-	213	100	100	120	125	127
of which:								
Rental of parking	-	-	213	100	100	120	125	127
Other sales	-	-	-	175	160	200	210	230
of which:								
Commission on insurance and gamishee orders	-	-	-	175	160	200	210	230
Sales of scrap, waste, arms and other used current goods	-	-	-	-	1	1	1	1
of which:								
Waste paper: Recycling of paper - Mondi	-	-	-	-	1	1	1	1
Fines, penalties and forfeits	-	-	14	150	-	-	-	-
Interest, dividends and rent on land	1 912	1 950	513	20 596	200	25 000	25 032	26 000
Interest	1 912	1 950	513	20 596	200	25 000	25 032	26 000
Sales of capital assets	110	2	93	-	5	-	-	200
Transactions in financial assets and liabilities	59 845	47 610	31 636	92 000	40 000	17 000	18 236	19 522
Total	64 931	52 570	35 630	116 921	43 021	47 321	48 804	51 380

Revenue is mainly generated from financial transactions in assets and liabilities, including recovered debts, interest from debts and bank deposits, cash receipts for senior management parking, recycling of papers, and liquor licences. Receipts decreased from R64.9 million in 2008/09 to R43 million in 2011/12, at an average annual rate of 12.8 per cent, and are expected to increase to R51.4 million in 2014/15, at an average annual rate of 6.1 per cent. The adjustment to departmental receipts in 2011/12, down to R43 million, is mainly attributable to a lowering of the amount anticipated in respect of interest.

Programme 1: Administration

The former *Communication and Marketing* programme has been shifted to this programme under the two new subprogrammes, *Media Relations* and *Public Relations and Communications* to better align the department's activities and programmes.

Expenditure estimates

Table 36.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Ministry	29.9	27.6	30.0	40.4	37.4	39.4	41.8
Office of the Director General	33.8	39.9	49.6	81.3	87.0	83.3	94.9
Corporate Services	245.6	293.0	313.2	408.2	354.5	376.2	402.5
Office Accommodation	6.5	7.1	7.8	8.3	8.7	9.2	9.7
Financial Management	29.9	32.6	35.1	41.7	44.9	93.5	76.2
Media Relations and Public Relations	22.6	3.5	4.6	7.6	11.0	14.1	18.3
Communications	53.5	39.6	39.6	71.9	65.3	74.8	78.8
Total	421.7	443.2	480.0	659.3	608.7	690.5	722.2
Change to 2011 Budget estimate				115.6	25.2	42.9	35.8

Economic classification

Current payments	403.3	419.5	464.2	615.9	597.4	681.8	713.8
Compensation of employees	103.9	122.1	152.0	199.0	224.9	275.1	273.2
Goods and services	299.4	297.4	311.9	416.9	372.5	406.8	440.6
<i>of which:</i>							
<i>Consultants and professional services:</i>	20.6	12.9	14.6	38.2	36.5	30.6	37.1
<i>Business and advisory services</i>							
<i>Lease payments</i>	146.6	165.8	175.3	191.2	161.7	179.3	191.0
<i>Travel and subsistence</i>	22.7	13.9	17.2	24.3	26.5	28.4	34.3
<i>Venues and facilities</i>	15.7	5.5	6.6	10.7	9.4	12.8	13.4
Interest and rent on land	–	–	0.3	–	–	–	–
Transfers and subsidies	1.8	2.8	3.5	4.9	1.9	2.2	2.3
Public corporations and private enterprises	0.5	0.6	2.6	4.6	0.7	0.7	0.7
Households	1.3	2.2	0.9	0.2	1.3	1.5	1.6
Payments for capital assets	14.6	18.3	9.9	38.5	9.4	6.4	6.1
Machinery and equipment	11.2	16.6	7.7	19.9	6.7	6.2	5.9
Software and other intangible assets	3.4	1.7	2.3	18.6	2.7	0.2	0.2
Payments for financial assets	2.0	2.6	2.3	–	–	–	–
Total	421.7	443.2	480.0	659.3	608.7	690.5	722.2

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	0.5	0.6	2.6	4.6	0.7	0.7	0.7
Industrial Development Corporation: Fund for research into industrial development, growth and equity	0.5	0.6	2.6	4.6	0.7	0.7	0.7

Expenditure trends

Expenditure increased from R421.7 million in 2008/09 to R659.3 million in 2011/12, at an average annual rate of 16.1 per cent and is expected to increase to R722.2 million in 2014/15, at an average annual rate of 3.1 per cent. The increases in both periods are mainly due to organisational development, increasing staff capacity and the re-engineering of the department's processes.

The largest allocation goes to the *Corporate Services* subprogramme, which accounts for on average 60.3 per cent of the programme's total budget over the seven-year period. Expenditure in this subprogramme increased from R245.6 million in 2008/09 to R408.2 million in 2011/12, at an average rate of 18.5 per cent, and is expected to decrease to R402.5 million over the medium term, at an average annual rate of 0.5 per cent. The main cost drivers are compensation of employees and goods and services, such as advertising costs, consultants and professional services, and lease payments.

As the activities of the *Communication and Marketing* programme will be incorporated into this programme over the MTEF period, funding will be directed at increased coverage and promotion of the department's activities and services offered, and extensive coverage of international missions in both domestic and international media.

Programme 2: International Trade and Economic Development

Objectives and measures

- Promote African economic integration and development at the bilateral, regional and continental levels by consolidating the Southern African Customs Union and SADC free trade area and launching the SADC East Africa community common market by 2014.
- Build mutually beneficial economic relations with key economies in order to advance South Africa's trade, industrial policy and economic development objectives, through building mutually beneficial economic relations with key economies, by overcoming the tariff and non-tariff barriers that inhibit South African value added exports in key economies around the world by 2014.
- Build national consensus around trade and investment policy, strategy and negotiation by strengthening research and national consultation as a basis for agreed national policy positions by 2014.

Subprogrammes

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. Transfer payments are made to: the Organisation for the Prohibition of Chemical Weapons, as South Africa's contribution to the convention against the use of chemical weapons; ProTechnik Laboratories, as South Africa's contribution to international non-proliferation treaties and regimes; and the World Trade Organisation, as South Africa's membership fee. Total transfers in this subprogramme in 2010/11 amounted to R14 million for international membership fees, which is 9.7 per cent of the total programme budget. This subprogramme had a staff complement of 91 and a total budget of R75.1 million in 2011/12, of which 55.9 per cent was used for compensation of employees.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. Transfer payments are made to the Development Bank of Southern Africa for regional spatial development initiatives, aimed at accelerating sustainable socioeconomic development. This subprogramme had a staff complement of 62 and a total budget of R69.7 million in 2011/12, of which 32 per cent was used for compensation of employees. Total transfers in this subprogramme in 2010/11 amounted to R17.5 million, which is 12 per cent of the total programme budget.

Expenditure estimates

Table 36.6 International Trade and Economic Development

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
International Trade Development	68.8	80.2	63.6	75.1	82.4	84.3	91.9
African Economic Development	39.7	42.8	43.4	69.7	51.1	53.5	58.0
Total	108.6	123.0	106.9	144.8	133.5	137.8	149.9
Change to 2011 Budget estimate				15.1	0.9	(2.1)	1.5

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	80.2	88.8	75.8	111.9	97.8	101.0	109.5
Compensation of employees	40.3	47.2	53.5	64.6	74.5	76.4	81.0
Goods and services	39.9	41.6	22.3	47.2	23.3	24.6	28.5
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	0.6	1.3	0.9	1.4	1.0	1.1	1.2
<i>Lease payments</i>	–	0.1	0.1	0.0	–	–	–
<i>Travel and subsistence</i>	18.4	15.6	14.6	29.0	17.6	18.6	23.4
<i>Venues and facilities</i>	3.0	1.4	1.0	11.3	1.3	1.6	0.4

Table 36.6 International Trade and Economic Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	28.0	33.6	30.6	32.5	35.4	36.4	39.6
Foreign governments and international organisations	10.6	10.3	10.8	11.6	13.5	14.2	15.1
Public corporations and private enterprises	17.1	23.3	19.7	20.9	21.9	22.2	24.5
Households	0.2	–	0.1	–	–	–	–
Payments for capital assets	0.4	0.6	0.5	0.5	0.3	0.4	0.7
Machinery and equipment	0.4	0.6	0.5	0.5	0.3	0.4	0.7
Total	108.6	123.0	106.9	144.8	133.5	137.8	149.9
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	10.6	10.3	10.8	11.6	13.5	14.2	15.1
Organisation for the prohibition of chemical weapons	2.3	2.6	2.3	3.0	4.0	4.2	4.5
World Trade Organisation	8.3	7.7	8.5	8.6	9.5	10.0	10.6
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	16.8	18.0	18.7	19.9	20.9	21.1	23.4
Protechnik Laboratories	1.6	2.1	2.2	2.4	2.4	2.5	2.7
Development Bank of Southern Africa: Regional spatial development initiatives	15.2	15.9	16.5	17.5	18.5	18.6	20.7
Capital	0.3	5.3	1.0	1.0	1.0	1.1	1.1
Protechnik Laboratories	0.3	5.3	1.0	1.0	1.0	1.1	1.1

Expenditure trends

Expenditure increased from R108.6 million in 2008/09 to R144.8 million in 2011/12, at an average annual rate of 10.1 per cent, mainly as a result of increased spending on goods and services, due to international legal proceedings, and compensation of employees, due to expanded capacity. These two items combined increased current payments from R80.2 million in 2008/09 to R111.9 million in 2011/12, at an average annual rate of 11.7 per cent.

Over the medium term, expenditure is expected to increase to R149.9 million, at an average annual rate of 1.1 per cent. The 26.8 per cent decrease in expenditure in the *African Economic Development* subprogramme in 2012/13 is because there will be no Tripartite Summit of the Common Market for East and Southern Africa, the East African Community and the Southern Africa Development Community in that year, as it was held in 2011/12.

Allocations to this programme over the seven-year period are used to implement the trade policy and strategy framework, and the policy framework on bilateral investment treaties that were implemented in 2011. The allocations also allow the department to provide the economic content for state visits to foreign countries, to increase South Africa's value added exports, and encourage investments in South Africa. As chair of the Southern African Customs Union, South Africa, through the interventions of this programme, has assisted in forging a consensus on a focused work programme on industrialisation, infrastructure development, trade facilitation, revenue sharing and a unified engagement in trade negotiations for the region.

Programme 3: Broadening Participation

Objectives and measures

- Foster the growth of small medium and micro enterprises (SMMEs) and cooperatives by:
 - facilitating the provision of business development support to increase the current number of SMMEs (estimated at 5 million and increasing to 8 million) and contributions to GDP, from 2010/11 (estimated at 40 per cent to 45 per cent) by 2014
 - assisting in the establishment of 300 small scale cooperatives to contribute to cooperative growth, employment creation and poverty reduction over the next 3 years, resulting in 1 500 new jobs or memberships
 - facilitating access to procurement opportunities for SMMEs and cooperatives to increase the share of SMMEs and cooperatives in government's and state owned companies' procurement by 2014/15
 - integrating entrepreneurship into the curriculum and research activities of 4 universities and 2 further education and training colleges over the MTEF period
 - strengthening and up scaling the incubator programme to generate 600 new enterprises with 5 000 jobs by 2014
 - aligning broad based black economic empowerment with industrial policy, to facilitate increased participation by blacks and by women in priority sectors by 2013
 - supporting 60 innovative projects with at least 6 000 students participating in the development of new technologies over the MTEF period
 - supporting the development of at least 3 underdeveloped municipal district areas through targeted interventions by 2014
 - improving the competitiveness of at least 120 companies through the workplace challenge programme by 2013.

Subprogrammes

- *Enterprise Development* creates an enabling environment that is conducive to the development and growth SMMEs and cooperative enterprises, and provides a broad range of business development support services. Transfer payments are made to the Small Enterprise Development Agency, which provides non-financial business development and support services for small enterprises. This subprogramme had a staff complement of 31 and a total budget of R439.7 million in 2011/12, the bulk of which was spent on the transfer to the Small Enterprise Development Agency.
- *Equity and Empowerment* promotes BEE and women's empowerment. Transfer payments are made to: the South African Women Entrepreneurs' Network (R7.7 million in 2011/12), currently administered by Khula Enterprise Finance, which supports and grows women's entrepreneurship through networking facilities; and the Industrial Development Corporation's Isivande Women's Fund (R10.7 million in 2011/12), which provides financial support for women entrepreneurs to grow their businesses. This subprogramme had a staff complement of 26 and a total budget of R41.4 million, the bulk of which was spent on transfer payments to organisations.
- *Regional Economic Development* promotes spatially balanced economic development and productivity improvements by crafting policies, strategies and programmes that focus on underdeveloped regions. Transfer payments are made to: the National Research Foundation's technology and human resources for industry programme (R155 million in 2011/12), which supports research and technology development by strengthening the number and skills of appropriately trained people; Productivity South Africa's Workplace Challenge programme (R8 million in 2011/12), which finances and supports world class manufacturing and value chain efficiency improvements in South African companies; the Industrial Development Corporation's support programme for industrial innovation (R59.8 million in 2011/12), which enables private sector enterprises to develop new products and services; the Small Enterprise Development Agency technology programme (R120 million in 2011/12), which finances and supports early, seed and start up technology ventures aimed at increasing South Africa's competitiveness through technology incubation, technology transfer and quality services; and the Wits Business School's Centre for Entrepreneurship, which combines

technical graduate training and entrepreneurialism in the higher education curriculum, thus empowering emerging entrepreneurs and unemployed graduates. This subprogramme had a staff complement of 62 and a total budget of R384.6 million in 2011/12, the bulk of which was spent on transfer payments.

Expenditure estimates

Table 36.7 Broadening Participation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Enterprise Development	431.6	348.8	419.2	439.7	454.1	478.7	506.8
Equity and Empowerment	353.9	461.6	39.5	41.4	43.1	45.3	48.1
Regional Economic Development	279.7	350.2	339.4	384.6	382.7	404.4	430.7
Total	1 065.1	1 160.6	798.1	865.7	879.9	928.4	985.6
Change to 2011 Budget estimate				26.0	16.8	19.0	21.7

Economic classification

	43.9	63.4	62.0	85.2	89.9	94.7	100.4
Current payments							
Compensation of employees	29.2	35.7	41.0	52.7	53.4	56.3	59.7
Goods and services	14.7	27.7	21.1	32.5	36.5	38.4	40.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	3.8	10.6	6.5	12.1	14.8	17.2	18.2
<i>Business and advisory services</i>							
<i>Lease payments</i>	–	0.1	0.2	0.3	0.4	0.4	0.4
<i>Travel and subsistence</i>	5.5	8.0	7.0	9.4	12.8	12.0	12.7
<i>Venues and facilities</i>	2.1	2.3	2.0	3.3	3.0	3.0	3.2
Transfers and subsidies	1 021.2	1 096.8	735.5	779.6	789.4	833.1	884.6
Departmental agencies and accounts	973.9	1 012.5	640.1	696.3	705.9	744.1	788.2
Higher education institutions	2.0	11.5	–	0.0	10.0	12.8	15.7
Public corporations and private enterprises	39.1	65.1	85.0	75.5	65.6	67.9	71.8
Non-profit institutions	6.1	7.6	10.3	7.7	7.9	8.3	8.8
Households	–	0.1	0.1	0.2	–	–	–
Payments for capital assets	0.1	0.4	0.5	0.8	0.6	0.6	0.6
Machinery and equipment	0.1	0.4	0.5	0.8	0.6	0.6	0.6
Total	1 065.1	1 160.6	798.1	865.7	879.9	928.4	985.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	661.0	700.9	640.1	696.3	705.9	744.1	788.2
Small Enterprise Development Agency	413.6	331.2	401.6	413.3	427.7	450.6	477.1
National Empowerment Fund	–	116.0	–	–	–	–	–
Small Enterprise Development Agency Technology programme	76.7	78.3	76.0	120.0	113.0	119.2	126.4
National Research Foundation: Technology and human resources for industry programme.	162.0	163.8	151.0	155.0	157.0	165.6	175.6
National Productivity Institute: Workplace Challenge	8.7	11.5	11.5	8.0	8.2	8.7	9.2
Capital	312.9	311.6	–	–	–	–	–
National Empowerment Fund	312.9	311.6	–	–	–	–	–
Non-profit institutions							
Current	6.1	7.6	10.3	7.7	7.9	8.3	8.8
South African Women Entrepreneurs Network	6.1	7.6	10.3	7.7	7.9	8.3	8.8

Table 36.7 Broadening Participation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Households							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	19.0	9.9	10.5	10.7	10.9	11.5	12.2
Industrial Development Corporation: Isivande Women's Fund	19.0	9.9	10.5	10.7	10.9	11.5	12.2
Capital	6.0	53.1	74.5	64.8	52.7	54.9	58.2
Industrial Development Corporation: Support programme for industrial innovation	–	47.7	74.5	59.8	52.7	54.9	58.2
Industrial Development Corporation: Technology venture capital	6.0	5.5	–	5.0	0.0	0.0	0.0
Higher education institutions							
Current	2.0	11.5	–	0.0	10.0	12.8	15.7
University of Johannesburg: Capacity building programme for economic development	–	5.0	–	–	10.0	12.8	15.7
Wits Business School: Centre for entrepreneurship	2.0	6.5	–	0.0	0.0	0.0	0.0
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	14.1	2.0	–	0.0	2.0	1.5	1.5
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	3.0	2.0	–	0.0	2.0	1.5	1.5
South African Bureau of Standards: Trade Metrology	11.1	–	–	–	–	–	–

Expenditure trends

The bulk of this programme's expenditure is on transfer payments, which are made to the Small Enterprise Development Agency and its technology programme, and the National Research Foundation for the technology for human resources for industry programme.

Expenditure decreased from R1.1 billion in 2008/09 to R865.7 million in 2011/12, at an average annual rate of 6.7 per cent, due to the discontinuation of transfer payments to the National Empowerment Fund in 2010/11. Expenditure is expected to increase to R985.6 million in 2014/15, at an average annual rate of 4.4 per cent, in line with inflation projections.

R16.4 million in 2012/13, R18.9 million in 2013/14, and R20 million in 2014/15 is allocated for spending on consultants. Consultants are used mainly to assist with policy frameworks and strategy solutions for small enterprise development, such as cooperatives, and black economic empowerment.

Over the seven-year period, allocations to this programme are used to support increasing the number of small enterprises and cooperatives. The operations of the SMME payment hotline centre provides a recourse mechanism for SMME service providers to receive payments from government departments within 30 days. Since the inception of the codes of good practice for broad based black economic empowerment in 2003, this programme focused on building capacity in and harmonising the verification industry, and setting standards for BEE verifications.

Programme 4: Industrial Development: Policy Development

Objectives and measures

- Contribute to the direct and indirect creation of decent jobs, added value and competitiveness in both domestic and export markets by developing policies, strategies and programmes for the manufacturing sector and related sectors, through the three-year rolling industrial policy action plan. Implement the three-year industrial policy action plan by 2013/14.
- Ensure, through regulatory institutions including standards, quality assurance, accreditation and metrology institutions, that technical infrastructure policies and institutions support industrial policy.
- Support industrial upgrading by:
 - facilitating the development of specific incentives schemes that support capital investment over the MTEF period
 - developing and implementing an industrial climate change response plan and cleaner production initiatives in at least 200 companies from 2010/11 to 2013/14.
- Leverage the economic benefits and development support of South African industries through government procurement, thus creating or retaining 20 000 direct jobs by 2013.
- Optimise the economic benefits and development support of government procurement, to promote industrial development and create or retain 20 000 direct jobs by 2013.
- Respond to the growing imperatives of climate change and environmental concerns and opportunities through the promotion of green industries and resource efficiency in the economy, on an ongoing basis.
- Leverage large public procurements to promote industrial development, through the reorientation of the national industrial participation programme and by actively engaging with the large fleet procurements of public entities over the MTEF period.

Subprogrammes

- *Industrial Competitiveness* develops policies, strategies and programmes to strengthen the ability of manufacturing and other value added sectors to create decent jobs and increase value addition and competitiveness in domestic and export markets, as set out in the annual three-year rolling industrial policy action plan. Transfer payments are made to the South African Bureau of Standards, the National Metrology Institute of South Africa, the National Regulator for Compulsory Specifications and the South African National Accreditation System. Funds have been reprioritised within the programme and no savings over the MTEF period have been identified.
- *Customised Sector Programmes* develops and implements high impact sector strategies focused on manufacturing and other value added sectors to create decent jobs and increase value addition and competitiveness in domestic and export markets, as set out in the annual three-year rolling industrial policy action plan. Transfer payments are made to: the Industrial Development Corporation's customised sector programme, the Council for Scientific and Industrial Research's aerospace industry programme, the Council for Scientific and Industrial Research's national cleaner production centre, the Council for Scientific and Industrial Research's national foundry technology network, the Intsimbi national tooling initiative and the UN Industrial Development Organisation's automotive component supplier development programme. The subprogramme's budget in 2011/12 was R806.4 million. Funds have been reprioritised within the programme and no savings over the MTEF period were identified.

Expenditure estimates

Table 36.8 Industrial Development: Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Industrial Competitiveness	303.7	323.6	539.0	504.7	500.2	537.7	615.9
Customised Sector Programmes	115.0	101.8	606.2	806.4	982.7	998.2	1 057.3
Total	418.7	425.5	1 145.1	1 311.0	1 482.9	1 535.9	1 673.2
Change to 2011 Budget estimate				44.2	(4.3)	44.9	92.7

Table 36.8 Industrial Development: Policy Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	89.0	62.4	69.8	96.3	105.9	111.9	118.8
Compensation of employees	43.0	45.1	54.0	66.1	74.0	77.9	82.5
Goods and services	46.1	17.3	15.7	30.2	31.9	34.0	36.3
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	11.9	6.4	3.4	13.4	12.9	13.7	14.7
<i>Lease payments</i>	0.0	0.1	0.1	0.1	0.1	0.1	0.1
<i>Travel and subsistence</i>	18.8	7.3	7.4	9.9	11.1	11.9	12.5
<i>Venues and facilities</i>	8.6	0.8	1.3	1.9	2.8	3.0	3.3
Transfers and subsidies	326.2	362.8	1 074.8	1 213.7	1 376.2	1 423.3	1 553.7
Departmental agencies and accounts	80.5	105.4	108.8	145.4	185.0	266.2	328.7
Higher education institutions	8.5	4.0	14.8	3.5	0.0	0.0	0.0
Foreign governments and international organisations	10.5	8.1	12.1	14.2	7.2	7.5	7.8
Public corporations and private enterprises	223.2	245.3	938.9	1 050.7	1 184.1	1 149.6	1 217.2
Households	3.3	–	0.2	0.0	–	–	–
Payments for capital assets	3.5	0.3	0.5	1.0	0.7	0.6	0.7
Machinery and equipment	0.7	0.3	0.5	1.0	0.7	0.6	0.7
Software and other intangible assets	2.8	–	–	–	–	–	–
Total	418.7	425.5	1 145.1	1 311.0	1 482.9	1 535.9	1 673.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	80.5	105.4	108.8	120.4	185.0	216.2	228.7
South African National Accreditation System	13.8	14.7	18.2	20.6	30.3	32.6	34.6
National Metrology Institute of South Africa	55.0	54.8	57.5	62.6	76.5	84.4	89.5
National Regulator for Compulsory Specifications	11.8	35.9	33.0	37.2	78.1	99.1	104.6
Capital	–	–	–	25.0	–	50.0	100.0
National Metrology Institute of South Africa: Infrastructure	–	–	–	25.0	–	50.0	100.0
Foreign governments and international organisations							
Current	10.5	8.1	12.1	14.2	7.2	7.5	7.8
United Nations Industrial Development Organisation	3.5	3.1	3.1	4.8	5.0	5.3	5.6
United Nations Industrial Development Organisation: Automotive component supplier development programme	4.6	5.0	7.0	7.2	–	–	–
French Institute of South Africa: African programme on rethinking development economics	2.5	–	2.0	2.2	2.2	2.2	2.2
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	193.2	227.9	669.9	887.2	1 050.5	1 058.2	1 120.3
Council for Mineral Technology and Research: Customised sector programmes	1.0	–	0.4	–	–	–	–

Table 36.8 Industrial Development: Policy Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Nuclear Energy Corporation of South Africa: Nuclear skills development	–	5.3	–	–	–	–	–
Industrial Development Corporation: Customised sector programmes	39.0	48.7	51.1	57.4	56.5	57.0	60.5
Council for Scientific and Industrial Research: National cleaner production centre	9.8	19.0	32.0	40.1	41.2	41.7	44.2
South African Bureau of Standards: Research contribution	142.1	153.7	178.8	181.5	180.5	181.7	191.3
South African Bureau of Standards: Small business technical consulting	1.3	1.2	1.1	1.2	1.3	1.3	1.4
Industrial Development Corporation: Clothing and textile production incentive	–	–	400.0	600.0	750.0	758.3	803.7
Council for Scientific and Industrial Research: National Foundry Technology Network: Metals	–	–	6.5	7.0	21.0	18.2	19.2
Capital	10.0	9.9	184.1	117.5	69.4	21.2	22.5
Council for Scientific and Industrial Research: Aerospace industry	10.0	9.9	9.9	17.3	21.4	21.2	22.5
South African Bureau of Standards: Upgrading of vehicle testing facility	–	–	–	7.0	–	–	–
South African Bureau of Standards: Infrastructure	–	–	174.2	93.2	48.0	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	20.0	7.5	52.4	46.0	64.2	70.2	74.4
Intsimbi National Tooling Initiative	–	7.5	47.4	36.0	49.2	54.4	57.7
Centurion Aerospace Village	20.0	–	5.0	10.0	15.0	15.8	16.7
Capital	–	–	32.5	–	–	–	–
Centurion Aerospace Village	–	–	32.5	–	–	–	–

Expenditure trends

Expenditure increased from R418.7 million in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 46.3 per cent, mostly due to the introduction of the customised sector programmes, and the clothing and textile production incentive schemes, which are administered by the Industrial Development Corporation. As a result of the introduction of the programmes and schemes, transfer payments increased from R326.2 million in 2008/09 to R1.2 billion in 2011/12, at an average annual rate of 55 per cent.

Over the medium term, expenditure is expected to increase to R1.7 billion, at an average annual rate of 8.5 per cent, as a result of the provision for the equipment and the feasibility study for a new building for the National Metrology Institute of South Africa. Of the R4.7 billion budget over the MTEF period, the production incentive for the clothing and textile industry receives 48.9 per cent (R2.3 billion). The clothing, textile, footwear and leather industry is labour intensive and employs approximately 260 000 people in total. Support for the industry is directly linked to the government priority of the creation of decent employment through inclusive economic growth (outcome 4).

Expenditure in the *Customised Sector Programmes* subprogramme is expected to increase from R806.4 million in 2011/12 to R1.1 billion in 2014/15, at an average annual rate of 9.5 per cent, due to additional funding provided to the Intsimbi national tooling initiative pre-apprenticeship programme. This programme supports the manufacturing sector, which, as a whole, contributes 18 per cent to GDP.

Programme 5: Consumer and Corporate Regulation

Objectives and measures

- Increase access to economic opportunities for small businesses and historically disadvantaged citizens through enhancing business confidence and certainty of South African business regulation.
- Align laws, policies and their implementation.
- Review liquor legislation and conduct the liquor Impact assessment policy in 2012/13.
- Review the National Credit Act (2005) and propose any amendments in 2012/13; publish regulations by 2014/15.
- Review the consumer protection legislation and assess the provisions on accreditation, exemptions and compliance from 2011/12 until 2015/16.
- Conduct market surveys, trends analyses and impact assessments annually.
- Foster better regulatory practice by 2014/15.
- Amend the Lotteries Act (1997) by the end of 2012/13.
- Review the forthcoming report by the Gambling Commission and propose a gambling sector strategy by the end of 2012/13.
- Draft the intellectual property law amendment regulations by the end of 2012/13.
- Finalise the policy on intellectual property by the second quarter of 2012/13.
- Review the recommendations by the consumer and corporate regulation project in 2012/13.
- Undertake a business registration reform project in 2012/13.
- Begin the regulatory impact assessment on all policies and bills with policy and legislation from 2011/12 to 2015/16.
- Increase investor confidence in South Africa by implementing an effective regulatory framework to reduce the burden on business.
- Promote competitive, fair and efficient markets through business and consumer research.
- Exchange regulatory experiences through participation in the World Intellectual Property Organisation and the World Trade Organisation.

Subprogrammes

- *Policy and Legislative Development* develops regulatory solutions, including legislative reviews. This subprogramme had a staff complement of 18 and a total budget of R22.1 million in 2011/12, of which 48.4 per cent was used for compensation of employees.
- *Enforcement and Compliance* provides the public and private sector with policy reviews and briefings on trends analysis, impact assessments, market surveys and the effectiveness of regulatory agencies and voluntary compliance. Amendment of the Liquor Act (2003) will be tabled in Parliament in 2013 after a regulatory impact assessment on liquor policy in 2012/13 has been done. This subprogramme had a staff complement of 26 and a total budget of R23.9 million in 2011/12, of which 68.8 per cent was used for compensation of employees.
- *Regulatory Services* monitors and funds a number of regulatory agencies, including: the National Consumer Tribunal, which received R28.8 million in 2011/12, which adjudicates on credit and consumer matters to ensure equity in the credit market, and balances the rights and responsibilities of credit providers and consumers; the National Credit Regulator, which received R53 million in 2011/12, and which regulates the consumer credit industry to improve consumer protection in the end user credit market, provides effective debt counselling, and review mechanisms; the National Gambling Board, which received R23.6 million in 2011/12, and which provides a regulatory framework for gambling practices and monitors the socioeconomic effects of gambling on citizens; the National Consumer Commission, which received R33 million in 2011/12, and which ensures well functioning markets that are fair, competitive and responsible to consumers; the Companies and Intellectual Property Commission, which received R14 million in 2011/12, and which deals with the registration of companies, adherence to financial

standards, the provision of business rescue interventions and enforcement of non-compliance; and the Companies Tribunal, which received R10 million in 2011/12, and which is responsible for adjudicating matters arising in terms of the Companies Act (1973); and a transfer to the World Intellectual Property Organisation for membership fees, and which received R2.9 million in 2011/12. The subprogramme also monitors the activities of the Estate Agency Affairs Board, the National Lotteries Board, the Takeover Regulation Panel and the Financial Reporting Standards Council. This subprogramme had a staff complement of 19 and a total budget of R183.6 million in 2011/12, of which 4.9 per cent was used for compensation of employees.

Expenditure estimates

Table 36.9 Consumer and Corporate Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Policy and Legislative Development	12.2	10.1	9.6	22.1	23.2	24.4	25.9
Enforcement and Compliance	29.8	32.9	36.3	23.9	36.4	40.1	42.5
Regulatory Services	69.6	90.7	99.0	183.6	185.2	195.1	180.1
Total	111.6	133.8	145.0	229.7	244.7	259.6	248.5
Change to 2011 Budget estimate				(2.0)	2.6	2.9	(23.6)
Economic classification							
Current payments	44.9	48.1	51.8	63.5	70.7	75.1	79.7
Compensation of employees	31.7	36.4	39.7	36.4	51.9	55.4	57.5
Goods and services	13.1	11.7	12.1	27.1	18.7	19.7	22.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	4.8	2.8	4.3	14.0	5.1	6.5	8.3
<i>Lease payments</i>	–	0.1	0.2	0.1	0.1	0.0	0.0
<i>Travel and subsistence</i>	3.9	3.0	4.7	6.0	7.6	7.5	7.8
<i>Venues and facilities</i>	1.6	0.9	0.9	1.8	1.8	1.4	1.8
Transfers and subsidies	66.1	85.5	92.9	165.4	173.4	184.5	168.8
Departmental agencies and accounts	62.7	82.9	90.1	162.5	169.4	180.2	164.3
Foreign governments and international organisations	3.1	2.6	2.6	2.9	4.0	4.2	4.5
Households	0.3	–	0.2	–	–	–	–
Payments for capital assets	0.6	0.3	0.3	0.8	0.7	–	–
Machinery and equipment	0.6	0.3	0.3	0.8	0.7	–	–
Total	111.6	133.8	145.0	229.7	244.7	259.6	248.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	62.7	82.9	90.1	162.5	169.4	180.2	164.3
National Credit Regulator	34.1	43.9	46.0	53.0	54.7	58.9	57.4
National Gambling Board	17.3	21.6	22.0	23.6	25.9	27.3	26.7
National Consumer Tribunal	11.4	17.5	22.1	28.8	33.0	35.8	37.7
Companies and Intellectual Property Commission	–	–	–	14.0	4.2	4.4	–
National Consumer Commission	–	–	–	33.0	41.6	43.9	42.5
Companies Tribunal	–	–	–	10.0	10.0	10.0	–
Foreign governments and international organisations							
Current	3.1	2.6	2.6	2.9	4.0	4.2	4.5
World Intellectual Property Organisation	3.1	2.6	2.6	2.9	4.0	4.2	4.5

Expenditure trends

Expenditure increased from R111.6 million in 2008/09 to R229.7 million in 2011/12, at an average annual rate of 27.2 per cent, due to the establishment of new entities, including the National Consumer Commission, the Companies and Intellectual Property Commission and the Companies Tribunal. As a result, expenditure on

transfers is expected to increase from R66.1 million in 2008/09 to R168.8 million in 2014/15, at an average annual rate of 16.9 per cent.

Over the medium term, total expenditure is expected to increase to R248.5 million, at an average growth rate of 2.7 per cent, mainly to provide for increased transfers to departmental agencies and accounts, and to fund the division's restructuring process.

Allocations over the seven-year period principally fund the operational expenditure of a number of regulatory institutions responsible for the effective implementation and enforcement of important regulatory legislation such as the Companies Amendment Act (2011), the Consumer Protection Act (2008), the Lotteries Act (1997), the National Gambling Act (2004), the Estate Agency Affairs Act (1976) and the National Credit Act (2005).

Programme 6: Industrial Development: Incentive Administration

Objectives and measures

- Design and implement programmes or incentives by March 2013 that support investment, competitiveness, employment creation and equity.
- Improve the impact of incentives programmes by implementing a monitoring and evaluation system by 2012/13.
- Improve the administrative requirements for incentives to make them more user friendly by implementing an electronic online application and claim system by March 2013.

Subprogrammes

- *Broadening Participation Incentives* provides incentive programmes that promote the broader participation in the mainstream economy of businesses owned by individuals from historically disadvantaged communities and marginalised regions. Transfer payments make provision for the following incentive schemes: R64.1 million or 49 per cent of the total budget of the subprogramme to the black business supplier development programme for incentives to qualifying companies through which black business suppliers are supported; and R54.4 million or 46 per cent of the total budget of the subprogramme to the cooperatives incentive scheme for incentives to qualifying companies through which cooperative enterprises in the emerging economy acquire business development services. This subprogramme had a staff complement of 30 and a total budget of R129.9 million in 2011/12, of which 8 per cent was used for compensation of employees. No savings over the medium term have been identified in this subprogramme.
- *Manufacturing Investment Incentives* provides incentives to promote additional investment in the manufacturing sector. Transfer payments to various incentive schemes were made as follows: R649.5 million or 31 per cent of the total budget of the subprogramme for the enterprise investment programme for incentives to qualifying local and foreign owned manufacturing companies establishing new or expanding production facilities as from 2009/10; R241.2 million or 12 per cent of the total budget of the subprogramme for the small and medium enterprise development programme for incentives to qualifying companies starting or expanding current operations; R1 million or 0.4 per cent of the total budget of the subprogramme for the small and medium manufacturing development programme for incentives to qualifying companies starting or expanding current manufacturing operations; R947.5 million or 46 per cent of the total budget of the subprogramme for automotive production and development programmes for incentives to qualifying motor vehicle manufacturers in South Africa; R168.6 million or 8 per cent of the total budget of the subprogramme for export marketing and investment assistance for sector specific assistance schemes for capital project feasibility programmes and industrial competitiveness and upgrading programmes. This subprogramme had a staff complement of 147 and a total budget of R2.1 billion in 2011/12, of which 1.9 per cent was used for compensation of employees. No savings over the medium term have been identified in this subprogramme.
- *Service Investment Incentives* provides incentive programmes that promote increased investment and employment growth in the targeted subsectors. R143.1 million or 44 per cent of the total budget of the subprogramme was transferred for the business process services programme services, which is a dedicated investor friendly setup process, and is designed to improve industry service standards to position South

- Africa as a preferred location for business process services operations. The programme aims to attract investment and create employment in South Africa through off-shoring activities. R190.3 million or 55 per cent of the total budget of the subprogramme was transferred to the film and television production incentive scheme for incentives to qualifying companies to support film and television productions in South Africa. This subprogramme had a staff complement of 14 and a total budget of R345.6 million in 2011/12, of which 2.3 per cent was used for compensation of employees. R5.8 billion over the MTEF period in additional funding as part of the economic support package is allocated to the manufacturing competitiveness enhancement programme.
- *Infrastructure Development Support* leverages investments in the South African economy by providing infrastructure critical to industrial development, thereby increasing the export of value added commodities and creating employment opportunities. Transfer payments are made as follows: R383.7 million in 2011/12 or 52 per cent of the total budget of the subprogramme to the Coega Development Corporation for bulk infrastructure development in the industrial development zone; R171.3 million or 23 per cent of the total budget of the subprogramme to the East London industrial development zone for bulk infrastructure development in the industrial development zone; R60.7 million or 8 per cent of the total budget of the subprogramme to the Richards Bay industrial development zone for bulk infrastructure development in the industrial development zone; and R118.5 million or 16 per cent of the total budget of the subprogramme to the critical infrastructure programme for bulk infrastructure development in South Africa. This subprogramme had a staff complement of 15 and a total budget of R744.1 million in 2011/12, of which 1.2 per cent was used for compensation of employees. As part of the economic support package, additional funding of R2.2 billion over the MTEF period is allocated to the special economic zones programme.
- *Product and Systems Development* aims to develop, review, monitor and evaluate existing as well as new incentive programmes to: support the industrial policy framework and its action plan, develop sector strategies to address identified market failures, and develop a new tax incentive allowance that was launched in 2010/11. The subprogramme also reviewed the business process services and off-shoring incentive, a revised version of which was launched in 2010/11, and the automotive investment scheme also in 2010/11. This subprogramme had a staff complement of 20 and a total budget of R9.7 million in 2011/12, of which 91.5 per cent was used for compensation of employees.
- *Business Development and After Care* facilitates access to targeted enterprises by reviewing incentive schemes for their impact, and the lessons learnt for improving old schemes or developing new ones. A customer satisfaction survey was completed, results analysed and a report presented to management in 2010/11. This subprogramme had a staff complement of 32 and a total budget of R17.2 million, of which 75 per cent was used for compensation of employees.

Expenditure estimates

Table 36.10 Industrial Development: Incentive Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Broadening Participation Incentives	98.4	118.0	183.8	129.9	147.8	161.2	172.1
Manufacturing Investment Incentives	1 144.3	1 526.4	1 336.8	2 074.4	3 507.4	4 374.6	4 975.2
Services Investment Incentives	210.5	258.5	233.6	345.6	452.5	518.0	569.7
Infrastructure Development Support	947.5	1 418.7	1 020.6	744.1	1 302.6	1 389.6	1 215.1
Product and Systems Development	–	5.5	5.8	9.7	10.6	11.1	11.8
Business Development and After Care	–	11.2	12.4	17.2	16.6	17.7	16.7
Total	2 400.7	3 338.2	2 793.0	3 320.9	5 437.6	6 472.1	6 960.5
Change to 2011 Budget estimate				(148.3)	1 694.3	2 676.3	2 937.0

Table 36.10 Industrial Development: Incentive Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	70.4	88.7	99.1	122.8	158.2	175.5	186.0
Compensation of employees	49.1	67.7	73.5	90.2	118.0	133.7	140.0
Goods and services	21.3	21.0	25.6	32.6	40.2	41.8	46.0
<i>of which:</i>							
Consultants and professional services:	5.1	4.3	8.7	11.4	14.4	15.1	16.9
Business and advisory services							
Lease payments	–	1.0	1.0	0.2	–	–	–
Travel and subsistence	8.1	8.8	9.1	13.0	15.2	15.6	16.5
Venues and facilities	1.6	0.7	0.8	1.7	2.5	2.5	2.6
Transfers and subsidies	2 326.7	3 247.5	2 692.6	3 197.1	5 278.3	6 295.5	6 773.4
Public corporations and private enterprises	2 326.7	3 247.3	2 692.6	3 197.1	5 278.3	6 295.5	6 773.4
Households	0.0	0.2	0.0	–	–	–	–
Payments for capital assets	1.8	1.8	1.3	1.0	1.1	1.1	1.1
Machinery and equipment	0.8	0.8	1.3	1.0	1.1	1.1	1.1
Software and other intangible assets	1.0	1.0	–	–	–	–	–
Payments for financial assets	1.8	0.2	0.0	–	–	–	–
Total	2 400.7	3 338.2	2 793.0	3 320.9	5 437.6	6 472.1	6 960.5
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Capital	872.5	1 301.7	932.0	615.7	609.9	438.2	–
Coega Development Corporation	718.4	859.9	714.0	383.7	417.9	308.2	–
Richards Bay Industrial Development Zone Company	–	68.4	20.0	60.7	42.0	30.0	–
East London Industrial Development Zone	154.0	373.4	198.0	171.3	150.0	100.0	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	148.8	230.7	308.9	287.1	317.0	336.0	355.0
Export Market and Investment Assistance	112.1	122.3	133.9	168.6	182.0	189.0	200.0
Broadening Participation Development Incentives	36.7	108.4	175.0	118.5	135.0	147.0	155.0
Capital	75.1	105.6	80.6	118.5	182.0	190.0	203.0
Critical Infrastructure Programme	75.1	105.6	80.6	118.5	182.0	190.0	203.0
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	1 230.4	1 609.4	1 371.0	2 175.7	3 669.4	4 581.3	5 215.4
Manufacturing development incentives	1 019.4	1 350.6	1 144.3	1 839.2	3 227.1	4 074.0	4 657.0
Staple food fortification programme	0.5	0.3	–	–	–	–	–
Services sector development incentives	210.5	254.0	226.8	333.4	439.0	504.0	555.0
Sector development programme	–	–	–	3.1	3.4	3.3	3.4
Industrial development zones: Other	–	4.5	–	0.0	–	–	–
Capital	–	–	–	–	500.0	750.0	1 000.0
Special economic zones: Investment incentives	–	–	–	–	500.0	750.0	1 000.0

Expenditure trends

Expenditure increased from R2.4 billion in 2008/09 to R3.3 billion in 2011/12, at an average annual rate of 11.4 per cent, mainly due to the implementation of new schemes, such as the automotive incentives schemes and the enterprise investment programme. Over this period, the East London industrial development zone received R896.7 million, the Richards Bay industrial development zone received R149.1 million and the Coega industrial development zone received R2.7 billion for infrastructure development.

Over the MTEF period, the expenditure is expected to increase to R7 billion, at an average annual rate of 28.5 per cent, mainly due to: the continuous improvement of enterprise investment programme guidelines; the implementation of the automotive incentive scheme; the revised black business supplier development programme; and the revised business process services programme, which will attract more applications.

Allocations over the seven-year period provide incentive measures that support investment, job creation and regional economic development. A large portion of the funds is directed towards the funding of the automotive investment scheme, business process services programme, critical infrastructure programme, enterprise investment programme, film and television production incentive, three industrial development zones, and the export market and investment assistance scheme.

Programme 7: Trade and Investment South Africa

Objectives and measures

- Increase the quality and quantity of domestic and foreign direct investment by reviewing the investment strategies over the MTEF period.
- Review the export strategy over the MTEF period, in order to develop new and increase existing South African export capabilities.
- Promote South African products in targeted high growth markets through 6 international trade and investment initiatives and 54 pavilions, and by funding 129 trade missions, by March 2014.
- Facilitate markets for South African manufactured products and services by promoting and implementing export and investment projects in high yield targeted countries such as the Brazil-Russia-India-China-South Africa group of countries, the rest of Africa and other developing countries by March 2013.
- Enhance the promotion of exports and investment in targeted countries, through maintaining a footprint of 27 foreign based economic offices.

Subprogrammes

- *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. This entails promoting South Africa as an investment destination, with a target of R115 billion in investment over the 3 years to 2013/14 and R45 billion in investment for 2012/13. It is also responsible for organising an international investment conference annually. This subprogramme had a staff complement of 47 and a total budget of R43.3 million in 2011/12, of which 35 per cent was used for compensation of employees. In 2011/12, the subprogramme made a contribution of R7 million or 17.2 per cent of its total budget to the Proudly South African campaign and R11.8 million to the Export Consultancy Trust Fund for the International Bank for Reconstruction and Development and the International Finance Corporation. No savings over the medium term have been identified in this subprogramme.
- *Export Development and Promotion* develops new and existing South African exporter capabilities. It provides information, financial support and practical assistance to sustain organic growth in traditional markets and to penetrate new high growth markets. Transfer payments are made to the Export Credit Insurance Corporation of South Africa, which facilitates and encourages South African export trade by underwriting export credit loans and investments outside South Africa's borders to allow South African contractors to win capital goods and services contracts in other countries. Allocations to the corporation vary due to the fluctuations in interest rates, world economic stability and the Eurozone economic crisis. This subprogramme had a staff complement of 78 and a total budget of R168.7 million in 2011/12, of which

12.3 per cent was used for compensation of employees and 73 per cent transferred to the Export Credit Insurance Corporation of South Africa for the interest make-up scheme. Trade and Investment South Africa participated in the 2010 Shanghai World Expo. In 2011, it conducted further expo promotions in China to highlight manufactured products and services in Beijing and Shanghai. This programme implements measures to assist businesses in securing market access opportunities and investments for South African products and services. The programme has facilitated six international initiatives in investments and exports in the last quarter of 2011/12 to Zimbabwe, Brazil, Russia, the Democratic Republic of the Congo and India. No savings over the medium term have been identified in this subprogramme.

- *International Operations* manages and administers the department's foreign office network of 27 foreign economic representatives covering a footprint of 45 countries to promote trade and investment in South Africa. This subprogramme had a staff complement of 37 and a total budget of R133.2 million in 2011/12, of which 57.3 per cent was used for compensation of employees. No savings over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 36.11 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Investment Promotion and Facilitation	33.7	42.0	54.7	43.3	44.3	46.4	86.1
Export Development and Promotion	172.7	157.8	157.1	168.7	144.7	159.8	162.9
International Operations	103.9	99.2	116.8	133.2	115.8	121.9	129.4
Total	310.2	299.0	328.6	345.1	304.8	328.2	378.3
Change to 2011 Budget estimate				39.0	(10.3)	(3.9)	26.3

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	175.5	164.2	167.3	203.6	183.5	193.0	204.7
Compensation of employees	85.9	83.6	101.2	112.3	117.3	123.8	131.4
Goods and services	89.6	80.6	66.1	91.3	66.2	69.2	73.3
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	8.8	1.5	1.5	3.0	3.0	3.1	3.3
<i>Lease payments</i>	11.0	12.3	14.6	15.1	9.7	10.0	10.6
<i>Travel and subsistence</i>	22.3	18.2	18.7	29.7	18.9	20.3	21.5
<i>Venues and facilities</i>	22.2	30.1	13.7	17.3	17.4	17.3	18.3
Transfers and subsidies	133.6	133.0	159.2	140.3	120.0	133.9	172.2
Foreign governments and international organisations	9.9	10.5	11.1	11.8	12.3	13.1	13.9
Public corporations and private enterprises	123.6	122.4	120.5	121.5	97.6	110.3	110.4
Non-profit institutions	–	–	27.5	7.0	10.0	10.6	48.0
Households	–	0.1	0.1	–	–	–	–
Payments for capital assets	1.1	1.5	2.1	1.3	1.4	1.3	1.3
Machinery and equipment	1.1	1.5	2.1	1.3	1.4	1.3	1.3
Payments for financial assets	0.0	0.3	0.0	–	–	–	–
Total	310.2	299.0	328.6	345.1	304.8	328.2	378.3

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Export consultancy trust funds:							
International Bank for Reconstruction and Development (World Bank)	5.0	5.2	5.5	5.9	6.2	6.5	6.9
Export consultancy trust funds:							
International Finance Corporation	5.0	5.2	5.5	5.9	6.2	6.5	6.9

Table 36.11 Trade and Investment South Africa (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Non-profit institutions							
Current	-	-	27.5	7.0	10.0	10.6	48.0
Proudly South African campaign	-	-	27.5	7.0	10.0	10.6	48.0
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	123.6	122.4	120.5	121.5	97.6	110.3	110.4
Export Credit Insurance Corporation: Interest make-up scheme	123.6	122.4	120.5	121.5	97.6	110.3	110.4

Expenditure trends

Expenditure increased from R310.2 million in 2008/09 to R345.1 million in 2011/12, at an average annual rate of 3.6 per cent, and is expected to increase to R378.3 million over the medium term, at an average annual rate of 3.1 per cent. The trends in the *International Operations* subprogramme drive the changes in spending in both periods. Between 2008/09 and 2011/12, spending in this subprogramme, which includes expenses related to the trade missions abroad, increased from R103.9 million in 2008/09 to R133.2 million in 2011/12, at an average annual rate of 8.7 per cent, due to favourable exchange rates and vacancies in foreign offices. Over the medium term, the subprogramme's expenditure is expected to decrease to R129.4 million, at an average annual rate of 1 per cent, due to the non-recurrence of the expos in China.

Allocations over the seven-year period are mainly used for export development and promotion and transfers to the Export Credit and Insurance Corporation for the interest make-up scheme for exporters.

Public entities and other agencies

Companies and Intellectual Property Commission

Overview: 2008/09 – 2014/15

The Companies and Intellectual Property Commission, formerly the Companies and Intellectual Property Registration Office, became operational on 1 May 2011. Its strategic mandate derives from the legislation and regulations under which it has been established, primarily the Companies Act (2008) and legislation regulating trademarks, copyright and patents, as well as the policy framework of government.

The commission is mandated to register and protect companies and similar entities. The Companies Act (2008) aims to facilitate business transactions and enable a supportive environment for the growth of well governed, credible businesses.

The goals of the commission are to improve the competitiveness of the South African business environment; promote innovation, creativity and indigenous cultural expression through contributing to a knowledge based economy and competitive local industries; and promote broader formal economic participation through enhancing service delivery and extending the reach of the commission.

Key initiatives relate to the increase in the number of small businesses, the increase in the percentage of local internet protocol across all IP domains, record of indigenous knowledge and support a strong competitive South African creative industry that provides benefit to local artists and to implement measures to ensure increased data integrity. Such measures include the updating of records to ensure completeness and accuracy.

Performance

Since its inception in May 2011, the commission cleared backlogs in most areas of business registration, introduced service delivery standards, stabilised its IT systems by migrating back to Computron, and putting mechanisms in place to better address customer needs. The commission, as a new organisation, went through an

extensive exercise to determine how best to capitalise on its new strategy, and to capture the economic value of the new mandate in terms of the Companies Act (2008). In the past registration, volumes used to be measured. However, the organisation has little control over the demand for certain services such as registration of companies, cooperatives, trademarks, patents and designs and copyright in films. Instead, greater value is derived from better service delivery such as turnaround time.

Selected performance indicators

Table 36.12 Companies and Intellectual Property Commission

Indicator	Programme/Activity/Objective/Project	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Turnaround time in days: Company registration	Registration of business entities and intellectual property	-	-	-	25	20	16	13
Turnaround time in days: Cooperative registration	Registration of business entities and intellectual property	-	-	-	15	12	10	8
Turnaround time in days: Patent registrations	Registration of business entities and intellectual property	-	-	-	60	60	55	55
Turnaround time in days: Design registrations	Registration of business entities and intellectual property	-	-	-	60	60	55	55
Turnaround time: Films registrations	Registration of business entities and intellectual property	-	-	-	88	88	120	120
Turnaround times: Counterfeit goods request for search and seizure processing	Regulations	-	-	-	7	6	4	4
Turnaround times: Licensing of business rescue practitioners	Regulations	-	-	-	3	2	2	2

1. No past data is available, as the commission only became operational in May 2011.

Programmes/activities/objectives

Table 36.13 Companies and Intellectual Property Commission

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration	833.8	422.6	231.6	218.1	379.4	364.9	346.6
Registration of business entities and intellectual property	59.3	184.6	82.3	124.7	221.0	188.3	193.8
Regulations	31.9	99.4	27.4	41.6	73.7	62.8	89.3
Total expense	925.0	706.5	341.3	384.4	674.1	616.0	629.7

The Companies and Intellectual Property Commission had a total budget of R384.4 million in 2011/12, of which 56.7 per cent was used on ICT modernisation and service delivery.

Savings and cost effectiveness measures

Over the MTEF period, the commission will consider implementing a cost recovery fee structure and implement cost cutting in non-core activities.

Expenditure estimates

Table 36.14 Companies and Intellectual Property Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	1 133.6	958.1	483.7	521.2	669.9	611.6	630.1
Sale of goods and services other than capital assets	954.8	851.2	414.5	414.7	429.0	444.1	459.7
<i>of which:</i>							
Administration fees	954.8	851.2	414.5	414.7	429.0	444.1	459.7
Other non-tax revenue	178.8	106.9	69.2	106.6	240.9	167.5	170.4
Transfers received	-	-	-	14.0	4.2	4.4	-
Total revenue	1 133.6	958.1	483.7	535.2	674.1	616.0	630.1

Table 36.14 Companies and Intellectual Property Commission (continued)

Statement of financial performance				Revised estimate	Medium-term estimate			
R million	Audited outcome				2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11					
Expenses								
Current expenses	925.0	706.5	341.3	384.4	674.1	616.0	629.7	
Compensation of employees	87.3	115.4	132.8	179.8	228.3	309.4	357.8	
Goods and services	824.6	586.1	198.9	177.4	397.9	260.5	227.5	
Depreciation	13.1	4.9	9.5	27.3	47.9	46.1	44.5	
Interest, dividends and rent on land	0.1	0.1	0.1	–	–	–	–	
Total expenses	925.0	706.5	341.3	384.4	674.1	616.0	629.7	
Surplus / (Deficit)	208.6	251.5	142.4	151.0	–	–	–	
Statement of financial position								
Carrying value of assets	76.6	122.0	21.6	15.4	197.5	211.4	206.9	
<i>of which:</i>								
<i>Acquisition of assets</i>	64.8	50.4	11.1	21.0	230.0	60.0	40.0	
Inventory	0.6	0.6	0.8	0.7	0.4	0.4	0.3	
Receivables and prepayments	81.0	121.0	58.7	29.3	14.7	7.3	3.7	
Cash and cash equivalents	519.6	644.5	956.5	1 033.2	840.5	818.5	790.8	
Total assets	677.8	888.2	1 037.6	1 078.6	1 053.0	1 037.6	1 001.7	
Accumulated surplus / (deficit)	552.3	803.9	946.3	1 038.4	1 010.2	992.2	981.8	
Finance lease	1.2	0.7	–	–	–	–	–	
Trade and other payables	114.4	71.9	78.5	25.0	26.0	27.2	0.3	
Provisions	9.9	11.7	12.8	15.2	16.9	18.2	19.5	
Total equity and liabilities	677.8	888.2	1 037.6	1 078.6	1 053.0	1 037.6	1 001.7	

Expenditure trends

The commission generates revenue mainly from registration fees and annual returns. Revenue decreased from R1.1 billion in 2008/09 to R535.2 million in 2011/12, at an average annual rate of 22.1 per cent, due to the deregistration of non-compliant companies, which resulted in fewer annual returns being filed. Over the medium term, revenue is expected to increase to R630.1 million, at an average annual rate of 5.6 per cent, due to the planned revision of the fee structure.

Expenditure decreased from R925 million in 2008/09 to R384.4 million in 2011/12, at an average annual rate of 25.4 per cent, mainly due to lower expenditure on goods and services over the period as a result of a decrease in financing costs. Over the medium term, expenditure is expected to increase to R629.7 million, at an average annual rate of 17.9 per cent. Spending on compensation of employees is expected to increase from R87.3 million in 2008/09 to R357.8 million in 2014/15, at an average annual rate of 26.5 per cent, due to the implementation of the corporation's new structure and function.

The commission receives additional funding of R13.9 million in 2012/13, R4.1 million in 2013/14 and R4.3 million in 2014/15 for its expanded mandate. Expenditure on goods and services is expected to increase from R177.4 million in 2011/12 to R227.5 million in 2014/15, at an average annual rate of 8.6 per cent, due to the implementation of special projects relating to the enhancement of ICT systems, the move to the new building and the implementation of a new service delivery model.

Personnel information

Table 36.15 Companies and Intellectual Property Commission

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of Funded posts (establishment)	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	9	9	2	6	5	5	7	12	18	18
Senior management	55	55	–	14	22	22	55	38	62	62
Middle management	69	69	10	41	53	53	59	68	112	126
Skilled	134	134	3	87	115	116	131	132	157	239
Semi-skilled	329	329	27	295	306	306	302	421	421	425
Total	596	596	42	443	501	502	554	671	770	870
Compensation (R thousand)				87 253	115 402	132 768	179 805	228 251	309 405	357 787
Unit cost (R thousand)				197	230	264	325	340	402	411

1. As at 30 September 2011

As at 30 September 2011, the commission had an establishment of 596 funded posts. The number of posts filled increased from 443 in 2008/09 to 554 in 2011/12 and is expected to grow to 870 posts over the medium term. This is as a result of the expanded mandate of the new entity.

The commission had 42 vacancies as at 30 September 2011, 2 of which were at the senior management level. The ratio of support staff to line staff is 0.37:1.

Export Credit Insurance Corporation of South Africa

Overview: 2008/09 – 2014/15

The Export Credit Insurance Corporation of South Africa was established in terms of the Export Credit and Foreign Investments Insurance Act (1957) to facilitate and encourage South Africa's export trade by underwriting export credit loans and investments abroad. The corporation evaluates export credit and foreign investment risks, and provides export credit and foreign investment insurance cover on behalf of the South African government. The corporation is the government's primary source of export credit and fills the market gap in the provision of export credit and investment insurance cover for political and commercial risk considered unacceptable by the private insurance sector.

The corporation administers interest make-up schemes on behalf of the department. The scheme comprises agreements entered into between government and financial institutions, which allow South African exporters to offer term finance at internationally competitive interest rates by subsidising the interest that the South African exporter pays. The scheme generated R5.6 billion in exports between 2005/06 and 2010/11, while the actual cost to the fiscus for enabling these exports was R936 million. Based on these figures, for every R1 made available by the fiscus through the interest make-up scheme, almost R6 was mobilised by the corporation, through its insurance cover and in conjunction with the exporters and financial institutions, to generate exports from South Africa. The impact of the scheme and the corporation's insurance cover was not only in South Africa but also in 16 other, mostly African countries, including R994 million for the Democratic Republic of the Congo and R890 million for Malawi.

The focus over the medium term is to: increase credit and investment insurance and demonstrate its economic impact at home and in the host country; be a key vehicle in implementing the government's African economic agenda; and be a key agency for tapping into economic opportunities offered by the Brazil-Russia-India-China-South Africa group of countries. To achieve this, the corporation will: raise its profile and enhance collaboration with other national development finance institutions, enhance capacity, encourage innovation and pursue active business development initiatives, re-orientate the business culture to a stronger focus on customers, improve organisational and operational efficiencies, and develop a strong focus on effective performance management while aligning rewards accordingly. The corporation's board has approved a strategic review and identified new key performance indicators.

Performance

In 2010/11, the corporation experienced a record year in terms of the number and value of new insurance applications approved. The value of approved insurance applications grew by 61 per cent from R3.5 billion in 2009/10. Most of these applications were for infrastructure projects on the African continent, with Zimbabwe having the largest share at R2.2 billion. The value of signed insurance policies, which represents committed insurance cover, grew by 35.4 per cent from 2008/09 to 2014/15. The corporation also concluded a memorandum of understanding with the Export-Import Bank of the United States, the official credit export agency of the United States. This is expected to provide an opportunity for both organisations to exchange notes and to benchmark programmes.

Selected performance indicators

Table 36.16 Export Credit Insurance Corporation of South Africa

Indicator	Activity/Objective/Programme/Project	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of approved insurance applications per year	Facilitate export trade and investment outside South Africa	R1.5bn	R3.5bn	R5.7bn	R5.1bn	R5.1bn	R5.8bn	R6.2bn
Value of signed insurance policies per year	Facilitate export trade and investment outside South Africa	R372.7m	R1bn	R2.6bn	R1.4bn	R1.7bn	R1.9bn	R2.3bn
Value of loans disbursed and/or investment insurance exposures declared per year	Facilitate export trade and investment outside South Africa	R439.1m	R1.1bn	R1.2bn	–	R1.5bn	R1.7bn	R1.9bn
Number of cooperation agreements or arrangements initiated with export credit agencies or development finance institutions in Africa, Middle East, other members of Brazil-Russia-India-China-South Africa group of countries and other developing nations per year	Build mutually beneficial local, regional and global relations to advance South Africa's trade and economic development objective	–	–	1	2	2	2	2
Number of the corporation's product presentations or awareness sessions held per year with export promotion agencies and/or with economic development agencies or through conferences in the various provinces in South Africa	Promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to our customers	–	–	–	9	12	15	18
Number of provinces in which a print media advertising campaign was held per year	Promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to our customers	–	–	–	–	2	4	9
The single largest country exposure as a percentage of the corporations' total insurance portfolio not exceeding the target of practices	Create an enterprise wide risk awareness and effective corporate governance and risk management practices	32%	38%	36%	35%	34%	32%	30%

1. No past data is available, as new strategic targets have been set post 2010/11.

Programmes/activities/objectives

Table 36.17 Export Credit Insurance Corporation of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Facilitate export trade and investment outside South Africa	384.6	136.4	139.1	141.5	241.4	238.4	222.5
Build mutually beneficial local, regional and global relations to advance South Africa's trade and economic development objective	0.4	0.3	0.3	0.5	0.6	0.6	0.6
Promote a professional, competitive and customer focused workforce that ensures an effective and efficient service to our customers	15.4	21.2	20.9	13.1	14.5	16.0	17.3
Create an enterprise wide risk awareness and effective corporate governance and risk management practices	212.4	211.3	241.6	41.1	55.6	68.6	76.0
Consistently utilise sound business environment and social principles, applying international best practice	29.9	158.4	112.0	180.7	103.2	105.4	114.3
Total expense	642.7	527.6	513.8	376.9	415.2	429.1	430.8

The Export Credit Insurance Corporation of South Africa had a budget of R376.9 million in 2011/12, of which 46.1 per cent was spent on goods and services.

Savings and cost effectiveness measures

The corporation is continuing with the implementation of cost reduction measures implemented in 2008/09 on entertainment and travelling expenses by introducing assessments on travelling needs and reviewing the business impact resulting from entertainment expenses. The procurement policy implemented in that year requires that each purchase be subject to obtaining competitive prices. The impact of these measures is reflected in the operational expenses, excluding salaries and commission, to income ratio, which remains at 3 per cent over the MTEF period.

Expenditure estimates

Table 36.18 Export Credit Insurance Corporation of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	579.9	763.3	805.7	714.4	588.1	588.6	602.2
Sale of goods and services other than capital assets	305.1	290.3	388.4	373.1	290.0	300.0	310.0
<i>of which:</i>							
<i>Sales by market establishments</i>	305.1	290.3	388.4	373.1	290.0	300.0	310.0
<i>Other non-tax revenue</i>	274.8	473.0	417.3	341.2	298.1	288.6	292.2
Transfers received	137.3	122.4	120.5	121.5	97.6	110.3	110.4
Total revenue	717.2	885.7	926.2	835.9	685.8	698.8	712.6
Expenses							
Current expenses	613.9	383.9	403.0	197.5	313.4	325.2	318.0
Compensation of employees	19.9	18.1	23.5	23.5	25.9	28.0	30.0
Goods and services	593.9	351.8	379.3	173.7	286.9	296.0	286.5
Depreciation	0.1	0.2	0.2	0.2	0.6	1.2	1.5
Interest, dividends and rent on land	0.0	13.7	0.0	–	–	–	–
Total expenses	642.7	527.6	513.8	376.9	415.2	429.1	430.8
Surplus / (Deficit)	74.5	358.1	412.4	459.0	271.0	270.0	282.0

Table 36.18 Export Credit Insurance Corporation of South Africa (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	0.3	0.8	0.6	0.5	1.8	2.5	2.0
<i>of which:</i>							
Acquisition of assets	0.3	0.8	0.1	0.1	2.0	1.9	1.0
Investments	1 604.3	1 284.0	1 529.9	1 663.3	1 652.2	1 821.3	2 007.0
Receivables and prepayments	191.6	182.5	235.6	191.3	181.3	231.3	241.3
Cash and cash equivalents	1 283.6	1 303.6	1 396.4	1 799.2	2 167.8	2 387.8	2 628.6
Taxation	123.0	21.5	4.0	1.0	3.0	4.0	2.0
Total assets	3 202.8	2 792.4	3 166.6	3 655.3	4 006.1	4 446.9	4 881.0
Accumulated surplus / (deficit)	1 169.4	1 528.9	1 918.1	2 377.1	2 647.6	2 917.4	3 199.2
Capital and reserves	598.4	409.1	268.5	260.2	258.7	259.7	260.7
Trade and other payables	32.0	18.9	5.3	5.6	5.9	6.3	6.6
Taxation	55.1	6.1	24.1	102.2	20.6	33.0	38.3
Provisions	1 348.0	829.5	950.6	910.3	1 073.3	1 230.6	1 376.2
Total equity and liabilities	3 202.8	2 792.4	3 166.6	3 655.3	4 006.1	4 446.9	4 881.0

Expenditure trends

The entity mainly generates revenue from insurance premiums and investment income. Revenue increased from R717.2 million in 2008/09 to R835.9 million in 2011/12, at an average annual rate of 5.2 per cent, due to investment income, foreign exchange gain and premiums. Over the medium term, revenue is expected to decrease to R712.6 million, at an average annual rate of 5.2 per cent, due to transfers made for the interest make-up scheme.

The spending over the medium term will be on extending medium and long term export credit and investment insurance by underwriting export credit loans and investments outside South Africa, including portfolio and risk management.

Expenditure decreased from R642.7 million in 2008/09 to R376.9 million in 2011/12, at an average annual rate of 16.3 per cent. The decline in expenditure is as a result of a reduction in claims, which resulted in a decrease in provision for claims. The reduction in claims was caused by the adverse economic climate. Over the medium term, expenditure is expected to increase to R430.8 million, at an average annual rate of 4.6 per cent, in line with inflation projections.

Personnel information

Table 36.19 Export Credit Insurance Corporation of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (established)	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	1	–	–	–
Executive management	5	5	–	3	2	4	5	5	5	5
Senior management	6	6	–	8	3	5	5	6	6	6
Professionals	15	17	2	22	23	17	17	18	19	20
Skilled	6	6	–	4	6	6	6	6	6	6
Total	33	35	2	38	35	33	34	36	37	38
Compensation (R thousand)				19 910	18 135	23 462	23 526	25 936	27 993	30 048
Unit cost (R thousand)				524	518	711	692	720	757	791

1. As at 30 September 2011.

As at 30 September 2011, the corporation had an establishment of 33 posts, 35 of which were funded. The number of posts filled decreased from 38 in 2008/09 to 34 in 2011/12, and is expected to grow to 38 over the

medium term as a result of expanded business operations. As at 30 September 2011, there were 2 vacancies, both at the professional level. The ratio of support staff to line staff is 5:2.

National Empowerment Fund

Overview: 2008/09 – 2014/15

The National Empowerment Fund was established by the National Empowerment Fund Act (1998) to promote and facilitate black economic equality and transformation. It provides finance and non-financial support to black businesses and structures retail savings products for black people based on allocated state owned equity investments. Its mandate is to implement the codes of good practice.

The strategic objectives over the medium term are to: promote and support business ventures pioneered and run by black people; provide black people with the opportunity of acquiring shares or interests in state owned entities; encourage and promote savings, investment and meaningful economic participation by black people; promote universal understanding of equity ownership among black people; contribute to the creation of employment opportunities; encourage the development of a competitive and effective equities market inclusive of all persons in the country; and generally employ such schemes, businesses and enterprises as may be necessary to achieve the objectives of the National Empowerment Fund Act (1998).

The organisation is structured to deliver on its mandate and realise these objectives through three core divisions: small and medium enterprises and rural development, venture capital and corporate finance, and asset management. In delivering on this mandate, the organisation sets key performance indicators that target numbers and values of funding applications approved and disbursed over a financial year, along with job support and creation targets.

The key performance indicators set over the medium term will fully utilise current remaining capital under management. Any reduction in this capitalisation will have a negative effect on the targets set for the MTEF period and its ability to reach its targets.

Performance

Since inception, the fund has approved 286 deals worth R2.5 billion and disbursed 257 worth R2.1 billion. Actual draw-downs against disbursement facilities since inception were R1.7 billion. Capital allocated to the organisation, R2.5 billion to date, is fully applied against funding applications. Future programmes are funded out of internally generated reserves.

Selected Performance Indicators

Table 36.20 National Empowerment Fund

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Disbursement value per year within a targeted number of transactions between R2 million and R75 million	Umntho fund	R 219m	R184.7m	R300m	R375m	R450m	R500m	R550m
Disbursement value per year within a targeted number of transactions between R250 000 and R10 million	Imbewu fund	R78m	R106m	R135m	R140m	R140m	R240m	R345m
Disbursement value per year within a targeted number of transactions	Rural and community development	R9m	R86.1m	R75m	R105m	R130m	R156m	R184m
Disbursement value per year within a targeted number of transactions and feasibility studies	Strategic projects fund	R5m	R46.5m	R70m	R130m	R200m	R200m	R200m
Number of asset management activities per year	Asset management	–	–	18 702	9 862	2 850	2 850	–
Number of projects receiving non-financial support per year	Non-financial support	–	–	5 554	4 400	4 800	6 000	6 000

Programmes/activities/objectives

Table 36.21 National Empowerment Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Umnotho fund	219.0	184.7	300.0	375.0	450.0	500.0	550.0
Imbewu fund	78.0	106.2	135.0	150.0	250.0	360.0	450.0
Rural and community development	9.0	86.1	91.3	105.0	130.0	156.0	184.0
Strategic projects fund	5.0	46.5	70.0	130.0	200.0	200.0	200.0
Asset management	–	–	18.7	9.9	2.9	2.9	–
Non financial support	–	–	5.6	4.4	4.8	6.0	6.0
Total expense	311.0	423.5	620.6	774.3	1 037.7	1 224.9	1 390.0

Savings and cost effectiveness measures

The fund has, since inception, applied a model that seeks to use existing provincial infrastructure and sources of expertise, as opposed to replicating these facilities. The fund has leveraged off provincial governments' and the Department of Trade and Industry's relationships to create awareness for its products and services and has been, as of 2011/12, establishing regional satellite offices in each province to further entrench the fund's provincial activities. Additional skills, especially at the non-financial support level, are sourced through the mentorship network that the fund has established, as opposed to the permanent recruitment of staff to fulfil these support requirements. As a result of better cost management, operating expenditure is set to decline from R225 million in 2011/12 to R208 million in 2014/15, at an average annual rate of 2.6 per cent.

Expenditure estimates

Table 36.22 National Empowerment Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	432.9	466.7	372.0	431.5	473.0	509.8	552.4
<i>Other non-tax revenue</i>	432.9	466.7	372.0	431.5	473.0	509.8	552.4
Transfers received	–	116.0	–	–	–	–	–
Total revenue	432.9	582.7	372.0	431.5	473.0	509.8	552.4
Expenses							
Current expenses	328.9	383.7	297.2	334.0	347.2	342.1	358.3
Compensation of employees	60.6	78.1	85.0	101.2	123.7	126.7	138.2
Goods and services	264.5	300.2	204.8	225.8	216.4	208.4	213.1
Depreciation	3.8	5.4	7.3	7.0	7.0	7.0	7.0
Total expenses	328.9	383.7	297.2	334.0	347.2	342.1	358.3
Surplus / (Deficit)	104.0	199.0	74.8	98.0	126.0	168.0	194.0
Statement of financial position							
Carrying value of assets	11.5	13.3	12.1	10.8	8.5	7.1	5.9
<i>of which:</i>							
<i>Acquisition of assets</i>	7.5	7.2	6.1	5.7	4.6	5.7	5.7
Investments	1 310.0	1 289.6	1 639.3	1 639.3	1 639.3	1 639.3	1 639.3
Loans	688.6	875.6	1 007.8	1 437.2	1 979.9	2 591.6	3 269.0
Receivables and prepayments	24.0	33.5	74.1	6.1	5.6	5.1	5.1
Cash and cash equivalents	2 604.2	2 788.3	2 582.6	2 315.5	1 901.3	1 459.1	977.1
Total assets	4 638.2	5 000.3	5 315.9	5 408.8	5 534.6	5 702.2	5 896.3
Accumulated surplus/(deficit)	1 241.2	1 440.1	1 515.0	1 612.5	1 738.4	1 906.1	2 100.2
Capital and reserves	3 245.4	3 518.8	3 765.6	3 765.6	3 765.6	3 765.6	3 765.6
Finance lease	0.2	–	–	–	–	–	–
Trade and other payables	29.5	41.3	35.3	30.7	30.6	30.5	30.5
Provisions	122.0	–	–	–	–	–	–
Total equity and liabilities	4 638.2	5 000.3	5 315.9	5 408.8	5 534.6	5 702.2	5 896.3

Expenditure trends

Revenue is mainly generated from: interest income, which is earned from loans advanced, and from the cash and cash equivalents held at the banks; and dividends earned on an invested portfolio, which includes listed and

unlisted investments. Total revenue is expected to increase from R432.9 million in 2008/09 to R552.4 million in 2014/15, at an average annual rate of 4.1 per cent, mainly as a result of the growth in the loans portfolio.

The spending focus over the MTEF period will mainly be on implementing the fund's mandate in respect of asset management, fund management and the strategic projects fund.

Expenditure increases from R328.9 million in 2008/09 to R358.3 million in 2014/15, at an average annual rate of 1.4 per cent in line with the increase in net asset value. The net asset value of the fund increased from R4.6 billion in 2008/09 to R5.4 billion in 2011/12. This has largely been due to appreciation in fair value of the asset management portfolio and retained earnings, and the department's recapitalisation of the fund. Expenditure has increased in line with net asset value, but remains at 3 per cent of the net asset value, which is an acceptable level for a development finance institution.

Investment approvals were projected to reach the R2 billion milestone. The fund has supported 257 black empowered businesses, created 10 500 new jobs and supported the retention of 15 000 jobs. In total, disbursements have grown from R311 million in 2008/09 to over R580 million in 2010/11, with targets set at R750 million in 2011/12, R920 million in 2012/13, R1.1 billion in 2014/15 and R1.3 billion in 2014/15. If these funding levels are achieved, this could contribute to the support of over 29 000 jobs over the medium term.

Personnel information

Table 36.23 National Empowerment Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	2	2	–	1	2	2	2	2	2	2
Executive management	3	3	–	4	2	1	3	3	3	3
Senior management	11	11	–	11	11	11	11	11	11	11
Middle management	4	4	–	4	4	4	4	7	7	7
Professionals	111	98	13	68	83	88	98	116	121	127
Skilled	8	8	–	8	8	8	8	10	10	10
Semi-skilled	20	20	–	20	20	20	20	20	20	20
Very low skilled	10	10	–	9	10	10	10	10	10	10
Total	169	156	13	125	140	144	156	179	184	190
Compensation (R thousand)				60 609	78 050	85 028	101 184	123 726	126 700	138 200
Unit cost (R thousand)				485	558	590	649	691	689	727

1. As at 30 September 2011.

The number of filled posts increased from 125 in 2008/09 to 156 in 2011/12. This is due to the establishment of regional offices. Over the medium term, the number of filled posts is expected to increase. Due to the high number of professionals, a high turnover of staff is prevalent. The ratio of support staff to line staff is 1: 2.

Small Enterprise Development Agency

Overview: 2008/09 – 2014/15

The Small Enterprise Development Agency provides non-financial business development and support services to small enterprises in partnership with other role players. Its mission is to develop, support and promote small enterprises to ensure their growth and sustainability. It aims to enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and projects, and to ensure equitable access to business support services. The agency aims to promote economic growth, job creation and equity.

Through its offerings and partnerships with other role players, the agency contributes mostly to the Department of Trade and Industry's strategic objective of promoting broader participation, equity and redress in the economy. The objective forms the basis of the agency's strategic goal of ensuring that the small enterprise sector grows and increases its contribution to sustainable and equitable social and economic development, employment and wealth creation.

In terms of the industrial policy action plan, the agency is expected to contribute to four action programmes prioritised by the department over the medium term. These are: mentoring small to medium component manufacturers; participating in the skills transfer and technology upgrading programme for small scale saw millers; developing and establishing business management structures; and providing training to charcoal manufacturing enterprises and cooperatives in communities showing interest in charcoal production. The organisation shall focus on: increasing the incubation footprint, directing specific interventions to the small and medium enterprise segment, identifying and working with large scale projects and cooperatives, and prioritising growth sectors.

Performance

63 916 potential and existing businesses were attracted to the agency's network for the first time in 2010/11. 26 747 of these were assessed and registered on the agency's client database. Of those, 12 577 received an agency intervention during the year. 2 916 clients were surveyed to assess their satisfaction levels with the quality of the agency's services. 93 per cent indicated that the service was satisfactory. 677 potential entrepreneurs were converted into trading businesses as a result of assistance from the agency during the year.

Of the assisted clients, 2 657 were evaluated to measure business performance improvement. 37 per cent of the surveyed clients reported an increase in turnover and 27 per cent reported an increase in number of people employed.

The agency's technology programme supported 1 479 clients, resulting in 202 new businesses, 893 direct jobs and 2 920 indirect jobs.

Selected performance indicators

Table 36.24 Small Enterprise Development Agency

Indicator	Programme/Activity/Objective/Project	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new clients attracted per year	Ensure equitable access to business support services	199 830	112 386	60 000	90 000	65 000	65 000	65 000
Number of clients the agency works with per year	Ensure equitable access to business support services	–	23 000	12 000	25 000	10 400	10 400	10 400
Number of adopted enterprises under the community public private partnership programme per year	Ensure equitable access to business support services	–	–	18	20	22	24	26
Value of service provision costs covered by partners	Ensure equitable access to business support services	–	–	R6.8m	R7.6m	R5m	R5m	R5m
Percentage of clients satisfied with quality of the agency's services: 2 400 out of 3 000 clients each year	Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and projects	–	–	93%	80%	80%	80%	80%
Percentage of existing SMME clients whose financial turnover increased	Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and projects	–	–	37%	35%	35%	35%	35%
Percentage of existing SMME clients whose number of employees increased	Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and projects	–	–	27%	25%	25%	25%	25%
Number of partnerships operational per year	Ensure equitable access to business support services	–	–	40	30	30	30	30
Percentage of clients satisfied with quality of agency's services	Technology programme assisting SMMEs with technology	–	–	–	80%	80%	80%	80%
Number of jobs created per year	Technology programme assisting SMMEs with technology	–	–	893	1 050	–	–	1 040
Number of clients supported by the technology programme per year	Technology programme assisting SMMEs with technology	–	–	756	1 500	842	935	1 027
Number of clients assisted with transfer incentives provided per year	Technology programme assisting SMMEs with technology	–	–	26	50	30	34	39

Table 36.24 Small Enterprise Development Agency (continued)

Indicator	Programme/Activity/Objective/Project	Past ¹			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of clients supported in conformity assessment and product testing per year	Technology programme assisting SMMEs with technology	–	–	103	100	115	127	140
Number of clients trained on national and international standards per year	Technology programme assisting SMMEs with technology	–	–	350	500	385	425	468
Number of clients supported in system implementation per year	Technology programme assisting SMMEs with technology	–	–	26	25	30	34	39

1. No past data is available, as the performance measures were not yet in use.

Programmes/activities/objectives

Table 36.25 Small Enterprise Development Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and projects	88.6	112.1	118.6	148.0	168.6	179.2	190.2
Ensure equitable access to business support services	97.1	115.7	124.6	118.1	113.0	118.9	124.4
Strengthen the organisation to deliver on its mission	175.3	194.0	188.1	203.1	165.5	165.4	170.4
Seda Technology Programme (STP) assisting SMME's with technology	121.3	99.6	78.2	120.1	113.0	119.2	126.4
Total expense	482.2	521.4	509.5	589.2	560.0	582.8	611.4

The Small Enterprise Development Agency had a total budget of R589.2 million in 2011/12, of which 34.9 per cent was used for compensation of employees and 62.6 per cent for goods and services.

Savings and cost effectiveness measures

The following measures were put in place in 2008/09 to ensure savings and cost effectiveness: budgets are linked to performance management; the importance of budget planning is highlighted to prevent fiscal dumping; critical percentages such as compensation of employees as a percentage of total expenditure and per client served are monitored; and costs are monitored monthly and measures put in place to keep costs within acceptable limits.

Expenditure estimates

Table 36.26 Small Enterprise Development Agency

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	74.6	75.3	34.9	23.6	19.4	13.0	8.0
<i>Other non-tax revenue</i>	74.6	75.3	34.9	23.6	19.4	13.0	8.0
Transfers received	484.8	409.5	461.1	553.3	540.7	569.8	603.4
Total revenue	559.4	484.8	496.0	576.9	560.0	582.8	611.4
Expenses							
Current expenses	482.2	521.4	509.5	589.2	560.0	582.8	611.4
Compensation of employees	165.9	169.6	189.8	205.6	220.0	235.4	251.9
Goods and services	302.5	339.1	303.8	368.9	325.0	332.3	345.0
Depreciation	9.6	10.5	13.7	12.5	12.8	12.7	12.0
Interest, dividends and rent on land	4.2	2.2	2.2	2.2	2.3	2.4	2.5
Total expenses	482.2	521.4	509.5	589.2	560.0	582.8	611.4

Table 36.26 Small Enterprise Development Agency (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Surplus / (Deficit)	77.2	(36.7)	(13.5)	(12.0)	-	-	-
Statement of financial position							
Carrying value of assets	35.4	45.0	45.5	49.1	45.8	44.6	45.2
<i>of which:</i>							
<i>Acquisition of assets</i>	7.4	20.9	15.6	16.1	9.5	11.5	12.6
Inventory	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Receivables and prepayments	5.0	6.4	4.1	4.5	4.3	4.1	4.0
Cash and cash equivalents	206.5	162.1	155.9	105.3	99.4	98.6	99.7
Total assets	247.1	213.9	205.9	159.2	149.8	147.6	149.2
Accumulated surplus/(deficit)	108.1	71.4	57.9	25.5	20.1	20.1	20.1
Finance lease	12.1	12.2	12.2	15.7	17.6	19.5	21.3
Deferred income	7.6	7.6	9.1	7.6	6.1	4.6	3.1
Trade and other payables	107.2	109.5	110.9	95.0	90.0	87.0	88.0
Provisions	12.1	13.1	15.8	15.4	16.0	16.4	16.7
Total equity and liabilities	247.1	213.9	205.9	159.2	149.8	147.6	149.2

Expenditure trends

The spending focus over the MTEF period will be on continuing to develop, support and promote small enterprises to ensure their growth and sustainability through non-financial small business services.

Revenue is dominated by transfers from the Department of Trade and Industry. Transfers received increased from R484.8 million in 2008/09 to R553.3 million in 2011/12, at an average annual rate of 4.5 per cent. Over the medium term, departmental transfers to the agency and the technology programme are expected to increase to R603.4 million, at an average annual rate of 2.9 per cent.

Total expenditure increased from R482.2 million in 2008/09 to R589.2 million in 2011/12, at an average annual rate of 6.9 per cent. Over the medium term, expenditure is expected to increase to R611.4 million, at an average annual rate of 1.2 per cent. This is mainly due to increases in spending on compensation of employees from R205.6 million in 2011/12 to R251.9 million in 2014/15, as a result of the filling of funded vacancies.

Personnel information

Table 36.27 Small Enterprise Development Agency

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (established)	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	1	-	1	1	1	1	1	1
Executive management	5	5	-	4	4	4	4	5	5	5
Senior management	27	27	2	19	24	24	23	27	27	27
Middle management	273	273	54	270	280	291	300	249	252	255
Professionals	244	244	18	176	210	214	165	222	224	227
Semi-skilled	128	128	9	65	53	62	101	117	118	120
Total	678	678	84	534	572	596	594	621	627	635
Compensation (R thousand)				165 899	169 603	189 848	205 648	220 042	235 445	251 926
Unit cost (R thousand)				311	297	319	346	354	376	397

1. As at 30 September 2011.

As at 30 September 2011, the agency had an approved and funded establishment of 678 posts. The number of posts filled increased from 534 in 2008/09 to 594 in 2011/12, and is expected to increase to 635 over the

medium term. This is as a result of increased service deliverables. Approximately 72 per cent of the entity's personnel are directly involved with service delivery while 28 per cent perform support functions.

South African Bureau of Standards

Overview: 2008/09 – 2014/15

The South African Bureau of Standards provides standardisation and conformity assessment services aimed at protecting the integrity of the South African market, protecting consumers, creating a competitive advantage for South African industry, and facilitating access by South Africans to local and international markets. The bureau forms part of South Africa's standardisation, quality assurance, accreditation and metrology technical infrastructure.

Over the medium term, the bureau will focus on: developing market-relevant standards that support the requirements of the South African economy; collaborating with national higher education bodies to promote the uptake of standards into the industrial sector; and providing services that will enable the development of industrial capacity in South Africa, including increased support to SMMEs.

Performance

The bureau produced 650 South African national standards in 2010/11, 80 per cent of which were aligned with international standards. The need to support the implementation of the second industrial policy action plan and the protection of the South African market's integrity has necessitated a revision of the indicators to be tracked in the development of standards. The number of home grown standards developed in support of the second industrial policy action plan and the number of standards referenced in legislation will become key indicators over the medium term, replacing the number of standards published.

Acceptance by peer organisations and trading partners of the bureau's conformity testing and assessment services is reflected in accreditations that the organisation maintains with both local and international bodies. In 2010/11, the bureau produced 412 539 test reports across all laboratories with the 2014/15 projection set at 442 000. This increase in volume is expected to be driven substantially by the implementation of the Consumer Protection Act (2008).

Selected performance indicators

Table 36.28 South African Bureau of Standards

Indicator	Programme/Activity/Objective /Project	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of national standards developed per year ¹	Development of South African national standards	634	857	650	600	1	–	–
Number of days taken to produce a standard	Development of South African national standards	330	241	300	340	340	320	300
Value of sales of standards	Development of South African national standards	R15.3m	R16.8m	R16.6m	R18.3m	R27.6m	R31.7m	R36.1m
Tests and services revenue	Tests and conformity assessments	R189.8m	R199.9m	R192.3m	R180.9m	R627.3m	R317.8m	R354m
Value of products and systems certification revenue	Tests and conformity assessments	R156.1m	R173.8m	R184.1m	R221.9m	R272.5m	R354m	R358.4m
Number of test reports completed per year	Tests and conformity assessments	391 886	527 983	412 539	395 400	407 100	422 000	442 000
Number of certification certificates issued per year	Tests and conformity assessments	–	9 628	10 356	11 375	11 640	11 960	12 315
Number of home grown South African national standards developed per year	Development of South African national standards	–	–	–	100	135	140	145

1. Indicator discontinued and replaced by home grown standards developed to address challenges unique to the South African economy. The bureau will continue producing more standards than the home grown target but the indicator has been changed to focus on relevance.

Programmes/activities/objectives

Table 36.29 South African Bureau of Standards

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Development of South African national standards	49.0	113.8	121.5	134.1	169.6	187.1	204.4
Tests and conformity assessments	283.1	420.2	432.4	510.5	585.2	645.5	702.2
Regulation of compulsory specifications	48.1	38.5	–	–	–	–	–
Corporate support	135.7	–	–	–	–	–	–
Total expense	515.9	572.4	554.0	644.6	754.8	832.5	906.6

The South African Bureau of Standards had a total budget of R644.6 million in 2011/12, of which 58.8 per cent was used for compensation on employees.

Savings and cost effectiveness measures

The bureau has implemented cost containment measures, which include requiring auditors to travel on low cost airlines, the use of an in house travel agent, and booking trips at least two weeks in advance to save on airfares. The procurement process is being streamlined and enhanced in 2012/13 to ensure favourable prices and terms from suppliers. All major expense items such as security services, cleaning, garden services, advertising and network support services are procured through an open tender system with increases limited to an average of 6 per cent each year, resulting in savings of R6 million over the medium term.

Expenditure estimates

Table 36.30 South African Bureau of Standards

Statement of financial performance							
R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	418.9	481.0	448.4	481.4	587.4	682.2	764.9
Sale of goods and services other than capital assets	358.5	390.7	394.6	458.3	572.8	666.7	748.5
<i>of which:</i>							
<i>Sales by market establishments</i>	358.5	390.7	394.6	458.3	572.8	666.7	748.5
<i>Other non-tax revenue</i>	60.4	90.3	53.9	23.0	14.6	15.5	16.4
Transfers received	126.1	138.1	160.1	184.5	188.8	189.9	199.5
Total revenue	546.7	619.3	608.5	665.8	776.1	872.1	964.4
Expenses							
Current expenses	508.8	565.4	543.6	636.7	746.2	823.4	896.9
Compensation of employees	272.7	291.9	321.5	378.9	419.8	459.2	496.9
Goods and services	208.1	240.8	181.2	216.8	268.1	297.9	329.6
Depreciation	25.3	31.1	33.8	41.0	58.4	66.3	70.4
Interest, dividends and rent on land	2.7	1.5	7.2	–	–	–	–
Transfers and subsidies	7.2	7.1	7.6	7.9	8.6	9.2	9.7
Total expenses	515.9	572.4	554.0	644.6	754.8	832.5	906.6
Surplus / (Deficit)	30.7	46.8	54.5	21.0	21.0	40.0	58.0
Statement of financial position							
Carrying value of assets	200.7	198.8	274.6	455.4	573.2	587.5	587.3
<i>of which:</i>							
<i>Acquisition of assets</i>	50.7	30.2	110.4	221.9	176.1	80.6	70.2
Investments	250.1	201.5	291.9	313.8	310.7	345.3	378.3
Inventory	0.8	0.5	1.5	1.0	1.0	1.0	1.0
Receivables and prepayments	66.6	52.4	54.7	78.4	90.2	103.7	119.3
Cash and cash equivalents	7.6	122.2	190.4	94.3	60.7	65.1	101.0
Non-current assets held for sale	2.3	1.9	1.7	–	–	–	–
Taxation	23.7	23.9	21.1	23.9	23.9	23.9	23.9
Total assets	551.9	601.2	835.9	966.8	1 059.7	1 126.4	1 210.7

Table 36.30 South African Bureau of Standards (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Accumulated surplus / (deficit)	274.8	321.9	376.6	397.8	419.1	458.7	516.4
Capital and reserves	72.5	62.7	68.7	86.4	104.7	125.4	144.0
Capital reserve fund	25.3	15.9	165.6	262.8	302.6	294.3	286.1
Borrowings	14.9	14.9	14.9	-	-	-	-
Finance lease	3.6	0.8	0.0	-	-	-	-
Trade and other payables	66.9	90.2	107.6	118.4	130.2	143.2	157.6
Provisions	93.4	94.4	102.3	101.5	103.1	104.8	106.6
Derivatives financial instruments	0.5	0.3	0.2	-	-	-	-
Total equity and liabilities	551.9	601.2	835.9	966.8	1 059.7	1 126.4	1 210.7

Expenditure trends

The entity's spending focus over the MTEF period will be on strengthening the enforcement of technical regulation functions.

Revenue is derived mainly from fees for services provided, such as certification and testing. Government transfers represent approximately 27.7 per cent of total revenue in 2011/12, which is used for the development of South African national standards. Between 2008/09 and 2011/12, revenue increased from R546.7 million to R665.8 million, at an average rate of 6.8 per cent. The 15.9 per cent and 15.3 per cent increases in transfers received in 2010/11 and 2011/12 were due to earmarked funding for the construction of new laboratory buildings. It is projected that transfers from government will increase to R199.5 million in 2014/15 due to the cessation of capital transfers.

Expenditure increased from R515.9 million in 2008/09 to R644.6 million in 2011/12 with compensation of employees accounting for 55.2 per cent of total spending over the period. The need to attract talent and retain skilled employees has influenced the growth in expenditure, as the bureau had to align pay scales with those of competition to curb the loss of skills. Expenditure is projected to increase to R906.6 million over the medium term as part of the bureau's efforts to improve technical capacity, strengthen the brand and improve on testing technology. Spending on compensation of employees is expected to increase from R378.9 million in 2011/12 to R496.9 million in 2014/15, at an average annual rate of 9.5 per cent, as a result. Spending on goods and services costs is expected to increase from R216.8 million in 2011/12 to R329.6 million in 2014/15, at an average annual rate of 15 per cent, due to new projects to generate revenue.

Personnel information

Table 36.31 South African Bureau of Standards

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (established)	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	-	1	1	1	1	2	2	2
Executive management	9	9	3	4	4	5	6	5	5	5
Senior management	44	44	11	23	22	29	38	40	50	52
Middle management	84	84	26	72	68	61	63	68	75	77
Professionals	162	162	31	129	126	120	138	142	155	160
Skilled	752	752	127	663	668	644	648	658	663	672
Semi-skilled	122	122	20	160	135	117	102	100	98	95
Very low skilled	89	89	18	213	173	111	71	65	60	57
Total	1 263	1 263	236	1 265	1 197	1 088	1 067	1 080	1 108	1 120
Compensation (R thousand)				272 658	291 912	321 471	378 855	419 762	459 160	496 949
Unit cost (R thousand)				216	244	295	355	389	414	444

1. As at 30 September 2011.

As at 30 September 2011, the bureau had an approved establishment of 1 263 posts. Headcount dropped from 1 265 in 2008/09 to 1 088 in 2010/11 due to the loss of coal and iron ore analysis contracts in the mining and minerals segment of the business. Over the MTEF period, filled positions are expected to increase from 1 067 as at 30 September 2011 to 1 120 in 2014/15, due to a projected increase in headcount required to achieve organisational objectives. There were 236 vacancies as at 30 September 2011.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Companies Tribunal** mandate is to adjudicate any application made to it in terms of the Companies Act; to assist in the resolution of disputes and to perform any other function assigned to it by or in terms of the Act, or any law mentioned in the Act. The budget for 2012/13 amounts to R10 million which is received from the department for operational expenditure.
- The **National Consumer Commission** ensures the enforcement of consumer legislation by establishing a regulatory framework to achieve and maintain a consumer market that is fair, accessible, efficient, sustainable, and promotes and protects consumer interests. The budget for 2012/13 amounts to R41.6 million.
- The **National Consumer Tribunal** ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. The budget for 2012/13 amounts to R33.8 million.
- The **Estate Agency Affairs Board** has two main objectives: to maintain and promote the standard of conduct of estate agents, and to regulate their activities. The budget for 2012/13 amounts to R83.1 million. The EAAB does not receive a budget from the department.
- The **National Credit Regulator** regulates the consumer credit industry in order to improve consumer protection and the efficiency and fairness of the end user credit market. The budget for 2012/13 amounts to R111.1 of which R54.7 million is received from the department.
- The **National Gambling Board of South Africa** oversees regulation in the gambling industry throughout South Africa and preserves the integrity of South Africa as a responsible global citizen. The budget for 2012/13 amounts to R26.3 million of which R25.9 million is received from the department.
- The **National Metrology Institute of South Africa** maintains the international system of units and ensures that South African measurements, standards and units are internationally comparable and scientifically valid. The budget for 2012/13 amounts to R88.2 million of which R76.5 million is received from the department.
- The **National Regulator for Compulsory Specifications** regulates adherence to compulsory specifications and technical regulations. The budget for 2012/13 amounts to R230 million, of which R78.1 million is received from the department.
- The **National Lotteries Board** monitors and enforces the implementation of the national lottery and the establishment of private lotteries and promotional competitions. The budget for 2012/13 amounts to R162.4 million. The board does not receive a budget from the department.
- The **South African National Accreditation System** is mandated to achieve the following objectives: accrediting or monitoring for compliance purposes; promoting accreditation as a means of facilitating international trade and enhancing South Africa's economic performance and transformation; promoting the competence and equivalence of accredited bodies; and promoting the competence and equivalence of facilities compliance. The budget for 2012/13 amounts to R69.1 million of which R30.3 million is received from the department.

Additional table: Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
Infrastructure transfers to other spheres, agencies and departments									
Coega Development Corporation	Infrastructure developments to enable investment in the zone	Various	5 689.0	718.4	859.9	714.0	417.9	308.2	-
East London industrial development zone	Infrastructure developments to enable investment in the zone	Various	1 817.5	154.0	373.4	198.0	150.0	100.0	-
Critical infrastructure programme	Infrastructure projects supporting investment in mining, tourism, manufacturing and services	Various	1 473.2	75.1	105.6	80.6	182.0	190.0	203.0
Richards Bay industrial development zone	Infrastructure developments to enable investment in the zone	Various	672.0	-	68.4	20.0	42.0	30.0	-
Centurion Aerospace Village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park.	Various	407.3	20.0	-	37.5	-	-	-
South African Bureau of Standards	New building to house the South African Bureau of Standards	Construction	315.4	-	-	174.2	48.0	-	-
National Metrology Institute of South Africa infrastructure project	Laboratory and administrative buildings	Project	837.0	-	-	-	-	50.0	100.0
Total			11 211.5	967.5	1 407.3	1 224.3	839.9	678.2	303.0

Vote 37

Transport

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	317.5	305.4	10.0	2.1	332.8	351.9
Integrated Transport Planning	88.5	87.7	–	0.8	84.6	89.4
Rail Transport	10 298.9	31.6	10 267.3	0.1	11 137.7	15 823.6
Road Transport	17 928.8	93.6	17 834.6	0.6	19 111.0	20 157.5
Civil Aviation	70.0	49.4	20.2	0.4	72.6	76.9
Maritime Transport	138.5	110.7	27.6	0.3	146.9	155.0
Public Transport	9 986.7	169.6	9 816.9	0.2	10 818.5	11 411.9
Total expenditure estimates	38 829.0	848.1	37 976.5	4.4	41 704.0	48 066.3
Executive authority	Minister of Transport					
Accounting officer	Director General of Transport					
Website address	www.transport.gov.za					

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

Aim

Lead the provision of an integrated, sustainable, reliable and safe transport system through planning, development, coordination, promotion and the implementation of transport policies, regulations and strategies.

Programme purposes

Programme 1: Administration

Purpose: Coordinate and render effective, efficient strategic support and administrative services to the minister, director general and department.

Programme 2: Integrated Transport Planning

Purpose: Manage and facilitate national strategic planning including the planning for new projects, and conduct research and formulate national transport policy, including for the cross-modal area of logistics. Coordinate international and intersphere relations.

Programme 3: Rail Transport

Purpose: Facilitate and coordinate the development of sustainable rail transport policies, strategies and systems. Oversee rail public entities.

Programme 4: Road Transport

Purpose: Regulate road traffic management. Ensure the maintenance and development of an integrated road network through the development of standards and guidelines, and oversight of the road agencies and provincial and local road expenditure.

Programme 5: Civil Aviation

Purpose: Facilitate the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards, through regulation and investigation. Oversee the aviation public entities.

Programme 6: Maritime Transport

Purpose: Coordinate the development of a safe, reliable and viable maritime transport sector through the development of policies, and through monitoring and oversight of maritime public entities.

Programme 7: Public Transport

Purpose: Develop norms and standards as well as regulations and legislation to guide the development of public transport for rural and urban passengers. Regulate interprovincial public transport and tourism services. Monitor and evaluate the implementation of the public transport strategy and the National Land Transport Act (2009).

Strategic overview: 2008/09 – 2014/15

The Department of Transport is responsible for facilitating, coordinating and enabling the safe, reliable and effective movement of freight and people to contribute to South Africa's social and economic development. Within the outcomes based performance management framework adopted by government, the department contributes mainly to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6).

Achieving this outcome requires the department to: improve the quality of the country's road network by extending and maintaining it; build a rail network by promoting investment in rail commuter services and developing a policy for rail freight; develop the policy framework for well functioning ports and efficient maritime infrastructure; provide safe, reliable and integrated public transport networks by providing policy guidance to local and provincial government, and managing conditional grants to build the infrastructure and provide transport services; and provide for safety, services and economic regulation across all modes.

In addition to achieving these economic outcomes, the department aims to reduce accidents within the transport sector, particularly on the country's roads. In discharging its policy and legislative obligations, particular emphasis will be placed on promoting job creation within the transport industry, and reducing its impact on the environment and climate change by promoting energy efficient solutions and the use of cleaner fuels.

Road transport

The department will support provinces and municipalities in implementing road asset management systems and populating them with data on road conditions and traffic. This will ensure that limited resources are used more efficiently to maintain the road infrastructure, and that vehicle operating costs are reduced and the lifespan of roads is lengthened.

The department will focus on the countrywide implementation of the Administrative Adjudication of Road Traffic Offences Act (1998). Lessons learnt from the implementation of the pilots in Johannesburg and Pretoria will be integrated into the system as it is rolled out across the country. The road traffic infringement agency came into operation in 2011 and has so far filled some critical positions and established business processes.

The road accident benefit scheme policy was approved in 2011. The department is drafting the Road Accident Benefit Scheme Bill to provide benefits to road accident victims as a form of social security, and to move away from the current fault based systems.

Rail transport

South Africa has an extensive rail transportation network, which is vital for sustained economic growth. The existing fleet used to provide rail commuter services will be replaced over the next 20 years. A feasibility study to explore the project scope and options was done in 2011. To achieve this goal, the department will support the Passenger Rail Agency of South Africa to procure rolling stock for Metrorail, by facilitating coordination and engagement with other key government departments involved in the supply chain process.

The department has begun drafting a rail policy, which will guide investment, improve regulation and lead to more reliable, safe and affordable freight and passenger services. It is anticipated that the policy will be finalised by 2012/13. Economic regulation which aims to promote efficient pricing and network access will also be introduced, through the establishment of a rail economic regulator, as part of a larger single transport economic regulator. The department began the process of establishing the single transport economic regulator in 2011/12.

Public transport

As the second city funded through the public transport infrastructure and systems grant after Johannesburg, Cape Town started the operations of its bus rapid transit system in 2011/12. The department continues to implement the National Land Transport Act (2009), which clarifies the roles of the different levels of government in regard to public transport planning, contracting and regulation. Public transport regulators are responsible for the planning and subsidy function, and will be set up to monitor and oversee public transport and issue operating licences for their area of responsibility. The passenger rail function will be devolved from national to local government from 2013/14. Investigations into the devolution of the bus operating function from provincial to local government are under way.

Maritime and aviation transport

In the maritime sector, the ports regulator has been further capacitated to fulfil its legislative mandate and institutions governed under the South African Civil Aviation Authority Act (2009), appeal committees and an aviation safety investigation board, are being set up. Maritime and aviation policies are being developed to provide the sectors with an overall framework on the institutional arrangements, infrastructure investment guidelines, and safety and economic regulation.

Selected performance indicators

Table 37.1 Transport

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of average weekday bus rapid transit passengers: Rea Vaya in Johannesburg ¹	Public Transport	0	11 800	30 000	43 000	100 000	100 000	150 000
Number of average weekday bus rapid transit passengers: MyCiTi in Cape Town ²	Public Transport	0	0	0	8 000	112 000	180 000	180 000
Number of additional kilometres of bidirectional, exclusive lanes in operation in integrated rapid public transport network systems: Rea Vaya in Johannesburg	Public Transport	0	25	0.5	0	16.7	10.8	17.8
Number of additional kilometres of bi-directional, exclusive lanes in operation in integrated rapid public transport network systems: MyCiTi in Cape Town	Public Transport	0	0	17	0	5	5	– ³
Number of taxis scrapped per year	Public Transport	9 208	11 616	9 164	7 923	7 857	7 820	7 821
Kilometres of secondary road network in poor and very poor condition	Road Transport	65 966	65 966	63 278	59 674	56 071	52 773	51 000
Number of municipal and provincial transport regulatory entities established per year	Public Transport	0	0	0	0	3	4	4

1. Data for starter service from September 2009.

2. Data for starter service from 2011/12.

3. There will be delivery in 2014/15, but planning isn't final and the route to be constructed in that year hasn't been decided on.

Expenditure estimates

Table 37.2 Transport

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
R million								
Administration	252.7	288.9	246.1	292.2	260.7	317.5	332.8	351.9
Integrated Transport Planning	49.5	60.6	58.7	101.8	70.9	88.5	84.6	89.4
Rail Transport ¹	8 739.4	10 527.7	9 259.7	9 549.8	9 549.8	10 298.9	11 137.7	15 823.6
Road Transport	11 509.0	10 422.1	11 360.7	21 733.7	21 733.7	17 928.8	19 111.0	20 157.5
Civil Aviation	74.3	53.2	53.1	67.1	62.1	70.0	72.6	76.9
Maritime Transport	142.7	135.5	143.5	146.3	146.3	138.5	146.9	155.0
Public Transport	7 394.0	7 176.1	8 033.3	9 626.6	9 626.6	9 986.7	10 818.5	11 411.9
Total	28 161.7	28 664.0	29 155.1	41 517.4	41 450.0	38 829.0	41 704.0	48 066.3
Change to 2011 Budget estimate				6 433.4	6 366.0	624.5	505.1	4 395.4

Economic classification

Current payments	989.6	1 015.9	929.1	1 275.7	1 208.3	848.1	875.9	926.3
Compensation of employees	182.6	228.1	250.8	297.2	297.2	316.1	333.4	353.9
Goods and services	807.0	787.7	678.3	978.5	911.1	532.0	542.5	572.4
<i>of which:</i>								
Communication	8.8	9.6	6.4	4.0	4.0	41.8	42.8	45.0
Consultants and professional services: Business and advisory services	575.2	559.9	398.7	842.3	798.6	326.6	331.0	349.3
Lease payments	17.1	23.4	14.2	60.1	36.4	63.6	66.3	70.3
Travel and subsistence	44.6	37.9	33.6	23.0	23.0	37.5	38.6	40.5
Transfers and subsidies	27 152.3	27 640.9	28 222.7	40 237.5	40 237.5	37 976.5	40 823.5	47 135.1
Provinces and municipalities	10 592.0	13 263.1	12 102.4	15 694.7	15 694.7	17 324.5	18 682.1	19 647.8
Departmental agencies and accounts	6 814.1	5 873.7	6 985.7	14 565.3	14 565.3	9 895.4	10 520.4	11 151.5
Higher education institutions	7.8	8.2	8.7	9.2	9.2	9.6	10.2	10.8
Foreign governments and international organisations	4.9	4.3	4.7	5.7	5.7	6.0	6.4	6.7
Public corporations and private enterprises	9 258.2	7 850.1	8 765.2	9 474.1	9 474.1	10 227.9	11 063.2	15 744.6
Non-profit institutions	14.1	15.0	16.0	17.0	17.0	17.8	18.8	19.9
Households	461.2	626.5	340.0	471.6	471.6	495.2	522.4	553.8
Payments for capital assets	5.7	6.8	1.9	4.1	4.1	4.4	4.6	4.9
Machinery and equipment	5.7	6.8	1.9	4.1	4.1	4.4	4.6	4.9
Payments for financial assets	14.1	0.4	1.5	-	-	-	-	-
Total	28 161.7	28 664.0	29 155.1	41 517.4	41 450.0	38 829.0	41 704.0	48 066.3

1. The adjusted appropriation and revised estimate for 2011/12 include an additional R5.8 billion in respect of the South African National Roads Agency to be appropriated in an additional adjustments appropriation bill.

Expenditure trends

The spending focus over the MTEF period will be on maintaining road infrastructure, upgrading rail infrastructure and services, constructing municipal public transportation infrastructure, and subsidising provincial public transport operations.

Expenditure increased from R28.2 billion in 2008/09 to R41.5 billion in 2011/12, at an average annual rate of 13.8 per cent, due mainly to additional allocations over the period. The allocations grew as follows: from R2.9 billion in 2008/09 to R4.8 billion in 2011/12 for public transport infrastructure and systems; from R1.9 billion in 2008/09 to R11.5 billion in 2011/12 for national road infrastructure, including allocation for coal haulage and R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project; and from R3.3 billion in 2008/09 to R6.4 billion in 2011/12 for the provincial road network. This growth was offset by declining

allocations for the Gautrain rapid rail link project, which decreased from R3.3 billion in 2008/09 to R5.3 million in 2011/12, as the project was completed and the national contribution to the development phase of this project ended in 2011/12. Growth in spending was further enabled by the once-off transfer of R2.5 billion to the Road Accident Fund in 2008/09 to allow it to continue operations. The public transport infrastructure and systems grant, a conditional grant to municipalities, is the main funding source for the introduction of the bus rapid transit systems in Johannesburg, Cape Town and the other cities to follow.

Expenditure is expected to increase from R41.5 billion in 2011/12 to R48.1 billion in 2014/15, at an average annual rate of 5 per cent. This strong growth is attributable to additional allocations of: R893 million for the conditional grant made to provinces for disaster relief funding for provincial road investment and maintenance, R4 billion for rail rolling stock, and R1 billion for the upgrade of signalling and the procurement of depots ahead of the arrival of the new rolling stock. The only other additional allocation is R20.7 million for improved conditions of service over the MTEF period. Expenditure also grew due to inflation related adjustments to spending on road infrastructure and maintenance, rail infrastructure and operations, and the public transport infrastructure and systems. Higher expenditure through the provincial roads maintenance grant is primarily responsible for an improvement in road conditions and is expected to decrease the number of kilometres of the secondary road network in poor or very poor condition to 51 000 kilometres by 2014/15.

Cabinet approved a baseline cut of R1.1 billion over the MTEF period, of which R257.5 million is effected in 2012/13, R331.7 million in 2013/14 and R497.2 million in 2014/15. The detail is discussed under the relevant subprogrammes.

The major transfers made by the department are as follows:

- operational and capital contributions to the South African National Roads Agency for the non-toll network, which increased from R4.1 billion in 2008/09 to R8.7 billion in 2011/12, at an average annual rate of 28.7 per cent, and are expected to increase to R11 billion in 2014/15, at a rate of 8.2 per cent, to accelerate the maintenance, refurbishment and upgrade of the growing national roads network. Additionally, R5.8 billion is allocated to the Gauteng Freeway Improvement project in 2011/12.
- operational and capital contributions to the Passenger Rail Agency of South Africa, which increased from R5.4 billion in 2008/09 to R9.5 billion in 2011/12, at an average annual rate of 20.5 per cent, and are expected to increase to R15.7 billion, at a rate of 18.4 per cent, to better maintain and upgrade the rail infrastructure
- the provincial road maintenance grant, which increases from R4.4 billion in 2008/09 to R6.7 billion in 2011/12, at an average annual rate of 15.4 per cent, and is expected to reach R9 billion, growing at an average annual rate of 10.2 per cent, to improve the maintenance of the provincial roads network
- the public transport infrastructure and systems grant, which increased from R2.9 billion in 2008/09 to R4.8 billion in 2011/12, at an average annual rate of 18 per cent, and is expected to further increase to R5.9 billion in 2014/15, at an average annual rate of 6.9 per cent, to build infrastructure in support of integrated public transport networks in municipalities
- the public transport operations grant, which subsidises provincial commuter bus operations, increased from R3.8 billion in 2008/09 to R4.2 billion in 2011/12, at an average annual rate of 2.6 per cent, and is expected to increase to R4.8 billion at a rate of 4.8 per cent

Expenditure on consultants and professional services increased from R643.3 million in 2008/09 to R850.3 million in 2011/12, at an average annual rate of 9.7 per cent, as the department relied heavily on consultants to provide business and advisory services. In 2011/12, expenditure on consultants and professional services accounted for 66.7 per cent of the department's expenditure. Over the medium term, spending on consultants is expected to decrease to R359.4 million, at an average annual rate of 25 per cent, as a result of savings measures implemented.

Infrastructure spending

The department transfers funds to entities, provinces and municipalities for infrastructure development. Between 2008/09 and 2011/12, these transfers increased from R13.9 billion to R28.9 billion, at an average annual rate of 27.6 per cent. Over the medium term, transfers for infrastructure investment are expected to grow to R34.1 billion, increasing at an average annual rate of 5.7 per cent. The increases are largely due to allocations

for national and provincial road maintenance, passenger rail infrastructure, the procurement of new rolling stock and the construction of municipal public transport infrastructure and systems.

Personnel information

Table 37.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Department	677	677	101	520	529	529	501	737	737	737
Salary level 1 – 6	132	132	58	106	127	127	117	142	142	142
Salary level 7 – 10	263	263	20	213	182	182	180	284	284	284
Salary level 11 – 12	145	145	7	99	115	115	104	169	169	169
Salary level 13 – 16	137	137	16	102	105	105	100	142	142	142
Administration	306	306	58	237	250	250	249	358	358	358
Salary level 1 – 6	79	79	32	61	84	84	84	90	90	90
Salary level 7 – 10	126	126	13	101	83	83	82	142	142	142
Salary level 11 – 12	56	56	4	38	41	41	41	70	70	70
Salary level 13 – 16	45	45	9	37	42	42	42	56	56	56
Integrated Transport Planning	67	67	12	52	55	55	45	58	58	58
Salary level 1 – 6	14	14	10	14	13	13	4	5	5	5
Salary level 7 – 10	14	14	1	16	10	10	14	16	16	16
Salary level 11 – 12	18	18	–	7	18	18	9	16	16	16
Salary level 13 – 16	21	21	1	15	14	14	18	21	21	21
Rail Transport	18	18	3	14	11	11	22	36	36	36
Salary level 1 – 6	3	3	2	3	2	2	5	6	6	6
Salary level 7 – 10	5	5	–	3	2	2	7	12	12	12
Salary level 11 – 12	3	3	1	3	3	3	5	8	8	8
Salary level 13 – 16	7	7	–	5	4	4	5	10	10	10
Road Transport	117	117	6	97	95	95	68	102	102	102
Salary level 1 – 6	14	14	1	10	10	10	9	13	13	13
Salary level 7 – 10	62	62	2	54	50	50	35	47	47	47
Salary level 11 – 12	23	23	1	20	22	22	16	29	29	29
Salary level 13 – 16	18	18	2	13	13	13	8	13	13	13
Civil Aviation	85	85	13	62	58	58	50	70	70	70
Salary level 1 – 6	10	10	8	9	6	6	7	13	13	13
Salary level 7 – 10	28	28	4	20	19	19	19	29	29	29
Salary level 11 – 12	28	28	–	19	19	19	14	15	15	15
Salary level 13 – 16	19	19	1	14	14	14	10	13	13	13
Maritime Transport	34	34	3	21	24	24	17	36	36	36
Salary level 1 – 6	2	2	3	–	2	2	–	3	3	3
Salary level 7 – 10	15	15	–	10	10	10	8	15	15	15
Salary level 11 – 12	7	7	–	4	4	4	5	8	8	8
Salary level 13 – 16	10	10	–	7	8	8	4	10	10	10
Public Transport	50	50	6	37	36	36	50	77	77	77
Salary level 1 – 6	10	10	2	9	10	10	8	12	12	12
Salary level 7 – 10	13	13	–	9	8	8	15	23	23	23
Salary level 11 – 12	10	10	1	8	8	8	14	23	23	23
Salary level 13 – 16	17	17	3	11	10	10	13	19	19	19

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 677 posts, all of which were funded. 101 posts were additional to the approved establishment. The number of posts filled decreased from 520 in

2008/09 to 501 in 2011/12, as a result of the restructuring of the department undertaken in 2010/11 and 2011/12, when it was reorganised around the different transport modes. This will allow for the drafting of legislation, regulation and oversight of public entities within a sector to be overseen in the relevant sectoral branch. It is expected that the number of posts filled will increase to 737 over the medium term, of which 48.6 per cent will be in the *Administration* programme in 2011/12. There were 176 vacancies within the department distributed as follows: 37 between salary levels 13 and 16, 93 posts fall between salary levels 1 and 10 and another 41 between salary levels 11 and 12. Most of these vacancies are in the *Administration and Road Transport* programmes. Apart from the permanent staff, there were 101 contract employees employed by the department.

The ratio of support to line staff was 3:1. The expenditure on consultants in 2011/12 was R850.3 million, while expenditure on compensation of employees was R297.2 million. Expenditure on consultants constituted 286.1 per cent of total spending on compensation of employees.

Departmental receipts

Table 37.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	215 806	106 074	408 844	362 611	424 619	237 676	504 221	697 766
Sales of goods and services produced by department	200 089	98 714	406 176	237 766	418 077	230 474	245 509	260 544
Sales by market establishments	18	18	21	–	30	30	30	30
of which:								
Rental parking: Covered and open	18	18	21	–	30	30	30	30
Administrative fees	188 029	98 521	406 035	225 189	417 970	230 350	245 385	260 420
of which:								
Foreign operating permits	343	402	474	–	330	350	385	420
E-Natis fees	187 686	98 119	405 561	225 189	417 640	230 000	245 000	260 000
Other sales	12 042	175	120	12 577	77	94	94	94
of which:								
Commission on insurance	56	70	77	–	66	70	70	70
Approval of security plans	–	5	2	–	–	–	–	–
Replacement of security cards and tender documents	124	64	26	–	3	14	14	14
Departmental publications	29	36	15	–	8	10	10	10
Salvage tugs	11 833	–	–	12 577	–	–	–	–
Sales of scrap, waste, arms and other used current goods	3	3	1	–	2	2	2	2
of which:								
Waste paper	3	3	1	–	2	2	2	2
Fines, penalties and forfeits	7	(5)	(1)	–	70	50	60	70
Interest, dividends and rent on land	368	137	264	124 430	120	150	251 150	429 150
Interest	368	137	264	430	120	150	150	150
Dividends	–	–	–	124 000	–	–	251 000	429 000
of which:								
Special restructuring proceeds from Airports Company of South Africa	–	–	–	124 000	–	–	251 000	429 000
Transactions in financial assets and liabilities	15 339	7 225	2 404	415	6 350	7 000	7 500	8 000
Total	215 806	106 074	408 844	362 611	424 619	237 676	504 221	697 766

Revenue collected is mainly derived from transaction fees relating to the electronic national traffic information system, which grew from R187.7 million in 2008/09 to R417.6 million in 2011/12, at an average annual rate of 30.6 per cent. This was the result of increasing fees from R30 to R36 per transaction in 2008/09, and an increase in the volume of licensed vehicles from 9.3 million in 2008/09 to 10.3 million in 2011/12. Over the medium term, revenue is projected to decline, as fees are received by the department as an adjusted appropriation, and not recognised as income. Between 2008/09 and 2011/12, no dividends were received from Airports Company of South Africa.

Programme 1: Administration

Expenditure estimates

Table 37.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	16.6	34.3	45.8	28.5	29.5	30.7	32.5
Management	32.1	24.2	25.4	52.9	48.3	52.5	55.2
Corporate Services	137.6	146.2	129.8	134.7	151.9	157.8	167.2
Communications	54.1	65.1	35.5	18.2	28.1	29.2	30.9
Office Accommodation	12.3	19.1	9.6	57.8	59.7	62.4	66.2
Total	252.7	288.9	246.1	292.2	317.5	332.8	351.9
Change to 2011 Budget estimate				19.2	32.8	32.8	34.0

Economic classification

Current payments	240.3	274.7	234.9	280.7	305.4	320.0	338.5
Compensation of employees	85.8	97.4	112.7	117.1	143.9	151.7	161.0
Goods and services	154.5	177.3	122.2	163.6	161.6	168.3	177.4
<i>of which:</i>							
Communication	7.4	7.4	4.1	3.0	4.5	4.7	5.0
Consultants and professional services:	50.3	50.0	64.3	59.5	38.2	39.7	41.7
Business and advisory services							
Lease payments	14.7	21.2	11.0	59.3	61.6	64.4	68.3
Travel and subsistence	16.8	19.0	15.3	11.9	17.8	18.8	19.7
Transfers and subsidies	8.4	8.8	9.8	9.5	10.0	10.5	11.2
Departmental agencies and accounts	0.0	–	–	0.2	0.2	0.2	0.2
Higher education institutions	7.8	8.2	8.7	9.2	9.6	10.2	10.8
Households	0.6	0.6	1.1	0.1	0.1	0.2	0.2
Payments for capital assets	3.7	5.0	1.3	2.0	2.1	2.2	2.3
Machinery and equipment	3.7	5.0	1.3	2.0	2.1	2.2	2.3
Payments for financial assets	0.3	0.3	0.2	–	–	–	–
Total	252.7	288.9	246.1	292.2	317.5	332.8	351.9

Details of selected transfers and subsidies

Higher education institutions							
Current	7.8	8.2	8.7	9.2	9.6	10.2	10.8
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	7.8	8.2	8.7	9.2	9.6	10.2	10.8

Expenditure trends

Expenditure grew from R252.7 million in 2008/09 to R292.2 million in 2011/12, at an average annual rate of 5 per cent. The increase was largely due to funds shifting to this programme from other programmes in 2009/10 to cater for the expansion of internal audit staff, skills development costs and preparations for the 2010 FIFA World Cup.

Over the MTEF period, spending is expected to increase to R351.9 million, at an average annual rate of 6.4 per cent. The increase is mainly in spending in the *Office Accommodation* subprogramme, which is expected to grow to R66.2 million in 2014/15, at an average annual rate of 4.6 per cent, as a result of increases in annual rental costs. The office rental expenditure will not be as high as expected in 2011/12, due to delays in occupying the expanded office space. The department is expected to start using the expanded space over the medium term.

R7.5 million over the medium term is shifted from the *Integrated Transport Planning* programme to this programme for the operations of the programme management unit.

Spending on consultants and professional services increased from R51.2 million in 2008/09 to R59.5 million in 2011/12, at an average annual rate of 5.2 per cent, and is expected to decrease to R41.7 million over the medium term, at an average annual rate of 11.2 per cent. Consultants are appointed mainly to support corporate services within this programme to provide advisory services.

Programme 2: Integrated Transport Planning

Objectives and measures

- Lower the cost of transport logistics within South Africa by developing appropriate corridor mapping tools by 2014 to optimise modal and investment decisions.
- Improve inter and intra governmental transport planning by establishing a national planning forum in 2012/13 that integrates planning across all spheres of government, and develop a master planning framework to guide the work of the forum.
- Support an effective and efficient transport system by developing and continuously updating transport performance indicators and establishing a central transport industry databank, to enable planning and analysis of all modes of transport and land use by 2013/14.
- Ensure evidence based transport planning and policy making by conducting a household travel survey in 2012 to support public transport and infrastructure investments.
- Develop appropriate institutional and regulatory frameworks that will enhance and promote the participation of second economy players in the mainstream economy by 2014.

Subprogrammes

- *Macro Sector Planning* examines land use for transport in all spheres of government from a multimodal perspective, to provide guidance on future investment. It manages, coordinates and facilitates the implementation of the planning provisions contained in the National Land Transport Act (2009), and also develops planning guidelines and a national five-year strategic framework to inform provincial and municipal planning. This subprogramme had a staff complement of 11 and a total budget of R39.5 million in 2011/12, of which 52.7 per cent was used for compensation of employees. In 2011/12, the subprogramme completed the national transport master plan. The focus over the medium term will be on getting the national transport master plan approved by Cabinet by 2012/13 at a cost of R79 million, updating the micro planning framework, drafting the National Planning and Implementation Bill and establishing the national transport planning forum. R22.2 million in 2012/13 has been reprioritised to other subprogrammes, as the restructuring of the department has been completed and some items have been moved to subprogrammes where they fit best.
- *Logistics* develops and coordinates the implementation of freight logistics strategies aimed at unblocking bottlenecks in the freight logistics system and the related supply chains, with particular emphasis on integrating elements of the system across modes. This subprogramme had a staff complement of 11 and a total budget of R14.2 million in 2011/12, which was used in full on compensation of employees. In 2011/12, the freight movement optimisation plan was developed and the status quo report on 6 border posts was approved by the steering committee for further consultation with neighbouring countries. R13 million is budgeted over the medium term to review and implement the national freight logistics strategy, develop and update the national transport database, and finalise the branch line strategy following the development of the rail policy. There is a baseline reduction of R3.6 million in 2012/13 in this subprogramme, which will be used to support departmental priorities.
- *Modelling and Economic Analysis* undertakes economic studies, develops models, and applies economic analysis tools to the context of the transport sector policy development. This subprogramme had a staff complement of 17 and a total budget of R31.1 million in 2011/12, of which 61.1 per cent was used for goods and services. In 2011/12, a study on the macroeconomic impact of transport to the economy was initiated and a paper on South Africa's global competitiveness was completed. In the same year, a greenhouse gas inventory was established and a model to reduce emissions in the transport sector was devised. Responsibilities over the medium term include: the conceptual design and modelling of projects in

close collaboration with the environmental coordination unit and line functions; the provision of support for selected public private partnership projects; and development of financial models for transport infrastructure investment, specifically in the rail sector. A baseline reduction of R3.6 million in 2012/13 was effected and will be used to support departmental priorities.

- *Regional Integration* manages, coordinates and facilitates the development of strategies for engagement in the Southern African Development Community (SADC) region and the continent. This subprogramme had a staff complement of 2 and total budget of R5.2 million in 2011/12, of which 84.7 per cent was used for compensation of employees. In 2011/12, working relationships with all regional institutions were developed and regional corridors clusters were established. Over the medium term, the focus will be on conducting studies on the harmonisation of the transport standards in the SADC region and the state of regional infrastructure. Over the medium term, African integration will be promoted and regional corridors will be developed. There is a baseline reduction of R9.4 million in 2012/13 in this subprogramme, which will be reprioritised to provide support for departmental priorities.
- *Research and Innovation* manages and conducts research for the various modes of transport, participates in transport innovation and technology activities, formulates and implements sectors' environmental policies and strategies, and monitors and evaluates the impact of transport programmes and projects. The subprogramme developed a draft target setting framework document and terms of reference for the development of a multi-deprivation index. This subprogramme had a staff complement of 9 and a total budget of R3.6 million in 2011/12, of which 59.6 per cent was used for goods and services procured, such as to support the conversion of public transport vehicles to use compressed natural gas, for climate change mitigation purposes. In 2012/13, the subprogramme's activities will include conducting a baseline study to ascertain levels of aggregate energy consumption along the major corridors in South Africa, developing a monitoring and evaluation framework in line with moderation principles for the department of performance monitoring and evaluation, constructing a transport accessibility/multi-deprivation index for 12 rural districts, and updating the transport innovation and technology research strategy. There is no increase or baseline reduction in 2012/13 in this subprogramme.
- *Integrated Transport Planning Administration Support* provides administrative support services to the entire programme. It is responsible for budget control, performance reporting and project administration. This subprogramme had a staff complement of 8 and a total budget of R8.2 million in 2011/12, of which 63.6 per cent was used for compensation of employees. A baseline reprioritisation of R1.2 million in 2012/13 has been effected in this subprogramme.

Expenditure estimates

Table 37.6 Integrated Transport Planning

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Macro Sector Planning	18.0	16.8	18.1	39.5	29.3	29.4	32.3
Logistics	6.8	8.8	14.2	14.2	9.7	10.2	10.8
Modeling and Economic Analysis	6.4	12.8	12.8	31.1	34.9	29.4	30.0
Regional Integration	4.9	5.1	7.7	5.2	4.0	4.2	4.5
Research and Innovation	6.6	5.9	3.4	3.6	6.2	7.0	7.4
Integrated Transport Planning Administration Support	6.8	11.1	2.6	8.2	4.4	4.5	4.4
Total	49.5	60.6	58.7	101.8	88.5	84.6	89.4
Change to 2011 Budget estimate				(49.5)	(47.3)	(51.2)	(54.5)

Table 37.6 Integrated Transport Planning (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	48.7	59.6	58.5	101.0	87.7	83.8	88.5
Compensation of employees	26.3	43.8	43.7	59.4	32.2	33.9	36.0
Goods and services	22.4	15.8	14.8	41.6	55.6	49.8	52.5
<i>of which:</i>							
Communication	0.3	0.6	0.8	0.3	0.2	0.2	0.1
Consultants and professional services:	13.4	5.1	3.4	37.8	53.3	47.4	50.2
Business and advisory services							
Lease payments	0.2	0.3	0.4	0.1	0.1	0.1	0.1
Travel and subsistence	3.9	3.2	1.6	1.7	1.1	1.2	1.1
Payments for capital assets	0.8	0.9	0.2	0.8	0.8	0.8	0.9
Machinery and equipment	0.8	0.9	0.2	0.8	0.8	0.8	0.9
Total	49.5	60.6	58.7	101.8	88.5	84.6	89.4

Expenditure trends

Expenditure grew from R49.5 million in 2008/09 to R101.8 million 2011/12, at an average annual rate of 27.1 per cent. This growth is attributable to higher spending on the development of an updated national household survey to improve public transport planning, and the establishment of economic regulatory capacity within the transport sector to respond to regulatory, access and competition challenges. The allocations to *Macro Sector Planning* subprogramme were used, among other things, to develop the national transport master plan.

Over the MTEF period, expenditure is expected to decrease to R89.4 million, at an average annual rate of 4.2 per cent, largely due to the reallocation of funds from the *Macro Sector Planning, Logistics and Integrated Transport Planning Administration Support* subprogrammes to align the budget with the department's strategic plan. In addition, expenditure on compensation of employees is projected to decline from 58.4 per cent of total expenditure in 2011/12 to 40.7 per cent in 2014/15, due to the realignment and the related changes in the budget structure.

Expenditure on consultants and professional services increased from R13.4 million in 2008/09 to R37.8 million in 2011/12, at an average annual rate of 41.3 per cent, due to the development of the national transport master plan in the *Macro Sector Planning* subprogramme and the national household travel survey in the *Modelling and Economic Analysis* subprogramme. Over the medium term, expenditure on consultants is expected to increase to R50.2 million, at an average annual rate of 9.9 per cent, due to the development of the national household travel survey and the establishment of the transport sector economic regulator.

Programme 3: Rail Transport

Objectives and measures

- Direct effective and sustainable urban rail transport and freight rail movement based on competition and private sector participation by developing a rail transport policy and setting up a rail economic regulator through close collaboration with relevant stakeholders by 2012/13, resulting in a 2.5 per cent annual increase in commuter numbers and an increase in cargo being moved by branch lines to 8 million tons by 2015.
- Increase the accountability of rail commuter transport by facilitating the devolution of rail operational subsidies to local government and the signing of service level agreements with metropolitan municipalities and the Passenger Rail Agency of South Africa by December 2012.
- Enhance the contribution of the rail sector to socioeconomic development by providing institutional clarity and policy guidance to the rail sector through the publication of the green paper on rail transport by 2012/13.

Subprogrammes

- *Rail Regulation* develops rail policy, safety and economic regulations to ensure improved safety and efficiency in rail transport. This subprogramme had a staff complement of 9 and a total budget of R12.2 million in 2011/12, of which 69.4 per cent was used for goods and services, such as the development of the rail policy and research on the rail economic regulator. In 2011/12, the development of the rail transport policy was initiated, and will be followed by an act of Parliament, after the policy has been approved in 2012/13. Over the medium term, the focus will be on developing the rail policy and legislation and establishing the rail economic regulator. A green paper on rail transport will be published in 2012/13, at a cost of R2.5 million. Thereafter the white paper on rail transport will be submitted to Cabinet for adoption. R3.1 million in 2012/13 has been reprioritised to this subprogramme.
- *Rail Infrastructure and Industry Development* coordinates the development, maintenance of and investment in rail infrastructure. This subprogramme had a staff complement of 10 and a total budget of R8.8 million in 2011/12, of which 77.2 per cent was used for goods and services. In 2011/12, the subprogramme led the interdepartmental steering committee in reviewing and approving the Passenger Rail Agency of South Africa's feasibility study, conducted at a cost of R20 million, which analysed the engineering, economic, legal and financial aspects of rolling stock procurement. The study's findings were approved by the agency's board of directors, and concluded that the purchase of rolling stock was necessary, could be carried out over a 20-year period and provided cost estimates. Over the medium term, the focus will be on facilitating the agency's rolling stock procurement process. A baseline reduction of R3.2 million in 2012/13 is made in this subprogramme and will be used to support departmental priorities, including strengthening rail regulation.
- *Rail Operations* coordinates the implementation of integrated rail services, and monitors and analyses service delivery challenges facing the rail industry. Over the medium term, a key function will be to coordinate and facilitate the phased devolution of rail operational subsidies to metropolitan authorities. The initial step, from 2013/14, will be to re-allocate to municipalities the operational funding that is presently transferred to the Passenger Rail Agency of South Africa. This subprogramme had a staff complement of 7 and a total budget of R6.6 million in 2011/12, of which 58.5 per cent was used for goods and services. R1.2 million in 2012/13 has been identified as a baseline reduction in this subprogramme and will be used to support departmental priorities, including rail regulation.
- *Rail Oversight* transfers allocations to the rail public entities, the Passenger Rail Agency of South Africa and the Railway Safety Regulator, and monitors their performance against approved plans. R9.5 billion was budgeted in 2011/12 and was transferred in full to the Passenger Rail Agency of South Africa and the Railway Safety Regulator. A baseline reduction of R13.6 million in 2012/13 is made in this subprogramme to provide support to departmental priorities, including rail regulation.
- *Rail Administration Support* provides support services to the entire programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 10 and a total budget of R5.3 million in 2011/12, of which 62.1 per cent was used for compensation of employees. R1.3 million in 2012/13 is reprioritised to this subprogramme.

Expenditure estimates

Table 37.7 Rail Transport

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Rail Regulation	2.5	2.0	5.9	12.2	14.4	15.2	16.1
Rail Infrastructure and Industry Development	14.9	5.3	4.3	8.8	7.4	7.9	8.3
Rail Operations	4.3	21.5	5.5	6.6	4.7	4.9	5.2
Rail Oversight	8 716.6	10 496.4	9 239.2	9 516.9	10 267.3	11 104.7	15 788.6
Rail Administration Support	1.0	2.4	4.8	5.3	5.1	5.0	5.3
Total	8 739.4	10 527.7	9 259.7	9 549.8	10 298.9	11 137.7	15 823.6
Change to 2011 Budget estimate				7.1	270.0	297.5	4 332.9

Table 37.7 Rail Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	22.6	31.2	20.4	32.8	31.6	32.9	34.9
Compensation of employees	4.4	6.6	9.0	11.7	16.3	17.2	18.2
Goods and services	18.1	24.6	11.5	21.1	15.3	15.8	16.7
<i>of which:</i>							
Communication	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Consultants and professional services:	16.1	22.7	5.6	10.8	4.3	4.5	4.8
Business and advisory services							
Lease payments	0.1	0.1	0.2	0.1	0.1	0.0	0.0
Travel and subsistence	0.8	1.3	2.1	1.1	0.8	0.7	0.7
Transfers and subsidies	8 716.6	10 496.4	9 239.2	9 516.9	10 267.3	11 104.7	15 788.6
Provinces and municipalities	3 266.0	2 976.7	438.4	5.3	–	–	–
Departmental agencies and accounts	33.4	37.3	35.6	37.5	39.3	41.5	44.0
Public corporations and private enterprises	5 417.3	7 482.4	8 765.2	9 474.1	10 227.9	11 063.2	15 744.6
Payments for capital assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery and equipment	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	8 739.4	10 527.7	9 259.7	9 549.8	10 298.9	11 137.7	15 823.6

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	33.4	37.3	35.6	37.5	39.3	41.5	44.0
Railway Safety Regulator	33.4	37.3	35.6	37.5	39.3	41.5	44.0
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	3 049.6	3 185.8	3 154.9	3 339.3	3 526.8	3 678.0	3 887.3
Passenger Rail Agency of South Africa	3 049.6	3 185.8	3 154.9	3 339.3	3 526.8	3 678.0	3 887.3
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Capital	2 367.7	4 296.5	5 610.3	6 134.8	6 701.1	7 385.2	11 857.3
Passenger Rail Agency of South Africa	2 367.7	3 831.8	5 110.3	6 134.8	6 701.1	7 385.2	11 857.3
Passenger Rail Agency of South Africa (Public transport infrastructure and systems grant)	–	464.8	500.0	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	3 266.0	2 976.7	438.4	5.3	–	–	–
Gautrain rapid rail link	3 266.0	2 976.7	438.4	5.3	–	–	–

Expenditure trends

Expenditure increased from R8.7 billion in 2008/09 to R9.5 billion in 2011/12, at an average annual rate of 3 per cent. This growth was mainly attributed to increased allocations for capital and operational expenditure to allow the Passenger Rail Agency of South Africa to accelerate the upgrading and rehabilitation of rolling stock and signalling infrastructure to enhance the reliability of rail services.

Over the medium term, spending is expected to increase to R15.8 billion, at an average annual rate of 18.3 per cent, due to continued allocations to the Passenger Rail Agency of South Africa. These allocations are expected to grow from R9.5 billion in 2011/12 to R15.8 billion in 2014/15, at an average annual rate of 18.4 per cent. The additional allocation of R5 billion over the MTEF period is specifically to procure new rolling stock, continue upgrading signalling infrastructure and construct new depots in anticipation of the new fleet. The investments will improve the service levels for rail commuters. Additional funds for the establishment of a rail economic regulator were identified through budget reprioritisation over the medium term.

Spending on consultants and professional services increased from R16.1 million in 2008/09 to R18.8 million in 2011/12, at an average annual rate of 5.3 per cent. The increase between 2008/09 and 2011/12 is due to the reprioritisation of expenditure towards the *Rail Regulation* subprogramme. Spending on this item is expected to decrease over the medium term to R14.9 million, at an average annual rate of 7.6 per cent. The decrease over the medium term is due to the reprioritisation of expenditure in the *Rail Infrastructure and Industry Development* and the *Rail Operations* subprogrammes.

Programme 4: Road Transport

Objectives and measures

- Provide a well maintained coal haulage road network by supporting the upgrading of 2 156 kilometres of coal haulage roads through the quarterly monitoring of spending by the South African National Roads Agency, and Mpumalanga and Gauteng provinces by 2014.
- Provide a safe and reliable road network by reducing those roads in poor and very poor condition from 59 674 kilometres in 2011/12 to 51 000 kilometres by 2014/15 through preventative, routine and emergency maintenance on the provincial secondary road network.
- Support the implementation of the road infrastructure strategic framework by ensuring the use of updated road asset management systems in all provinces by 2013/14 and at local government level for the initial 22 municipalities by 2014/15.
- Improve rural access and mobility by assisting 21 district municipalities in developing non-motorised transport infrastructure and facilities by developing plans and guidelines for non-motorised infrastructure design, and monitoring their implementation by 2014.
- Support the United Nations (UN) Decade of Action for Road Safety by reviewing the existing road safety strategy to halve road deaths by 50 per cent by 2020.

Subprogrammes

- *Road Regulation* regulates road safety and traffic management, manages the relevant information systems and programmes, and exercises oversight over the inspectorate for driving licences and vehicle testing stations. This subprogramme had a staff complement of 46 and a total budget of R455.9 million in 2011/12, of which 95.7 per cent was used for goods and services. Responsibilities include the maintenance and upgrading of the electronic national traffic information system. In 2011/12, workshops were held to promote the transport management system, a strategy that focuses on load management, driver wellness, vehicle fitness and operating safety of heavy vehicles. Comments were also received on draft regulations with regard to the capacity of testing stations to cope with the additional motor vehicle testing required. Over the medium term, learner and driving licence instructions will be provided at high school level at an approximate cost of R6 million. The subprogramme expects to train 2 250 students in driving skills by 2013/14. To achieve a reduction of accidents, drivers' driving skills will be enhanced by regulating the driving school industry through a review of the drivers' training manual. A baseline reduction of R23.8 million in 2012/13 in this subprogramme will be reprioritised to support departmental priorities, including road infrastructure and industry development.
- *Road Infrastructure and Industry Development* facilitates and coordinates the planning, development, and management and maintenance of road infrastructure and asset management systems. This subprogramme had a staff complement of 25 and a total budget of R42.1 million in 2011/12, of which 66.2 per cent was used for goods and services. In 2011/12, guidelines were developed for road maintenance regarding the

provincial roads maintenance grant. Over the medium term, responsibilities include developing and managing the framework for maintenance of the secondary road network. This entails monitoring and evaluating the performance of provinces and municipalities in maintaining the road network and upgrading the coal haulage road network. The target is to reduce provincial roads which are in poor to very poor condition from 65 966 kilometres in 2008/09 to 51 000 kilometres by 2014/15, by implementing a targeted maintenance programme across the provinces and rehabilitating 2 156 kilometres of coal haulage roads by 2014/15. A baseline reprioritisation of R24 million in 2012/13 is effected in this subprogramme.

- *Road Oversight* exercises functional oversight over public entities whose mandates cover road based transport, and transfer payments to these entities, where applicable. In 2011/12, this subprogramme had a staff complement of 4 to administer the grant management function, and a total budget of R21.2 billion which was transferred to the South African National Roads Agency and to provinces and municipalities, for road infrastructure and systems for roads maintenance and upgrading. Over the medium term, the department will continue to monitor progress and expenditure by provinces and the South African National Roads Agency on a monthly, quarterly and annual basis. A baseline reduction of R344 000 in 2012/13 has been effected in this subprogramme.
- *Road Administration Support* provides administrative support services to the programme, such as the preparation of submissions, facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 10 and a total budget of R7.4 million in 2011/12, of which 65.2 per cent was used for compensation of employees. A baseline reduction of R275 000 in 2012/13 has been identified in this subprogramme and will be reprioritised to departmental priorities.
- *Road Engineering Standards* develops and ensures the implementation of road engineering standards to provide a safe and reliable transportation system and to preserve, protect and improve road infrastructure. Work includes the development and updating of road engineering norms and standards, road asset management system policy and guidelines, and performance indicators. Road infrastructure audits and quality assurance, road disaster management and environmental management are also managed and coordinated. In 2011/12, all engineers presented a new standards document on highways aligned with international highway standards to the Committee of Transport Officials. This subprogramme had a staff complement of 17 and a total budget of R9.6 million in 2011/12, of which 86.1 per cent was used for compensation of employees. No baseline increase or reduction has been effected in this subprogramme in 2012/13. The targets are to update the digitised road traffic signs manual and route numbering document by 2012/13, at a projected cost of R7.4 million.

Expenditure estimates

Table 37.8 Road Transport

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Road Regulation	283.4	243.0	238.0	455.9	37.9	40.0	42.4
Road Infrastructure and Industry Development	55.6	25.3	52.5	42.1	38.1	40.6	43.3
Road Oversight	11 155.7	10 134.0	11 019.7	21 218.6	17 835.9	19 013.9	20 054.5
Road Administration Support	4.9	12.3	38.5	7.4	7.8	6.9	7.1
Road Engineering Standards	9.2	7.5	12.0	9.6	9.1	9.6	10.2
Total	11 509.0	10 422.1	11 360.7	21 733.7	17 928.8	19 111.0	20 157.5
Change to 2011 Budget estimate				6 410.8	406.5	272.0	188.2

Table 37.8 Road Transport (continued)

R million	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Economic classification							
Current payments	339.0	287.9	339.5	515.8	93.6	97.8	103.8
Compensation of employees	22.9	28.6	34.8	41.0	42.8	45.1	47.9
Goods and services	316.1	259.3	304.8	474.8	50.8	52.7	55.9
<i>of which:</i>							
Communication	0.5	0.9	0.5	0.1	0.8	0.8	0.8
Consultants and professional services:	297.2	234.2	146.7	470.5	43.3	46.1	49.1
Business and advisory services							
Lease payments	0.4	0.4	1.3	0.1	0.4	0.3	0.3
Travel and subsistence	8.2	5.6	7.4	2.0	4.6	4.3	4.5
Transfers and subsidies	11 155.8	10 134.0	11 019.7	21 217.3	17 834.6	19 012.5	20 053.1
Provinces and municipalities	4 406.2	4 336.3	4 101.5	6 732.8	8 019.1	8 579.6	8 994.2
Departmental agencies and accounts	6 749.6	5 797.7	6 918.1	14 484.5	9 815.5	10 432.9	11 058.8
Payments for capital assets	0.4	0.2	0.2	0.6	0.6	0.6	0.7
Machinery and equipment	0.4	0.2	0.2	0.6	0.6	0.6	0.7
Payments for financial assets	13.8	0.0	1.3	-	-	-	-
Total	11 509.0	10 422.1	11 360.7	21 733.7	17 928.8	19 111.0	20 157.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Social security funds							
Current	2 500.0	-	-	-	-	-	-
Road Accident Fund	2 500.0	-	-	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 249.6	2 844.2	2 852.9	3 007.2	3 212.9	3 389.5	3 592.8
Road Traffic Management Corporation	89.6	83.6	73.6	77.9	82.4	86.9	92.1
South African National Roads Agency	2 160.0	2 760.6	2 779.3	2 924.2	3 125.5	3 297.5	3 495.4
Road Traffic Infringement Agency	-	-	-	5.0	5.0	5.0	5.3
Capital	2 000.0	2 953.5	4 065.2	11 477.3	6 602.6	7 043.5	7 466.1
South African National Roads Agency	-	-	-	5 750.0	-	-	-
South African National Roads Agency	1 900.0	2 847.5	4 065.2	5 262.6	5 934.6	6 394.5	6 800.6
South African National Roads Agency (coal haulage road network)	-	-	-	464.8	668.0	648.9	665.5
South African National Roads Agency (Public transport infrastructure and systems grant)	100.0	106.0	-	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	4 397.3	4 323.5	4 091.1	6 697.4	7 981.8	8 540.5	8 952.8
Overload control grant	8.8	10.1	11.0	-	-	-	-
Provincial roads maintenance grant: Roads maintenance	3 323.0	4 162.2	4 080.1	5 872.4	6 828.5	7 363.8	7 782.9
Sani Pass roads grant	30.0	34.3	-	-	-	-	-
Provincial roads maintenance grant: Disaster relief	1 035.5	116.9	-	240.0	489.9	367.8	366.9
Provincial roads maintenance grant: Coal haulage road network maintenance	-	-	-	585.0	663.4	808.9	803.0

Table 37.8 Road Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	8.9	12.8	10.4	35.4	37.3	39.2	41.4
Rural roads asset management grant	8.9	12.8	10.4	35.4	37.3	39.2	41.4

Expenditure trends

Allocations in this programme are mainly for road maintenance. Transfers are made to the South African National Roads Agency or to provinces through the provincial roads maintenance grant. These allocations contribute to providing a reliable road network by reducing the kilometres of secondary roads in a poor to very poor condition, from 65 966 in 2008/09 to 59 674 in 2011/12, and to 51 000 in 2014/15.

Expenditure increased from R11.5 billion in 2008/09 to R21.7 billion in 2011/12, at an average annual rate of 23.6 per cent. This increase is mainly due to transfers to provinces from the provincial road maintenance grant for roads affected by floods, coal haulage road maintenance and general road maintenance, as well as capital allocations to the South African National Road Agency, including R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project. Expenditure in 2008/09 included once-off allocations of R1 billion for the disaster management grant to repair storm water damage to roads and bridges caused by floods in KwaZulu-Natal and Western Cape, and R2.5 billion to the Road Accident Fund to ease its liquidity crisis and assist with payments to claimants.

Spending on goods and services grew from R316.1 million in 2008/09 to R474.8 million in 2011/12, at an average annual rate of 14.5 per cent, due to the maintenance and upgrade of the electronic national traffic information system, which is accounted for under the *Road Regulation* subprogramme. Transfer payments to municipalities increased by 43.8 per cent in 2011/12, due to the shifting of funds from goods and services to the rural transport service and infrastructure grant.

Expenditure on consultants and professional services increased from R297.5 million in 2008/09 to R470.5 million in 2011/12, at an average annual rate of 16.5 per cent. Expenditure is expected to decrease over the medium term to R49.1 million, at an average annual rate of 52.9 per cent. Spending on consultants and professional services is mainly to maintain and upgrade the electronic national administration traffic information system.

Over the medium term, expenditure is expected to decrease to R20.2 billion, at an average annual rate of 2.5 per cent, due to the once-off allocation to the South African National Roads Agency of R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project. Funding earmarked for provincial road maintenance, including the coal haulage network for road upgrades, increases from R6.7 billion in 2011/12 to R9 billion in 2014/15, at an average annual rate of 10.2 per cent. The budget provides for an additional allocation of R1.2 billion over the medium term for road infrastructure affected by floods. The South African National Road Agency receives an allocation for infrastructure and road maintenance, which decreases from R14.4 billion in 2011/12 to R11 billion in 2014/15, due to the once-off transfer in 2011/12. Transfers over the medium term to the agency include R1.9 billion for the coal haulage network.

The allocations for the coal haulage network over the MTEF period are:

- South African National Road Agency: R668 million, R648.9 million and R665.5 million
- Mpumalanga: R659 million, R808 million and R803 million
- Gauteng: R4.4 million in 2012/13 and R900 000 in 2013/14.

Programme 5: Civil Aviation

Objectives and measures

- Enhance safety within the aviation sector by improving the quality and credibility of accident and incident investigations through the establishment of an independent accident and incident investigation body by the end of 2012 /13, and the amendment of the Civil Aviation Act (2009) by the second quarter of 2012/13.
- Ensure compliance with the International Civil Aviation Organisation and the Federal Aviation Administration's international aviation safety assessment criteria through ongoing effective oversight of the South African Civil Aviation Authority, the Air Traffic and Navigational Services and the Airports Company of South Africa.
- Ensure effective and integrated economic infrastructure through continued consultative processes in 2012/13 for the finalisation and implementation of the national airport development plan in 2013/14.
- Ensure efficiency and safety in the aviation industry by consulting on, concluding and finalising the approval of the national civil aviation policy by 2012/13.

Subprogrammes

- *Aviation Regulation* develops and maintains a robust and effective civil aviation regulatory regime, which is fully responsive to national imperatives and international standards, norms and protocols. This subprogramme had a staff complement of 28 and a total budget of R22.4 million in 2011/12, of which 57 per cent was used for goods and services. Over the medium term, major cost drivers will be the International Civil Aviation Organisation office, the development of operational safety and continuing airworthiness programmes, activities undertaken by the regulatory committee and the implementation of the airlift strategy. In 2011/12, an International Civil Aviation Organisation security audit took place, with no major findings in the preliminary report. Over the medium term, responsibilities include developing, maintaining and exercising oversight over the implementation of the airlift strategy by 2013/14; reviewing the airport infrastructure funding model by 2013/14; and developing regulations for the Airports Company South Africa and the Air Traffic and Navigation Services Company. In 2012/13, the regulating committee will begin the 2013/14-2017/18 permission application process for the Airports Company South Africa and the Air Traffic and Navigation Services Company. A baseline reduction of R2.6 million in 2012/13 is effected in this subprogramme, and will be reprioritised to provide support to departmental priorities, including increasing the transfer to the Civil Aviation Authority.
- *Aviation Infrastructure and Industry Development* coordinates the planning and development of an integrated aviation infrastructure. The development and promotion of the aviation industry and air freight logistics activities are also managed. This subprogramme had a staff complement of 13 and a total budget of R7.1 million in 2011/12, of which 69.1 per cent was used for compensation of employees. In 2011/12, the subprogramme was scheduled to develop a slot coordination framework aimed at improving efficiencies at slot coordinated airports. The subprogramme has now embarked on drafting regulations to govern the use and management of slots at airports. This document should be ready for submission to the civil aviation regulations committee for consultation, and promulgation by April 2012. Over the medium term, the implementation of the national airport development plan and national airspace master plan will be monitored. The national airspace master plan provides the strategic view and direction of airspace organisation and management within South Africa. A baseline reduction of R6.3 million in 2012/13 is effected in this subprogramme and will be used, amongst others to increase the transfers to the Civil Aviation Authority.
- *Aviation Safety and Security* develops and monitors South Africa's aviation safety and security regime. This is done by developing relevant legislation, and continually monitoring and evaluating implementation by the industry. The investigation of aviation accidents and serious incidents for the purposes of identifying deficiencies is also managed and recommendations on mechanisms to address these deficiencies are made. This subprogramme had a staff complement of 16 and a total budget of R12.1 million in 2011/12, of which 50.4 per cent was used for compensation of employees. In 2011/12, the subprogramme planned to establish the appeals committee to adjudicate appeals brought against the decisions of the South African Civil

Aviation Authority. An attempt at establishing an aviation safety board was made in 2011/12 but this did not materialise as all potential candidates had a conflict of interest. Therefore, a review of the Civil Aviation Act (2009) may have to be undertaken. Over the medium term, the spending focus will be on setting up and operating the Aviation Safety Investigation Board, after section 24 of the Civil Aviation Act (2009) has been reviewed. It is envisaged that the amended act will be promulgated in June 2012 and that the accident and investigation function will be removed from the scope of work of the regulator. As a result, transfers to the South African Civil Aviation Authority for the accident and investigation function will be terminated. R499 000 in 2012/13 is reprioritised to this subprogramme.

- *Aviation Oversight* transfers allocations to the South African Civil Aviation Authority, the Air Traffic and Navigation Services company and the Airports Company of South Africa. This entails ensuring full compliance with the relevant prescripts, providing technical support to permanent representatives and making transfers to the African Civil Aviation Commission and the International Civil Aviation Organisation. This subprogramme had a total budget of R19.2 million in 2011/12, all of which was transferred to the South African Civil Aviation Authority, the International Civil Aviation Organisation and the African Civil Aviation Commission. R4.7 million in 2012/13 is reprioritised to this subprogramme.
- *Aviation Administration Support* provides project and financial administration support to the entire programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 13 and a total budget of R6.3 million in 2011/12, of which 57.6 per cent was used for goods and services. R2.3 million in 2012/13 is reprioritised to this subprogramme.

Expenditure estimates

Table 37.9 Civil Aviation

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Aviation Regulation	46.4	29.2	14.4	22.4	24.4	25.3	26.4
Aviation Infrastructure and Industry Development	5.9	6.0	8.4	7.1	6.5	6.8	7.2
Aviation Safety and Security	7.9	4.3	8.6	12.1	13.3	14.0	14.9
Aviation Oversight	10.9	11.2	12.1	19.2	20.2	21.3	22.6
Aviation Administration Support	3.1	2.5	9.6	6.3	5.6	5.1	5.8
Total	74.3	53.2	53.1	67.1	70.0	72.6	76.9
Change to 2011 Budget estimate				9.5	9.7	9.2	9.6

Economic classification

Current payments	63.0	41.7	41.0	47.5	49.4	50.9	53.8
Compensation of employees	18.2	19.5	22.7	23.1	28.4	30.0	31.8
Goods and services	44.8	22.2	18.3	24.4	21.0	20.9	22.0
<i>of which:</i>							
<i>Communication</i>	0.3	0.3	0.4	0.3	0.4	0.4	0.4
<i>Consultants and professional services:</i>	25.9	15.8	11.5	18.9	13.2	13.4	13.7
<i>Business and advisory services</i>							
<i>Lease payments</i>	0.8	0.6	0.8	0.3	1.0	0.9	1.0
<i>Travel and subsistence</i>	9.5	2.5	2.4	2.8	4.6	4.7	5.0
Transfers and subsidies	11.0	11.2	12.1	19.2	20.2	21.3	22.6
Departmental agencies and accounts	7.5	7.8	8.2	15.2	16.0	16.9	17.9
Foreign governments and international organisations	3.5	3.5	3.9	4.0	4.2	4.4	4.7
Payments for capital assets	0.4	0.2	0.0	0.4	0.4	0.4	0.4
Machinery and equipment	0.4	0.2	0.0	0.4	0.4	0.4	0.4
Total	74.3	53.2	53.1	67.1	70.0	72.6	76.9

Table 37.9 Civil Aviation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7.5	7.8	8.2	15.2	16.0	16.9	17.9
South African Civil Aviation Authority	7.5	7.8	8.2	15.2	16.0	16.9	17.9
Foreign governments and international organisations							
Current	3.5	3.5	3.9	4.0	4.2	4.4	4.7
African Civil Aviation Commission	0.7	1.0	1.4	0.8	0.9	0.9	1.0
International Civil Aviation Organisation	2.7	2.5	2.5	3.2	3.3	3.5	3.7

Expenditure trends

The allocations in this programme are mainly used for the development of policies, plans, legislation and regulations, and as a result the allocations for the *Aviation Regulation* subprogramme are the main source of expenditure. The transfer to the South African Civil Aviation Authority was increased from R8.2 million in 2010/11 to R15.2 million in 2011/12, to improve the accident and incident investigation function to achieve better aviation safety.

Expenditure in this programme declined from R74.3 million in 2008/09 to R67.1 million in 2011/12, at an average annual rate of 3.4 per cent, due mainly to the reprioritisation of funds in 2008/09 to host the African-Indian Ocean regional aviation navigation conference. An additional R4.5 million was allocated to the South African Civil Aviation Authority in 2011/12 for aircraft accident investigation and a further R1 million for International Civil Aviation Day.

Over the medium term, expenditure is expected to increase at an average annual rate of 4.6 per cent to R76.9 million in 2014/15. The increase will largely be for the appointment of consultants to support the accident and incident investigation function, which will be moved from the Civil Aviation Authority in line with the proposed amendments to the Civil Aviation Act (2009). Consultants will also be used to assist in establishing the aviation appeals committee.

Additional funds of R2 million over the medium term are allocated to establish and operate an aviation safety investigation board and an appeal committee.

Programme 6: Maritime Transport

Objectives and measures

- Contribute to a safe, secure, environmentally friendly and efficient maritime transport industry by:
 - developing legislation and updating regulations on an ongoing basis, aimed at ensuring compliance with the International Maritime Organisation mandatory instruments and national legislation
 - finalising the maritime policy by the end of 2012/13, which will outline the requirements in the maritime transport sector regarding safety, security, environmental protection and job creation.
- Enhance economic development by developing a maritime shipping policy by the end of 2014 that will provide a framework for promoting businesses within the maritime transport industry such as ship recycling and ship repair.
- Ensure opportunities for the adequate training and skilling of seafarers by completing relevant bilateral and multilateral agreements on the use of training ships for the South African trainees and drafting legislation on the working conditions and protection of rights of seafarers in international waters by March 2014.
- Reduce the number of accidents and incidents by developing a safety plan and a security strategy by March 2014 that will also assist in managing safety and security incidents in the sector at large.

Subprogrammes

- *Maritime Policy Development* develops and maintains a maritime regulatory regime that is responsive to national imperatives and international standards, norms and protocols. This subprogramme had a staff complement of 8 and a total budget of R7.9 million in 2011/12, of which 58.9 per cent was used for goods and services. In 2011/12, the process of implementing a ship clearance system was started. Over the medium term, the consultation process with the stakeholders will be finalised and approval of the draft maritime policy will be sought from Cabinet, at a projected budget of R1.6 million. The development of a ship clearance system will also be overseen. R3 million in 2012/13 is reprioritised to this subprogramme.
- *Maritime Infrastructure and Industry Development* coordinates, plans and develops an integrated maritime infrastructure and maritime industry in line with South Africa's industrial policy action plan, black economic empowerment and job creation. This subprogramme monitors and evaluates the South African Maritime Safety Authority and Ports Regulator's performance in order to determine whether these entities are carrying out their mandates in terms of their performance agreements with the minister. The subprogramme had a staff complement of 11 and a total budget of R46.7 million in 2011/12, of which 86.2 per cent was used for goods and services. A first draft of the skills development study and the maritime transport policy were developed. Over the medium term, the focus will be on developing an integrated skills development programme; obtaining Cabinet approval for the maritime policy; developing, maintaining and monitoring the implementation of a coastal shipping plan supported by the development of a South African shipping register; training seafarers; and developing the policy framework for ship building and maintenance. Inputs will also be provided for the maritime transport policy. R33.5 million in 2012/13 has been effected as a baseline reduction in this subprogramme, and will be used to support departmental priorities, including increasing the transfer to the Ports Regulator.
- *Implementation, Monitoring and Evaluations* ensures that maritime safety, security and environmental protection legislation and regulation are being implemented by the relevant public entities, namely the South African Maritime Safety Authority and the Ports Regulator. Regulator audits are also coordinated to determine whether the South African Maritime Safety Authority is carrying out its safety and security administration and inspection functions as per its mandate. This unit also evaluates, based on audit results, the efficiency and effectiveness of the relevant maritime transport legislation, including the draft International Oil Pollution Fund Bill. This subprogramme had a staff complement of 15 and a total budget of R54.5 million in 2011/12, of which 88.9 per cent was used for goods and services. A significant portion of the subprogramme's budget is spent on oil pollution prevention. R14.1 million in 2012/13 is reprioritised to this subprogramme.
- *Maritime Oversight* transfers allocations to public entities in the maritime field, the South African Maritime Safety Authority and the Ports Regulator. This subprogramme had a total budget of R30.9 million in 2011/12, which was used in full for transfers: R14.4 million to the Ports Regulator, R13.5 million to the South African Maritime Safety Authority and the rest for international membership fees and search and rescue organisations. R1.6 million in 2012/13 is reprioritised to this subprogramme to increase the transfer to the Ports Regulator.
- *Maritime Administration Support* provides project and financial administration support to the entire programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 2 and a total budget of R6.4 million in 2011/12, of which 61.3 per cent was used for goods and services. R2.6 million in 2012/13 is reprioritised to this subprogramme.

Expenditure estimates

Table 37.10 Maritime Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Maritime Policy Development	1.2	3.2	5.7	7.9	16.9	17.8	18.8
Maritime Infrastructure and Industry Development	72.8	49.2	62.3	46.7	8.1	8.5	9.1
Implementation, Monitoring and Evaluations	39.4	47.8	40.1	54.5	82.3	84.5	89.0
Maritime Oversight	26.2	32.9	25.8	30.9	27.6	32.2	34.1
Maritime Administration Support	3.1	2.5	9.6	6.4	3.7	3.8	4.1
Total	142.7	135.5	143.5	146.3	138.5	146.9	155.0
Change to 2011 Budget estimate				(5.8)	(13.2)	(13.2)	(14.6)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	116.3	102.4	117.6	115.1	110.7	114.3	120.6
Compensation of employees	10.8	12.5	15.1	17.9	17.3	18.3	19.4
Goods and services	105.6	89.9	102.5	97.2	93.3	96.0	101.2
<i>of which:</i>							
Communication	0.1	0.1	0.2	0.1	35.6	36.4	38.4
Consultants and professional services:	30.8	39.8	66.1	93.6	43.6	44.8	47.2
Business and advisory services							
Lease payments	0.8	0.7	0.5	0.1	0.5	0.5	0.6
Travel and subsistence	3.7	3.1	3.6	1.9	5.9	6.2	6.5
Transfers and subsidies	26.3	33.0	25.8	30.9	27.6	32.2	34.1
Departmental agencies and accounts	23.7	30.9	23.8	27.8	24.4	28.9	30.5
Foreign governments and international organisations	1.4	0.9	0.8	1.7	1.8	1.9	2.1
Non-profit institutions	1.1	1.1	1.2	1.3	1.4	1.4	1.5
Households	0.0	0.1	–	–	–	–	–
Payments for capital assets	0.2	0.2	0.1	0.3	0.3	0.3	0.3
Machinery and equipment	0.2	0.2	0.1	0.3	0.3	0.3	0.3
Total	142.7	135.5	143.5	146.3	138.5	146.9	155.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Ports Regulator	10.2	13.6	8.8	14.4	15.1	15.9	16.9
South African Maritime Safety Authority	8.5	12.1	9.4	7.6	3.1	6.5	6.7
South African Maritime Safety Authority (Maritime Rescue Coordination Centre)	5.0	5.2	5.5	5.9	6.2	6.5	6.9
Foreign governments and international organisations							
Current	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
International Maritime Organisation	0.4	0.6	0.3	1.1	1.2	1.2	1.3
Indian Ocean memorandum of understanding	0.7	–	0.2	0.2	0.3	0.3	0.3
Cospas search and rescue satellite aided tracking	0.3	0.3	0.3	0.4	0.4	0.4	0.4

Expenditure trends

The allocations in this programme are mainly for the development of policies, legislation and regulations, which are produced on an ongoing basis. As a result, expenditure growth in the programme is only marginal. The allocations to the Ports Regulator were increased from R8.8 million in 2010/11 to R14.4 million in 2011/12 by reprioritisation, to allow the entity to be better staffed and to fulfil its economic regulation mandate.

Expenditure grew from R142.7 million in 2008/09 to R146.3 million in 2011/12, at an average annual rate of 0.8 per cent, driven largely by the business and advisory consultant expenditure. Spending on compensation of employees grew significantly, from R10.8 million in 2008/09 to R17.9 million in 2011/12, at an annual average rate of 18.5 per cent, due to the realignment of the budget. Expenditure in the *Maritime Infrastructure and Industry Development* subprogramme decreased from R72.8 million in 2011/12 to R46.7 million in 2014/15, due to reprioritisation.

Over the medium term, total expenditure is expected to increase to R155 million, at an average annual rate of 1.9 per cent, due to the projected increase in the use of consultants for the development of maritime industry policies, maritime safety and infrastructure. In addition, growth is driven by substantial increases in the allocation for communication services, which is projected to rise to R38.4 million over the medium term, at an average annual rate of 710.7 per cent, due to the support provided to oil pollution prevention campaigns.

Expenditure on consultants and professional services decreased from R97.8 million in 2008/09 to R93.6 million in 2011/12, at an average annual rate of 1.4 per cent. Over the medium term, spending on this item is expected to decrease to R47.2 million, at an average annual rate of 20.4 per cent. Expenditure on consultants is targeted at maritime infrastructure and industry development, and implementation, monitoring and evaluation of subprogrammes.

Programme 7: Public Transport

Objectives and measures

- Improve public transport access and reliability by developing norms and standards over the MTEF period to support the development of integrated public transport networks in 5 cities by 2014/15, and monitor and evaluate progress on an ongoing basis by engaging with the cities on the progress with regard to the implementation of the operational plan.
- Ensure efficient and effective public and tourism transport by establishing the National Public Transport Regulator as required by the National Land Transport Act (2009) by 2012/13.
- Increase the equity ownership and broad based black empowerment in the public transport sector by implementing the industry development model to empower 20 per cent of taxi operators and 20 per cent of small bus operators by 2014/15.
- Align and integrate the taxi recapitalisation programme with national and provincial rail services, metropolitan rapid public transport corridor services and provincial bus services by reviewing the taxi recapitalisation project by 2013/14 to assess its alignment with the public transport strategy.
- Ensure integrated and optimised public transport services through facilitating the development of integrated rapid public transport networks and feeder and distribution systems in 5 municipalities by 2014/15.

Subprogrammes

- *Public Transport Regulation* manages the development and maintenance of policy, legislation and regulation, and coordinates and facilitates implementation. Responsibilities include the management of public transport information, including public transport systems developed in terms of the National Land Transport Act (2009). This subprogramme had a staff complement of 22 and a total budget of R24 million in 2011/12, of which 53.2 per cent was used for goods and services, such as stakeholder engagements carried out by the National Public Transport Regulator. In 2011/12, R1.5 million was used to engage stakeholders in identifying the challenges encountered in relation to the National Land Transport Act (2009) and to determine whether changes to the act are necessary. Over the medium term, responsibilities include facilitating and coordinating the implementation of the planning provision of the National Land Transport Act (2009), which requires integrated transport plans and provincial and national transport frameworks to be developed, at a projected budget of R8.2 million. In this subprogramme the baseline reprioritisation is R5.2 million in 2012/13.
- *Rural and Scholar Transport* develops and reviews the rural, scholar and non-motorised transport strategies, and coordinates and evaluates their implementation. This subprogramme had a staff complement of 13 and total budget of R13 million in 2011/12, of which 89.7 per cent was spent on goods and services such as the

draft scholar transport policy. An incremental implementation plan is being developed and will intensify transport services delivery in 6 rural district municipalities. Over the medium term, the focus will be on finalising the scholar transport policy and developing scholar transport safety standards, operations guidelines and the implementation of the rural mobility transportation programme. In this subprogramme the baseline reprioritisation is R4.8 million in 2012/13.

- *Public Transport Industry Development* oversees and facilitates the implementation of public transport policy, legislation and strategy. Public transport empowerment schemes are also developed, the taxi recapitalisation programme is managed and the public transport subsidy system is overseen. This subprogramme had a staff complement of 21 and a total budget of R130.1 million in 2011/12, of which 93.6 per cent was used for goods and services, such as the development of the bus subsidy reform strategy. In 2011/12, the subprogramme developed a draft strategy on bus subsidy reforms and 7 923 taxis were scrapped. Over the medium term, the conventional bus subsidy system will be reviewed for purposes of incorporation into the mainstream public transport system, and different public transport provision and subsidisation solutions will be defined for different types of municipalities. It is projected that 23 498 taxis will be scrapped over the medium term. In this subprogramme the baseline reprioritisation is R3.7 million in 2012/13.
- *Public Transport Oversight* oversees the use of public transport subsidies and grants. It monitors compliance with the Division of Revenue Act in terms of the transferring of money, reporting and reallocation. This subprogramme, which is responsible for grant management, had a staff complement of 4 and a total budget of R9.4 billion in 2011/12, of which 50.9 per cent was transferred to local government for public transport infrastructure and systems, while 44 per cent was transferred to provinces for bus subsidies. A baseline reduction of R55.3 million in 2012/13 was effected in this subprogramme from the public transport infrastructure and systems grant, and the public transport operations grant.
- *Public Transport Administration Support* renders an administrative and financial support service to the programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 11 and a total budget of R7.3 million in 2011/12, of which 57.1 per cent was used for compensation of employees. R86 000 in 2012/13 is reprioritised to this subprogramme.
- *Public Transport Network Development* develops norms and standards for integrated public transport systems to assist in the provision of accessible, reliable and affordable integrated public transport network services in municipalities. Monitoring the operation of the first phase services of MyCiti in Cape Town and Rea Vaya in Johannesburg is also carried out. This subprogramme had a staff complement of 6 and a total budget of R7.2 million in 2011/12, of which 90.8 per cent was used for goods and services, such as engaging with municipalities on their operational plans for their public transport networks. In 2011/12, assistance was provided to cities at a cost of R2 million in developing operational plans and a discussion paper for a set of rural public transport network planning guidelines was drafted. In 2012/13, R2 million will be used to retain a service provider to assist with benchmarking, quality control, monitoring and oversight of integrated rapid public transport network plans, and their design and implementation. Over the medium term, the focus will be on assisting 3 cities with the completion of operational plans at an amount of R7.1 million. No baseline cuts in 2012/13 have been effected for this subprogramme.

Expenditure estimates

Table 37.11 Public Transport

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Public Transport Regulation	15.4	20.7	5.9	24.0	18.2	19.1	20.3
Rural and Scholar Transport	5.3	4.4	7.5	13.0	7.5	7.9	8.4
Public Transport Industry Development	105.6	97.3	99.7	130.1	129.4	133.7	141.1
Public Transport Oversight	7 234.2	6 957.4	7 916.2	9 444.9	9 818.1	10 643.4	11 226.9
Public Transport Administration Support	1.0	2.9	3.1	7.3	7.2	7.7	8.2
Public Transport Network Development	32.5	93.4	0.9	7.2	6.3	6.7	7.1
Total	7 394.0	7 176.1	8 033.3	9 626.6	9 986.7	10 818.5	11 411.9
Change to 2011 Budget estimate				42.2	(34.0)	(41.9)	(100.1)

Table 37.11 Public Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	159.7	218.4	117.1	182.7	169.6	176.2	186.2
Compensation of employees	14.2	19.8	12.8	26.9	35.3	37.2	39.5
Goods and services	145.5	198.6	104.3	155.8	134.3	139.0	146.7
<i>of which:</i>							
Communication	0.1	0.3	0.1	0.1	0.2	0.2	0.2
Consultants and professional services:							
Business and advisory services	141.4	192.3	101.1	151.2	130.7	135.1	142.6
Lease payments	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Travel and subsistence	1.7	3.2	1.2	1.6	2.6	2.7	2.8
Transfers and subsidies	7 234.2	6 957.5	7 916.2	9 443.7	9 816.9	10 642.1	11 225.6
Provinces and municipalities	2 919.8	5 950.1	7 562.5	8 956.6	9 305.4	10 102.5	10 653.6
Public corporations and private enterprises	3 840.9	367.7	–	–	–	–	–
Non-profit institutions	13.0	14.0	14.8	15.7	16.5	17.4	18.4
Households	460.6	625.7	338.9	471.5	495.0	522.3	553.6
Payments for capital assets	0.1	0.2	0.0	0.2	0.2	0.2	0.2
Machinery and equipment	0.1	0.2	0.0	0.2	0.2	0.2	0.2
Total	7 394.0	7 176.1	8 033.3	9 626.6	9 986.7	10 818.5	11 411.9

Details of selected transfers and subsidies

Non-profit institutions							
Current	13.0	14.0	14.8	15.7	16.5	17.4	18.4
South African National Taxi Council	13.0	14.0	14.8	15.7	16.5	17.4	18.4
Households							
Other transfers to households							
Current	460.5	625.7	338.9	471.5	495.0	522.3	553.6
Taxi recapitalisation	460.5	625.7	338.9	471.5	495.0	522.3	553.6
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	3 531.9	3 863.0	4 153.2	4 317.3	4 552.5	4 782.7
Public transport operations grant	–	3 531.9	3 863.0	4 153.2	4 317.3	4 552.5	4 782.7
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	2 919.8	2 418.2	3 699.5	4 803.3	4 988.1	5 550.0	5 870.8
Public transport infrastructure and systems grant	2 919.8	2 418.2	3 699.5	4 803.3	4 988.1	5 550.0	5 870.8
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	3 840.9	367.7	–	–	–	–	–
Bus subsidies	3 840.9	367.7	–	–	–	–	–

Expenditure trends

This programme is geared towards the development of integrated public transport networks and services. The allocations of the programme are made through the public transport infrastructure and systems grant, the public transport operations grant and the taxi recapitalisation programme. The implementation of bus rapid transit systems has been accelerated, through the disbursement of the public transport infrastructure and the transit system grants, and will spread to other cities over the medium term.

Between 2008/09 and 2011/12, expenditure grew from R7.4 billion to R9.6 billion, at an average annual rate of 9.2 per cent. The strong growth was predominantly due to the increase in the public transport infrastructure and systems grants ahead of the 2010 FIFA World Cup, which grew from R2.9 billion in 2008/09 to R4.8 billion in 2011/12, at an average annual rate of 18 per cent.

Over the medium term, expenditure is expected to grow to R11.4 billion, at an average annual rate of 5.8 per cent. The growth is due to continued investment, driven by the public transport infrastructure and systems grant, the public transport operations grant, and the taxi recapitalisation programme. Between 2011/12 and 2014/15, the *Public Transport Industry Development* subprogramme is expected to grow from R130.1 million to R141.1 million, at an average annual rate of 2.7 per cent to fund the public transport strategy.

Spending on consultants and professional services increased from R141.4 million in 2008/09 to R151.2 million in 2011/12, at an average annual rate of 2.3 per cent. Expenditure on this item is expected to decrease over the medium term to R142.6 million, at an average annual rate of 1.9 per cent. Consultants are mainly used to administer the taxi scrapping programme in the *Public Transport Industry Development* subprogramme.

Public entities and other agencies

Airports Company of South Africa

Overview: 2008/09 – 2014/15

The Airports Company of South Africa Limited 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 company focuses on airports maintenance and engineering, security and safety, airports management, and financial planning and management concerned with its statutory, legal, specialist and administrative obligations.

In terms of the Airports Company Act (1993), the company is required to submit a five-year business plan and a three-yearly budget. Charges for aeronautical services are regulated by a statutory committee established in terms of the act. Delays in gazetting the 2011 to 2015 permission have posed a challenge for the company, created uncertainty and negatively impacted on the company's liquidity. As a result, the company reported a loss in 2010/11 and 2011/12. On 1 October 2011, following extensive engagements between the committee and the company, a tariff increase of 34.8 per cent was promulgated and implemented.

The company's excellence in operating airport infrastructure has been recognised through numerous awards in 2010/11, including Cape Town International Airport winning the accolade of best airport in Africa.

Over the past three years, the company has made significant investments in the refurbishment and expansion of airport infrastructure to meet aviation industry needs while promoting investments in key public infrastructure. In preparation for the 2010 FIFA World Cup, the company undertook significant capital investment updating and refurbishment projects to airports throughout South Africa to accommodate increased passenger volumes. Major refurbishments and upgrades were completed at the OR Tambo International Airport and Cape Town International Airport in 2010. The Durban International Airport was decommissioned and operations were successfully moved to the recently built King Shaka International Airport.

Performance

The number of passengers accommodated at national airports grew from 16.8 million in 2008/09 to 18.3 million in 2011/12, at an average annual rate of 3 per cent, and is expected to grow to 23 million in 2014/15 at a rate of 7.7 per cent. The number of aircraft landing at airports throughout South Africa increased from 279 515 in 2008/09 to 290 648 in 2011/12, at an average annual rate of 1 per cent and is expected to increase to 340 285 in 2014/15, growing at an average annual rate of 5.7 per cent.

Aeronautical and non-aeronautical revenue per passenger increased between 2008/09 and 2011/12. Aeronautical revenue per passenger increased from R160 in 2008/09 to R184 in 2011/12, at an average annual rate of 4.8 per cent. Non-aeronautical revenue grew strongly from R20 per passenger departing in 2008/09 to R122 in 2011/12, at an average rate of 88.7 per cent. Over the same period, employee costs per passenger increased from R31 in 2008/09 to R40 in 2011/12, at an average annual rate of 8.9 per cent.

Over the medium term, the company will focus on airport maintenance and engineering, airport security and safety, and airport management. Aeronautical revenue is expected to grow to R211 per passenger departing in

2014/15 at a rate of 4.7 per cent, while non-aeronautical revenue is expected to increase to R156 per passenger departing in 2014/15, at a rate of 8.5 per cent. This demonstrates the growing importance of non-aeronautical revenue for the airports company, which includes income from renting out airport retail space and providing parking. Over the medium term, employee cost per passenger is expected to increase to R51 in 2014/15 at a rate of 8.4 per cent.

Selected performance indicators

Table 37.12 Airports Company of South Africa

Indicator	Activity/Objective/ Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Cost revenue efficiency ratio per year – excludes depreciation	Airport management	51%	54%	40%	54%	55%	55%	53%
Number of passengers accommodated at national airports per year	Airport management	16 795 332	16 510 642	17 251 145	18 345 281	19 780 140	21 306 722	22 912 235
Number of aircraft landed at all airports per year	Airport management	279 515	274 292	283 991	290 648	306 427	323 333	340 285
Cost of an employee per departing passenger (rands)	Airport management	R31	R38	R38	R40	R43	R43	R51
Aeronautical revenue per departing passenger per year (average rand tariffs)	Airport management	R160	R103	R141	R184	R192	R201	R211
Non-aeronautical revenue per departing passenger per year	Airport management	R20	R111	R129	R122	R141	R148	R156

Programmes/ activities/ objectives

Table 37.13 Airports Company of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Airport maintenance and engineering	279.1	399.9	567.1	693.4	617.6	621.0	635.5
Airport security and safety	113.3	162.4	230.3	281.6	250.8	252.2	258.1
Airport management	296.1	424.3	601.7	735.7	655.3	658.9	674.2
Airport statutory, legal, specialist and administration	1 964.9	2 660.6	3 678.2	4 449.6	4 321.5	4 595.0	4 939.7
Total expense	2 653.4	3 647.3	5 077.3	6 160.4	5 845.3	6 127.2	6 507.6

The Airports Company of South Africa had a total budget of R6.2 billion in 2011/12, of which 72.2 per cent was used for airport statutory, legal, specialist and administration functions.

Savings and cost effectiveness measures

The biggest reductions in spending are on consultants, contractors and lease payments. These reductions will be due to knowledge and skills transfer from consultants to permanent personnel, the permanent employment of the correct expert skills, the conversion of contractors into permanent positions, and, in the near future, the use of company-owned land, which will help to reduce the need for leased office space. Expenditure on these areas is expected to decrease from R137.1 million in 2011/12 to R80.3 million in 2014/15, at an average annual rate of 16.3 per cent. Over the same period, expenditure on goods and services is expected to decrease, at an average annual rate of 4.6 per cent, as the company implements cost cutting measures.

Expenditure estimates

Table 37.14 Airports Company of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	3 052.4	4 547.6	4 856.7	5 648.1	6 681.0	7 550.4	8 518.8
Sale of goods and services other than capital assets	3 007.7	3 530.8	4 658.2	5 609.4	6 579.6	7 444.3	8 407.8
<i>of which:</i>							
Airline charges	3 007.7	3 530.8	4 658.2	5 609.4	6 579.6	7 444.3	8 407.8
Other non-tax revenue	44.8	1 016.8	198.5	38.8	101.4	106.1	111.0
Total revenue	3 052.4	4 547.6	4 856.7	5 648.1	6 681.0	7 550.4	8 518.8
Expenses							
Current expenses	2 479.2	3 553.1	5 038.0	6 012.4	5 487.1	5 517.2	5 645.7
Compensation of employees	521.3	657.0	701.2	740.0	854.5	923.7	1 158.6
Goods and services	868.3	1 085.6	1 353.0	1 993.6	1 508.6	1 612.3	1 728.3
Depreciation	746.2	1 077.4	1 445.2	1 553.0	1 590.8	1 610.2	1 587.0
Interest, dividends and rent on land	343.5	733.1	1 538.6	1 725.8	1 533.3	1 371.0	1 171.7
Total expenses	2 653.4	3 647.3	5 077.3	6 160.4	5 845.3	6 127.2	6 507.6
Surplus / (Deficit)	399.1	900.3	(220.5)	(512.0)	836.0	1 423.0	2 011.0
Statement of financial position							
Carrying value of assets	20 258.5	25 812.9	26 560.7	25 880.3	25 380.6	24 679.3	24 112.0
<i>of which:</i>							
Acquisition of assets	5 946.3	5 848.3	536.7	965.6	1 091.1	908.8	1 019.8
Investments	250.4	661.3	797.2	797.2	797.2	797.2	797.2
Inventory	0.5	0.9	0.9	0.9	0.9	0.9	0.9
Receivables and prepayments	1 066.5	868.4	1 118.9	745.8	871.9	878.5	867.3
Cash and cash equivalents	828.0	434.0	678.9	863.2	875.4	1 849.5	1 797.7
Non-current assets held for sale	–	113.7	–	–	–	–	–
Total assets	22 403.9	27 891.2	29 156.6	28 287.4	27 926.1	28 205.5	27 575.2
Accumulated surplus / (deficit)	6 954.9	8 290.7	8 848.2	8 336.0	9 171.7	10 595.0	12 606.3
Capital and reserves	732.1	683.5	750.0	750.0	750.0	750.0	750.0
Borrowings	11 271.3	15 501.1	14 882.7	15 287.5	14 087.5	12 826.1	10 680.1
Finance lease	–	–	1 143.9	–	–	–	–
Deferred income	511.8	79.5	79.0	79.0	128.3	128.3	128.3
Trade and other payables	2 796.4	3 165.1	3 249.9	3 484.1	3 432.7	3 315.2	3 019.6
Taxation	–	–	–	148.0	250.7	485.8	285.8
Provisions	137.5	171.3	202.8	202.8	105.0	105.0	105.0
Total equity and liabilities	22 403.9	27 891.2	29 156.6	28 287.4	27 926.1	28 205.5	27 575.2

Expenditure trends

The spending focus of the company over the medium term will continue to be on airport maintenance and airport management.

The company derives its revenue from aeronautical and non-aeronautical services. Aeronautical revenue consists of landing fees, passenger service charges and aircraft parking fees. Non-aeronautical revenue is derived from advertising, retail rental, property rental and parking receipts. Revenue increased from R3.1 billion in 2008/09 to R5.6 billion in 2011/12, at an average annual rate of 22.8 per cent, due to tariff increases approved by the regulator to cover the cost of new infrastructure brought into use. Over the MTEF period, total revenue is expected to continue to increase to R8.5 billion, at an average annual rate of 14.7 per cent. Non-aeronautical revenue is projected to increase from R2.2 billion to R3.6 billion, at an average annual rate of 16.9 per cent, and

aeronautical revenue from R3.4 billion to R4.8 billion, at an average annual rate of 12.7 per cent, due to regulated tariff increases and the renewal of commercial contracts at higher rates.

Expenditure increased from R2.7 billion in 2008/09 to R6.2 billion in 2011/12, at an average annual rate of 32.4 per cent to provide for the upgrade of facilities at the OR Tambo International and Cape Town International airports, and the construction of the new King Shaka International Airport. Depreciation and amortisation increased from R746.2 million in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 27.7 per cent. In addition, higher interest expenses were incurred as a result of the debts associated with borrowing to finance the infrastructure programme being serviced. Interest costs increased from R343.5 million in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 71.3 per cent. Over the medium term, expenditure is expected to grow to R6.5 billion in 2014/15, at an average annual rate of 1.8 per cent, driven mainly by increases in expenditure on compensation of employees. Expenditure on this item is expected to grow from R740 million in 2011/12 to R1.2 billion in 2014/15, at an average annual rate of 16.1 per cent. Interest payments over this period are expected to decline from R1.7 billion in 2011/12 to R1.2 billion in 2014/15, at an average annual rate of 12.1 per cent.

Expenditure on consultants increased from R63.3 million in 2008/09 to R92.2 million in 2011/12, at an average annual rate of 13.3 per cent, due to the extensive construction work in that period. It is expected to decrease at an average annual rate of 11.8 per cent, to reach R63.3 million in 2014/15, due to the termination of the infrastructure development programme, and as the entity effects expenditure cuts.

The high increase in expenditure between 2008/09 and 2011/12 is predominantly due to the increased capacity at airports. This is evident in the indicators, specifically the cost benefit efficiency ratio.

Personnel Information

Table 37.15 Airports Company of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	–	8	10	10	10	2	10	10	10
Executive management	14	–	5	14	14	14	9	14	14	14
Senior management	39	–	–	28	31	36	39	38	39	39
Middle management	240	–	16	221	230	253	224	233	240	241
Professionals	205	–	–	188	188	188	205	199	205	206
Skilled	1 950	–	257	1 587	1 667	1 792	1 693	1 890	1 949	1 956
Semi-skilled	312	–	50	184	202	249	262	302	312	313
Total	2 770	–	336	2 232	2 342	2 542	2 434	2 685	2 768	2 778
Compensation (R thousand)				521 334	656 958	701 198	739 971	854 469	923 735	1 158 595
Unit cost (R thousand)				234	281	276	304	318	334	417

As at 30 September 2011.

As at 30 September 2011, the airport company had an establishment of 2 770 posts. The increase in the number of personnel from 2 232 in 2008/09 to 2 542 in 2010/11 was driven by the need to hire additional staff to operate and maintain the refurbished and upgraded OR Tambo International and Cape Town International airports. Additional staff was needed for the King Shaka International Airport, which is significantly larger than its predecessor. There were 336 vacancies. Expenditure on consultants in 2011/12 was equivalent to 12.5 per cent of expenditure on compensation of employees.

Air Traffic and Navigation Services Company

Overview: 2008/09 – 2014/15

The Air Traffic and Navigation Services Company was established in terms of the Air Traffic and Navigation Services Act (1993). Its mandate is to provide safe, orderly and efficient air traffic, navigational and associated services to the air traffic management community on behalf of the state, and in accordance with the International Civil Authority Organisation standards and recommended practices, and the South African civil aviation regulations and technical standards. The company is responsible for regulating 10 per cent of the world's airspace, serving the South African and African markets.

The company's strategic objectives are to: continually improve the safety performance of air traffic management services; develop, market and distribute air traffic management solutions; develop a reliable and pervasive network of navigational information and data; provide an enhanced air traffic management service; expedite the company's expansion into Africa; and attract and retain skilled and experienced personnel.

In 2011, the company participated in the development of the national airspace master plan, which directs and organises the management of airspace. An air traffic management roadmap was subsequently developed, which outlines the company's plans and direction in air traffic management for the period to 2025. A centralised aeronautical database is currently being developed that will consolidate data from the company, the Civil Aviation Authority and operators.

The aviation training academy has begun partnering with universities to develop an advanced management leadership development programme. The programme will combine business management and aviation training, in order to develop leadership skills and capacity in the aviation sector. The initial intake was planned for January 2012.

Over the medium term, the company will focus on delivering continuous improvement of safety performance, providing efficient air traffic management solutions and associated services, and using leading technologies to the benefit of the air traffic management community.

Performance

The benchmarks against which the company measures itself include the number of aircraft that can use the runway per hour, and safety indicators: the number of safety events per 100 000 air traffic movements, air space capacity increases, and average equipment availability. It successfully introduced the central airspace management unit and air traffic flow management tool in May 2010. This unit and these tools aim to improve efficiency by ensuring that available capacity within airports is used optimally and that airborne delays are minimised.

The company has improved its safety performance by reducing safety events from 3.74 safety events per 100 000 air traffic movements in 2008/2009, to 2.2 in 2010/11.

Among other accomplishments, the company contributed to the staging of a seamless 2010 FIFA World Cup and started operations at the new King Shaka International Airport in Durban without interruption. Over the medium term, safety performance is expected to remain impressive.

The variation in the number of air traffic controller vacancies between 2011/12 and the projections to 2014/15 take into account the need for the company to respond quickly to new business opportunities without affecting existing operations, levels of traffic growth and associated increase in demand for services, the need to retain staff in the face of an international skills shortage, historical staff shortages in this field, and normal attrition and staff turnover.

Selected performance indicators

Table 37.16 Air Traffic and Navigation Services Company

Indicator	Activity/ Objective/ Programme/ Project	Past			Current 2011/12	Projected		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of air traffic controller vacancies per year ¹	Communication	22	30	(31)	(25)	(87)	(69)	(50)
Number of aircraft on OR Tambo International Airport's runway per hour	Communication	56	60	60	60	60	60	60
Safety Performance (measured in terms of the number of incidents per 100 000 movements) ²	Navigation	2	2	2	2	2	2	2

1. In 2008/09 and 2009/10, the positive number shows that there was under capacity. Since then, not only have vacancies been filled, but an excess capacity has been built (and is expected to be built further), illustrated by the negative numbers. This is a key target for the entity due to the high staff turnover rate and long training times. It ensures this important function is never understaffed. Therefore, continuously decreasing (negative) numbers shows an improving performance.

2. The industry best practice benchmark is 2.

Programmes/activities/objectives

Table 37.17 Air Traffic and Navigation Services Company

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Communication	306.0	347.3	445.7	508.4	549.6	637.7	681.0
Navigation	32.2	36.5	46.9	53.5	57.8	67.0	71.6
Surveillance	50.7	57.5	73.8	84.2	91.0	105.6	112.7
Display systems	6.9	7.8	10.0	11.4	12.3	14.3	15.3
Simulator and systems	102.3	116.2	149.1	170.1	183.8	213.3	227.8
Software	17.1	19.5	25.0	28.5	30.8	35.7	38.1
Administration	96.3	115.8	141.8	159.7	170.6	197.9	211.4
Total expense	611.4	700.6	892.3	1 015.7	1 095.9	1 271.6	1 358.0

The Air Traffic and Navigation Services Company had a total budget of R1 billion in 2011/12, of which 50.1 per cent was used for communication.

Savings and cost effectiveness measures

While no savings have been effected, the company will continuously monitor cost performance on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 37.18 Air Traffic and Navigation Services Company

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	672.6	747.7	1 074.6	1 126.9	1 213.4	1 367.7	1 522.2
Sale of goods and services other than capital assets	636.0	713.1	1 030.2	1 092.9	1 176.0	1 336.1	1 487.8
<i>of which:</i>							
<i>Tariff revenue</i>	636.0	713.1	1 030.2	1 092.9	1 176.0	1 336.1	1 487.8
<i>Other non-tax revenue</i>	36.6	34.6	44.4	34.0	37.4	31.6	34.4
Total revenue	672.6	747.7	1 074.6	1 126.9	1 213.4	1 367.7	1 522.2
Expenses							
Current expenses	576.3	668.0	814.2	964.2	1 050.2	1 210.2	1 277.2
Compensation of employees	327.2	389.6	487.2	554.0	648.2	693.6	742.2
Goods and services	143.3	154.3	182.5	227.6	259.5	289.6	317.9
Depreciation	83.8	100.0	121.9	149.7	127.6	157.6	183.3
Interest, dividends and rent on land	21.9	24.1	22.7	33.0	14.9	69.3	33.8
Transfers and subsidies	12.5	13.8	7.1	8.2	-	-	-
Total expenses	611.4	700.6	892.3	1 015.7	1 095.9	1 271.6	1 358.0
Surplus / (Deficit)	61.1	47.1	182.4	111.0	118.0	96.0	164.0

Table 37.18 Air Traffic and Navigation Services Company (continued)

R million	Audited outcome			Revised	Medium-term estimate		
	2008/09	2009/10	2010/11	estimate 2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	1 016.3	1 067.8	978.9	1 080.7	1 115.3	1 268.1	1 302.5
<i>of which:</i>							
<i>Acquisition of assets</i>							
Investments	147.7	147.0	32.9	251.5	162.1	310.4	217.7
Inventory	14.2	11.0	10.2	10.2	10.2	10.2	10.2
Receivables and prepayments	0.7	0.9	0.5	1.3	1.8	1.9	2.2
Cash and cash equivalents	99.9	88.1	124.3	129.4	139.5	157.3	175.1
Taxation	40.8	86.1	304.5	256.6	357.0	394.3	532.7
Derivatives financial instruments	–	10.0	0.7	0.8	0.8	0.5	–
	–	10.0	0.7	0.8	0.8	0.5	–
Total assets	1 171.9	1 274.1	1 419.8	1 479.7	1 625.3	1 832.8	2 022.6
Accumulated surplus / (deficit)	557.4	604.6	786.9	898.2	1 015.7	1 111.9	1 276.2
Capital and reserves	190.6	190.6	190.6	190.6	190.6	190.6	190.6
Borrowings	322.6	326.5	258.2	227.5	276.1	362.0	389.4
Trade and other payables	77.8	44.5	45.5	115.0	96.0	90.4	62.5
Taxation	–	55.2	71.3	–	9.2	33.6	62.2
Provisions	23.5	42.7	66.5	47.6	36.9	43.8	41.7
Total equity and liabilities	1 171.9	1 264.0	1 419.1	1 479.0	1 624.6	1 832.3	2 022.6

Expenditure trends

Over the medium term, the entity will focus on enhancing communication and simulator systems. Collectively, expenditure on these two objectives has been the largest contributor to spending, and will continue to grow at an average annual rate of 10.2 per cent between 2011/12 and 2014/15. Communication and simulator systems are essential to ensuring safety and enhancing utilisation capacity at airports.

The company's revenue is generated by providing aeronautical services to the aviation industry. Revenue increases from R672.6 million in 2008/09 to R1.1 billion in 2011/12, at an average annual rate of 18.8 per cent, and is expected to increase to R1.5 billion in 2014/15, at an average annual rate of 10.5 per cent. The major contributors to income in both periods are en-route and approach fees. This revenue source increased from R595.9 million in 2008/09 to R1 billion in 2011/12, at an average annual rate 20.5 per cent. The increase is attributable to a larger than anticipated increase in air traffic ahead of the 2010 FIFA World Cup. The en-route and approach fees, which are regulated by the regulating committee, are expected to increase to R1.4 billion in 2014/15, at a rate of 10.6 per cent, as the entity recovers the cost of infrastructure invested between 2008/09 and 2011/12 from operators.

Expenditure is expected to grow from R611.4 million in 2008/09 to R1.4 billion in 2014/15, at an average annual rate of 18.4 per cent, due to the entity increasing capacity in line with airport expansions. Between 2008/09 and 2011/12, compensation of employees grew from R327.2 million to R554 million, at an average annual rate of 19.2 per cent, due to incentive bonuses and other salary related costs. Over the medium term, expenditure on goods and services is expected to increase from R227.6 million to R317.9 million, at an average annual rate of 11.8 per cent, driven by the electronic maintenance costs of the radars and other equipment.

Expenditure on consultants increased from R2.8 million in 2008/09 to R12.2 million in 2011/12, at an average annual rate of 64.2 per cent, and is expected to decline to R7.6 million in 2014/15, at a rate of 14.7 per cent as more work will be done in-house.

Personnel information

Table 37.19 Air Traffic and Navigation Services Company

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	9	9	–	8	10	8	9	9	9	9
Senior management	13	13	–	11	12	12	13	13	14	14
Middle management	107	107	5	47	51	55	107	61	62	62
Professionals	573	573	10	622	626	645	573	712	729	747
Skilled	158	158	20	96	100	102	158	112	115	116
Semi-skilled	20	20	19	33	30	28	20	31	32	32
Very low skilled	140	140	–	124	122	98	140	108	110	112
Total	1 020	1 020	54	941	951	948	1 020	1 045	1 071	1 092
Compensation (R thousand)				327 240	389 626	487 242	554 010	648 243	693 620	742 173
Unit cost (R thousand)				348	410	514	543	620	648	680

1. As at 30 September 2011.

As at 30 September 2011, the entity's establishment was projected to increase to 1 092 in 2014/15. The increase over the medium term is driven by the need for more air traffic controllers as air traffic volumes increase. The entity will make a concerted effort to reduce the air traffic controller vacancy rate by recruiting school leavers for its air traffic control programme, building internal capacity within its training academy and implementing measures to retain air traffic controllers. Expenditure on consultants in 2011/12 was equivalent to 2.2 per cent of compensation of employees.

Passenger Rail Agency of South Africa

Overview: 2008/09 – 2014/15

The Passenger Rail Agency of South Africa was established in March 2009 to streamline and consolidate rail passenger entities. The agency's overarching aim is to ensure efficient and safe rail commuter services in South Africa. In consultation with the department, the agency also provides for long haul passenger rail and bus services.

The agency comprises several businesses, including the Metrorail urban commuter rail service, the Shosholozza Meyl long distance passenger rail service, the Intersite property management arm, and its long distance bus company, Autopax.

Over the medium term, key priorities for the agency that arise from its new, approved strategy for 2011/12-2013/14 will be the upgrading of its fleet, promoting operational efficiency, and enhancing passengers' travelling experience by providing more reliable, frequent and safe rail commuter services.

The accelerated rolling stock investment programme will expand community rail capacity and modernise Metrorail coaches over a 20-year period. Preparations for accelerating investment in rolling stock began in 2010/11. A detailed feasibility study for the new rolling stock fleet was completed in 2011. The first delivery of trains in this 20-year programme is expected in 2015. Work on the modernisation of the signalling system in the Gauteng region started in 2011/12. Modernising the signalling system and maintaining the existing fleet will remain a key focus area over the medium term.

Performance

The agency measures itself against indicators relating to infrastructure improvements, the number of passengers and customer satisfaction. The number of passengers using Metrorail Shosholozza Meyl and Autopax declined from 646.27 million in 2008/09 to 546.3 million in 2011/12 as a result of poor train availability and the non-operation of the long distance rail service. Over the medium term, passenger numbers are expected to grow from 546.3 million in 2011/12 to 638.7 million in 2014/15. The projected increases in the number of passengers per year over the medium term, in contrast to the historical trend of decreases, is due to the investment in new signalling equipment, the overhaul of coaches, and the upgrade of station precincts, all of which should improve service reliability in the future. Over the medium term, the agency will upgrade 77 railway stations throughout the country. 1 440 Metrorail coaches will be overhauled and upgraded between 2011/12 and 2014/15.

Selected performance indicators

Table 37.20 Passenger Rail Agency of South Africa

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of signalling interlocking sections completed ¹	The Passenger Rail Agency of South Africa: Corporate	–	–	–	1 interlocking: Gauteng region	Interlocking technology validated	Gauteng nerve centre complete	3 central traffic control centres functional
Number of stations improved per year	The Passenger Rail Agency of South Africa: Corporate real estate solutions	44	111	41	33	70	50	50
Number of stations upgraded per year	The Passenger Rail Agency of South Africa: Corporate real estate solutions	– ²	4	5	11	27	25	25
Number of Metrorail general overhauls and upgrades of rolling stock per year	The Passenger Rail Agency of South Africa: Rail	709	505	334	539	480	480	480
Number of main line passenger service (Shosholoza Meyl) overhauls and upgrades of rolling stock per year	The Passenger Rail Agency of South Africa: Rail	– ³	– ³	22	7	80	80	80
Customer satisfaction index (rail, bus and property) per year ⁴	All	73%	71.25%	72%	72%	75%	77%	78%
Number of passengers per year (in millions)	The Passenger Rail Agency of South Africa: Rail and Autopax	646.27 million	639.3 million	475.91 million	546.3 million	565.39 million	593.44 million	638.68 million

1. Programme runs in Gauteng, KwaZulu-Natal and Western Cape, commenced in 2011/12.

2. The programme for station upgrades commenced in 2009/10.

3. Shosholoza Meyl only became part of this agency in 2010/11.

4. 2008/09 was for Metrorail only.

Programmes/activities/objectives

Table 37.21 Passenger Rail Agency of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Rail	5 989.1	6 980.9	5 831.9	6 108.6	6 226.6	6 660.6	7 228.8
Autopax	–	528.1	771.8	888.7	918.4	953.9	989.5
Intersite	–	205.9	100.8	41.5	52.7	58.7	62.4
Corporate real estate solutions	–	138.4	603.8	764.2	843.7	906.3	952.5
Corporate	–	–	629.5	1 032.4	1 156.8	1 212.2	1 265.2
Total expense	5 989.1	7 853.2	7 937.8	8 835.4	9 198.3	9 791.9	10 498.4

The Passenger Rail Agency of South Africa had a total budget of R8.8 billion in 2011/12, of which 69.1 per cent was used for rail.

Savings and cost effectiveness measures

There were no savings effected. However, the agency will monitor cost performance on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 37.22 Passenger Rail Agency of South Africa

Statement of financial performance				Revised	Medium-term estimate		
R million	Audited outcome			estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	2 386.1	2 622.0	2 778.0	3 381.7	3 798.1	4 254.4	4 751.1
Sale of goods and services other than capital assets	1 713.6	2 550.6	2 704.6	3 278.9	3 792.5	4 249.2	4 745.6
<i>of which:</i>							
<i>Sales by market establishments</i>	1 661.1	2 448.9	2 532.2	3 072.8	3 577.5	3 947.0	4 409.2
<i>Other sales</i>	52.5	101.7	172.4	206.0	215.1	302.2	336.5
<i>Other non-tax revenue</i>	672.5	71.4	73.4	102.8	5.5	5.2	5.5
Transfers received	2 549.6	3 962.1	4 140.6	4 375.3	4 645.0	4 821.6	5 192.1
Total revenue	4 935.7	6 584.1	6 918.6	7 757.0	8 443.0	9 076.0	9 943.1
Expenses							
Current expenses	5 765.4	7 853.3	7 937.8	8 835.4	9 198.3	9 791.9	10 498.4
Compensation of employees	2 333.1	2 827.8	3 130.1	3 458.2	3 549.4	3 826.4	4 070.1
Goods and services	2 663.5	3 925.2	3 386.5	3 932.0	4 103.0	4 395.4	4 646.9
Depreciation	737.7	1 035.5	1 278.0	1 372.4	1 478.8	1 507.2	1 724.9
Interest, dividends and rent on land	31.2	64.8	143.2	72.8	67.2	62.9	56.4
Transfers and subsidies	217.0	-	-	-	-	-	-
Total expenses	5 989.1	7 853.2	7 937.8	8 835.4	9 198.3	9 791.9	10 498.4
Surplus / (Deficit)	(1 053.4)	(1 269.1)	(1 019.2)	(1 078.0)	(755.0)	(716.0)	(555.0)
Statement of financial position							
Carrying value of assets	11 600.4	15 980.4	17 803.8	22 566.2	27 788.5	33 666.5	43 798.9
<i>of which:</i>							
<i>Acquisition of assets</i>	3 767.7	5 027.7	3 127.7	6 134.8	6 701.1	7 385.2	11 857.3
Inventory	129.7	163.5	145.5	205.9	223.0	253.0	266.0
Receivables and prepayments	517.9	259.6	368.5	392.3	400.8	409.3	417.8
Cash and cash equivalents	1 159.9	419.3	2 125.7	1 251.2	775.8	506.0	523.9
Non-current assets held for sale	13.4	11.8	23.7	-	-	-	-
Defined benefit plan assets	-	-	-	8.2	8.2	8.2	8.2
Taxation	-	-	-	0.1	0.1	0.1	0.1
Total assets	13 421.2	16 834.6	20 467.2	24 424.0	29 196.5	34 843.2	45 015.0
Accumulated surplus/(deficit)	(2 525.5)	(3 415.6)	(4 434.8)	(5 513.1)	(6 268.4)	(6 984.3)	(7 539.5)
Capital and reserves	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3
Capital reserve fund	8 764.4	12 088.0	16 773.5	21 872.3	27 455.2	33 696.8	44 249.3
Borrowings	104.3	944.5	468.4	267.8	211.5	149.5	81.5
Trade and other payables	2 248.1	2 604.9	3 022.7	3 159.6	3 160.8	3 343.7	3 586.2
Provisions	581.6	364.5	389.2	389.2	389.2	389.2	389.2
Total equity and liabilities	13 421.2	16 834.6	20 467.2	24 424.0	29 196.5	34 843.2	45 015.0

Expenditure trends

The focus over the medium term will be on improving the agency's infrastructure to increase service reliability. This includes the maintenance of existing infrastructure and rolling stock, upgrading signalling and buying new rolling stock. Thus, the acquisition of assets increases from R6.1 billion in 2011/12 to R11.9 billion in 2014/15, at an average annual rate of 24.6 per cent.

Revenue from passenger services is generated from ticket sales to train or bus commuters for passenger and long distance journeys. Revenue increased from R4.9 billion in 2008/09 to R7.8 billion in 2011/12, at an average annual rate of 16.3 per cent. The increase was largely due to significant increases in sales of tickets as a result of the incorporation of Autopax and Shosholozza Meyl into the agency in 2009/10, and transfers received

from the department to support the investment in rail infrastructure. Over the MTEF period, transfers and sales by market establishment continue to drive total revenue to R9.9 billion, at an average annual increase of 8.6 per cent.

Expenditure increased from R6 billion in 2008/09 to R8.8 billion in 2011/12, at an average annual rate of 13.8 per cent, driven largely by robust increases in compensation of employees, from R2.3 billion in 2008/09 to R3.5 billion in 2011/12, at an average annual rate of 14 per cent, and depreciation and amortisation, from R737.7 million in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 23 per cent. Over the medium term, expenditure is projected to grow to R10.5 billion, at an average annual rate of 5.9 per cent, as the cost of energy, security and maintenance and repairs continues to rise.

Spending on consultants increased from R38.2 million in 2008/09 to R67.7 million in 2011/12, at an average annual rate of 21.1 per cent, due mainly to work done in preparation for the 2010 FIFA World Cup. Over the MTEF period, expenditure is projected to increase to R79 million, at an average annual rate of 5.3 per cent, to provide for the transaction advisors hired to assist with the rolling stock purchase.

The accumulated deficit of the entity is expected to grow from R5.5 billion in 2011/12 to R7.5 billion in 2014/15, as it continues to incur annual deficits. However, these annual deficits are projected to decrease from R1.1 billion in 2011/12 to R555.2 million in 2014/15.

Personnel information

Table 37.23 Passenger Rail Agency of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	20	20	–	11	15	23	20	20	20	20
Executive management	50	50	–	9	39	46	50	54	54	57
Senior management	109	109	–	115	106	112	114	116	118	121
Middle management	165	165	–	470	156	157	170	178	180	182
Professionals	360	360	–	1 035	384	367	366	412	415	417
Skilled	4 929	4 929	–	2 983	4 183	4 901	5 028	5 128	5 300	5 343
Semi-skilled	5 198	5 198	–	3 923	5 723	5 800	5 572	5 782	5 923	5 991
Very low skilled	2 889	2 889	–	3 724	5 811	3 949	3 991	4 002	4 278	4 378
Total	13 720	13 720	–	12 270	16 417	15 355	15 311	15 692	16 288	16 509
Compensation (R thousand)				2 333 116	2 827 757	3 130 065	3 458 220	3 549 357	3 826 379	4 070 118
Unit cost (R thousand)				190	172	204	226	226	235	247

1. As at 30 September 2011.

As at 30 September 2011, the entity's establishment was 13 720. The structure has been approved by the agency's board. About 1 500 short term contract positions were filled annually as a result of business requirements. Over the medium term, the entity's overall establishment is expected to increase to 16 509. Spending on consultants in 2011/12 was equivalent to 2 per cent of expenditure on compensation of employees.

South African National Roads Agency

Overview: 2008/09 – 2014/15

The South African National Roads Agency was established by the South African National Roads Agency and National Roads Act (1998). The agency is responsible for the financing, management, control, planning, development, maintenance and rehabilitation of the South African national road network of some 16 170 kilometres. The network has an asset replacement value of over R250 billion. The agency is a corporate entity, with the minister as its single shareholder.

The agency's activities include maintenance, strengthening, improvements and new facilities, and its current transfer is used for the maintenance of the national non-toll network. Maintenance is done according to a road asset management system, and is undertaken routinely, periodically and on special occasions due to unforeseen circumstances such as floods.

The agency manages programmes to strengthen roads, effect improvements, and build new facilities such as additional or widened lanes to accommodate or relieve traffic congestion.

Over the medium term, the agency aims to roll out the Gauteng e-tolling system, implement additional toll road projects, and continue maintaining the national road network.

Performance

The entity measures itself against indicators of road quality. As the agency uses a road asset management system, it ensures that regular maintenance is prioritised over other work, as shown by the indicator: Ad hoc maintenance; routine maintenance; periodic and special maintenance as a percentage of total maintenance.

Selected performance indicators

Table 37.24 The South African National Roads Agency

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Ad hoc maintenance; routine maintenance; periodic and special maintenance as a percentage of total maintenance	Maintenance	95%	95%	95%	95%	95%	96%	96%
Smooth travel exposure index: percentage travel on roads with low roughness	Improvements	95%	95%	95%	95%	95%	95%	95%

Notes:

Smooth travel exposure: Percentage of travel undertaken each year on national roads with roughness less than 4,2 IRI (m/km). Roughness refer to the longitudinal road surface undulations affecting road user comfort, wear and operating costs of vehicles, road safety, and the impact of the vehicle on the road through excitation of vehicle mass.

Low rut exposure: Percentage of travel undertaken each year on national roads with rut depth less than 20 mm. Rut depth refers to surface depressions that can hold water and cause a vehicle to aquaplane under wet conditions.

High texture exposure: Percentage of travel undertaken each year on national roads with macro-texture higher than 0.4 mm. Macro-texture refers to visual coarseness of the road surface that affects surface friction at high speeds (>60 km/h) for wet conditions.

Bridge condition exposure: Percentage of travel over or under bridges on national roads with overall condition index (higher than 80. The index is a weighted defects index that gives an overall indication of the need for maintenance for a bridge.

Programmes/activities/objectives

Table 37.25 The South African National Roads Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Road maintenance	2 285.7	2 152.6	2 904.8	4 344.2	5 099.0	4 175.4	9 526.5
Strengthening of roads	1 612.9	1 780.0	2 537.3	4 111.4	4 332.2	4 136.6	1 522.5
Improvements	6 201.2	7 436.5	6 224.8	4 853.9	3 357.5	3 097.1	5 156.0
New facilities	1 763.9	2 212.8	2 774.1	2 021.4	2 125.4	2 125.2	747.6
Total expense	11 863.7	13 581.9	14 441.1	15 331.0	14 914.0	13 534.3	16 952.7

The South African National Roads Agency had a total budget of R15.3 billion in 2011/12, of which 31.7 per cent was used for improvements.

Savings and cost effectiveness measures

All the entity's project resource allocations are made through the comprehensive asset management system, which ensures that the optimal maintenance strategy is selected for each road section. This ensures that the road network is maintained at an adequate level of service for the funding available. Savings or effectiveness is therefore already built into the planning of each project as listed in its budget. In addition, the entity has prudent spending policies over administrative and overhead costs, mainly salaries, with a key performance indicator, the expenditure efficiency index, used to ensure that these costs remain less than 7.5 per cent.

Expenditure estimates

Table 37.26 The South African National Roads Agency

Statement of financial performance				Revised	Medium-term estimate		
R million	Audited outcome			estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	3 179.5	147 464.9	26 924.8	2 006.9	3 377.1	4 548.9	5 740.6
Sale of goods and services other than capital assets	1 687.7	2 078.0	2 298.8	2 006.9	3 377.1	4 548.9	5 740.6
<i>of which:</i>							
Tollgate fees	1 330.0	1 513.5	1 791.4	2 006.9	3 377.1	4 548.9	5 740.6
Other sales	357.8	564.5	507.3	–	–	–	–
Other non-tax revenue	1 491.8	145 386.9	24 626.1	–	–	–	–
Transfers received	1 934.4	2 331.4	3 357.6	11 842.8	6 405.8	7 467.9	7 193.4
Total revenue	5 113.9	149 796.4	30 282.4	13 849.7	9 782.8	12 016.8	12 933.9
Expenses							
Current expenses	4 101.1	5 427.4	7 761.3	11 444.1	11 045.0	12 013.0	12 674.3
Compensation of employees	83.6	92.6	111.1	111.1	130.9	143.0	152.2
Goods and services	2 174.8	2 573.8	3 677.2	6 368.2	5 451.3	6 118.3	6 210.5
Depreciation	521.6	704.6	1 357.9	2 350.7	2 570.7	2 790.7	3 010.6
Interest, dividends and rent on land	1 321.1	2 056.4	2 615.0	2 614.0	2 892.0	2 961.0	3 301.0
Total expenses	4 101.1	5 427.4	7 761.3	11 444.1	11 045.0	12 013.0	12 674.3
Surplus / (Deficit)	1 012.9	144 369.0	22 521.1	2 406.0	(1 262.0)	4.0	260.0
Statement of financial position							
Carrying value of assets	23 909.5	180 385.4	214 158.1	222 748.2	229 660.1	237 205.6	243 591.2
<i>of which:</i>							
Acquisition of assets	8 971.6	12 390.6	10 959.7	10 940.9	9 498.0	10 358.8	9 426.2
Investments	290.8	1 324.1	1 703.5	1 333.8	1 703.5	1 703.5	1 703.7
Receivables and prepayments	2 530.4	3 810.6	1 840.8	2 609.5	1 877.6	1 915.2	1 953.5
Cash and cash equivalents	3 872.9	1 564.1	2 788.1	2 377.7	4 950.0	2 244.4	2 528.9
Total assets	30 603.7	187 084.1	220 490.5	229 069.1	238 191.2	243 068.7	249 777.2
Accumulated surplus / (deficit)	(1 890.0)	(2 317.4)	(3 665.3)	(1 259.7)	(2 521.8)	(2 517.9)	(2 258.3)
Capital and reserves	1 091.0	145 887.4	169 756.4	165 202.1	170 967.2	167 091.8	170 801.4
Capital reserve fund	8 475.9	16 606.8	20 108.0	22 666.7	19 344.5	22 217.6	18 449.5
Borrowings	16 205.1	25 150.7	32 594.8	38 821.5	46 730.4	52 500.0	58 926.2
Trade and other payables	6 510.7	1 430.9	1 308.0	3 267.7	3 319.2	3 425.1	3 497.8
Provisions	6.9	8.7	26.9	9.2	9.7	10.2	10.7
Managed funds (e.g. Poverty alleviation fund)	204.1	317.1	361.6	361.6	342.0	342.0	350.0
Total equity and liabilities	30 603.7	187 084.1	220 490.5	229 069.1	238 191.2	243 068.7	249 777.2

Expenditure trends

Over the medium term, the spending focus will be on road maintenance.

The entity's income is mainly comprised of revenue generated from toll fees for the toll network and government allocations for the upkeep of the non-toll network. Between 2008/09 and 2011/12, total revenue increased from R5.1 billion to R13.8 billion, at an average annual rate of 39.4 per cent. This increase was largely due to increased transfers from the department to allow the entity to continue investing in infrastructure development and the once-off transfer of R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project. Transfers in this period increased from R1.9 billion to R11.8 billion, at an average annual rate of 82.9 per cent. Over the medium term, total revenue will decrease to R12.9 billion, at an average annual rate of 2.3 per cent. This is due to the once-off transfer in 2011/12. The start of the electronic toll collection from 2012

is reflected in the increase in toll revenue from R2 billion to R5.7 billion over the medium term, at an average annual rate of 42 per cent.

Expenditure increased from R4.1 billion in 2008/09 to R11.4 billion in 2011/12, at an average annual rate of 40.8 per cent. The increase is due to growth in depreciation from R521.6 million in 2008/09 to R2.4 billion in 2011/12, at an average annual rate of 65.2 per cent. Between 2008/09 and 2011/12, contractor expenditure also increased significantly from R1.9 billion to R5.7 billion, at an average annual rate of 44 per cent. This expenditure is for road maintenance. Over the MTEF period, spending is dominated by expenditure incurred in extending the length of the road network from 16 500 to 18 215 kilometres. Expenditure increases as a result, from R11.4 billion in 2011/12 to R12.7 billion in 2014/15, at an average annual rate of 3.5 per cent. This is due to depreciation increasing to R3 billion at an average annual rate of 8.6 per cent and interest payments increasing to R3.3 billion at an average annual rate of 8.1 per cent to fund the capital investment in toll roads.

Expenditure on consultants increased from R9.3 million in 2008/09 to R47.4 million in 2011/12, at an average annual rate of 72.1 per cent, and is expected to increase further to R57.5 million over the medium term, at an average annual rate of 6.7 per cent, due to the investigation and development of the west region branch.

Personnel information

Table 37.27 The South African National Roads Agency

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	1	1	1	1
Executive management	8	7	1	8	8	8	7	8	8	8
Senior management	76	76	–	66	73	73	76	80	85	95
Professionals	41	41	–	30	30	37	41	65	80	95
Skilled	29	29	–	15	12	23	29	51	55	65
Semi-skilled	68	68	–	54	55	63	68	75	79	76
Total	223	222	1	174	179	205	222	280	308	340
Compensation (R thousand)				83 623	103 207	111 120	111 120	130 949	142 965	152 189
Unit cost (R thousand)				481	577	542	501	468	464	448

1. As at 30 September 2011.

The staff complement increased from 174 in 2008/09 to 222 in 2011/12 and is expected to increase further to 340 over the medium term. The increase in both periods is due to more staff being hired because of the introduction of electronic tolling. There are no vacancies. Expenditure on consultants in 2011/12 was equivalent to 42.6 per cent of compensation of employees.

Road Accident Fund

Overview: 2008/09 – 2014/15

The Road Accident Fund was established in terms of the Road Accident Fund Act (1996). The fund is responsible for providing appropriate cover to all road users within the borders of South Africa, rehabilitating and compensating persons injured in motor vehicle accidents, and promoting the safe use of all South African roads. The fund provides compulsory insurance cover to all road users against injuries sustained or death arising from accidents involving motor vehicles. The fund aims to reintegrate victims of road accidents into society from a health and economic perspective, and to protect wrongdoers and their families from financial ruin. Legislative changes introduced through the Road Accident Fund Amendment Act (2005) limit compensation paid to claimants for earnings and loss of support. Under the new dispensation, compensation for pain and suffering is only available to those claimants who are seriously injured.

Despite these legislative amendments, the need for structural reform of the fund to ensure its long term financial sustainability remained critical as the current system remains fault based. Under a fault based system, the fund is obliged to pay out compensation if an injury or death is sustained as the result of negligence or wrongdoing by a driver. This led to long delays in payments as court action and litigation was the way that faults were determined. In response to these problems, Cabinet approved the road accident benefit scheme policy in 2009,

which is based on a no fault fixed principle and aligns with the government wide impetus of implementing a comprehensive social security system. The department is currently drafting new legislation to reform the present compensation system.

These reforms aim to: expand access to the benefit scheme by providing benefits on a no fault basis; optimise limited resources in favour of persons with serious injuries; lessen spending on minor injuries; facilitate access to timely and appropriate medical care; provide financial support to persons affected by injury or the death of an earner; and simplify the claim process, reduce disputes and create certainty by providing defined and structured benefits.

Over the medium term, the fund plans to: assist the department in drafting the Road Accident Benefit Scheme Bill, contribute to establishing a comprehensive social security system, improve accessibility and claim processing for road accident claimants, reduce the payouts to third party legal representatives and explore additional revenue streams to improve its financial position.

Performance

The number of claims finalised per year declined from 330 453 in 2008/09 to 234 274 in 2011/12, due to constraints experienced by the fund in processing claims. Over the medium term, the fund will strengthen internal systems in an effort to build its claim processing capacity in anticipation of legislative reforms. The compensation component of total claims paid decreased from R8.5 billion in 2008/09 to R8.1 billion in 2011/12, and the average rand value per claim has increased from R25 818 to R34 421.

A surplus in 2011/12 is a result of the delay in implementing the new operating model. This has led the number of claims finalised between 2009/10 and 2010/11 decreasing by 28.6 per cent, and a further decline of 13.3 per cent in claims finalised is expected between 2010/11 and 2011/12. Outstanding claims have increased from 209 186 in 2009/10 to 244 652 in 2010/11. In order to reduce the backlog the focus for claim payouts was changed to those that have been in the system for longer than three years, low value claims below R100 000, loss of support claims, funeral expenses claims and direct claims.

Over the medium term, the number of claims finalised is expected to decrease to 213 007, while the value of claims finalised increases to R15.7 billion in 2014/15. This increases the average claim value to R77 770.

Selected performance indicators

Table 37.28 Road Accident Fund

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of claims finalised per year	Payment of claims to accident victims	330 453	262 185	187 486	234 272	226 362	214 206	213 007
Cost to fuel levy income ratio (percentage)	Payment of claims to accident victims	38%	29%	28%	28 %	26%	23%	21%
Amount of claims paid to accident victims per year – (including legal costs and provisions R thousand)	Payment of claims to accident victims	R13 716 250 ¹	R14 108 302 ¹	R15 222 198	R12 928 318	R13 898 735	R14 796 919	R15 655 756
Compensation component per year	Payment of claims to accident victims	R8 531 696 ¹	R8 688 812 ¹	R9 485 088	R8 063 979	R12 192 662	R14 468 693	R16 565 479
Legal costs per year	Payment of claims to accident victims	R2 599 474	R2 709 745	R3 456 058	R3 357 439	R3 352 376	R3 218 281	R3 057 367
Increase (decrease) in provision for outstanding claims	Payment of claims to accident victims	R2 585 080	R2 709 745	R2 281 052	R1 506 899	(R1 646 304)	(R2 890 055)	(R3 967 090)

1. These figures are different from those in the 2011 Estimates of National Expenditure as "supplier claims/ compensation" and "other claims/ compensation" have been combined.

Programmes/activities/objectives

The Road Accident Fund had a total budget of R15.5 billion in 2011/12, of which 100 per cent was used for the payment of claims to accident victims.

Table 37.29 Road Accident Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Payment of claims to accident victims ¹	24 080.9	15 176.9	16 198.0	15 495.8	15 180.3	16 157.3	17 143.8
Total expense	24 080.9	15 176.9	16 198.0	15 495.8	15 180.3	16 157.3	17 143.8

1. The amount includes the provision for outstanding claims.

Savings and cost effectiveness measures

The fund planned to set up an in-house litigation department in 2011 to deal with magistrate court matters and reduce legal costs. The opening of new offices as part of the rollout of the new operating model is expected to increase the number of direct claimants and result in reduced legal costs, by bypassing costly legal representation. Over the medium term, legal costs are expected to decline from R3.4 billion in 2011/12 to R3.1 billion, at an average annual rate of 3.1 per cent.

The implementation of the Road Accident Fund Amendment Act (2005) will result in a decrease in general damages claims and an increase in limited passenger claims as the legislation restricts the amount per claim. Net savings of between 25 per cent and 33 per cent of the personal injury claims are projected.

Expenditure estimates

Table 37.30 Road Accident Fund

Statement of financial performance							
R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	573.7	57.5	52.2	89.9	148.4	181.1	210.6
Other non-tax revenue	573.7	57.5	52.2	89.9	148.4	181.1	210.6
Tax revenue: Fuel levy	11 395.7	12 625.9	14 474.1	15 911.8	17 853.1	19 865.6	21 951.5
Total revenue	11 969.4	12 683.4	14 526.2	16 001.7	18 001.4	20 046.7	22 162.1
Expenses							
Current expenses	800.0	909.0	975.8	1 172.7	1 281.6	1 360.4	1 488.0
Compensation of employees	530.9	591.3	620.8	753.8	828.4	878.2	966.0
Goods and services	217.1	237.9	252.1	329.8	377.1	399.8	423.8
Depreciation	28.1	39.1	59.6	63.8	64.9	72.4	87.2
Interest, dividends and rent on land	24.0	40.8	43.3	25.2	11.1	10.0	11.0
Transfers and subsidies	23 280.8	14 267.9	15 222.2	14 323.1	13 898.7	14 796.9	15 655.8
Total expenses	24 080.9	15 176.9	16 198.0	15 495.8	15 180.3	16 157.3	17 143.8
Surplus / (Deficit)	(12 111.5)	(2 493.5)	(1 671.7)	506.0	2 821.0	3 889.0	5 018.0
Statement of financial position							
Carrying value of assets	274.8	355.1	327.6	330.8	322.9	325.5	320.8
of which:							
Acquisition of assets	67.2	121.6	45.3	67.0	57.0	75.0	82.5
Inventory	2.9	2.5	2.4	2.6	2.9	3.1	3.5
Accrued investment interest	9.8	3.9	4.3	–	–	–	–
Receivables and prepayments	2 017.6	2 861.8	3 094.7	3 399.5	3 803.0	4 221.4	4 655.2
Cash and cash equivalents	1 090.7	655.2	1 137.6	4 372.4	5 286.3	5 991.0	6 763.9
Total assets	3 395.7	3 878.6	4 566.6	8 105.3	9 415.1	10 541.1	11 743.3
Accumulated surplus/(deficit)	(39 915.2)	(42 408.7)	(44 080.5)	(42 148.4)	(39 263.2)	(35 306.7)	(30 218.4)
Capital and reserves	79.9	78.7	65.5	65.5	65.5	65.5	65.5
Deferred income	59.8	–	–	–	–	–	–
Trade and other payables	436.6	539.9	615.0	646.2	678.6	712.6	748.4
Provisions	42 734.7	45 668.6	47 966.6	49 542.0	47 934.1	45 069.7	41 147.8
Total equity and liabilities	3 395.7	3 878.6	4 566.6	8 105.3	9 415.1	10 541.1	11 743.3

Expenditure trends

The spending focus of the Road Accident Fund is always the payout of claims. The extent to which it is able to do this is dependent on the fuel levy income and administrative capacity.

The entity derives revenue mainly from the fuel levy collected at an approved level of 80 cents per litre, which will increase to 88 cents per litre from April 2012. Revenue increased from R12 billion in 2008/09 to R16 billion in 2011/12, at an average annual rate of 10.2 per cent, and is expected to increase over the medium term to R22.2 billion, at an average annual rate of 11.5 per cent. The growth in revenue is mainly due to the growth in fuel levy income, which increased from R8.8 billion in 2008/09 to R15.9 billion in 2011/12, at an average annual rate of 21.6 per cent, and is expected to increase to R22 billion in 2014/15, at an average annual rate of 11.3 per cent. The fuel levy income is dependent on the volume of fuel purchased and the size of the levy. The fuel levy increased from 46.5 cents a litre in 2008/09 to 80 cents a litre in 2011/12.

Between 2008/09 and 2011/12, expenditure decreased from R24.1 billion to R15.5 billion, at an average annual rate of 13.7 per cent, due to a decline in the amount of outstanding claims paid out. 2008/09 saw an increase in provision of outstanding claims while the fund's ability to process claims decreased in 2011/12. Over the medium term, expenditure is expected to increase to R17.1 billion, at an average annual rate of 3.4 per cent, driven by strong growth in expenditure on compensation of employees, which rises from R753.8 million in 2011/12 to R966.1 million in 2014/15, at an average annual rate of 8.6 per cent, and on goods and services, which increases from R329.8 million in 2011/12 to R423.8 million in 2014/15, at an average annual rate of 8.7 per cent. The increase is mainly due to an expected increase in claims expenditure, from R14.3 billion in 2011/12 to R15.7 billion in 2014/15, at an average annual rate of 3 per cent, as claims handling capacity increases.

Expenditure on consultants decreased from R47.2 million in 2008/09 to R20.5 million in 2011/12, at an average annual rate of 24.3 per cent, and is expected to increase to R44.2 million in 2014/15, at an average annual rate of 29.2 per cent. The rollout of the new operating model is the main reason for using consultants over the MTEF period.

Personnel information

Table 37.31 Road Accident Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	8	6	10	10	10	10	10
Executive management	9	9	–	5	5	6	9	9	9	9
Senior management	26	26	4	19	17	21	22	33	33	33
Middle management	98	98	36	54	60	60	62	102	102	102
Skilled	917	917	48	965	1 004	1 100	869	942	957	957
Semi-skilled	916	916	59	886	852	671	857	935	935	935
Very low skilled	109	109	96	16	16	14	13	78	63	63
Total	2 085	2 085	243	1 953	1 960	1 882	1 842	2 110	2 109	2 109
Compensation (R thousand)				530 895	591 269	620 803	753 799	828 448	878 227	966 050
Unit cost (R thousand)				272	302	330	409	393	416	458

1. As at 30 September 2011.

As at 30 September 2011, the number of filled posts decreased from 1 953 in 2008/09 to 1 842, due to an increase in resignations. Over the medium term, the number of filled posts is expected to reach 2 109 to accommodate the legislative reforms in the sector, which focus on improving claims processing capacity. There were 243 vacancies. Spending on consultants in 2011/12 was equivalent to 2.7 per cent of expenditure on compensation of employees.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- **Credit Card Driving Licences** produces driving licences with an estimated expenditure of R133.7 million in 2012/13.
- The **Cross Border Road Transport Agency** is tasked with the responsibility of facilitating the unimpeded flow of cross-border freight and passengers by road in order to promote trade and economic development within the SADC region. Estimated expenditure for 2012/13 is R185.5 million.
- The **Railway Safety Regulator**'s mission is to oversee and promote safe railway operations through appropriate support, monitoring and enforcement guided by an enabling regulatory framework. Estimated expenditure for 2012/13 is R71.2 million.
- The **Road Traffic Management Corporation** coordinates strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by the national, provincial and local spheres of government. Estimated expenditure for 2012/13 is 140.9 million.
- The **South African Civil Aviation Authority**'s main strategic objective is to enforce safety and security regulations in the aviation industry. Estimated expenditure for 2012/13 is R409 million.
- The **South African Maritime Safety Authority** promotes South Africa's maritime interests and ensures the safety of life and property at sea. Estimated expenditure for 2012/13 is R269.6 million.
- The **Road Traffic Infringement Agency** administers the procedures that discourage the contravention of road traffic laws and adjudicates infringements, enforce penalties, provides specialised prosecution support services, and undertakes community education and community awareness programmes. Estimated expenditure for 2012/13 is R324.1 million.
- The **Ports Regulator** exercises economic regulation over the ports industry. Estimated expenditure for 2012/13 is R15.4 million.

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Infrastructure transfers to other spheres, agencies and departments										
South African National Roads Agency	Development and upkeep of national road network	Various	-	1 900.0	2 847.5	4 065.2	11 477.3	6 602.6	7 043.5	7 466.1
Passenger Rail Agency of South Africa	Passenger rail infrastructure maintenance and rehabilitation	Construction	-	2 367.7	3 831.8	5 110.3	6 134.8	6 701.1	7 385.2	11 857.3
Gautrain rapid rail link	National contribution for construction of Gautrain rapid rail link	Construction	12 951.5	3 266.0	2 976.7	438.4	5.3	-	-	-
Public transport infrastructure and systems grant	Public transport infrastructure and systems for municipalities	Various	-	2 919.8	2 421.2	3 699.5	4 803.3	4 988.1	5 550.0	5 870.8
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Improved railway stations	Construction	-	-	464.8	500.0	-	-	-	-
Provincial roads maintenance grant	Maintenance of provincial road infrastructure	Various	-	3 323.0	4 162.2	5 091.7	6 457.4	7 981.8	8 540.5	8 952.8
South African National Roads Agency: Public transport infrastructure and systems grant	Road maintenance for 2010 FIFA World Cup projects	Construction	-	100.0	206.6	-	-	-	-	-
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Purchase of buses	Handed over	-	-	-	797.0	-	-	-	-
Sani Pass roads grant	Construction of road to Lesotho		-	30.0	34.3	34.3	-	-	-	-
Overload control grant	Overload control		-	8.8	10.1	11.0	-	-	-	-
Total			12 951.5	13 915.3	16 955.1	19 747.4	28 878.1	26 273.6	28 519.1	34 147.0

Vote 38

Water Affairs

Budget summary

R million	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	883.1	829.0	14.6	39.6	975.7	1 075.8
Water Sector Management	618.9	532.8	49.4	36.7	521.6	610.0
Water Infrastructure Management	2 273.5	–	2 273.5	–	2 967.1	3 145.4
Regional Implementation and Support	4 896.7	1 135.9	575.4	3 185.4	5 135.7	5 709.7
Water Sector Regulation	114.7	113.2	–	1.5	119.9	124.0
International Water Cooperation	25.8	25.2	0.6	–	25.7	27.5
Total expenditure estimates	8 812.7	2 636.0	2 913.4	3 263.2	9 745.7	10 692.5
Executive authority	Minister of Water Affairs					
Accounting officer	Director General of Water Affairs					
Website address	www.dwa.gov.za					

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

Aim

Ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, and ensure the universal and efficient supply of water services at local level.

Programme purposes

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 Sector Management

Purpose: Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, through effective policies, integrated planning, strategies, knowledge base and procedures.

Programme 3: Water Infrastructure Management

Purpose: Ensure a reliable supply of water from bulk raw water resources infrastructure, within acceptable risk parameters, to meet sustainable demand objectives for South Africa. Solicit and source funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

Programme 4: Regional Implementation and Support

Purpose: Coordinate effective implementation of the department's strategic goals and objectives at the regional level, including the establishment of water resource management institutions. Facilitate water conservation and demand management. Accelerate communities' access to water infrastructure.

Programme 5: Water Sector Regulation

Purpose: Ensure the development, implementation, monitoring and review of regulations across the water value chain in accordance with the provisions of the National Water Act (1998) and the Water Services Act (1997).

Programme 6: International Water Cooperation

Purpose: Strategically develop, promote and manage international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations. Further pursue national interest at both African multilateral and global multilateral organisations and forums.

Strategic overview: 2008/09 – 2014/15

The Department of Water Affairs is the custodian of the country's water resources. To deliver on its mandate, the department ensures that water resources are protected, managed, used, developed, conserved, and controlled in accordance with the Constitution (1996), the National Water Act (1998), the Water Services Act (1997) and other key policy frameworks. Within the outcomes based performance management framework adopted by government, the department contributes to two critical outcomes: the development of an efficient, competitive and responsive economic infrastructure network (outcome 6), and the protection and enhancement of environmental assets and natural resources (outcome 10). The department contributes to these outcomes by ensuring the maintenance and supply availability of the country's bulk water infrastructure, protecting and enhancing environmental assets and natural resources, and improving water quality and the quantity of water resources.

The department's core functions are policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-governmental coordination, and water sector regulation.

Recent progress and developments

To strengthen the department's ability to carry out its functions, the minister appointed a committee of experts in June 2011 to review and re-engineer the department's business processes to ensure that functions are carried out efficiently. The committee is expected to make recommendations on optimal approaches to restructuring the department to address backlogs in the rehabilitation and refurbishment of national bulk water infrastructure, integrate bulk water infrastructure with reticulation infrastructure at the local level, support improvements in the management of wastewater treatment works within local government, and improve the financial position of the water trading entity.

Economic regulation plays an important role in promoting the sustainability of water infrastructure by ensuring that prices are reflective of costs. The department has initiated the process of establishing an economic regulator to oversee the water value chain and regulate water tariffs and the capital unit charge, which is set by the Trans-Caledon Tunnel Authority. The regulator will ensure efficient pricing in the water value chain and that inefficiencies in the water supply sector are not passed on to end-users.

The acid mine drainage phenomenon in South Africa, particularly in the Eastern, Central and Western mining basins in the Gauteng region, has become more severe in recent years. The problem is multi-faceted and has its roots in an area that is characterised by abandoned, derelict, ownerless or inactive mines. The most immediate problem the phenomenon brings is the decanting of water from defunct mines, which can pollute surface water and impact on the overall water security in the already water scarce Gauteng region. The solution will involve long term economically, financially and environmentally sustainable options for managing acid mine drainage.

The inter-ministerial committee, which government had set up in September 2010 to start addressing the acid mine drainage problem, accepted the report and recommendations of a team of experts that had been appointed to advise on the matter in December 2010. The Minister of Water Affairs directed the Trans-Caledon Tunnel Authority to implement any necessary short term measures to address the low pH, high salt content and presence of heavy metals in water originating from mining areas in the Gauteng region to mitigate any adverse health and environmental effects. In December 2011, the department appointed professional service providers to investigate financially sustainable institutional models.

Medium term focus

Over the medium term, the department will focus its efforts on a number of key initiatives. The result of the business process engineering review will inform the restructuring of the department, enabling it to implement its plans optimally and provide greater leadership on key issues within the sector.

Responding to the acid mine drainage challenge

Consensus exists that a sustainable long term solution cannot be the sole responsibility of government alone, and that a long term solution, properly developed and coordinated, with the buy-in of a range of stakeholders, would help improve water security, enhance environmental sustainability, safeguard economic gains and improve water quality through treatment and the appropriate discharge of effluent. Such a solution would also avoid costly, haphazard and ad hoc treatment requirements that would render it financially unviable.

In response to the acid mine drainage challenges, the department will develop an appropriate and all-inclusive funding mechanism, design a financially sustainable institutional model, strengthen the legislative framework and determine the appropriate technology options for dealing with the problem. Key to developing a sustainable financing approach will be the assessment of a range of public private partnership options, which leverage the opportunities to generate revenue through, for example, the sale of treated water and mineral by-products recovered through the treatment and desalination process.

Strengthening oversight over water institutions

Water institutions play a key role in delivering water infrastructure and services. The department will strengthen its oversight over water boards by reviewing their mandate and updating guidelines for regulating them. The department will further improve regulation by reviewing and improving its blue drop and green drop assessment tools, which are designed to ensure that both drinking water and wastewater meet quality standards. Pollution remains a significant threat to water resources in South Africa, and there is a need to enforce the polluter-pays principle to address, among others, pollution from acid mine water. The department will finalise regulatory tools such as the waste discharge charge system to mitigate the consequences of pollution. Compliance monitoring and enforcement capacity within the department will also be strengthened over the medium term. The department will continue to implement the river health programme.

Revising and updating key strategic documents

The national water resource strategy, which describes how water resources will be protected, used, managed and conserved, will be revised to reflect the existing state of water resources in the country. The department will also update the raw water pricing strategy to enhance cost recovery from previously exempted sectors. A high level national water investment framework for South Africa, which provides guidance on overall water investment requirements in the sector at the national, regional and local levels, has already been drafted. The department will build on the framework to formulate detailed plans by 2012/13.

Selected performance indicators

Table 38.1 Water Affairs

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new reconciliation strategies developed to ensure water security per year	Water Sector Management	5	8	2	2	4	3	4
Total number of water monitoring stations and number of priority catchments optimally monitored ¹	Water Sector Management	2	2	5	5	5	5	5
Number of additional people provided with access to water per year	Regional Implementation and Support	1.1 million	1.1 million	351 106	598 766	746 004	1 million	1 million
Number of bulk infrastructure schemes implemented per year	Regional Implementation and Support	32	38	55	62	64	70	78
Number of additional rainwater harvesting tanks distributed for access and food production per year	Regional Implementation and Support	300	2544	5740	6000	7000	8000	10000

Table 38.1 Water Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of additional resource poor farmers supported with subsidies per year	Regional Implementation and Support	30	5 725	666	1 000	750	2 000	3 000
Number of new water management areas in which compulsory licensing processes have been completed per year	Water Sector Regulation	2	5	2	2	3	3	1
Number of water use license applications issued per year	Water Sector Regulation	80	200	250	300	250	300	300
Number of water supply systems assessed to meet effluent standards per year ²	Water Sector Regulation	401	787	792	797	803	810	–
Number of existing bilateral instruments realigned or expanded per year	International Water Cooperation	0	0	1	1	1	1	1
Number of country strategies established per year	International Water Cooperation	–	–	2	2	2	2	2
Number of municipalities supported in water conservation and water demand management per year	Regional Implementation and Support	50	80	4	47	39	71	69
Percentage completion on construction of Inyaka water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support	36%	56%	73%	98%	99%	100%	0
Percentage completion on construction of Nandoni water distribution network and water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support	49%	60%	69%	79%	99%	100%	–
Percentage completion on construction of Nandoni distribution replacement of glass-reinforced plastic pipeline as stated in the original and approved implementation plan	Regional Implementation and Support	–	–	–	27%	91%	97%	100%
Percentage completion on construction of Groot Letaba water augmentation project water distribution network and water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support	–	–	–	20%	10%	12%	16%
Percentage completion on construction of Hluhluwe regional water scheme as stated in the original and approved project implementation plan	Regional Implementation and Support	35%	61%	81%	92%	100%	0	0
Percentage of completion on construction of the pipeline from Middle Letaba dam as stated in the original and approved project implementation plan	Regional Implementation and Support	–	–	76%	94%	100%	0	0

1. The unit of measurement for this indicator changes from the number of water monitoring stations to the number of catchment areas optimally monitored, as a result of technological changes in the infrastructure used to monitor water.

2. There is no outer year target identified. Infrastructure projects are reported according to predefined milestones within project plans. Dashes represent work not yet started. 100% means that the construction work has been completed.

Expenditure estimates

Table 38.2 Water Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R million								
Administration	679.8	864.5	826.5	869.1	770.5	883.1	975.7	1 075.8
Water Sector Management	413.1	443.5	423.9	882.2	702.9	618.9	521.6	610.0
Water Infrastructure Management	1 644.3	2 108.1	2 132.4	2 385.0	1 920.0	2 273.5	2 967.1	3 145.4
Regional Implementation and Support	2 310.9	3 063.0	3 499.4	4 753.7	4 160.8	4 896.7	5 135.7	5 709.7
Water Sector Regulation	80.6	73.2	125.6	112.4	88.6	114.7	119.9	124.0
International Water Cooperation	18.9	11.4	15.9	26.1	22.8	25.8	25.7	27.5
Total	5 147.6	6 563.7	7 023.7	9 028.3	7 665.5	8 812.7	9 745.7	10 692.5
Change to 2011 Budget estimate				(907.9)	(2 270.7)	(1 418.8)	(1 137.8)	(844.0)

Table 38.2 Water Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments	1 959.0	2 372.6	2 267.3	2 919.3	2 445.5	2 636.0	2 659.8	2 938.0
Compensation of employees	816.0	820.0	906.0	1 095.6	969.5	1 084.2	1 173.3	1 290.8
Goods and services	1 142.8	1 545.8	1 358.4	1 823.0	1 475.3	1 549.9	1 484.4	1 645.0
<i>of which:</i>								
<i>Consultants and professional services: Business and advisory services</i>	246.2	375.2	204.3	394.7	220.5	181.3	163.4	179.8
<i>Consultants and professional services: Infrastructure and planning</i>	83.1	196.1	160.0	519.9	376.0	347.1	208.4	245.9
<i>Property payments</i>	131.9	21.6	14.3	207.9	199.9	343.8	371.3	397.0
<i>Travel and subsistence</i>	179.5	181.9	173.9	171.5	170.8	171.2	188.6	205.8
<i>Interest and rent on land</i>	0.2	6.9	2.9	0.7	0.7	1.9	2.0	2.2
Transfers and subsidies	2 700.2	3 135.2	3 227.0	3 512.4	3 029.4	2 913.4	3 655.7	3 875.8
Provinces and municipalities	995.0	908.9	985.0	993.1	993.1	562.6	421.1	449.7
Departmental agencies and accounts	1 649.6	1 958.5	1 992.8	2 280.5	1 797.5	2 144.4	2 830.7	3 000.8
Foreign governments and international organisations	0.5	177.1	180.3	180.6	180.6	180.6	190.5	202.0
Public corporations and private enterprises	0.0	0.0	9.7	–	–	–	–	–
Non-profit institutions	0.4	0.5	–	–	–	–	–	–
Households	54.6	90.3	59.3	58.2	58.2	25.8	213.4	223.3
Payments for capital assets	485.1	1 005.6	1 523.8	2 596.6	2 190.6	3 263.2	3 430.2	3 878.7
Buildings and other fixed structures	441.6	974.1	1 290.7	2 509.2	2 103.2	3 171.5	3 334.4	3 784.5
Machinery and equipment	42.2	30.8	225.6	72.7	72.7	68.6	71.4	68.6
Software and other intangible assets	1.3	0.7	7.4	14.7	14.7	23.2	24.3	25.6
Payments for financial assets	3.3	50.3	5.6	–	–	–	–	–
Total	5 147.6	6 563.7	7 023.7	9 028.3	7 665.5	8 812.7	9 745.7	10 692.5

Expenditure trends

The spending focus over the medium term will be on developing bulk water infrastructure, to accelerate delivery of water services to households, agriculture and industry. The department will also focus on strengthening economic regulation within the water sector.

Spending increased from R5.1 billion in 2008/09 to R9 billion in 2011/12, at an average annual rate of 20.6 per cent. This is driven by the increase in expenditure on the development of bulk water infrastructure, which includes funds allocated for the construction of new dams and ancillary infrastructure, and rehabilitating and repairing existing bulk infrastructure in line with government's renewed emphasis on infrastructure development.

Expenditure in the *Water Sector Management* programme grew from R413.1 million in 2008/09 to R882.2 million in 2011/12, at an average annual rate of 28.8 per cent. This strong growth is attributable to expenditure incurred on the development of a long term national strategy detailing South Africa's response to the challenges arising from acid mine drainage. Between 2008/09 and 2011/12, expenditure in the *Water Infrastructure Management* programme increased from R1.6 billion to R2.4 billion, at an average annual rate of 13.2 per cent, as a result of increased transfer payments to water services authorities and water boards. The authorities and boards act as implementing agents on behalf of the department. Allocations in this programme were used to fund two mega infrastructure projects and five large scale infrastructure projects.

Spending on consultants increased from R338.6 million in 2008/09 to R925.2 million in 2011/12, at an average annual rate of 39.8 per cent, due to the increased expenditure on consultants used in planning mega and large scale infrastructure projects. Over the medium term, expenditure on consultants is expected to decline to R442.8 million, at an average annual rate of 21.8 per cent, as the department builds internal capacity to perform these functions.

Transfers and subsidies expenditure increased from R2.7 billion in 2008/09 to R3.5 billion in 2011/12, at an

average annual rate of 9.2 per cent, as a result of the development of bulk water infrastructure. This included funds allocated for the construction of the De Hoop Dam and ancillary infrastructure such as distribution pipelines for the Nandoni Dam, and the rehabilitation and repair of existing bulk infrastructure.

Over the medium term, expenditure is expected to grow from R9 billion to R10.7 billion, at an average annual rate of 5.8 per cent, attributable mainly to growth in the *Regional Implementation and Support* programme. Growth in this programme is expected to increase expenditure from R4.8 billion in 2011/12 to R5.7 billion in 2014/15, at an average annual rate of 6.3 per cent, in line with the regional bulk infrastructure framework. Between 2008/09 and 2010/11, 17 regional bulk water projects were implemented throughout the country and an additional eight projects are planned for completion in 2011/12.

Cabinet has approved baseline cuts of R419 million in 2012/13, R647.2 million in 2013/14 and R940.9 million in 2014/15. To achieve this, expenditure reductions are effected mainly in spending on compensation of employees, goods and services, and transfers.

The department receives additional allocations of R419 million, R647.2 million and R940.9 million over the medium term as follows:

- R226.5 million, R266.3 million and R396.1 million for the construction of the De Hoop Dam's regional bulk distribution systems to connect to the national bulk distribution systems
- R60 million, R140 million and R200 million for the Sedibeng district municipality wastewater bulk infrastructure
- R95 million, R200 million and R300 million for the OR Tambo district municipality regional bulk water and wastewater infrastructure
- R25.4 million, R28.3 million and R31.6 million for improvements in conditions of service for the department
- R12 million, R12.6 million and R13.2 million for improvements in conditions of service for the water trading entity.

Infrastructure spending

The department oversees and manages 151 water and waste water infrastructure projects in various stages of completion throughout South Africa. The total estimated cost of these projects between 2008/09 and 2014/15 is R69 billion. The projects include those where new infrastructure is being built or existing infrastructure is being refurbished, rehabilitated, upgraded or maintained. Infrastructure spending includes direct expenditure on national water resources infrastructure projects through the department's public entities and indirect expenditure on regional bulk water and wastewater infrastructure projects through transfers to water services authorities and water boards. Spending on infrastructure rose from R2.3 billion in 2008/09 to R4.4 billion in 2011/12, and is expected to increase further to R6.4 billion over the medium term. The allocations earmarked for infrastructure will be used to undertake the following water infrastructure projects:

Mega infrastructure projects

The Olifants River water resources development project comprises the construction of the De Hoop Dam and the bulk raw water distribution systems. The total estimated cost for the construction of the dam is R3.1 billion and the distribution systems are expected to cost R13.1 billion.

R2.5 billion was spent up to 2011/12 for the construction of the dam and R373.8 million will be spent over the MTEF period. The surplus of R225.8 million will be reallocated to other infrastructure projects such as the **Mokolo-Crocodile water augmentation project**. Construction of the dam began in 2007 and is set to be commissioned by the end of 2012, with site clearance taking place by March 2013. Commissioning of the dam was delayed by a year due to industrial action and the poor condition of the foundation.

R391.4 million was spent up to 2011/12 for the construction of the bulk raw water distribution systems and R3.8 billion has been allocated over the MTEF period. Construction of the distribution system began in 2011/12. The project will deliver water for domestic and agricultural use in the Greater Sekhukhune, Waterberg and Capricorn district municipalities in Limpopo. The project will benefit more than 800 000 people in the domestic sector. Because mostly poor, rural municipalities benefit from the project, the shortfall in its funding will not be raised from end-users, and a phased approach will be adopted in implementing the project. Where

feasible, the department will explore maximising the use of existing infrastructure and exploring partnerships with local mines, particularly in phase 2B of the project, which is designed to provide water to Mogalakwena municipality and the surrounding mines. Building on having finalised the off-take agreements in 2011/12, over the medium term, the department will revisit the socioeconomic impact assessment study to determine the financial impact of water from the dam on the municipalities and the shortfall between what the municipalities can afford and the actual cost of water from the dam.

The **dam safety rehabilitation project** ensures the continued structural and operational safety of the 315 dams the department owns. The project has an estimated cost of R2.9 billion, R1.6 billion of which was spent up to 2011/12 and R1.3 billion of which is allocated over the MTEF period.

Large infrastructure projects

The **raising of Clanwilliam Dam** project will make it safer during floods and also stabilise dam distortion caused by alkali aggregate reaction, provide an additional yield of 10 million cubic metres of water per year, and help under-resourced, poor farmers promote food security and employment. The dam is located in the middle reaches of the Olifants River near Clanwilliam in Western Cape. By the time it is completed, the project will have created 2 500 permanent jobs in the construction sector. The total estimated budget for the project is R2.2 billion, of which R12.6 million has been spent by 2011/12 and R1 billion will be spent over the MTEF period. The project is in its design stage, pending approval of the final height of the dam wall, and is scheduled for completion by 2015.

Phase 1 and 2 of the **Mokolo and Crocodile River (West) water augmentation** project aims to deliver water to Eskom's Medupi power station and other industries in the area as well as domestic water to the Lephalale local municipality in Limpopo. The total estimated cost of the first phase is R2 billion, of which R435.4 million has been spent and R324.8 million will be spent over the MTEF period. Off-budget sources will be used to fund 75 per cent of the first phase. The minister has directed the Trans-Caledon Tunnel Authority to secure funding and implement the project, which began in 2011/12, and is scheduled for commissioning in 2013/14.

Raising of Tzaneen and Namitwa Dams for the Great Letaba River development project aims to augment the supply of water to meet the growing demand from the domestic sector in Limpopo by 2025, improve water availability in the riverine ecosystem and stabilise water availability to the irrigation sector. The project is estimated to cost R2 billion, of which R13.8 million has been spent up to 2011/12 and R695.7 million is allocated over the MTEF period.

Nandoni water treatment works and distribution networks project will augment water supply to the Vhembe district municipality in Limpopo. The total value of the project is estimated at R2 billion, of which R811.4 million has been spent up to 2011/12 and R349.9 million will be spent over the MTEF period. Construction began in 2006/07 and commissioning is scheduled for 2013/14.

Nandoni Pipeline project aims to convey water for domestic use to the Vhembe district municipality in Limpopo. The project began in 2006/07 and is scheduled for completion in 2012/13. The commissioning of this project was delayed due to the quality of the pipes and contract management issues. This increased the project cost from R200 million to R750 million. R203 million has been spent up to 2011/12 and R531.9 million is allocated over the MTEF period.

Small infrastructure projects

The department is implementing 64 regional bulk infrastructure projects. These projects aim to develop bulk water and wastewater infrastructure that will enable connection of municipal reticulation infrastructure. The total value of these projects over the MTEF period is estimated at R9.6 billion.

Personnel information

Table 38.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	4 365	4 365	130	3 933	4 173	4 718	4 844	4 365	4 365	4 365
Salary level 1 – 6	1 982	1 982	110	2 714	2 800	3 177	3 269	2 078	2 078	2 078
Salary level 7 – 10	1 706	1 706	13	932	1 058	1 145	1 175	1 617	1 617	1 617
Salary level 11 – 12	509	509	6	242	268	349	344	518	518	518
Salary level 13 – 16	168	168	1	45	47	47	56	152	152	152
Administration	1 158	1 158	42	767	816	969	992	1 158	1 158	1 158
Salary level 1 – 6	523	523	35	481	500	619	619	619	619	619
Salary level 7 – 10	469	469	2	191	209	229	252	380	380	380
Salary level 11 – 12	96	96	4	79	90	105	105	105	105	105
Salary level 13 – 16	70	70	1	16	17	16	16	54	54	54
Water Sector Management	625	625	2	277	316	338	377	625	625	625
Salary level 1 – 6	171	171	–	112	130	133	149	171	171	171
Salary level 7 – 10	256	256	1	112	129	138	145	256	256	256
Salary level 11 – 12	156	156	1	48	52	62	62	156	156	156
Salary level 13 – 16	42	42	–	5	5	5	21	42	42	42
Regional Implementation and Support	2 357	2 357	46	2 713	2 836	3 195	3 288	2 357	2 357	2 357
Salary level 1 – 6	1 224	1 224	35	2 067	2 110	2 361	2 438	1 224	1 224	1 224
Salary level 7 – 10	877	877	10	550	622	679	695	877	877	877
Salary level 11 – 12	216	216	1	87	95	145	145	216	216	216
Salary level 13 – 16	40	40	–	9	9	10	10	40	40	40
Water Sector Regulation	187	187	40	150	179	186	187	187	187	187
Salary level 1 – 6	63	63	40	53	59	63	63	63	63	63
Salary level 7 – 10	83	83	–	67	86	82	83	83	83	83
Salary level 11 – 12	32	32	–	22	25	32	32	32	32	32
Salary level 13 – 16	9	9	–	8	9	9	9	9	9	9
International Water Cooperation	38	38	–	26	26	30	–	38	38	38
Salary level 1 – 6	1	1	–	1	1	1	–	1	1	1
Salary level 7 – 10	21	21	–	12	12	17	–	21	21	21
Salary level 11 – 12	9	9	–	6	6	5	–	9	9	9
Salary level 13 – 16	7	7	–	7	7	7	–	7	7	7

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

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 4 365 posts, all of which were funded and 130 were additional to the establishment. The number of staff increased from 3 933 in 2008/09 to 4 844 in 2011/12, as a result of the institutional realignment exercise and the transfer of functions from the water trading entity to the department.

There were 884 vacant posts as at 30 September 2011. The department has experienced problems in filling vacancies at the technical, engineering and scientist levels, due to difficulties in meeting the requirements of the General Public Service Sectoral Bargaining Council for occupational specific dispensation posts. The department also experiences difficulty in retaining individuals with skills as the market is highly competitive. The ratio of support staff to line function staff was 1:0.9.

Departmental receipts

Table 38.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	26 643	76 279	33 119	22 983	55 734	24 336	25 895	26 055
Sales of goods and services produced by department	2 210	5 398	1 778	1 889	1 891	1 927	1 970	1 970
Sales by market establishments	2 210	5 326	1 067	980	982	985	990	990
<i>of which:</i>								
Dwellings	1 210	4 742	888	980	982	985	990	990
Rental parking: Covered and open	1 000	584	179	–	–	–	–	–
Administration fees	–	72	30	–	–	–	–	–
<i>of which:</i>								
Transport fees	–	2	1	–	–	–	–	–
Camping fees	–	(12)	–	–	–	–	–	–
Replacement of security guards	–	32	2	–	–	–	–	–
Maps	–	33	17	–	–	–	–	–
Sale: Water portable	–	17	10	–	–	–	–	–
Other sales	–	–	681	909	909	942	980	980
<i>of which:</i>								
Rental: Capital assets	–	–	15	320	320	350	385	385
Tender documents	–	–	16	–	–	–	–	–
Commission insurance	–	–	650	589	589	592	595	595
Sales of scrap, waste, arms and other used current goods	105	35	32	100	100	34	30	30
<i>of which:</i>								
Sales: Scrap	70	30	29	100	100	34	30	30
Sales: Waste paper	35	5	3	–	–	–	–	–
Fines, penalties and forfeits	–	(12)	–	–	–	–	–	–
Interest, dividends and rent on land	9 379	34 873	3 420	2 014	2 014	2 025	2 040	2 045
Interest	9 379	34 873	3 420	2 014	2 014	2 025	2 040	2 045
Transactions in financial assets and liabilities	14 949	35 985	27 889	18 980	51 729	20 350	21 855	22 010
Total	26 643	76 279	33 119	22 983	55 734	24 336	25 895	26 055

The department derives its revenue mainly from the repayment of state loans granted to water boards, water user associations and municipalities, and interest on these loans. Departmental receipts decreased from R26.6 million in 2008/09 to R23 million in 2011/12, at an average annual rate of 4.8 per cent, due to the department's decision to write off state loans as a result of non-payments. Over the medium term, revenue is projected to increase to R26.1 million, at an average annual rate of 4.3 per cent, mainly due to inflation related adjustments.

Programme 1: Administration

- Ministry* provides support to the minister and deputy minister and makes provision for their salaries. This entails handling priority enquiries and correspondence. This subprogramme advises the minister and deputy minister on policy matters, organises public participation programmes, deals with appeals in terms of the grievance procedures, attends to administrative and logistical needs, processes the department's submissions, and supports the minister and deputy minister on cabinet and parliamentary matters. This subprogramme had a staff complement of 26 and a total budget of R25.7 million in 2011/12, of which 52 per cent was used for compensation of employees. R558 000 in 2012/13 has been identified as approved expenditure cuts on salaries, travel and subsistence, and contractors and consultants.

- *Departmental Management* provides administrative support to the director general, secretariat services to the department and makes provisions for salaries and other costs associated with the office of the director general. Activities include the tracking of submissions, facilitation of governance structure meetings chaired by the minister, director general, and chief operating officer, coordination of parliamentary responses, preparation for cluster meetings, business planning, performance reporting, and implementation of transformation projects. This subprogramme had a staff complement of 44 and total budget of R111.6 million in 2011/12, of which 27.5 per cent was used for the payment of salaries of the director general, support staff and other associated costs. R24.3 million in 2012/13 has been identified as approved expenditure cuts on salaries, travel and subsistence, and contractors and consultants. Transfers totalled R4.8 million in 2011/12, of which R4.3 million was for leave gratuities for staff qualifying for retirement. The remaining R500 000 was used for the creation of jobs through youth programmes.
- *Internal Audit* provides independent, objective assurance and advisory services designed to add value and improve the department's operations. This subprogramme conducts audits to evaluate the integrity of financial and operational information, verify assets management procedures and safeguards and assess compliance with laws and regulations. This entails providing support and advisory services to the department. This subprogramme had a staff complement of 39 and a total budget of R17.1 million in 2011/12, of which 71.1 per cent was used for paying salaries and executing the internal audit function of the department. R372 000 in 2012/13 has been identified as approved expenditure cuts and will be realised from reductions in expenditure on travel and subsistence.
- *Corporate Services* provides administrative support to the department and comprises the human resources, communication services, legal services, administration and information services units. This subprogramme had a staff complement of 631 and a total budget of R358 million in 2011/12, of which 50 per cent was used for procuring and paying for goods and services. Over the medium term, a skills audit will be conducted, staff development activities will be enhanced and a comprehensive human resources plan, including a staff retention strategy, will be developed. R46.8 million in 2012/13 has been identified as approved expenditure cuts and will be used to partially contribute to the higher accommodation costs. Transfers of R13.4 million were made in 2011/12, of which R11.9 million was used to provide bursaries for students at the department's Water Learning Academy. The remaining R1.5 million was transferred to the energy sector education and training authority.
- *Financial Management* ensures the efficient management of daily financial operations, processes and systems. This subprogramme had a staff complement of 36 and a total budget of R155.8 million in 2011/12, of which 75 per cent was used to strengthen financial management at the head and regional offices of the department. R24.3 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance the higher cost of office rental in the *Office Accommodation* subprogramme.
- *Office Accommodation* deals solely with the payments of rental, municipal services, and rates and taxes on all accommodation leased by the department. This subprogramme had no staff complement and a budget of R200.9 million in 2011/12, all of which was spent on goods and services for the accommodation leased by the department. No expenditure cuts have been approved for this subprogramme.

Expenditure estimates

Table 38.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Ministry	10.2	14.9	32.6	25.7	26.1	27.5	29.1
Departmental Management	30.5	83.5	65.7	111.6	57.7	73.4	85.3
Internal Audit	21.4	10.6	18.4	17.1	17.6	18.5	19.6
Corporate Services	410.5	448.6	422.9	358.0	332.8	363.2	401.3
Financial Management	83.9	139.8	92.8	155.8	125.0	142.5	166.3
Office Accommodation	123.3	167.1	194.1	200.9	324.0	350.6	374.1
Total	679.8	864.5	826.5	869.1	883.1	975.7	1 075.8
Change to 2011 Budget estimate				6.9	(5.0)	44.8	89.0

Table 38.5 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	651.9	797.9	798.6	812.7	829.0	919.5	1 010.2
Compensation of employees	155.8	206.0	234.2	273.7	289.0	304.2	321.3
Goods and services	496.2	585.2	564.2	538.9	540.0	615.4	688.9
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	59.5	23.8	22.6	82.9	24.0	33.7	41.8
<i>Consultants and professional services: Infrastructure and planning</i>	0.1	1.6	–	48.6	–	–	–
<i>Property payments</i>	123.1	15.1	5.3	202.7	325.7	352.4	376.0
<i>Travel and subsistence</i>	60.6	55.3	36.4	32.4	24.8	33.1	41.4
Interest and rent on land	–	6.8	0.2	0.1	–	–	–
Transfers and subsidies	11.5	10.2	4.9	18.2	14.6	15.4	16.2
Departmental agencies and accounts	0.7	1.1	0.9	1.5	1.6	1.7	1.7
Households	10.8	9.1	4.0	16.7	13.0	13.8	14.4
Payments for capital assets	13.0	6.1	17.3	38.2	39.6	40.8	49.5
Buildings and other fixed structures	0.1	0.0	–	–	2.9	3.2	3.3
Machinery and equipment	12.7	6.0	13.9	26.7	16.0	16.0	23.4
Software and other intangible assets	0.2	0.0	3.4	11.5	20.6	21.6	22.7
Payments for financial assets	3.3	50.3	5.6	–	–	–	–
Total	679.8	864.5	826.5	869.1	883.1	975.7	1 075.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.7	1.1	0.9	1.5	1.6	1.7	1.7
Energy Sector Education and Training Authority	0.7	1.1	0.9	1.5	1.6	1.7	1.7
Households							
Social benefits							
Current	10.8	0.2	3.6	4.3	1.0	1.1	1.2
Employee social benefits	10.8	0.2	3.6	4.3	1.0	1.1	1.2
Households							
Other transfers to households							
Current	–	8.9	0.3	12.4	12.0	12.7	13.3
Bursaries non-employees	–	8.7	–	11.9	12.0	12.7	13.3
Youth programmes	–	0.2	–	0.5	–	–	–
Other transfers to households	–	–	0.3	–	–	–	–

Expenditure trends

Expenditure grew from R679.8 million in 2008/09 to R869.1 million in 2011/12, at an average annual rate of 8.5 per cent. The increase was mainly due to higher spending on compensation of employees and office accommodation. Expenditure on compensation of employees grew from R155.8 million to R273.7 million between 2008/09 and 2011/12, at an average annual rate of 20.7 per cent, due to the appointment of additional staff to strengthen the financial management and internal audit functions, and the integration of information services into the *Corporate Services* subprogramme.

Expenditure in the *Ministry* subprogramme increased from R10.2 million in 2008/09 to R25.7 million in 2011/12, at an average annual of 35.9 per cent, due to the consolidation in this subprogramme of the salaries of the minister, deputy minister and their support staff. Spending on *Office Accommodation* increased from R123.3 million in 2008/09 to R200.9 million in 2011/12, at an average annual rate of 35.9 per cent, as a result of

rental escalations and the expansion of office accommodation needs due to a higher staff complement.

Expenditure is expected to increase from R869.1 million in 2011/12 to R1.1 billion in 2014/15, at an average annual rate of 7.4 per cent. Expenditure in the *Office Accommodation* subprogramme is expected to increase from R200.9 million in 2011/12 to R374.1 million, at an average annual rate of 23 per cent, to accommodate additional employees and to finance the increased costs in rental.

Expenditure on consultants was equivalent to 19.5 per cent of the total programme budget in 2011/12, and is expected to decrease from R169.3 million in 2011/12 to R49.2 million in 2014/15, at an average annual rate of 33.8 per cent. The reduction in expenditure on consultants is as a result of a skills transfer programme implemented to provide change management and ICT skills to departmental staff.

Programme 2: Water Sector Management

Objectives and measures

- Ensure that available water is used efficiently by implementing water conservation and demand management programmes, including sector awareness and mobilisation on an ongoing basis.
- Maintain a reliable and equitable supply of water by developing a reconciliation strategy for the Olifants water management area and 2 feasibility plans for the Groot Letaba water augmentation project and Western Cape water supply system augmentation project in 2012/13.
- Improve regional water resources management through ensuring that shared water resources are managed in collaboration with neighbouring states by establishing the Joint Water Commission and undertaking international water resource management plans for shared water resources with Mozambique, Botswana and Swaziland on an ongoing basis.
- Respond and adapt to the impact of climate change by improving the monitoring of water resources by refurbishing existing river flow gauging stations and constructing 4 new stations by 2013/14.
- Ensure that water resources are managed sustainably and that funding is raised for refurbishing existing water infrastructure by developing efficient pricing structures by March 2013.
- Support and ensure sustainable water services by revising and submitting the Water Services Amendment Bill to Parliament by 2013/14.
- Improve the efficiency and effectiveness in the delivery of water by strengthening the capacity of water institutions to discharge their obligations through the finalisation of an institutional realignment framework by 2012/13.
- Ensure the efficient use and protection of water resources by:
 - classifying the water resources in the Olifants and the Vaal River systems by 2012/13
 - setting the final resource quality objectives for the Olifants Doorn water management area by 2012/13
 - finalising the review of the second edition of the National Water Resource Strategy by 2012/13
 - completing phase 1 of the integrated water information system in 2012/13.

Subprogrammes

- *Policy and Planning Management and Support* oversees the overall management and oversight of the programme, by ensuring effective and efficient operation of the office of the deputy director general. The primary activities are business planning and overall monitoring of the subprogramme. This subprogramme had a staff complement of 9 and a total budget of R5.5 million in 2011/12, of which 74 per cent was used for the payment of the deputy director general and support staff. R1.5 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.
- *Integrated Planning* develops comprehensive plans that guide infrastructure development, systems and services management within the water sector. This subprogramme is responsible for preparing reconciliation strategies, drafting feasibility plans, compiling the integrated hydrological plan, undertaking options analyses and macro planning. This subprogramme had a staff complement of 128 and a total budget of

R450.6 million in 2011/12, of which 83.6 per cent was spent on consultants to draft and design technical plans for a water treatment plant to purify polluted acid mine water into potable water. In 2011/12, 2 reconciliation strategies in the Bloemfontein area and in Mzimkulu were planned for completion. Over the medium term, the department will complete the acid mine drainage feasibility study at a cost of R17 million, and the reuse and desalination strategies and the second edition of the national water resource strategy. R31.2 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and consultants.

- *Policy and Strategy* develops, maintains, monitors and reviews the implementation of water sector policy to ensure reliable and equitable water supply and services. This subprogramme had a staff complement of 41 and a total budget of R57 million in 2011/12, of which 55.9 per cent was used for the appointment of consultants for business and advisory services, and outsourcing of agency support services to update and revise the 2004 national water resources strategy. By the end of 2012/13, the department expects to finalise the review of the National Water Act (1998), the Water Services Act (1997) and the Water Research Act (1971). R6.8 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.
- *Water Ecosystem* develops and implements measures to protect water resources. This entails classifying systems, determining reserves, and conducting resource quality audits and resource directed measures of compliance. This subprogramme had a staff complement of 36 and a total budget of R39.6 million in 2011/12, of which 57.9 per cent was spent on consultants to assist in the protection and improvement of water quality. In 2010/11, the regulations to establish a water resources classifications system were promulgated and 288 ad hoc reserves were determined. R6.1 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.
- *Water Information Management* ensures the development and maintenance of systems and programmes for data and information acquisition and management, builds the knowledge base on all aspects of water, and coordinates and audits implementation by the department, catchment management agencies and other water management institutions or agencies. This entails providing resource quality information services, spatial and land information management, water information quality assurance and audits, information programmes, and surface and ground water information services. This subprogramme had a staff complement of 355 and a total budget of R188.5 million in 2011/12, of which 50.2 per cent was used for compensation of employees. This subprogramme publishes the annual State of Water report, which describes the availability, quality and governance of water, in line with the hydrological year. R48.5 million in 2012/13 has been identified as approved expenditure cuts, which will be used to finance the higher cost of office rental in the *Administration* programme.
- *Institutional Oversight* involves institutional governance and oversight of all water institutions, and facilitates their establishment and development. This entails providing institutional support, establishing catchment management agencies and rendering advisory services oversight. This subprogramme had a staff complement of 57 and a total budget of R140.9 million on in 2011/12, of which 52.6 per cent was used for the transfers to the Breede-Overberg Catchment Management Agency and the Inkomati Catchment Management Agency. In 2010/11, the department transferred R22 million to the Breede-Overberg Catchment Management Agency and R17.4 million to the Inkomati Catchment Management Agency. A further R22.1 million, which represents 15.6 per cent of the budget, was transferred the Inkomati Catchment Management Agency in 2011/12 to finance operations. In 2012/13, transfers to these catchment management agencies will increase to R49.4 million. In 2010/11, the delegation of functions to catchment management agencies was approved by the minister, while a second tranche of delegations were scheduled for transfer in 2011/12. R29.9 million in 2012/13 in expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants has been identified.

Expenditure estimates

Table 38.6 Water Sector Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Policy and Planning Management and Support	3.1	5.7	3.3	5.5	4.3	5.1	5.7
Integrated Planning	99.7	125.3	113.2	450.6	291.5	159.5	181.2
Policy and Strategy	42.5	17.1	32.6	57.2	30.0	32.1	55.9
Water Ecosystem	27.7	43.2	32.3	39.6	35.9	39.5	43.3
Water Information Management	161.5	174.3	144.4	188.4	163.4	175.7	202.1
Institutional Oversight	78.6	78.1	98.1	140.9	93.8	109.7	121.7
Total	413.1	443.5	423.9	882.2	618.9	521.6	610.0
Change to 2011 Budget estimate				163.4	(179.1)	(163.6)	(116.3)

Economic classification

Current payments	371.5	376.4	330.2	759.2	532.8	431.6	514.6
Compensation of employees	105.5	107.8	139.3	205.1	164.3	184.6	219.5
Goods and services	266.0	268.6	190.9	554.1	368.2	246.8	294.9
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	74.4	36.5	12.4	18.9	9.9	16.3	17.4
<i>Consultants and professional services: Infrastructure and planning</i>	77.2	124.4	108.1	411.1	275.4	136.8	170.5
<i>Property payments</i>	–	0.5	0.3	0.5	0.4	0.4	0.4
<i>Travel and subsistence</i>	22.2	21.7	24.7	23.8	22.3	26.0	27.5
Interest and rent on land	–	–	0.1	–	0.2	0.2	0.3
Transfers and subsidies	34.2	60.9	50.5	74.1	49.4	51.8	54.9
Provinces and municipalities	–	1.8	0.0	–	–	–	–
Departmental agencies and accounts	4.6	32.9	39.4	74.1	49.4	51.8	54.9
Public corporations and private enterprises	–	0.0	9.7	–	–	–	–
Households	29.6	26.2	1.4	–	–	–	–
Payments for capital assets	7.4	6.2	43.1	48.9	36.7	38.1	40.4
Buildings and other fixed structures	–	–	33.5	30.3	27.4	28.5	30.2
Machinery and equipment	6.9	5.6	5.7	15.4	6.8	7.0	7.4
Software and other intangible assets	0.5	0.6	3.9	3.2	2.6	2.7	2.8
Total	413.1	443.5	423.9	882.2	618.9	521.6	610.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.6	32.9	39.4	74.1	49.4	51.8	54.9
Bushbuckridge Water Board	–	–	–	18.0	–	–	–
Catchment management agencies	–	–	–	12.0	–	–	–
Breede Overberg catchment management agency	2.6	11.0	–	22.0	19.1	23.6	24.0
Inkomati catchment management agency	2.0	21.9	17.4	22.1	30.2	28.2	30.9
Breede Catchment catchment management agency	–	–	22.0	–	–	–	–

Table 38.6 Water Sector Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Households							
Current payments	371.5	376.4	330.2	759.2	532.8	431.6	514.6
Social benefits							
Current	0.3	0.9	1.1	-	-	-	-
Employee social benefits	0.1	0.6	0.9	-	-	-	-
Leave gratuity	0.1	0.3	0.2	-	-	-	-
Households							
Other transfers to households							
Current	29.3	25.4	0.3	-	-	-	-
Financial assistance for small scale farmers	29.3	25.4	0.3	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	-	0.0	9.7	-	-	-	-
Namakwa Water Board	-	-	9.7	-	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	1.8	0.0	-	-	-	-
Motor vehicle licences	-	1.8	0.0	-	-	-	-

Expenditure trends

Expenditure grew from R413.1 million in 2008/09 to R882.2 million in 2011/12, at an average annual rate of 28.8 per cent. The greatest contributor to the growth is the *Integrated Planning* subprogramme, which grew from R99.7 million in 2008/09 to R450.6 million in 2011/12, at an average annual rate of 65.3 per cent, due to additional funding provided in 2011/12 for acid mine drainage and reconciliation strategies carried out by the department. Between 2008/09 and 2011/12, the department completed 17 reconciliation strategies, which contain comprehensive assessments of the demand and supply within catchment areas and recommend appropriate measures to manage any shortfall. Over the same period, spending on the *Institutional Oversight* subprogramme increased from R78.6 million to R140.9 million, at an average annual rate of 21.5 per cent, as a result of transfers to catchment management agencies.

Expenditure on transfers and subsidies increased from R34.2 million in 2008/09 to R74.1 million in 2011/12, at an average annual rate of 29.4 per cent, as a result of higher transfers to the Breede-Overberg and Inkomati catchment management agencies to subsidise operational expenditure in preparation for the delegation of functions. Included in this increase was R18 million in 2011/12 for the Bushbuckridge Water Board for the refurbishment of a pipeline.

Spending is expected to decrease from R882.2 million in 2011/12 to R610 million in 2014/15, at an average annual rate of 11.6 per cent, as a result of shifting an allocation of R57 million earmarked for prevention and mitigation of disaster risk to the *Sector Support and Intergovernmental Relations* subprogramme in the *Regional Implementation and Support* programme.

Expenditure on consultants was equivalent to 48.8 per cent of the total programme budget in 2011/12, and was expected to decrease from R430.4 million in 2011/12 to R188.6 million in 2014/15, at an average annual rate of 24.1 per cent. Expenditure on consultants over the medium term will be used mostly to provide specialised support on modelling reconciliation options and development of options for infrastructure projects to augment scarce departmental skills. Over the MTEF period, approximately 76 consultants will be employed to assist with various projects within this programme.

Programme 3: Water Infrastructure Management

Objectives and measures

- Ensure the effective and sustainable management of water resources by:
 - transferring sufficient funds on a regular basis to the water trading entity for the design, construction, commissioning and rehabilitation of bulk raw water resources infrastructure
 - managing and operating existing bulk raw water infrastructure.

Subprogrammes

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. This subprogramme is solely used to house transfers and had no staff complement. The subprogramme had a total budget of R2.2 billion in 2011/12. R2 billion was transferred to the water trading entity to construct, operate and maintain existing and new bulk raw water infrastructure such as dams, canals and reservoirs. The remaining R180 million was transferred to the Komati River Basin Water Authority in 2011/12 for the repayment of the loan to the Development Bank of Southern Africa for the construction of the Driekoppies and Maguga Dams. R30 million in 2012/13 has been identified as approved expenditure cuts to finance the costs of higher rental and office accommodation.
- *Operation 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 raw water infrastructure. This subprogramme is solely used to house transfers and has no staff complement. Its total budget of R167.1 million in 2011/11 was transferred to the water trading entity to fund operational expenditure. R3.5 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance higher office rental costs. In 2011/12, R167.2 million was transferred to the water trading entity to fund its operational expenditure.

Expenditure estimates

Table 38.7 Water Infrastructure Management

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Infrastructure Development and Rehabilitation	1 328.1	1 977.2	1 992.4	2 217.8	2 114.0	2 800.0	2 968.2
Operation of Water Resources	316.2	130.9	140.0	167.1	159.5	167.1	177.2
Total	1 644.3	2 108.1	2 132.4	2 385.0	2 273.5	2 967.1	3 145.4
Change to 2011 Budget estimate				(223.0)	(384.6)	(72.0)	(76.0)

Economic classification

Current payments	-	1.9	-	-	-	-	-
Compensation of employees	-	1.8	-	-	-	-	-
Transfers and subsidies	1 644.3	2 106.2	2 132.4	2 385.0	2 273.5	2 967.1	3 145.4
Departmental agencies and accounts	1 644.3	1 924.5	1 952.4	2 205.0	2 093.5	2 777.2	2 944.2
Foreign governments and international organisations	-	176.0	180.0	180.0	180.0	189.9	201.3
Households	-	5.8	-	-	-	-	-
Total	1 644.3	2 108.1	2 132.4	2 385.0	2 273.5	2 967.1	3 145.4

Table 38.7 Water Infrastructure Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	316.2	123.2	140.0	167.1	159.5	167.1	177.2
Water trading entity	316.2	123.2	140.0	167.1	159.5	167.1	177.2
Capital	1 328.1	1 801.3	1 812.4	2 037.8	1 934.0	2 610.1	2 766.9
Water trading entity	1 328.1	1 801.3	1 812.4	2 037.8	1 934.0	2 610.1	2 766.9
Foreign governments and international organisations							
Capital	-	176.0	180.0	180.0	180.0	189.9	201.3
Komati River Basin Water Authority	-	176.0	180.0	180.0	180.0	189.9	201.3
Households							
Social benefits							
Capital	-	5.8	-	-	-	-	-
Operation of Water Resource Infrastructure	-	5.8	-	-	-	-	-

Expenditure trends

Expenditure in this programme increased from R1.6 billion in 2008/09 to R2.4 billion in 2011/12, at an average annual rate of 13.2 per cent. Much of this growth was driven by additional allocations for the *Infrastructure, Development and Rehabilitation* subprogramme, which increased from R1.3 billion in 2008/09 to R2.2 billion in 2011/12, at an average annual rate of 18.6 per cent, as a result of additional allocations of R245 million for the completion of the De Hoop Dam and R458 million for the bulk distribution system of the Olifants River water resources development project in 2011/12. The construction of the De Hoop Dam, which started in 2007, has created approximately 700 employment opportunities each year. Eleven broad based black economic empowerment compliant contractors have been employed in compliance with the project's empowerment objectives.

R2.1 billion was transferred from the *Infrastructure, Development and Rehabilitation* subprogramme to the water trading entity in 2011/12. The balance of R180 million was earmarked for transfer in 2011/12 to the Komati Basin Water Authority, the water management institution responsible for the joint water project between the governments of South Africa and Swaziland. This transfer is intended for the repayment of the loans for the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland.

Expenditure is expected to grow from R2.2 billion in 2011/12 to R3.1 billion in 2014/15, at an average annual rate of 10.2 per cent. Expenditure in the *Operation of Water Resources* subprogramme is expected to increase from R167.1 million to R177.3 million over the same period, at an average annual rate of 2 per cent. The lower rate of growth in this subprogramme is due to better cost recovery approaches.

Programme 4: Regional Implementation and Support

Objectives and measures

- Ensure the availability of water supply for domestic use through the development of infrastructure by providing technical support to 57 municipalities to access potable water through the use of bulk infrastructure schemes by 2013/14.
- Improve access to water for rural development and productive use by:
 - providing 25 000 rainwater harvesting tanks to rural communities for food security and access to water by 2014
 - implementing water allocation reform for historically disadvantaged individuals through the issuing of 850 water use licences by 2014/15.

- Improve water use efficiency in a total of 179 municipalities by implementing water conservation and demand management initiatives (such as replacing old pipes, identifying and fixing illegal connections, and upgrading billing systems and consumer metre management) to save 382.3 million cubic metres of water by 2014.
- Ensure the provision of institutional support to a total of 179 municipalities in 2014/15 by:
 - providing targeted engineering advice and technical support to municipalities, where necessary
 - assisting municipalities to develop and implement the regulatory performance measurement system.

Subprogrammes

- *Regional Management and Support* provides strategic support and oversees the overall management and oversight of the programme. The main activities include document management, coordination of regional information and support to the deputy director general's office administration. This subprogramme had a staff complement of 11 and a total budget of R9.2 million in 2011/12, of which 55.2 per cent was used for the payment of salaries of the deputy director general and the support staff. R1.9 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance improvements in conditions of service in the department.
- *Sector Support and Intergovernmental Relations* coordinates sector collaborations and intergovernmental relations, ensures that provincial water sector plans are aligned with provincial growth and development strategies, ensures water conservation through efficient infrastructure management and the water use efficiency programme, and implements an accelerated community infrastructure programme. This subprogramme had a staff complement of 1 026 and a total budget of R1.3 billion in 2011/12, of which 34.6 per cent was used for transfers to municipalities for the implementation of the accelerated community infrastructure programme. The infrastructure programme targets provinces where there are serious water related challenges, such as cholera, and general shortages of potable water. To date, all provinces have established provincial water committees or forums and have developed provincial water sector plans. Total transfers amount to R453.1 million in 2011/12, of which R450 million is provided to the Nelson Mandela municipality for drought interventions, which range from irrigation to infrastructure maintenance projects. R77.6 million in 2012/13 has been identified as approved expenditure cuts, and will be used to fund improvements in waste water bulk infrastructure in district municipalities over the medium term.
- *Institutional Establishment* contributes to the establishment of effective water management institutions. Some of the key activities include transformation of irrigation boards into water user associations, development of water user association business plans and capacity building within water user associations. This subprogramme had a staff complement of 22 and a total budget of R25.2 million in 2011/12, of which 40.1 per cent was spent on compensation of employees. R2.8 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance improvements in conditions of service in the department. Transfers of R8.5 million were made in 2011/12 for financial assistance to irrigation boards benefiting resource poor farmers.
- *Regional Programme Coordination* implements and provides support to the department's regional programmes. This subprogramme had a total budget of R305 000 in 2011/12, of which 100 per cent was spent on goods and services to coordinate the activities and obligations of the department in the Southern African Development Community region. No expenditure cuts have been approved in this subprogramme.
- *Regional Bulk* develops regional bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems as well as regional wastewater treatment works. This entails connecting water from sources to municipal reticulation systems. This subprogramme had a staff complement of 18 and a total budget of R1.8 billion in 2011/12, of which 94.5 per cent was used for the development of bulk infrastructure for water and waste water treatment works. 2 895 job opportunities were created through the programme in the first half of 2011/12. R56 million in 2012/13 has been identified as approved expenditure cuts, and will be used to fund improvements in waste water bulk infrastructure within district municipalities over the medium term.
- *Transfer of Water Schemes* guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective, efficient and sustainable service delivery by all

water services authorities. This entails administering and managing water and wastewater owned by the department and those that have been transferred to municipalities and other water management institutions. This subprogramme had a staff complement of 13 and a total budget of R688.9 million in 2011/12, of which 82.6 per cent was used for funding the refurbishment costs of transferred water and waste water schemes, in accordance with signed transfer agreements between the department and municipalities. In 2011/12, R542.4 million was transferred to municipalities through the water services operating subsidy grant to fund the refurbishment, operations and maintenance of the water schemes that have been transferred by the department to municipalities in terms of transfer agreements. R26.9 million was allocated for employee social benefits for staff qualifying for retirement. R5.8 million in 2012/13 in expenditure cuts to finance improvements in conditions of service within the department has been identified. The transfer agreement for the Theewaterskloof Scheme in Western Cape was scheduled for approval by March 2012.

- *Support Services* provides human resources, financial management and general administration to the programme. This subprogramme had a staff complement of 836 and a total budget of R375.5 million in 2011/12, of which 48.7 per cent was used for the payment of salaries to staff providing support services in the areas of corporate and financial services at the regional offices of the department. Total transfers amounted to R3.8 million, of which the bulk of R3.1 million was for financial assistance to small scale farmers for interventions ranging from irrigation to infrastructure maintenance projects. The remaining R721 000 was transferred to municipalities to pay for motor vehicle licences. R15.7 million in 2011/12 has been identified as approved expenditure cuts to fund improvements in waste water bulk infrastructure within district municipalities over the medium term.
- *Water Services Projects* provides for the construction of new water services infrastructure projects such as water treatment works and pipelines. The total budget for the subprogramme in 2011/12 was R547.5 million and was used solely to finance transfers for: the construction of pipelines for the Nandoni water treatment works and distribution network; phase 2 of Inyaka water treatment works and distribution line; and phases 1, 2 and 3 of the Hluhluwe regional water scheme. There are no transfers in this subprogramme. R16.6 million in 2012/13 has been identified as approved expenditure cuts, and will be used to finance improvements in waste water infrastructure in district municipalities.
- *Integrated Catchment Management* provides for the protection, development, use and management of the resources at water management area level. Although the budget for this function has been transferred to the department's main account, a number of personnel remain in the water trading entity. Of the 115 staff members planned to be transferred from the water trading entity to the department, only 7 have already been moved. There are no transfers in this subprogramme. This subprogramme had a total budget of R20.2 million in 2011/12. R5.2 million in 2012/13 has been identified as approved cuts to expenditure and will be used to fund improvements in conditions of service in the department.

Expenditure estimates

Table 38.8 Regional Implementation and Support

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million							
Regional Management and Support	5.5	5.6	3.7	9.2	7.8	8.2	9.2
Sector Support and Intergovernmental Relations	307.9	990.8	1 253.4	1 301.0	766.6	768.8	817.5
Institutional Establishment	–	–	–	25.2	18.4	22.2	25.0
Regional Programme Coordination	–	–	–	0.3	1.0	1.1	1.1
Regional Bulk	443.2	623.2	869.6	1 785.9	2 597.3	3 006.7	3 440.5
Transfer of Water Schemes	1 345.0	1 120.0	869.1	688.9	714.2	753.9	798.9
Support Services	209.3	323.3	311.7	375.5	304.9	333.7	359.6
Water Services Projects	–	–	191.9	547.5	445.7	192.4	206.4
Integrated Catchment Management	–	–	–	20.2	40.9	48.8	51.6
Total	2 310.9	3 063.0	3 499.4	4 753.7	4 896.7	5 135.7	5 709.7
Change to 2011 Budget estimate				(855.3)	(847.2)	(942.8)	(733.5)

Table 38.8 Regional Implementation and Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	839.7	1 114.4	998.1	1 211.7	1 135.9	1 165.3	1 264.0
Compensation of employees	514.2	464.8	470.8	538.8	552.5	602.8	663.7
Goods and services	325.4	649.4	524.8	672.3	581.9	560.9	598.5
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	107.3	309.4	139.6	272.7	124.1	87.1	93.4
<i>Consultants and professional services:</i>							
<i>Infrastructure and planning</i>	5.6	64.9	39.9	53.0	65.3	67.0	70.8
<i>Property payments</i>	8.8	6.0	8.7	4.8	17.7	18.5	20.6
<i>Travel and subsistence</i>	87.7	90.9	89.6	103.0	110.1	116.0	124.1
Interest and rent on land	0.2	0.1	2.6	0.6	1.5	1.6	1.8
Transfers and subsidies	1 008.6	956.9	1 038.8	1 034.6	575.4	620.7	658.5
Provinces and municipalities	995.0	907.1	985.0	993.1	562.6	421.1	449.7
Foreign governments and international organisations	–	0.6	–	–	–	–	–
Households	13.6	49.2	53.8	41.5	12.8	199.6	208.9
Payments for capital assets	462.5	991.7	1 462.4	2 507.4	3 185.4	3 349.7	3 787.2
Buildings and other fixed structures	441.1	973.7	1 257.2	2 478.9	3 141.1	3 302.8	3 751.0
Machinery and equipment	20.9	18.0	205.2	28.4	44.3	46.9	36.1
Software and other intangible assets	0.5	0.1	0.0	–	0.0	0.0	0.0
Total	2 310.9	3 063.0	3 499.4	4 753.7	4 896.7	5 135.7	5 709.7

Details of selected transfers and subsidies

Households							
Social benefits							
Current	13.0	47.9	14.3	26.9	5.9	193.1	202.7
Leave gratuity	13.0	47.9	14.3	26.9	5.9	193.1	202.7
Households							
Other transfers to households							
Current	0.6	1.3	39.5	14.6	6.9	6.5	6.1
Leave gratuity	0.2	–	3.9	–	–	–	–
Resources for Poor Farmers	0.4	1.3	35.6	14.6	6.9	6.5	6.1
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	985.6	851.1	664.7	543.1	562.6	421.1	449.7
Motor vehicle licences	–	–	–	–	–	–	–
Water Services Operating Subsidy Grant	985.6	848.7	664.3	542.3	562.4	420.9	449.6
Vehicle licences	–	0.0	–	0.7	–	–	–
Regional services levy	–	–	0.4	–	–	–	–
Municipalities	–	2.3	–	–	0.0	0.0	0.0
Municipal rates	–	0.0	–	–	0.1	0.1	0.1
Capital	9.4	56.0	320.4	450.0	–	–	–
Motor vehicle licences	0.4	2.3	–	–	–	–	–
Implementation of regional bulk	–	–	–	–	–	–	–
Municipal drought relief	9.0	53.7	320.4	–	–	–	–
Drought relief grant	–	–	–	450.0	–	–	–

Expenditure trends

Expenditure grew from R2.3 billion in 2008/09 to R4.8 billion 2011/12, at an average annual rate of 27.2 per cent. The strong growth is mainly due to additional transfers to local government through *the Transfers of Water Schemes* subprogramme, the construction of water supply through the *Sector Support and Intergovernmental Relations* subprogramme, and distribution infrastructure through the *Regional Bulk* subprogramme.

The *Transfers of Water Schemes* subprogramme decreased from R1.3 billion in 2008/09 to R688.9 million in 2011/12, at an average annual rate of 20 per cent. This was due to the completion of the transfer of the first 20 per cent of the water schemes to water services institutions in 2008/09. The *Regional Bulk* subprogramme has grown from R443.2 million in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 59.1 per cent. Since the inception of the *Regional Bulk* subprogramme in 2007/08, 22 projects have been completed and 9 907 job opportunities created.

Expenditure on transfers and subsidies remained stable at around R1 billion between 2008/09 and 2011/12. Over this period, the water services operating subsidy grant declined from R985.6 million to R542.3 million, due to shifting of funds from this grant to the local government equitable share to fund refurbishment, operations and maintenance. A once-off grant in the amount of R450 million for drought relief to the Nelson Mandela municipality was allocated in 2011/12.

Over the medium term, expenditure is expected to increase from R4.8 billion to R5.1 billion, at an average annual rate of 2.6 per cent. This growth is largely driven by increased spending on water and waste water infrastructure. Additional allocations over the medium term include: R888.9 million for Greater Sekhukhune district municipality water and wastewater bulk infrastructure, R400 million for the Sedibeng district municipality wastewater bulk infrastructure, and R595 million for the OR Tambo district municipality bulk water and wastewater infrastructure. As a result, expenditure in the *Regional Bulk* subprogramme is expected to increase from R1.8 billion in 2011/12 to R3.4 billion in 2014/15, at an average annual rate of 24.4 per cent.

Spending on consultants was equivalent to 6.9 per cent of the programme's total budget in 2011/12, and is expected to decrease from R327.7 million to R173.3 million over the medium term, at an average annual rate of 19.1 per cent. Over the MTEF period, approximately 30 consultants will be appointed to assist with various infrastructure projects. They will be expected to transfer specialised technical skills to departmental personnel.

Programme 5: Water Sector Regulation

Objectives and measures

- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulatory measures in the upper Vaal, upper Olifants, and Crocodile (West) water management areas in 2012/13.
- Ensure the equitable allocation of water resources to promote social and economic development through implementing water allocation reform and licensing by completing compulsory licensing processes in the Jan Dissels and Mhlathuze catchment management areas in 2012/13.
- Ensure that all South African citizens have access to safe drinking water by publishing the blue drop and green drop progress reports in 2012/13.
- Reduce pollution in water resources throughout South Africa by ensuring that 797 wastewater treatment plants are assessed for green drop status in 2012/13.
- Promote equity in the water abstraction allocation by processing all water use license applications from historically disadvantaged individuals by 31 December 2012.

Subprogrammes

- *Regulation Management and Support* ensures the overall management and oversight of the programme. Main activities include business planning, performance reporting, management support and project management. This subprogramme had a staff complement of 9 and a total budget of R3.4 million in

2011/12, of which 65.3 per cent was used for the payment of salaries of the deputy director general and support staff. R302 000 in 2012/13 has been identified as approved expenditure cuts on the compensation of employees, travel and subsistence, and contractors and consultants.

- *Economic and Social Regulation* ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that trade-offs are made between the cost, quality and sustainability of services, focusing on developing finance and pricing strategies. This subprogramme had no staff complement or budget in 2011/12. R3.7 million in 2012/13 will be allocated for the revision of the pricing strategy and the establishment of the economic regulator.
- *Water Use Authorisation* authorises all water use activities in South Africa by using regulatory instruments such as licensing and water allocation reform. This subprogramme had a staff complement of 33 and a total budget of R14.4 million in 2011/12, of which 73.4 per cent was spent on compensation of employees. This subprogramme is responsible for the issuing of water licenses and gives effect to water allocation reform by reallocating water to historically disadvantaged individuals. In 2010/11, 3 new water management areas where licensing processes are compulsory were designated. All water use licence applications from historically disadvantaged individuals have been finalised and dealt with. R330 000 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants in 2012/13. There are no transfers in this subprogramme.
- *Drinking Water Quality and Wastewater Services* regulates the quality of drinking water and wastewater by using incentive and risk based regulation such as the blue drop and green drop certification programmes, and enforcement tools such as monitoring of drinking water quality, ensuring setting of drinking water standards, prescribing wastewater treatment and processes, and accurate processing of water information. This subprogramme had a staff complement of 17 and a total budget of R26.5 million in 2011/12, of which 60.2 per cent is spent on consultants who assist the department to conduct assessments of drinking water quality and wastewater treatment works within municipalities, as part of the department's blue drop and green drop certification activities. In the second green drop report, published in June 2011, 32 wastewater treatment works were awarded green drop status. In the second blue drop report, published in June 2011, 97 per cent of overall drinking water quality compliance was achieved and all municipal wastewater systems were assessed. R1.5 million has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants in 2012/13.
- *Resource Regulation* regulates the use of resources by setting water licence conditions. Key functions performed include dam safety regulation; and water use regulation including abstraction, storage, in-stream water use, stream flow reduction, water use and water uses relating to waste. This subprogramme had a staff complement of 105 and a total budget of R50.1 million in 2011/12, of which 69.6 per cent was used for the compensation of employees who perform the department's regulatory function. The review of the compulsory water use licence process for Mhlathuze in KwaZulu-Natal, Tosca in the North West and Jan Dissels in Western Cape water management areas is under way and will be completed in 2012/13. Over the medium term, the department will implement necessary measures to ensure that 29 per cent of the water abstraction allocation is authorised to historically disadvantaged individuals. R2.1 million in 2012/13 in expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants has been as approved.
- *Compliance Monitoring* coordinates and monitors compliance to standards, licence conditions and regulations across the full water value chain including water resources, dam safety, water hazards and water services. This subprogramme currently has no staff complement, due to restructuring, and had a total budget of R1 million in 2011/12, of which 100 per cent was used for goods and services such as appointing consultants to assist with compliance monitoring activities. R26 000 in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.
- *Enforcement* ensures that appropriate legal action is taken against all unlawful water users. Functions performed in this subprogramme include monitoring and investigations, legal support and enforcement support. This subprogramme had a staff complement of 30 and a total budget of R16.9 million in 2011/12, of which 51.9 per cent was used for compensation of employees who undertake enforcement actions against illegal water users. In 2010/11, 142 pre-directives and 26 directives were issued against transgressors. In the

first half of 2011/12, 106 cases were dealt with and 43 mines were audited. R1.4 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.

Expenditure estimates

Table 38.9 Water Sector Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
Regulation Management and Support	–	–	–	3.4	3.3	3.6	3.9
Economic and Social Regulation	13.3	9.1	–	–	3.7	3.9	4.1
Water Use Authorisation	12.8	9.1	39.1	14.4	15.1	16.0	16.9
Drinking Water Quality and Waste Water Services	22.5	21.0	28.3	26.4	26.9	29.0	30.2
Resource Regulation	32.0	34.1	45.0	50.1	48.6	48.5	48.8
Compliance Monitoring	–	–	–	1.0	1.0	1.1	1.2
Enforcement	–	–	13.2	16.9	15.9	17.9	18.9
Total	80.6	73.2	125.6	112.4	114.7	119.9	124.0
Change to 2011 Budget estimate				–	(1.4)	(1.9)	(5.1)

Economic classification

Current payments	77.8	71.2	125.0	110.2	113.2	118.3	122.3
Compensation of employees	38.4	36.7	51.3	63.3	64.1	68.1	71.5
Goods and services	39.3	34.5	73.7	46.9	49.0	50.2	50.8
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	4.9	5.6	29.6	20.0	23.1	26.0	27.0
<i>Consultants and professional services:</i>							
<i>Infrastructure and planning</i>	–	5.2	12.0	7.2	6.4	4.6	4.5
<i>Travel and subsistence</i>	6.7	11.1	19.5	8.3	9.7	9.0	8.0
Interest and rent on land	–	–	–	–	0.1	0.1	0.1
Transfers and subsidies	1.0	0.5	–	–	–	–	–
Non-profit institutions	0.4	0.5	–	–	–	–	–
Households	0.6	–	–	–	–	–	–
Payments for capital assets	1.8	1.5	0.6	2.1	1.5	1.6	1.7
Buildings and other fixed structures	–	0.4	–	–	–	–	–
Machinery and equipment	1.8	1.1	0.6	2.1	1.5	1.6	1.7
Total	80.6	73.2	125.6	112.4	114.7	119.9	124.0

Expenditure trends

Expenditure grew from R80.6 million in 2008/09 to R112.4 million in 2011/12, at an average annual rate of 11.7 per cent. This is mainly due to internal restructuring, which resulted in the *Water Management and Institutional Governance* subprogramme being moved from the *Regional Implementation and Support* programme to this programme. In addition, the department strengthened its regulatory function, resulting in expenditure in the *Resource Regulation* subprogramme increasing from R32 million to R50.1 million between 2008/09 and 2011/12, at an average annual rate of 16.2 per cent. The growth in this subprogramme accelerated the issuing of water use licences from 80 to 300 over the same period. Expenditure on the *Drinking Water Quality and Waste Water Services* subprogramme increased from R22.5 million in 2008/09 to R26.5 million in 2011/12, and enabled the assessment of 1 980 water supply systems against effluent standards.

Spending is expected to increase from R112.4 million in 2011/12 to R124 million in 2014/15, at an average annual rate of 3.3 per cent. The increase is due to additional allocations of R11.7 million for the establishment of the economic regulator and R55 million for resource regulation.

Expenditure on consultants constituted 24.6 per cent of the programme's total budget in 2011/12, and is expected to increase from R27.7 million in 2011/12 to R31.6 million in 2014/15, at an average annual rate of

4.5 per cent. Over the MTEF period, about 23 consultants will be employed to assist with various projects within the programme. The consultants will transfer specialised skills to the department's personnel.

Programme 6: International Water Cooperation

Objectives and measures

- Provide technical support and capacity development in the water sector in Africa by implementing 6 bilateral technical cooperation agreements with African countries by 2013/14.
- Strengthen, implement and facilitate water governance, infrastructure and information management by:
 - developing and implementing a strategic multilateral relations strategy for the department by 2013/14
 - sharing and exchanging information, ideas, best practices and technologies with individual countries (such as Swaziland, Namibia, Botswana, Mozambique, Zimbabwe and Lesotho) as dictated in the bilateral agreements with those countries
 - leading negotiations to enhance strategic relations to advance the developmental agenda of the Global South
 - developing partnerships with international multilateral forums, including World Water Forum, United Nations Commission on Sustainable Development, United Nations Framework Convention on Climate Change and India-Brazil-South Africa dialogue forum by 2014/15.

Subprogrammes

- *International Relations Management and Support* ensures overall management and oversight of the programme. This subprogramme had a staff complement of 6 and a total budget of R5.7 million, of which 62.2 per cent was used for the payment of salaries of the deputy director general and support staff. Main activities include business planning, performance reporting, management support and project management. R131 000 in 2012/13 has been approved in expenditure cuts and will be used to finance the higher costs of office rentals and accommodation. There are no transfers in this subprogramme.
- *Africa Cooperation* fulfils the department's responsibility of advancing the African agenda, through promotion and facilitation of collaborative activities in support of the water sector. This takes the form of bilateral relations and participation in multilateral institutions such as the African Union, African Ministers' Council on Water, the New Partnership for Africa's Development programmes and the Southern African Development Community. This subprogramme had a staff complement of 12 and a total budget of R10.6 million in 2011/12, of which 57 per cent was used for compensation of employees who administer and implement the water sector international relations functions in the Southern African Development Community region. R600 000 was transferred in 2011/12 as follows: R500 000 to the Orange-Senqu River Basin as South Africa's contribution to operations for sharing river basins with neighbouring countries. R245 000 in 2012/13 had been identified as approved expenditure cuts, and will be used to finance the higher costs of office rentals and accommodation.
- *Global Cooperation* promotes and advances national interest at global governance institutions, strategically engages bilateral countries outside Africa and explores opportunities to leverage resources from strategic donor countries. This entails hosting bilateral engagements and participating in conferences. This subprogramme had a staff complement of 18 and a total budget of R9.7 million in 2011/12, of which 55.6 per cent was used for compensation of employees. R221 000 in 2012/13 has been identified as approved expenditure cuts and will be used to finance the higher costs of office rentals and accommodation.

Expenditure estimates

Table 38.10 International Water Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R million							
International Relations Management and Support	–	–	–	5.7	4.9	4.6	5.2
Africa Cooperation	18.9	11.4	15.9	10.6	10.9	11.0	11.7
Global Cooperation	–	–	–	9.7	10.0	10.1	10.7
Total	18.9	11.4	15.9	26.1	25.8	25.7	27.5
Change to 2011 Budget estimate				–	(1.6)	(2.2)	(2.0)
Economic classification							
Current payments	18.0	10.9	15.3	25.5	25.2	25.0	26.8
Compensation of employees	2.1	2.8	10.5	14.7	14.2	13.7	14.8
Goods and services	15.9	8.0	4.8	10.8	10.9	11.2	11.9
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	0.0	0.0	0.0	0.2	0.2	0.2	0.2
<i>Consultants and professional services:</i>							
<i>Infrastructure and planning</i>	0.0	–	–	0.1	–	–	–
<i>Travel and subsistence</i>	2.3	2.8	3.7	3.9	4.3	4.5	4.8
Interest and rent on land	–	–	0.0	–	0.1	0.1	0.1
Transfers and subsidies	0.5	0.5	0.3	0.6	0.6	0.6	0.7
Foreign governments and international organisations	0.5	0.5	0.3	0.6	0.6	0.6	0.7
Households	–	–	0.1	–	–	–	–
Payments for capital assets	0.3	0.1	0.3	–	–	–	–
Buildings and other fixed structures	0.3	–	–	–	–	–	–
Machinery and equipment	–	0.1	0.3	–	–	–	–
Total	18.9	11.4	15.9	26.1	25.8	25.7	27.5

Expenditure trends

Spending increased from R18.9 million in 2008/09 to R26.1 million in 2011/12, at an average annual rate of 11.4 per cent. Expenditure in the *Africa Cooperation* subprogramme decreased from R18.9 million in 2008/09 to R10.6 million in 2011/12, at an average annual rate of 17.4 per cent. This decrease is due to the reallocation of resources towards the *Global Cooperation* subprogramme, which has a total budget of R9.7 million in 2011/12 in line with the department's increased emphasis on advancing national and African interests in a global arena. Between 2010/11 and 2011/12, 4 country strategies were established and 2 bilateral instruments finalised. R500 000 was transferred in 2011/12 to the Orange-Senqu River Basin Commission as part of South Africa's contributions to the operational costs associated with the commission overseeing the sharing river basins with neighbouring countries.

Spending on consultants increased from R38 000 to R206 000, at an average annual rate of 75.7 per cent between 2008/09 and 2011/12, and is expected to increase to R230 000 over the medium term. Consultants were commissioned to undertake trans-boundary water management studies.

Expenditure is expected to increase marginally from R26.1 million in 2011/12 to R27.5 million in 2014/15, at an average annual rate of 1.8 per cent, as the department forms and maintains strategic relations with neighbouring countries and international organisations.

Public entities and other agencies

Water trading entity

Overview: 2008/09 – 2014/15

The water trading entity was established in 2006 to ensure South Africa has a reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand. The entity does this by recovering the costs of

using the country's water resources and water infrastructures from users. The entity's predecessor, the water trading account, was initially established to ringfence revenues collected through the sale of bulk water and related services from the department's voted appropriations.

The water trading entity performs two functions: water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies or proto-catchment management agencies. Infrastructure management deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure. To fund the development of new infrastructure, the entity receives an allocation from the department. Funding for operation and maintenance comes from revenue generated from raw water charges. Water resource management charges cover the operational costs of catchment management agencies.

The current pricing strategy caps exclude certain categories of users from paying cost recovering tariffs when annual tariffs are revised. Such persistent under recovery of costs hinders the development of new and maintenance of existing infrastructure. To redress this situation, the department has initiated a review of the pricing strategy, due for completion by 2014/15. The revision of the pricing strategy is crucial for the financial sustainability of the entity and its ability to charge cost reflective tariffs.

Since its inception, the water trading entity has been unable to establish proper governance structures, strengthen financial management and build the organisational capacity required to ensure that it operates economically, and discharges its obligations in an efficient manner. These inefficiencies have caused a significant loss of revenue and have slowed the eradication of the national water infrastructure maintenance backlog, which is estimated at R13 billion. To address these problems, the water trading entity has developed a turnaround strategy that covers the redesign of the business operating model, the implementation of efficient business processes and systems, and the recruitment of skilled personnel.

The national water infrastructure is currently valued at R139 billion and needs to be managed effectively to ensure the sustainability of water resources. The Department of Water Affairs, in response to Parliament's request that there be further consultation on the draft bill on the establishment of the National Water Resource Infrastructure Agency, is investigating the possibility in the long term of merging the Trans-Caledon Tunnel Authority and the water trading entity to form the entity, which would manage the entire water value chain.

Over the medium term, the department and the water trading entity will formulate a recovery plan that will focus on reducing the backlog in the operation and maintenance of the national water infrastructure. This will be done through comprehensive programmes for dam safety, and the rehabilitation and refurbishment of all water related infrastructure, including reservoirs, canals, weirs, pipelines and wastewater treatment works.

Over the MTEF period, R6.5 billion will be spent on the construction of new water resource infrastructure. Larger projects include the rehabilitation of the Vlakfontein Canal at an estimated cost of R1.7 billion over the next seven years. The construction of the Orange-Riet Balancing Dam is currently being investigated. The dam will provide irrigation water for additional land worked by resource poor farmers at Oppermansgronde and promote water conservation and demand management. R25 million will be spent on the project between 2011/12 and 2012/13.

Performance

The revenue generated for funding refurbishment programme grew from R130 million in 2008/09 to R714.6 million in 2011/12. The number of refurbishment projects increased from 4 311 in 2008/09 to 6 431 in 2011/12 as a result.

Over the MTEF period, revenue generated for refurbishment programme is expected to drop from R914.6 million in 2012/13 to R898 million. This slight drop in revenue can be attributed to revenue collection challenges. Despite this reduction in revenue, the number of refurbishment projects is expected to increase from 7 438 in 2012/13 to 8 145 in 2014/15. The shortfall in revenue generated to fund refurbishment projects will be supplemented by funding from the fiscus.

Both phase 1 of the Mokolo-Crocodile water augmentation project, which constructs a pipeline from Mokolo Dam to Medupi power station, and the raising of the Hazelmere Dam are expected to be completed over the MTEF period. The De Hoop Dam and the raising of the Tzaneen Dam wall are scheduled for completion by the end of 2013.

Selected performance indicators

Table 38.11 Water trading entity

Indicator	Past			Current	Projections		
	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of dam safety projects							
- undertaken	43	52	58	64	75	78	81
- completed	11	21	25	31	38	43	45
Total number of water conveyance projects rehabilitated	–	1	11	20	25	28	31
Percentage completion on construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure) of the original and approved project implementation plan ¹	27%	50%	72%	90%	99%	100%	–
Percentage completion on construction of Olifants River water resources development project phase 2B-2l (bulk distribution system) of the original and approved project implementation plan ¹	–	1%	3%	6%	16%	40%	80%
Percentage completion on construction of Nwamitwa Dam of the original and approved project implementation plan ¹	–	–	–	3%	8%	21%	43%
Percentage completion on construction of raising Tzaneen Dam of the original and approved project implementation plan	–	–	–	–	30%	100%	–
Percentage completion on construction of raising Clanwilliam Dam wall of the original and approved project implementation plan ¹	–	–	–	1%	8%	30%	58%
Percentage completion on construction of raising Hazelmere Dam wall of the original and approved project implementation plan ¹	–	28%	28%	61%	62%	95%	100%
Percentage completion on construction of phase 1 of Mokolo River augmentation of the original and approved project implementation plan ¹	–	1%	10%	13%	45%	95%	100%
Value of revenue generated per year to fund the refurbishment programme	R130.9m	R525m	R563.9m	R714.6m	R914.6m	R848m	R898m

¹ Infrastructure projects are reported according to predefined milestones within project plans. Dashes represent work not yet started. 100 per cent means that the construction works have been completed.

Programmes/activities/objectives

Table 38.12 Water trading entity

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Implementation of water resources management activities	394.0	469.7	391.7	400.9	425.0	450.5	477.5
Operations, maintenance and refurbishment of national water resources schemes	1 103.1	981.6	1 039.2	1 164.2	1 282.5	1 345.9	1 386.5
Implementation of new water resources infrastructure	1 313.3	1 303.4	1 088.0	1 410.7	1 479.3	2 005.9	2 349.7
Bulk water supply to strategic users (for example, Eskom, Sasol)	415.1	583.9	1 016.6	461.6	489.3	518.7	549.8
Implementation of dam safety projects	250.0	261.5	268.5	572.5	622.9	222.4	50.2
Total expense	3 475.5	3 600.2	3 804.0	4 009.9	4 299.0	4 543.4	4 813.8

The water trading entity had a total budget of R4 billion in 2011/12, of which 35.2 per cent was used for the implementation of new water resources infrastructure.

Savings and cost effectiveness measures

No expenditure cuts have been identified for the water trading entity. Over the medium term, the entity will identify ways to improve the efficiency of operational expenditure.

Expenditure estimates

Table 38.13 Water trading entity

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	1 637.1	2 305.7	2 275.3	2 614.8	2 918.9	3 086.8	3 272.0
Sale of goods and services other than capital assets	1 537.1	2 095.7	2 244.5	2 565.0	2 865.5	3 030.4	3 212.3
<i>of which:</i>							
<i>Sale of bulk water</i>	1 537.1	2 095.7	2 244.5	2 565.0	2 865.5	3 030.4	3 212.3
<i>Other non-tax revenue</i>	100.1	210.0	30.9	49.8	53.5	56.3	59.7
Transfers received	391.4	333.0	801.6	820.3	869.5	921.7	977.0
Total revenue	2 028.5	2 638.7	3 076.9	3 435.1	3 788.5	4 008.5	4 249.0
Expenses							
Current expenses	3 475.5	3 600.2	3 804.0	4 009.9	4 299.0	4 543.4	4 813.8
Compensation of employees	661.5	875.1	858.4	806.5	903.8	949.0	1 005.9
Goods and services	1 399.4	1 309.8	1 400.9	1 625.2	1 722.7	1 826.1	1 935.7
Depreciation	1 411.2	1 412.2	1 542.8	1 575.0	1 669.2	1 764.8	1 868.5
Interest, dividends and rent on land	3.4	3.1	1.9	3.2	3.3	3.5	3.7
Total expenses	3 475.5	3 600.2	3 804.0	4 009.9	4 299.0	4 543.4	4 813.8
Surplus / (Deficit)	(1 446.9)	(961.5)	(727.1)	(575.0)	(511.0)	(535.0)	(565.0)
Statement of financial position							
Carrying value of assets	65 613.7	65 006.6	64 805.0	65 291.2	65 806.8	66 357.9	66 944.2
<i>of which:</i>							
<i>Acquisition of assets</i>	1 379.9	1 744.1	1 351.3	2 061.1	2 184.8	2 315.9	2 454.9
Inventory	14.0	14.7	11.9	10.0	10.8	11.3	12.0
Receivables and prepayments	2 142.0	2 184.5	2 754.8	2 503.0	2 362.7	1 946.4	1 746.4
Cash and cash equivalents	9.9	430.7	1 189.3	946.7	1 385.6	1 856.3	1 938.4
Total assets	67 779.7	67 636.5	68 761.1	68 750.8	69 565.9	70 171.9	70 641.1
Accumulated surplus / (deficit)	1 343.6	1 570.7	2 156.1	1 581.3	1 070.7	535.8	(29.0)
Capital and reserves	63 356.4	61 548.9	60 134.5	60 056.4	60 055.1	60 053.7	60 053.5
Capital reserve fund	1 521.5	2 580.0	3 583.8	4 606.7	5 641.2	6 687.8	7 647.2
Finance lease	24.5	17.9	11.4	12.1	13.3	14.7	14.8
Trade and other payables	1 307.5	1 582.4	2 392.3	1 978.0	2 243.4	2 310.7	2 356.9
Provisions	226.2	336.6	482.9	516.3	542.1	569.2	597.7
Total equity and liabilities	67 779.7	67 636.5	68 761.1	68 750.8	69 565.9	70 171.9	70 641.1

Expenditure trends

The spending focus over the medium term will be on the development of bulk water infrastructure to accelerate delivery of water services to households, agriculture and industry.

Revenue is received mainly from raw water charges, water resource management charges and transfers from the department. Total revenue increased from R2 billion in 2008/09 to R3.4 billion in 2011/12, at an average annual rate of 19.2 per cent, due to a general increase in tariffs over the period. Revenue is expected to increase to R4.2 billion over the medium term, at an average annual rate of 7.6 per cent, due to increases in water resource management and water resource infrastructure charges. Revenue from these sources is projected to grow from R2.6 billion in 2011/12 to R3.2 billion in 2014/15, at an average annual rate of 7.8 per cent.

The entity does not generate enough revenue to cover the cost of its operations, due to the price caps set by the water pricing strategy. This has resulted in it incurring a deficit of R727.1 million in 2010/11, which is expected to decrease over the medium term to R564.8 million.

Expenditure is expected to increase from R3.5 billion in 2008/09 to R4.8 billion in 2014/15, at an average annual rate of 5.6 per cent. The largest expenditure items are compensation of employees, project management fees, and repairs and maintenance. Spending on compensation of employees is expected to increase between 2011/12 and 2014/15 as the entity implements its turnaround strategy and fills vacancies. The projected increase of 38.2 per cent in spending on goods and services between 2010/11 to 2014/15 is due to R534.8 million in costs for planning projects that will not be capitalised. This will be expensed as it is in relation to the projects that are currently being executed by Trans-Caledon Trading Authority.

Personnel information

Table 38.14 Water trading entity

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	–	1	1	1	1	1	1	1
Senior management	31	31	6	35	36	19	18	31	31	31
Middle management	363	363	80	216	258	261	278	363	363	363
Professionals	292	292	67	128	137	194	195	292	292	292
Semi-skilled	2 563	2 563	477	2 276	2 422	2 511	2 541	2 563	2 563	2 563
Very low skilled	860	860	80	705	667	698	677	860	860	860
Total	4 110	4 110	710	3 361	3 521	3 684	3 710	4 110	4 110	4 110
Compensation (R thousand)				661 489	875 074	858 363	806 524	903 789	948 978	1 005 917
Unit cost (R thousand)				197	249	233	217	220	231	245

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 4 110 posts. The establishment increased from 3 361 in 2008/09 to 3 710 in 2011/12, and is expected to increase to 4 110 by 2014 as the entity implements its turnaround strategy. There were 710 vacancies as at 30 September, which is equivalent to a vacancy rate of 13 per cent. Delays in filling the positions were caused by difficulties in recruiting specialised technical expertise in the engineering field. The ratio of support staff to line staff was 3:7.

Trans-Caledon Tunnel Authority

Overview: 2008/09 – 2014/15

The Trans-Caledon Tunnel Authority was established in 1986, and promulgated in terms of the National Water Act (1998). The authority is a multidisciplinary organisation engaged in project financing and implementation, and is a specialised liability management entity. It raises finance, manages design and construction of the infrastructure and the subsequent liability, until the full debt is repaid. The authority provides expert financial and treasury management services together with tariff setting and debt management services to designated water boards and water management institutions. Over the medium term, the authority intends to leverage its technical skills and experience in planning and implementing complex infrastructure projects and managing liability to deliver innovative solutions to the water sector.

In 2010/11, the authority managed mega infrastructure projects including: the Lesotho Highlands water project, the Berg water project, the Vaal River eastern subsystem augmentation project, the Mooi-Mgeni transfer scheme phase 2, the Olifants River water resource development project phase 2, the Komati Water scheme augmentation project and the Mokolo Crocodile water augmentation project phase 1. As directed by the department, the authority has started implementing the Metsi Bophelo borehole project. This project seeks to improve rural access to drinking water in Eastern Cape, Free State, North West, Limpopo, Mpumalanga and KwaZulu-Natal. The total budget is R36 million, funded directly by the fiscus. On behalf of the department, the authority outsources and manages geo-hydrologists to conduct geo-hydrological exploration, and to site, sink, test and equip new boreholes.

Acid mine drainage is one of the more pressing challenges faced by the water sector. The Witwatersrand western basin is already experiencing the decanting of acid mine water, with similar problems expected to arise in the central basin in early 2012. Following the adoption of a report on acid mine drainage commissioned by the interministerial committee, remedial measures were identified for all affected basins on the Witwatersrand. A total of R225 million has been allocated to the department to cover the costs of implementing the first phase of a two-year project to address the acid mine challenge. The authority was appointed to implement short term measures needed to address the high acidity and salt content, and presence of heavy metals in water originating from mining areas in the Gauteng region, to avoid immediate environmental impacts and health implications.

Performance

The authority implements large scale infrastructure projects based on directives from the minister. In 2009, the Vaal river eastern subsystem augmentation scheme was completed and started to deliver water to meet the needs of both Sasol and Eskom. In 2007, the authority received a directive from the department to implement phase 2 of the Mooi-Mgeni transfer scheme phase 2 project. Construction work started in February 2011. The scheme is designed to augment water supply to the eThekweni metropolitan municipality and the surrounding areas. In 2009, the authority received an instruction from the department to proceed with the engineering designs on Mokolo-Crocodile water augmentation project. The project entails construction of a pipeline from Mokolo Dam to Medupi power station. Construction started in September 2011 and is scheduled for completion in 2014. In 2008, the authority received a further directive to fund and implement the Komati water scheme augmentation project, which entails constructing a pipeline to Duvha and Matla power stations. Construction work began in January 2011 and the pipeline is expected to come into operation by the end of 2012.

Selected performance indicators

Table 38.15 Trans-Caledon Tunnel Authority

Project name ¹	Past			Current	Projections		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Lesotho Highlands water project ²	10.6%	10.2%	9.8%	9.8%	9.8%	9.8%	9.5%
Berg River water project ³	9.5%	7.75%	8.1%	8.5%	8.5%	8.5%	8.5%
Vaal River eastern subsystem ³	9.8%	8.0%	8.8%	8.8%	8.8%	8.8%	8.8%
Komati water augmentation project ⁴	–	–	5.9%	8.5%	8.5%	9.0%	9.5%
Mooi-Mgeni transfer system phase 2 ⁴	–	–	6.8%	8.5%	8.5%	9.0%	9.5%
Mokolo-Crocodile water augmentation project ⁴	–	–	5.9%	8.5%	8.5%	9.0%	9.5%
Olifants River water resource development project ^{4,5}	–	–	5.9%	8.0%	8.0%	9.0%	9.5%
Acid mine drainage ^{5,6}	–	–	–	–	8.5%	9.0%	9.0%
Metsi Bophelo borehole project ⁶	–	–	–	–	–	–	–

1. Expressed in weighted average cost of capital per project. All calculations are weighted and cumulative since inception.

2. The weighted rate includes CPI adjustments.

3. Berg Water Projects and Vaal River Eastern Sub-system have at least 80% of the debt converted to a fixed rate.

4. All the projects have little or no drawdowns as at the reporting period. It is expected that the rates will be higher when drawdowns are made. Where possible, the Trans-Caledon Tunnel Authority will prefund these projects at fixed rates to take into account the strength of the curve.

5. These projects are either partly or fully funded by the department. The only interest rate applicable is as a result of bridging finance.

6. This project is expected to be completed in 2013.

Programmes/activities/objectives

Table 38.16 Trans-Caledon Tunnel Authority

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Olifants River Water Resource Development Phase 2	15.0	23.0	28.0	85.2	45.9	49.4	51.9
Mokolo-Crocodile Water Augmentation Project	14.0	19.0	30.0	85.0	47.2	50.8	53.3
Vaal River Eastern Subsystem Augmentation Project	24.0	394.0	416.1	410.4	93.3	94.9	99.7
Komati Water Scheme Augmentation Project	6.5	21.0	19.0	140.2	45.5	48.9	51.4
Mooi-Mgeni Transfer Scheme Phase 2	18.0	17.0	19.0	76.6	46.8	50.4	52.9
Berg Water Project	183.0	129.0	123.0	120.1	17.6	18.3	19.2
Lesotho Highlands Water Project	2 957.0	3 155.0	3 124.0	2 598.0	3 477.6	3 542.1	3 736.5
Total expense	3 217.5	3 758.0	3 759.1	3 515.5	3 774.0	3 854.8	4 064.8

The Trans-Caledon Tunnel Authority had a total budget of R3.5 billion in 2011/12, of which 73.9 per cent was used for the repayment of loans.

Savings and cost effectiveness measures

The authority's activity in the capital markets has focused on restructuring the Lesotho Highlands water project bond portfolio to smooth its debt repayment profile. The authority has reduced the size of the initial bond issuance to around R5 billion by switching to two other bonds maturing in 2017 and 2021, effectively lengthening their liability profile. In addition, the authority implemented a buy-back programme to retire several of its initial bond offerings before their redemption dates. In 2011/12, the authority bought back R610 million of its own bond offerings.

The authority has taken advantage of the record low interest rates to convert its floating rate loans into fixed rate loans. R550 million of loans were converted into fixed rate debt instruments in 2011/12. R200 million of these loans relate to the Komati water scheme augmentation project, in which a further R82 million was drawn down at a fixed interest rate (base rate of 7.2 per cent). Loans of R350 million, which relate to Vaal River eastern subsystem augmentation project, were fixed at a weighted average base rate of 7.7 per cent. Negotiations with a major lender have led to a 27 basis point reduction in the margin on R100 million of debt in 2011/12.

Expenditure estimates

Table 38.17 Trans-Caledon Tunnel Authority

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	3 008.0	3 590.0	3 784.0	3 446.5	3 671.7	3 909.8	4 105.3
Sale of goods and services other than capital assets	2 369.0	2 741.0	3 101.0	3 446.5	3 671.7	3 909.8	4 105.3
<i>of which:</i>							
<i>Sale of bulk water</i>	2 369.0	2 741.0	3 101.0	3 446.5	3 671.7	3 909.8	4 105.3
<i>Other non-tax revenue</i>	639.0	849.0	683.0	–	–	–	–
Total revenue	3 008.0	3 590.0	3 784.0	3 446.5	3 671.7	3 909.8	4 105.3
Expenses							
Current expenses	3 217.5	3 758.0	3 759.1	3 515.5	3 774.0	3 854.8	4 064.8
Compensation of employees	101.0	101.0	119.0	146.3	158.6	172.0	183.1
Goods and services	472.5	501.0	562.8	745.0	793.8	845.5	900.4
Depreciation	40.0	130.0	110.4	132.8	134.0	135.7	144.5
Interest, dividends and rent on land	2 604.0	3 026.0	2 967.0	2 491.3	2 687.5	2 701.6	2 836.7
Total expenses	3 217.5	3 758.0	3 759.1	3 515.5	3 774.0	3 854.8	4 064.8
Surplus / (Deficit)	(209.5)	(168.0)	24.9	(69.0)	(102.0)	55.0	40.0
Statement of financial position							
Carrying value of assets	19 147.0	19 356.0	19 595.0	22 030.2	23 555.4	23 899.1	25 605.1
<i>of which:</i>							
<i>Acquisition of assets</i>	599.0	339.0	392.6	2 568.1	1 659.2	479.4	1 850.5
Investments	3 836.0	4 198.0	3 143.6	3 640.3	3 117.3	3 669.1	4 248.6
Receivables and prepayments	841.0	1 085.0	945.9	1 234.1	930.6	1 250.8	914.6
Cash and cash equivalents	21.0	–	1.2	1.3	1.3	1.4	29.9
Non-current assets held for sale	15.0	33.0	18.4	19.3	20.3	21.4	22.5
Total assets	23 860.0	24 672.0	23 704.1	26 925.3	27 625.0	28 841.8	30 820.6
Accumulated surplus / (deficit)	(3 881.0)	(4 049.0)	(4 025.1)	(4 094.1)	(4 196.4)	(4 251.4)	(4 291.9)
Capital and reserves	123.0	119.0	119.3	125.1	131.7	138.9	145.9
Borrowings	23 312.0	22 649.0	23 955.5	26 821.7	27 770.1	28 550.2	30 712.6
Finance lease	3 131.0	4 924.0	2 415.7	2 661.0	2 613.1	2 986.8	2 981.5
Trade and other payables	1 175.0	992.0	1 197.1	1 370.0	1 264.8	1 375.8	1 230.9
Provisions	0.1	37.0	41.6	41.6	41.6	41.6	41.6
Total equity and liabilities	23 860.0	24 672.0	23 704.1	26 925.3	27 625.0	28 841.8	30 820.6

Expenditure trends

Over the medium term, the spending focus will be on bulk water infrastructure projects to augment the delivery of water to households, the agriculture sector and the energy industry.

The authority derives its revenue from the sale of bulk water and the provision of advisory services to the water sector. Revenue increased from R3 billion in 2008/09 to R3.4 billion 2011/12, at an average annual rate of 4.6 per cent, because of inflationary adjustments on raw bulk water tariffs. Over the medium term, revenue is expected to increase to R4.1 billion, at an average annual rate of 6 per cent, due mainly to an increase in the sale of raw water. Income from bulk water sales is projected to grow due to the impact of tariff increases in the Lesotho Highlands water project, Vaal River eastern subsystem augmentation project and the Berg water project.

Expenditure increased from R3.2 billion in 2008/09 to R3.5 billion in 2011/12, at an average annual rate of 3 per cent. Expenditure on goods and services increased by 32.4 per cent, from R562.8 million in 2010/11 to R745 million in 2011/12, because of higher royalty fees paid to the government of Lesotho for water delivered to South Africa. The royalty payment is linked to the producer price index and the Eskom sustainability index.

Over the medium term, expenditure is expected to increase from R3.5 billion to R4.1 billion, at an average annual rate of 5 per cent. This increase is driven largely by higher spending on compensation of employees and goods and services to expand the authority's capacity to implement four additional projects from 2010/11 onwards. These projects are the second phase of the Mooi-Mgeni transfer scheme, the second phase of the Olifants River water resource development project, the Komati water scheme augmentation project, and the first phase of the Mokolo-Crocodile water augmentation project. In addition, expenditure over the medium term will repay loans and finance costs, with 72 per cent of expenditure earmarked for interest payments and finance charges. The increase in the royalty payment over the medium term is directly linked to the forthcoming electricity price increases approved by the National Energy Regulator of South Africa.

Personnel information

Table 38.18 Trans-Caledon Tunnel Authority

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	10	10	–	8	9	10	10	10	10	10
Senior management	7	7	–	15	15	7	7	7	7	7
Middle management	–	–	–	1	–	–	–	–	–	–
Professionals	64	60	5	36	47	58	60	64	64	64
Skilled	60	61	–	37	43	61	61	60	60	60
Semi-skilled	21	20	1	22	18	18	20	21	21	21
Total	172	168	6	129	142	164	168	172	172	172
Compensation (R thousand)				101 000	101 000	119 000	146 317	158 624	171 969	183 147
Unit cost (R thousand)				783	711	726	871	922	1 000	1 065

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 172 posts, all of which were funded.

Rand Water

Overview: 2008/09 – 2014/15

Rand Water provides bulk water services to water services authorities and bulk water users (municipalities). Its operations are governed by the Water Services Act (1997) and the National Water Act (1998). The entity's main activities include the abstraction and purification of raw water and the delivery of potable water to its bulk

customers. To discharge this responsibility, Rand Water develops, constructs and maintains bulk water capital infrastructure to ensure that current and future demand is met.

Over the medium term, Rand Water will focus its efforts on improving efficiencies in the water sector, taking advantage of network economies of scale, addressing acid mine drainage, expanding its service coverage to the rest of the country, providing bulk sanitation and giving greater assistance to municipalities. Rand Water will also undertake large scale infrastructure projects to increase its supply capacity at the Zuikerbosch River station, the Palmiet booster pumping station system and the Vlakfontein Reservoir to Mamelodi pipeline augmentation.

The entity will access the debt capital markets to raise R5 billion over the next five years. A detailed funding strategy will be developed to guide its borrowing plans to facilitate the execution of its capital expenditure programme.

Performance

Rand Water is the largest bulk water utility in Africa and is one of the largest in the world, providing bulk potable water to more than 11 million people in Gauteng, parts of Mpumalanga, Free State and North West. Total average daily demand for the Rand Water network is projected to increase from 3 800 million litres of water per day to 5 200 million litres of water per day in 2025. Rand Water has embarked on a capital expenditure programme to ensure that it meets future growth demands, which are estimated to increase at an average 2.1 per cent per year over this period. Water demand from the three metropolitan municipalities supplied by Rand Water (Johannesburg, Ekurhuleni and Tshwane) is projected to grow at similar rates.

Rand Water produced better financial results in 2010/11. Profits rose by 77.5 percent to R536 million, despite sharp increases in the cost of electricity, chemicals and raw water costs. The entity continued to monitor water quality standards to ensure alignment with World Health Organisation water quality standards. In 2010/11, Rand Water consistently met South African National Drinking Water Standard 241 water quality standards. The entity's compliance with this standard was maintained at 99.3 per cent in respect of class 1, and 99.3 per cent compliance for class 2. Rand Water maintained conservative debt to equity levels at 14 per cent, due to an increase in accumulated reserves and stable long term debt levels. The debt equity is below the target range of 50 per cent, reflecting the significant capacity available to fund future capital expenditure.

Selected performance indicators

Table 38.19 Rand Water

Indicator	Programme/ Activity	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Volume of water sold (kl) per year	Bulk water	1 377 875 000	1 357 800 000	1 494 675 000	1 410 036 078	1 438 236 736	1 467 001 471	1 516 879 521
Net debt / Equity ratio per year	Financial management	0.18	0.16	0.14	0.3	0.4	0.4	0.5
Debt service ratio per year	Financial management	7.1	3.9	4.4	4.3	3.9	3.9	4.4
Debt/asset ratio per year	Financial management	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Costs per kilolitre (Rc/kl) per year	Raw water	3.17	3.16	3.71	4.3	4.82	5.36	5.96
Profit for the year (Rands)	Financial management	R582 013	R299 549	R536 068	R703 848	R846 150	R1 010 477	R1 214 844
Test results, South African National Standards 241	Water quality compliance	-	-	-	-	-	-	-
Class 1 (percentage compliance) per year		0.95	0.95	0.95	0.99	0.95	0.95	0.95
Class 2 (percentage compliance) per year		0.99	0.99	0.99	0.99	0.99	0.99	0.99

Programmes/activities/objectives

Table 38.20 Rand Water

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Potable water supply	4 373.1	4 895.5	5 580.9	6 118.1	7 003.8	7 948.8	9 023.2
Total expense	4 373.1	4 895.5	5 580.9	6 118.1	7 003.8	7 948.8	9 023.2

The Rand Water had a total budget of R6.1 billion in 2011/12, of which 78.7 per cent was used for goods and services.

Savings and cost effectiveness measures

No expenditure cuts have been identified by the entity over the MTEF period. Rand Water has set a target of 5 per cent variances between budgeted and actual expenditure by implementing various initiatives to ensure sustainability and water affordability. This target is achieved by implementing initiatives to improve operational efficiency and minimise expenditure. Water pumping capacity is maximised in off-peak periods when electricity tariffs are lower to reduce electricity consumption and, concomitantly, operational expenditure. The water loss project aims to reduce distribution losses incurred by Rand Water. The entity is investigating alternate water treatment regimes to maintain quality while managing chemical costs. The revised borrowing plan by Rand Water ensures optimal funding by maximising returns on investments and minimises borrowing costs by securing the lowest possible interest rates.

Expenditure estimates

Table 38.21 Rand Water

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	4 955.1	5 195.1	6 112.1	6 822.0	7 850.0	8 959.2	10 238.0
Sale of goods and services other than capital assets	4 648.1	4 974.6	5 888.1	6 699.3	7 710.6	8 809.8	10 076.5
<i>of which:</i>							
<i>Sale of bulk water</i>	4 648.1	4 974.6	5 888.1	6 699.3	7 710.6	8 809.8	10 076.5
<i>Other non-tax revenue</i>	307.0	220.5	224.0	122.7	139.4	149.4	161.5
Total revenue	4 955.1	5 195.1	6 117.0	6 822.0	7 850.0	8 959.2	10 238.0
Expenses							
Current expenses	4 367.7	4 890.9	5 580.9	6 118.1	7 003.8	7 948.8	9 023.2
Compensation of employees	848.3	960.8	1 064.5	1 067.1	1 156.1	1 253.9	1 348.0
Goods and services	3 243.6	3 657.5	4 236.8	4 818.0	5 616.9	6 424.9	7 361.2
Depreciation	179.9	167.8	200.8	192.0	228.5	270.0	314.0
Interest, dividends and rent on land	95.9	104.8	78.8	41.1	2.3	–	–
Total expenses	4 367.7	4 890.9	5 580.9	6 118.1	7 003.8	7 948.8	9 023.2
Surplus / (Deficit)	582.0	299.5	536.1	704.0	846.0	1 010.0	1 215.0
Statement of financial position							
Carrying value of assets	5 803.4	6 540.1	7 340.8	8 539.7	10 177.9	11 918.3	13 722.9
<i>of which:</i>							
<i>Acquisition of assets</i>	967.4	910.0	1 017.2	1 390.9	1 866.7	2 010.4	2 118.6
Investments	127.6	83.0	40.4	–	–	–	–
Inventory	46.1	46.8	51.3	52.8	55.6	58.7	62.0
Loans	10.6	7.9	6.9	–	–	–	–
Receivables and prepayments	581.7	857.6	708.2	883.1	1 015.2	1 158.9	1 324.4
Cash and cash equivalents	1 351.2	924.9	930.6	772.6	872.5	977.7	1 094.1
Non-current assets held for sale	–	–	2.0	–	–	–	–
Taxation	–	0.3	3.1	–	–	–	–
Total assets	7 920.5	8 460.6	9 083.3	10 248.2	12 121.2	14 113.6	16 203.4

Table 38.21 Rand Water (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Accumulated surplus / (deficit)	5 924.8	6 224.3	6 760.4	7 464.3	8 310.4	9 320.9	10 535.7
Borrowings	728.3	629.7	645.5	1 254.3	2 208.0	3 110.0	3 902.0
Finance lease	0.1	4.3	–	–	–	–	–
Deferred income	2.8	64.5	78.6	64.5	64.5	64.5	64.5
Trade and other payables	1 035.9	1 283.5	1 323.3	1 465.1	1 538.3	1 618.2	1 701.1
Taxation	–	–	1.7	–	–	–	–
Provisions	228.7	254.3	273.8	–	–	–	–
Total equity and liabilities	7 920.5	8 460.6	9 083.3	10 248.2	12 121.2	14 113.6	16 203.4

Expenditure trends

Spending over the medium term will focus on building infrastructure capacity to meet projected increases in water demand and on expanding coverage of services within Gauteng.

Rand Water derives its income mainly from the sale of bulk water to municipalities, mines and industries. Between 2008/09 and 2011/12, water sales increased from R4.6 billion to R6.7 billion, at an average annual rate of 13 per cent, due to tariff increases of 8.3 per cent in 2009/10 and 14.1 per cent in 2010/11. These tariffs are expected to increase further over the MTEF period, and will cover operating costs, and infrastructure maintenance and refurbishments. Additionally, the volumes of water sales are projected to increase by 2 per cent per year. As a result, total revenue is expected to increase from R5 billion in 2008/09 to R10.2 billion in 2014/15, at an average annual rate of 12.9 per cent.

Expenditure grew from R4.4 billion in 2008/09 to R6.1 billion in 2011/12, at an annual average of 11.8 per cent, due mainly to labour costs increasing by 13.8 per cent in 2009/10. Over the medium term, expenditure is projected to increase to R9 billion, at an average annual rate of 13.8 per cent. This increase will provide for growth in labour costs of approximately 10 per cent per annum over the MTEF period.

Surpluses grew from R582 million in 2008/09 to R703.8 million in 2011/12, as a result of higher volumes of sales and tariff increases. Accumulated surpluses will be used to strengthen the entity's financial position and credit rating as it prepares to access the debt capital markets to raise finance for its capital programme. Depreciation is expected to grow from R179.9 million in 2008/09 to R314 million in 2014/15, at an average annual rate of 9.7 per cent, as a result of higher spending on infrastructure. The decline in depreciation expenditure in 2009/10 was caused mainly by the revision of the useful lives of assets

Personnel information

Table 38.22 Rand Water

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive Board members	16	16	–	24	21	19	16	16	16	16
Executive management	14	14	1	12	13	14	14	14	14	14
Senior management	229	229	24	179	192	202	229	229	229	229
Middle management	588	588	68	548	557	572	588	588	588	588
Professionals	619	619	43	611	614	612	619	619	619	619
Skilled	1 387	1 387	59	1 376	1 391	1 385	1 387	1 387	1 387	1 387
Semi-skilled	235	235	15	146	245	235	235	235	235	235
Total	3 088	3 088	210	2 896	3 033	3 039	3 088	3 088	3 088	3 088
Compensation (R thousand)				848 318	960 797	1 064 500	1 067 098	1 156 063	1 253 924	1 347 968
Unit cost (R thousand)				293	317	350	346	374	406	437

1. As at 30 September 2011.

As at 30 September 2011, Rand Water had an establishment of 3 088 posts, all of which were filled. There were 233 vacancies, 36 of which were in the executive and senior management category, 75 in middle management,

45 at the professional level and 61 at the skilled level. The number of filled posts is expected to increase from 2 896 in 2011/12 to 3 088 by 2014/15 as the entity builds to full capacity.

Filling key positions has been a challenge due to a shortage of technical skills in the market. The entity has introduced internships and learnerships as a longer term solution to the skills shortages.

Umgeni Water

Overview: 2008/09 – 2014/15

Umgeni Water was established in 1974 and is governed by the Water Services Act (1997), the Public Finance Management Act (1999) and other relevant legislation. The Minister of Water Affairs is its executive authority. The entity supplies water to six KwaZulu-Natal municipalities, including eThekweni metropolitan municipality, the iLembe, Sisonke, uMgungundlovu and Ugu district municipalities and Msunduzi local municipality. Its water network infrastructure includes pipelines, tunnels, dams, water treatment works, wastewater treatment works, off-site reservoirs, boreholes and a water supply scheme.

Umgeni Water has budgeted R1 billion for capital investment over the medium term. This includes expenditure of R1.5 billion on regional bulk water infrastructure expansion and augmentation, and R528 million on water infrastructure upgrading and rehabilitation. Typical examples of projects are the Maphumulo bulk water supply scheme, the Mhlabatshane regional bulk water supply and Ndwedwe reservoir. R92 million will be spent on ICT and R128 million on equipment and vehicles to build institutional capacity to deliver on higher demand.

Performance

Umgeni Water supplied 413 million cubic metres of bulk treated water in 2011/12, down from 425 million cubic metres in 2010/11. The decline is attributable to lower demand from the entity's largest customer, the eThekweni metropolitan municipality, which has implemented a water conservation and demand management programme.

Despite a 6.2 per cent increase in the bulk water tariff, gross profit margins decreased from 62 per cent to 60 per cent due to lower bulk water sales and increased input costs. The cost increases were primarily driven by increases in the price of electricity, and higher raw water and chemical costs. The higher input costs resulted in an increase in the cost of bulk raw water, which rose by 18 per cent between 2009/10 and 2010/11, from R2.04 per kilolitre to R2.41 per kilolitre. Umgeni Water has nonetheless maintained an overall profit for 2011/12 of R426 million, which is marginally lower than the previous year.

Selected performance indicators

Table 38.23 Umgeni Water

Indicator	Activity/Objective/ Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Volume of water sold (kl) per year	Water management	415 956 000	425 848 000	425 978 000	413 909 000	414 273 000	419 037 000	425 322 000
Net debt to equity ratio per year	Water management	0.48	0.15	0	-0.124	-0.071	0.05	0.172
Debt service ratio per year	Water management	2.4	2.7	3.9	4.2	3.6	3.6	4.5
Debt to asset ratio per year	Water management	0.48	0.35	0.29	0.26	0.26	0.23	0.2
Costs per kilolitre (Rc/kl) per year	Water management	R1.9	R2.03	R2.4	R2.6	R4	R3.7	R3.8
Value of Profit for the year per year	Water management	R527m	R540.7m	R428m	R426m	R362m	R335m	R386m
Debtors collection period (days)	Water management	39	52	41	38	38	38	38

Programmes/activities/objectives

Table 38.24 Umgeni Water

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Water management	949.6	1 030.7	1 092.3	1 130.5	1 442.8	1 566.8	1 618.8
Waste water	40.4	40.6	41.3	49.9	54.4	58.3	62.2
Other (S30) expenditure	159.9	183.1	198.1	243.7	165.0	61.5	68.4
Total expense	1 149.8	1 254.4	1 331.7	1 424.1	1 662.2	1 686.5	1 749.4

Umgeni Water had a total budget of R1.4 billion in 2011/12, of which 66.5 per cent was used for goods and services.

Savings and cost effectiveness measures

No expenditure cuts have been identified for the water board. Over the medium term, the board will identify ways to improve the efficiency of operational expenditure.

Expenditure estimates

Table 38.25 Umgeni Water

Statement of financial performance							
R million	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	1 676.9	1 795.1	1 760.2	1 840.4	2 023.8	2 021.4	2 135.8
Sale of goods and services other than capital assets	1 492.7	1 633.0	1 660.9	1 787.8	1 958.3	1 965.3	2 104.1
<i>of which:</i>							
<i>Sale of bulk water</i>	1 492.7	1 633.0	1 660.9	1 787.8	1 958.3	1 965.3	2 104.1
<i>Other non-tax revenue</i>	184.2	162.1	99.2	52.7	65.5	56.0	31.8
Total revenue	1 676.9	1 795.1	1 760.2	1 840.4	2 023.8	2 021.4	2 135.8
Expenses							
Current expenses	1 149.8	1 254.4	1 331.7	1 424.1	1 662.2	1 686.5	1 749.4
Compensation of employees	293.6	290.9	289.1	276.4	304.5	331.3	359.4
Goods and services	514.7	650.8	839.0	947.4	1 135.7	1 121.8	1 153.0
Depreciation	74.1	82.4	89.4	106.0	124.0	127.8	135.3
Interest, dividends and rent on land	267.5	230.3	114.2	94.3	98.0	105.6	101.6
Total expenses	1 149.8	1 254.4	1 331.7	1 424.1	1 662.2	1 686.5	1 749.4
Surplus / (Deficit)	527.0	540.7	428.4	416.0	362.0	335.0	386.0
Statement of financial position							
Carrying value of assets	2 476.3	2 697.2	2 883.8	3 203.7	3 723.7	4 454.6	5 331.0
<i>of which:</i>							
<i>Acquisition of assets</i>	237.0	334.6	379.3	555.9	784.0	983.0	1 081.9
Investments	1 392.9	1 306.6	1 546.8	1 702.1	1 711.3	1 208.1	570.1
Inventory	9.1	8.6	8.9	9.0	9.2	9.4	9.6
Accrued investment interest	3.3	12.3	13.9	0.0	0.0	0.0	0.0
Receivables and prepayments	183.8	264.9	214.8	230.8	226.8	241.0	256.7
Cash and cash equivalents	7.7	1.7	102.1	0.9	0.8	0.3	0.3
Non-current assets held for sale	10.9	17.0	14.5	14.5	14.5	14.5	14.5
Total assets	4 084.0	4 308.3	4 784.7	5 161.0	5 686.3	5 927.9	6 182.2
Accumulated surplus / (deficit)	1 104.4	1 645.2	2 073.6	2 490.0	2 851.5	3 186.4	3 572.9
Capital and reserves	442.8	442.8	442.8	442.8	442.8	442.8	442.8
Borrowings	1 978.9	1 534.9	1 372.8	1 319.6	1 461.7	1 372.7	1 245.9

Expenditure trends

The spending focus over the medium term will be on building infrastructure capacity to meet projected increases in water demand.

Umgeni Water generates revenue mainly from the sale of potable bulk water to six municipalities in KwaZulu-Natal. Between 2008/09 and 2011/12, revenue grew from R1.7 billion to R1.8 billion, at an average annual rate of 3.2 per cent. This growth was mainly driven by an increase in revenue from bulk water sales, and as a result of the entity acting as implementing agent for government. Over the medium term, revenue is expected to grow to R2.1 billion, at an average annual rate of 5.1 per cent. The increase is attributable to higher demand from the entity's largest customer, eThekweni metropolitan municipality.

Expenditure increased from R1.1 billion in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 7.2 per cent, due to rising costs of energy and chemicals and the expansion of water services to smaller communities in urban and peri-urban areas. The largest expenditure item in goods and services is repairs and maintenance, which represents 27 per cent of total expenditure in 2012/13. Over the medium term, expenditure is expected to increase to R1.7 billion, at an average annual rate of 7.1 per cent, driven primarily by increases in electricity costs.

Surpluses declined from R527 million in 2008/09 to R416 million in 2011/12, as the volume of water sold declined due to lower demand from eThekweni metropolitan municipality. Accumulated surpluses will be used to strengthen the Umgeni Water's financial position and credit rating, as it prepares to access the debt capital markets to raise finance for its capital programme.

Personnel information

Table 38.26 Umgeni Water

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive board members	14	14	–	10	14	14	14	14	14	14
Executive management	5	5	–	5	5	4	4	5	5	5
Senior management	25	25	–	24	25	22	22	25	25	25
Middle management	29	29	–	20	25	25	23	29	29	29
Professionals	180	180	–	179	190	165	163	180	180	180
Skilled	443	443	–	374	373	394	411	443	443	443
Semi-skilled	121	121	–	104	146	125	132	121	121	121
Very low skilled	117	117	–	119	117	96	97	117	117	117
Total	934	934	–	835	895	845	866	934	934	934
Compensation (R thousand)				293 606	290 854	289 127	276 355	304 480	331 274	359 432
Unit cost (R thousand)				352	325	342	319	326	355	385

1. As at 30 September 2011.

As at 30 September 2011, Umgeni Water had an approved establishment of 934 posts. The number of filled posts increased from 835 in 2008/09 to 866. There were 68 vacancies as at the same date, which represented a vacancy rate of 7.3 per cent. The entity started filling these vacant posts, however, it experiences difficulties in recruiting specialised technical expertise in the engineering fields.

Consolidated water boards

Overview: 2008/09 – 2014/15

Water boards derive their mandate from the Water Services Act (1997) and are categorised as national government business enterprises in terms of schedule 3B of the Public Finance Management Act (1999). Water boards are separate legal entities that have their own governance structures and assets and are required to be self funding. The Minister of Water Affairs appoints board members and chairpersons.

The 12 water boards provide bulk potable water services to the municipalities in which they operate, and to other water service institutions and major customers within designated service areas. Water boards vary considerably in size, activities, customer mix, revenue base and capacity.

Most of the older and more established water boards are located in areas where there are significant urban development nodes (such as Rand Water, Umgeni Water and Magalies Water), while other boards operate in more demographically diversified areas, where there is an urban and rural mix in the customer base. While providing bulk treated water to municipalities, in some cases the boards also provide retail water and sanitation services on behalf of municipalities.

In 2009/10, the Albany Coast Water Board was disestablished and its service area and assets were taken over by Amatola Water, to benefit from economies of scale. Namakwa Water was trading at a loss and it was disestablished in 2010/11. Sedibeng Water's geographical coverage was extended to include the area serviced by the former Namakwa Water.

The Department of Water Affairs has started to implement a national institutional realignment project to restructure and merge water boards to ensure economies of scale. The department is also establishing an economic regulator to set appropriate tariffs. The regulator will review the current pricing strategy and develop an infrastructure funding model to achieve efficient, effective and economic service delivery.

Performance

Rand Water and Umgeni Water are largest suppliers of bulk potable water. In 2010/11, Rand Water's total sales volume increased by 4 per cent due to an average demand of 3 857 million litres per day. Since Gauteng is the economic hub of the country, Rand Water has met daily peak demand without any disruption. It achieved the maximum volume pumped per day of 4 519 million litres.

In 2010/11, the water boards collectively supplied a total bulk potable volume of approximately 2.5 billion cubic metres, which is a 6.7 per cent increase in volumes sold in 2009/10. All water boards met minimum water quality standards in 2010/11 and experienced negligible disruption of supply. Botshelo Water, which was in financial difficulty in past years, has successfully implemented a turnaround strategy and now has a positive cash flow despite receiving a disclaimer audit opinion.

The water boards

Albany Coast Water (disestablished in Feb 2010)	Ikangala Water (disestablished in Jan 2009)	Overberg Water
Amatola Water	Lepelle Northern Water	Pelladri Water
Bloem Water	Magalies Water	Rand Water
Botshelo Water	Mhlathuze Water	Sedibeng Water
Bushbuckridge Water	Namakwa Water (disestablished in April 2011)	Umgeni Water

Selected performance indicators

Table 38.27 Consolidated water boards

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Albany Coast ¹	572 135	422 167					
Amatola	38 969 992	39 036 000	37 137 379	38 503 000	40 430 000	40 243 000	40 444 000
Bloem	86 328 454	87 010 183	85 061 556	92 792 000	94 627 000	96 499 000	98 408 000
Botshelo	14 761 337	15 966 912	16 051 000	15 000 000	15 000 000	15 000 000	15 000 000
Bushbuckridge	24 149 817	25 694 187	27 045 868	35 374 000	36 537 000	39 585 000	41 099 000
Lepelle	87 376 000	91 275 000	95 254 000	101 841 000	112 723 000	116 918 000	120 872 000
Magalies	74 983 000	76 447 000	77 821 000	88 771 000	104 733 000	118 263 000	133 822 996
Mhlathuze	95 647 000	92 328 000	93 699 000	95 794 000	97 459 000	99 341 000	125 341 000
Namakwa	2 619 520						
Overberg	6 284 023	6 248 513	6 439 158	6 946 000	7 089 000	7 239 000	7 485 000
Pelladri	4 230 606	4 280 903	4 370 000	4 520 363	4 520 363	4 520 363	4 520 363
Rand	1 377 875 000	1 357 800 000	1 494 675 000	1 410 036 078	1 438 236 736	1 467 001 471	1 516 879 521
Sedibeng	79 476 416	77 745 904	89 377 000	84 572 000	85 448 000	86 339 000	88 182 000
Umgeni	415 956 000	425 848 000	425 978 000	413 909 000	414 273 000	419 037 000	425 322 000
TOTAL	2 309 229 300	2 300 102 769	2 452 908 961	2 388 058 441	2 451 076 099	2 509 985 834	2 617 375 880

1. Disestablished in 2009/10.

Programmes/activities/objectives

The consolidated water boards had a total budget of R10.3 billion in 2011/12, of which 73.3 per cent was used for goods and services.

Savings and cost effectiveness measures

No expenditure cuts have been identified for the water boards. Over the medium term, the boards will identify ways to improve the efficiency of operational expenditure and effect expenditure cuts.

Expenditure estimates

Table 38.28 Consolidated water boards

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R million	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	8 684.5	9 009.2	10 212.0	11 503.6	13 216.6	14 721.5	16 570.6
Sale of goods and services other than capital assets	7 659.5	8 248.1	9 470.1	10 961.8	12 545.5	13 971.5	15 813.7
<i>of which:</i>							
Administration fees	8.5	–	–	0.2	–	–	–
Sale of bulk water	7 651.0	8 248.1	9 470.1	10 961.6	12 545.5	13 971.5	15 813.7
Other non-tax revenue	1 025.0	761.1	741.9	541.8	671.1	749.9	756.9
Total revenue	8 684.5	9 009.2	10 216.8	11 503.6	13 216.6	14 721.5	16 570.6
Expenses							
Current expenses	7 369.6	8 128.4	9 064.2	10 260.4	11 717.6	13 002.5	14 507.6
Compensation of employees	1 632.0	1 786.7	1 967.6	2 007.0	2 198.3	2 391.0	2 582.6
Goods and services	4 872.0	5 521.8	6 372.5	7 523.8	8 700.4	9 684.1	10 896.9
Depreciation	396.7	400.4	463.8	499.3	594.0	675.8	754.0
Interest, dividends and rent on land	468.9	419.5	260.3	230.3	224.8	251.5	274.0
Total expenses	7 375.0	8 133.1	9 064.2	10 260.4	11 717.6	13 002.5	14 507.6
Surplus / (Deficit)	1 309.5	876.1	1 152.6	1 243.0	1 499.0	1 719.0	2 063.0
Statement of financial position							
Carrying value of assets	10 994.3	12 403.5	13 504.1	15 825.6	18 601.9	21 678.4	24 979.4
<i>of which:</i>							
Acquisition of assets	1 355.3	1 551.6	1 680.2	2 950.8	3 510.3	3 876.6	4 125.3
Investments	2 266.9	2 246.5	2 318.0	2 216.8	2 133.9	1 621.1	1 023.7
Inventory	91.9	93.6	101.4	104.4	111.7	120.1	130.5
Loans	10.6	7.9	6.9	–	–	–	–
Accrued investment interest	3.3	12.3	14.0	9.3	9.3	9.3	9.3
Receivables and prepayments	1 453.5	1 855.6	1 725.2	1 857.8	2 031.0	2 202.2	2 417.2
Cash and cash equivalents	2 171.6	1 565.0	1 798.6	1 291.8	1 385.4	1 589.0	1 899.1
Non-current assets held for sale	16.5	95.6	67.5	184.8	192.4	200.7	251.9
Defined benefit plan assets	–	–	–	0.3	0.3	0.4	0.4
Taxation	–	0.3	3.1	–	–	–	–
Total assets	17 008.4	18 280.3	19 538.7	21 490.9	24 465.9	27 421.0	30 711.4
Accumulated surplus / (deficit)	9 735.8	9 669.0	10 974.9	12 218.9	13 717.8	15 436.8	17 499.8
Capital and reserves	1 135.0	2 354.0	2 204.6	2 306.0	2 366.3	2 454.0	2 446.8
Capital reserve fund	–	68.4	68.4	75.8	99.8	99.8	99.8
Borrowings	3 404.6	2 906.8	2 657.9	3 518.0	4 752.4	5 673.9	6 580.9
Finance lease	33.3	4.3	–	2.8	–	–	–
Deferred income	127.5	209.7	221.9	230.4	220.0	209.6	199.1
Trade and other payables	2 034.1	2 418.3	2 724.9	2 735.3	2 897.3	3 135.3	3 473.7
Taxation	–	–	1.7	–	–	–	–
Provisions	538.0	587.8	648.1	403.7	412.4	411.6	411.4
Managed funds (e.g. Poverty alleviation fund)	–	62.1	36.4	–	–	–	–
Total equity and liabilities	17 008.4	18 280.3	19 538.7	21 490.9	24 465.9	27 421.0	30 711.4

Expenditure trends

Spending over the medium term will focus on building infrastructure capacity to meet projected increases in water demand.

Revenue collected by waters boards is derived mainly from the sales of bulk water to water service authorities in their areas. Between 2008/09 and 2011/12, total revenue from the consolidated sale of bulk water increased from R8.7 billion to R11.5 billion, at an average annual rate of 9.8 per cent, driven by increases in demand in the areas serviced by water boards. Over the medium term, revenue is expected to increase to R16.6 billion, at an average annual rate of 12.9 per cent, due mainly to the new tariffs in the water pricing strategy approved by the minister in 2007.

Expenditure increased from R7.4 billion to R10.3 billion between 2008/09 and 2011/12, at an average annual rate of 11.7 per cent, due to increases in the price of electricity, and higher raw water and chemical costs. The water boards made a consolidated net profit of R1.6 billion in 2011/12, which represents a decrease of 5.3 per cent over the previous year, due to higher costs associated with energy, raw bulk water and chemical costs. Expenditure is expected to increase from R10.3 billion in 2011/12 to R14.5 billion in 2014/15, at an average annual rate of 12.2 per cent. The increase is due to the combined effect of adjustments for inflation, the construction, upgrading and rehabilitation of water infrastructure, and sharp increases in the cost of electricity.

Other public entities and agencies

- The **Breede-Overberg catchment management agency** is established in terms of the National Water Act (1998) and is a schedule 3A public entity. The agency manages water resources through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users in the Breede-Overberg water management area. It ensures that water is used to support equitable and sustainable socioeconomic transformation and development. Its total budget for 2012/13 is estimated to be R19.1 million. The agency received transfers of R17.4 million for 2010/11 and R18.1 million for 2011/12 from the department. The expenditure for 2011/12 will still be covered through financial support from the department as the agency has not yet generated revenue.
- The **Inkomati catchment management agency** is established in terms of the National Water Act (1998) and is a schedule 3A public entity. The agency manages water resources through continuous engagement with all stakeholders and devolving decision making to the lowest level for the benefit of all water users in the Inkomati water management area. It ensures that water is used to support equitable and sustainable socioeconomic transformation and development. Its total budget for 2012/13 is estimated to be R54.4 million. The budget is monitored on a quarterly basis through the submission and review of quarterly reports which include financial information. The agency received R22.1 million in transfers for 2011/12 and R17.4 million in 2010/11.
- The **Water Research Commission** was established in terms of the Water Research Act (1971) and plays an important role in water research by establishing needs and priorities for research, stimulating and funding water research according to each priority, promoting effective transfer of information and technology, and enhancing the knowledge and capacity building in the water sector. Its total budget for 2012/13 is R183.9 million

Additional table: Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Sediberg bulk regional sewerage scheme. Divided into Sebokeng and Meyerton waste water treatment works	Sanitation infrastructure within the Sediberg regional municipality is old, resulting in high maintenance costs and frequent failures. Most of the existing wastewater treatment works in the system are also at capacity and will not be able to handle the planned future development. For this reason, a new Sediberg regional sanitation scheme was proposed	Tender	3 500.0	3.8	20.2	18.8	30.0	60.0	120.0	170.0
OR Tambo Mthatha bulk water supply	Abstraction point: Abstraction works, 2 pump stations and 2km of 1 700mm diameter rising mains. Water treatment works: 175 Ml/d treatment facility, upgradable in 25Ml/d modules as demand grows; 25Ml raw water reservoirs (2), 25Ml clear water reservoirs (2). King Sabata Dalindyebo district: 1 pump station, 18 command reservoirs with a total capacity of 50Ml, 208km bulk pipelines. Naledi local municipality: 2 pump stations, 8 command reservoirs with a total capacity of 39Ml, and 552km of bulk pipelines	Feasibility	2 705.0	0.9	1.7	-	-	95.0	140.0	200.0
Greater Sekhukhune district municipality regional bulk water and wastewater infrastructure in De Hoop	Reservoirs, booster pump station, rising mains different sizes, gravity mains different sizes	Feasibility	3 000.0	-	-	-	-	226.5	219.3	306.1
Mogalakwena bulk water supply	Part 1 of phase 1: Construction of 25.83km from Fofane to Seema, refurbishment of 19 boreholes at Planknek Wellfield. Part 2 phase 1 of equipping 2 new boreholes at Planknek Wellfield. Construction of bulk pipeline from Fofane to Sekuruwe. Construction of bulk pipeline to link Wellfield with raw water pipeline. Construction of new command reservoir	Construction	1 530.0	20.0	27.6	64.3	67.0	55.7	60.0	69.0
Nebo bulk water supply	30.12km 450mm steel pipe, pump station (2), 10ml reservoir and water treatment works: 10Ml/day and 12Ml/day during summer peak demand)	Construction	1 350.0	19.4	28.0	19.4	60.0	50.0	65.0	65.0
Upgrade of Vaal Gamagara scheme	Upgrade existing pipeline, water treatment works, reservoirs and pump stations	Construction	2 000.0	-	1.8	-	9.3	15.0	60.0	95.0
Nandoni: Water treatment works and distribution	Water Supply to Vhembe district municipality	Construction	2 012.0	-	-	151.6	183.0	125.0	142.9	44.5

Additional table: Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Nandoni: Pipeline	Water Supply to Vhembe district municipality	Construction	750.0	-	-	-	203.0	317.0	27.9	13.7
Mbizana regional bulk water supply	Phase 1: raw water supply system including the proposed Ludeke Dam, raw water pump station and 500mm diameter raw water rising main pipeline; 10 Ml/day upgrade and extension of the Nomlacu water treatment plant near Bizana; and initial development of the bulk treated water supply system including bulk pipelines, bulk reservoirs and a pump station	Construction	780.0	1.9	34.3	35.9	85.6	80.0	80.0	80.0
Ndlambe Dam coast bulk water supply	Construction of bulk pipeline from Grahamstown to Port Alfred and all coastal towns and reservoirs at each coastal town. Upgrade the water treatment works in Grahamstown to meet the requirements of Ndlambe Municipality. Draw water from Glen Melville Dam	Feasibility	550.0	-	-	-	23.1	30.0	55.0	75.0
Westonaria regional bulk wastewater treatment works	Wastewater treatment works comprises the upgrade and extension of the Hannes van Niekerk wastewater treatment plant to cater for the western areas of the Westonaria local municipality. This option allows for the installation of a new wastewater treatment plant, referred to as the Zuurbekom wastewater treatment plant, on the eastern side of the Westonaria local municipality to address the needs for the eastern areas. It is planned to extend the Hannes van Niekerk wastewater treatment plant with 15Ml/d, this by constructing 10Ml/d and 5Ml/d by 2015 and 2020. The new Zuurbekom plant, with a final capacity of 60Ml/d, will be constructed in 20Ml/d modules. The first phase will consist of two 20Ml/d modules. The completion target dates for Zuurbekom is 2015 and 2020. Actual flow generated will determine future phases beyond 2020	Tender	621.5	3.4	7.8	24.1	46.0	81.8	85.0	60.0
Western Highveld regional bulk water supply	Water treatment works: Refurbishment of the Bronkhorstspuit water treatment works to ensure more supply into the Western Highveld scheme. An additional 30Ml/d to be supplied into the system by Rand Water via the Mamelodi pipeline	Construction	486.0	-	1.0	12.4	30.0	40.0	51.0	60.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
R million									
Departmental infrastructure									
Mhlabatshane bulk water supply	Weir water treatment plant. Bulk pipelines	Construction	259.0	-	-	50.0	40.4	53.0	62.0
Greater Mithonjanani bulk phase 1 to 3: Bulk water supply	20ml water treatment works, 2.5ml Zimele reservoir, pump stations and booster pump stations, and rising main	Construction	589.6	27.8	1.2	34.0	40.0	54.0	60.0
Pongolapoort bulk water scheme	1.2ml per day package treatment plant, bulk mains, pump stations and 6 reservoirs	Construction	397.7	-	-	26.0	32.0	47.0	67.4
Ngebo regional bulk water supply	Raw water abstraction facility, 50ml conventional water treatment works, 300mm and 900mm diameter rising main, 10ml concrete reservoir and distribution pipelines	Construction	682.6	5.4	-	23.0	56.6	87.0	130.0
Mooihoe/Tubatse bulk water supply	1.3km of 660mm steel pipe, reservoirs, gravity mains, treatment plants	Construction	807.0	23.4	22.5	48.0	45.0	50.0	60.0
Moutse bulk water supply	Pipelines including links with existing steel tanks and reservoirs, Groblersdal west pump station, Lusaka reservoir and extensions to the Groblersdal water treatment works	Tender	382.4	-	-	23.0	40.0	50.0	55.0
Lebalelo central and north regional water supply	Water treatment works 12m/d, bulk pipelines, pump stations	Feasibility	600.0	1.4	0.4	-	-	-	-
Nzhelele Valley bulk water supply	Raise Mutshedzi Dam wall, pump station, rising main, upgrade existing main pump station, upgrade 31km main pipelines, 14 new concrete reservoirs	Feasibility	600.0	0.2	0.1	-	-	-	-
Refurbishment of Namakwa bulk water supply	Water infrastructure	Feasibility	500.7	-	-	27.4	51.0	75.0	130.0
Taung/Maledi bulk water supply	Refurbishment of existing water treatment plant at Pudimoe and constructing of 2 pump stations and the laying of 500mm pump lines and 400mm gravity lines between Pudimoe and Vryburg. Pipelines and pump stations to supply Pudimoe water treatment plant with raw water for the Greater Taung area	Construction	548.0	-	5.9	97.7	200.0	123.0	34.9
Greater Mamusa bulk water supply	Upgrade of pump station at Weir, water treatment works at Bloemhof, construct new pump station at Bloemhof water treatment works and new 58.5km rising main from Bloemhof to Schweizer-Reneke which includes 2 booster pump stations. Connect to Amalia, Glaudina and Migdol with rising mains from Schweizer-Reneke	Feasibility	410.0	-	0.8	5.5	15.0	50.0	70.0
Inyaka: Waste treatment works phases 1 - 4	Water supplied to Bohlabela district municipality	Construction	704.0	-	-	10.5	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
R million									
Departmental infrastructure									
Great Letaba River development project: phases 1 and 4	Water supplied to Mopani district municipality	Construction	560.0	-	-	29.9	8.5	21.6	148.2
Sundays River and Paterson bulk water supply	Reservoirs at Caesars Dam in Addo, where the water is sourced; upgrading of the water treatment works at Caesar's Dam in Addo; additional clear water storage reservoir in Paterson; rising main pipeline from the water treatment works at Caesar's Dam to the proposed clear water reservoir in Paterson; and 2 proposed clear water pump stations will also be constructed	Construction	73.8	-	-	16.3	16.0	6.5	-
Ibika water supply	Water will be sourced from the existing Buttenworth reservoirs and bulk supply will be constructed to the various command reservoirs in the supply area. Concrete reservoirs: 1ml (1) and 200kl (3), 150kl Pipelines: 250 (15); 200mmø over 20km, 160mmø over 26km and 110mmø over 18km	Construction	49.0	3.2	3.1	11.6	18.6	-	-
Mncwasa bulk water supply	Dam construction, water treatment works, Bulk pipelines, both pumping main and gravity mains, and reservoirs	Construction	136.3	4.3	6.4	17.6	24.0	26.5	34.4
Xhosa East bulk water supply	Weir in the Xhosa River; off channel storage; pump stations; water treatment works; rising main; command reservoirs; and bulk gravity mains	Construction	162.8	3.4	0.2	4.4	8.4	25.0	30.0
Chris Hani district municipality cluster 4 bulk water supply in Ncora Zone B	Northern scheme: Supply from Doringriver Dam, water treatment works, clear water reservoir, 93km of mains varying between 350mmø and 160mmø, 5 pump stations and four command reservoirs. North eastern scheme: Supply from groundwater, borehole development, one command reservoir; pumping mains and electricity supply. Ncora Scheme: Supply from Ncora Dam, raw water reservoir; water treatment works, clear water reservoir; 50.7km of mains varying between 250mmø and 160mmø, 4 pump stations and 3 command reservoirs	Construction	353.9	-	3.1	6.2	13.1	25.0	42.0
Chris Hani district municipality cluster 6	Dams, weirs, boreholes, reservoirs, pump stations, and bulk pipelines and surge tanks	Construction	290.7	-	3.2	8.3	9.3	35.0	40.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Chris Hani district municipality cluster 9 bulk water supply: Quthubeni bulk water supply	Bulk pipelines, concrete reservoirs, clear water storage, pump stations, upgrading of Tsomo town water treatment works	Construction	232.4	-	3.2	3.1	26.8	35.2	35.0	45.0
Xonxa Dam water supply to Lukhanji	Bulk pipelines, reservoirs, upgrade water treatment plant and pump stations	Tender	343.6	0.7	-	16.3	56.6	65.7	65.0	68.7
Hofmeyr groundwater supply	Exploration and production drilling including all related actions such as testing, licensing, water balance, geophysical survey, water analysis, legal and environmental. Borehole development such as installation of equipment. 26km pipeline to connect the source to the current municipal network in Hofmeyr	Tender	60.4	-	-	5.4	-	9.7	35.0	-
Middelburg groundwater supply	Further groundwater investigations and drilling has revealed additional sources for development. The following work has been covered: production drilling, including all the related actions such as testing, licensing, water balance, geophysical survey, water analysis, legal and environmental; borehole development such as the installation of equipment; 10km pipeline to connect the source to the current municipal network in Middelburg	Tender	20.4	-	-	5.4	6.2	8.8	-	-
Coffee Bay bulk water supply	Pump station, rising main, regional water storage reservoir, gravity mains to village reservoirs, village reservoirs, break pressure tanks, valve chambers, power line to pump station	Construction	85.0	18.3	25.3	34.2	6.2	-	-	-
Matatiele bulk water supply	Boreholes and pipelines	Feasibility	182.0	2.7	-	0.4	4.6	8.0	20.0	25.0
Mount Ayliff bulk water supply	Dam construction, water treatment works, pump station, gravity mains and reservoir	Feasibility	183.0	-	-	-	11.8	12.0	20.0	25.0
Steytlerville water supply scheme	Construction of sub-surface collector pipe in Groot River, gauging structure at Hadley Road drift, submersible pump station 1 at Hadley Road Groot River, rising mains, 2nd pump station, water treatment works, telemetry system and electricity	Feasibility	70.0	-	-	-	-	5.0	20.0	30.0
Graaff-Reinet Emergency Water Supply Scheme	Augmentation of bulk water supply to Graaff-Reinet through the further development of ground water. Drilling of further boreholes, develop boreholes and rising main to current network	Feasibility	29.4	-	-	-	-	5.0	10.0	14.4

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2010/11	2011/12
R million Departmental infrastructure								
Sudwana water supply	Dam construction in Nqabara River, water treatment works of 126kl/hour, 2ml clear water reservoir, bulk mains (rising and gravity), pump station, 3.5ml command reservoir, access road to dam	Feasibility	43.4	-	-	-	-	-
Ingquza Hill regional bulk water supply scheme	Development of a storage facility on the Mzintlavana River to provide the yield required to satisfy the water demand for the local municipality and also provide the most suitable configuration for a regional bulk scheme. Bulk Storage at an elevation of 1 150m will allow the entire local municipality to be supplied under gravity. Water treatment works will form part of the scheme from where the clear water will be pumped to a command reservoir gravitating potable water to the supply area. Approximately 290km of Primary and Secondary bulk pipelines will be required to supply the area by linking into existing reticulation supply schemes	Feasibility	954.0	-	-	-	-	-
Ngqamakhwe water supply	Water infrastructure	Feasibility	489.0	0.6	-	-	-	-
Kirkwood water treatment works	The Kirkwood area has experienced a substantial growth of population recently in terms of housing developments. Significant pressure on the existing bulk water infrastructure due to the provision of bulk infrastructure services to the new communities. These settlements have recently been converted from VIP latrines to full waterborne sanitation	Feasibility	20.5	-	-	-	-	-
Nahoon Dam / East Coast bulk water supply	Nahoon Dam East Coast bulk water supply system has been identified as a key project and reflects on its revised water services development plan. The project has the potential to catalyse the development of up to 45 000 new low cost housing opportunities and address the backlog of housing in the urban core of the metropolitan area. The first phase has the capacity to deliver 20Ml of water per day, and raw water yield will be available from a combination of the Nahoon Dam and the Wriggleswade Dam. This project also has the ability for rapid rollout	Feasibility	150.0	-	-	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Ntbankulu bulk water supply	Regional bulk water supply master planning assignment completed for the Ntbankulu municipality in 2010. There is now a need to continue with a feasibility study for the projects identified, progressing towards implementation readiness	Feasibility	245.0	-	-	-	-	-	-	-
James Kleynhans bulk water supply	The existing James Kleynhans and Waainek water treatment works are currently operating at their capacity and due to future growth rates require augmentation. The James Kleynhans water treatment works has a capacity of 10Ml/d to be increased by 10Ml/d to 20Ml/d. Further options should be considered before continuing with the project	Feasibility	57.0	-	-	-	-	-	-	-
Jagersfontein / Fauresmith bulk water supply phases 1 to 3	Water treatment works, storage reservoir, pumping mains, bulk pipelines	Construction	189.2	18.7	10.9	13.3	18.0	27.0	30.0	30.0
Mohokare bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Design	48.0	0.7	0.2	0.3	8.1	13.0	20.0	-
Tokologo regional water supply phase 1	The project comprises a 2Ml/d water treatment works, a pump station, a 42km pipeline and a clean water 2Ml/d storage reservoir	Construction	223.0	0.7	-	6.9	34.9	37.0	40.0	45.0
Sterkfontein Dam Scheme	First phase of the project scope comprises 3Ml/d water treatment works, 3Ml storage reservoir and a pumping mains (6.6 km). Phase 2 of the project entails the construction of a 45km pipeline to the rural areas of Qwaqwa	Construction	280.6	14.6	36.0	40.2	73.3	44.6	32.6	31.4
Setso bulk water supply	Raise Meulspruit Dam by 2m, upgrade Senekal and Marquard water treatment works and storage capacity. Upgrade off storage capacities in Senekal and Marquard	Design	120.7	0.7	0.2	-	13.7	10.0	20.0	30.0
Phumelela bulk water supply	Rehabilitation of existing dam, 3Ml storage reservoir, 2Ml/d water treatment plant	Design	86.7	-	-	-	11.7	18.0	25.0	30.0
Dihlabeng bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Design	97.0	-	-	1.3	10.2	20.0	25.6	35.0
Moghaka regional water scheme	Bulk water Supply for the settlements of Kroonstad, Vijoenskrone and Steynsrus these towns are experiencing acute water shortages during winter, and challenges of unreliable groundwater supply. Water treatment works, pumping mains, pump stations and storage reservoirs	Design	130.0	0.7	0.8	0.7	0.6	8.0	15.0	20.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Masilonyana bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	95.0	-	-	-	0.6	8.0	15.0	20.0
Nketoana bulk water supply	Upgrading of water treatment works, pumping mains, pipelines, pump stations and storage reservoirs	Feasibility	304.0	-	-	-	0.7	8.0	15.0	20.0
Naledi bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	140.0	-	-	-	0.5	-	-	-
Mantsopa bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	250.0	-	-	-	0.5	-	-	-
Leisemeng, Petrusburg and Koffiefontein bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	90.0	-	-	-	0.5	-	-	-
Tswelopele bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	85.0	-	-	-	0.5	-	-	-
Ngwathe bulk water supply: Phase 2	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	160.0	-	-	-	0.2	-	5.0	10.0
Greater Eston water scheme	Bulk distribution pipeline, river abstraction, pump stations and reservoirs	Construction	224.0	1.4	-	9.9	25.0	41.0	38.0	17.0
Driefontein complex bulk water supply	Pump stations, bulk water mains, reservoirs, bulk water distribution network, linkage to the 5 existing schemes and reticulation infrastructure	Construction	146.1	-	2.8	11.5	18.0	25.0	46.9	37.0
Greytown regional bulk scheme	Refurbishment of raw water pipeline, pressure management, refurbishment of existing water treatment works and a mains replacement programme	Construction	247.8	12.5	-	28.6	5.0	20.0	31.8	45.0
Emadlangeni bulk regional scheme	Gravity main, reservoirs, 2 balancing tanks and 2 pump stations	Construction	50.3	9.6	9.5	8.2	6.0	17.0	-	-
Nongoma bulk water supply	Augmentation of water treatment works and augmentation of raw water, clear water and booster pump stations. Bulk Pipelines	Construction	137.2	2.6	-	12.9	25.0	28.0	48.4	-
Mandlakazi bulk water supply	Water treatment works, pump stations, Bulk pipelines and bulk reservoirs	Construction	170.1	10.2	37.5	26.9	30.0	41.9	-	-
Hlabisa regional bulk water supply	Bulk pipelines, 3 booster pump stations and 2 main reservoirs	Construction	141.0	9.0	24.0	24.5	46.0	30.9	-	-
Dukuuku resettlement bulk water supply	Bulk pipeline, pumping mains, pump stations, treatment works, groundwater (boreholes)	Construction	123.0	-	1.0	4.1	30.4	31.0	37.0	10.0
Middledrift (Nkandla) regional bulk scheme	New water treatment works of 25.5Ml/day. Reservoirs: 24 concrete reservoirs and 31 galvanised steel reservoirs. Bulk Pipelines: 270km of new bulk pipelines will be required ranging from 50mm to 600mm diameter. Pump Stations: 10 pump stations with capacities ranging from 0.5l/s to 310l/s	Construction	140.0	-	-	-	20.0	4.0	-	50.0
Greater Bulwer Donnybrook water scheme	Dam, bulk pipeline, pumping mains, pump stations and treatment works	Feasibility	103.6	-	-	-	4.0	15.0	20.4	46.2

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Sinthumule Kutama bulk water augmentation	Construction of 16km bulk pipeline, 5.5km for B4, 5.5km for B5 and 5km for B6	Construction	455.0	15.0	14.3	16.0	33.8	35.2	40.0	45.0
Mameya Sekororo bulk water supply	Construction of a 15ML/day water treatment works at the Oaks/Willows. Construction of a 1.6km rising main pipeline to connect to the Oaks. Construction of 1.2km rising main pipeline to the Willows. Construction of 1 command reservoir with the capacity of 15ML and two substantial storage reservoirs of 400kl and 200kl	Design	214.0	10.0	-	-	35.4	31.8	40.0	47.0
Giyani bulk water supply drought relief	Solution to be finalised	Design	54.0	-	-	-	51.3	7.0	-	-
Mutash hub	Feasibility study to support the required water services for the high growth catalytic flagship projects ranging from mining, industrial, human settlement and agricultural development	Feasibility	200.0	-	-	-	1.0	-	-	-
Matoks bulk water supply	Water supply to 87 200 people. Regional bulk transfer scheme from Nandoni Dam with off take at Vuvani to supply 15 villages located approximately halfway between Polokwane and Makhado	Feasibility	880.0	0.8	0.6	-	-	-	-	-
Lephalale bulk water augmentation: Eskom	Water treatment works, reservoirs, pump stations, pipelines	Feasibility	330.0	0.2	1.8	-	-	-	-	-
Bloemendal bulk water supply	32km pipeline and 500mm in diameter and will consist of continuous welding laid in backfilled trench. Starts at the existing Rand Water Bloemendal pump station and ends at the existing Delmas reservoir. Project to be funded by Rand Water, grants and Delmas local municipality	Construction	141.0	-	-	10.0	12.0	33.2	-	-
Emalahleni water treatment works upgrade	Upgrading of the existing water treatment works and related water infrastructure for the Emalahleni local municipality to provide water to communities within the Witbank area and surrounding villages	Construction	120.0	-	-	-	34.6	25.0	36.0	20.0
Acornhoek bulk water supply	Re-commission and reconstruction of 24.5km of a pipeline	Construction	148.6	-	-	5.1	70.1	73.4	-	-
Thaba Chweu groundwater development	Borehole development in Lydenburg	Construction	8.5	-	-	-	4.5	-	-	-
Hoxane bulk water supply: Inyaka Marite)	Water treatment facility to enable the provision of potable water to communities in Bushbuckridge and Mbombela-Nsikaze. The project has co-funding from the Mbombela and Bushbuckridge municipalities.	Tender	14.2	3.0	-	-	-	5.5	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2010/11	2012/13
R million								
Departmental infrastructure								
Lowveld bulk water scheme	Carry out an assessment of bulk water infrastructure in the province in the Nkangala, Gert Sibande and Ehlanzeni districts, with specific focus on new or consolidated regional bulk infrastructure that could extend across municipal borders to cover large areas. Inyaka Dam to supply Whiteriver and Ntsikazi west, and bulk supply to Emakhazeni	Feasibility	250.0	-	2.6	1.5	-	-
Driekoppies water treatment works upgrading	Upgrading of the existing water treatment works in Nkomazi local municipality to provide water to communities within the Driekoppies area and surrounding villages. The upgrading is from 20Ml/day to 25Ml/day for 200 000 people. Extending bulk to Langoeloop	Feasibility	93.0	-	-	-	6.0	10.0
Northern Nzikazi water treatment works	Construction of new water treatment works in Mbombela to provide clean drinking water to communities within the north Nzikazi area. There is also a possibility of extending Hoxani treatment works in Bushbuckridge to accommodate the need for water in the Northern Nzikazi area. Construction of bulk treatment works	Feasibility	45.0	-	-	-	3.0	10.0
Sibange water treatment works	Construction of a new water treatment works in Mbombela to provide clean drinking water to communities within the Sibange area. Bulk 10Ml/day to supply Mgobodzi, Madadeni, Magudu and Sibange	Feasibility	80.0	-	-	-	6.0	10.0
Eerstehoek water treatment works	Regional water scheme will comprise upgrading of Eerstehoek water treatment works from a capacity of 13.4Ml/day to 30Ml/day. This will also include the construction of bulk infrastructure to convey water from Eerstehoek to Ekulindeni, which will also service the areas that require water supply for Tjakastad, Moolplaas and Elukwatini areas	Feasibility	65.0	-	-	-	5.0	12.0
Metula/Empuluzi water treatment works	Feasibility or implementation readiness study on upgrading various Water treatment works, bulk water pipelines and the upgrading of storage facilities in Gert Sibande district municipality. It is planned that the project will supply water to satisfy the 2030 planning horizon for Albert Luthuli, Mkhondo and Msukaligwa local municipalities	Feasibility	39.5	-	-	-	5.0	12.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
R million									
Departmental infrastructure									
Ernelo North water treatment works	Feasibility study to assess the suitable option for the provision of water to a population of between 170 000 and 205 602 by 2030 based on a consumption of 200l/c/d. It is planned that water will be pumped to Waberton, Chissiesmeer and Breyton	Feasibility	89.0	-	-	-	6.0	15.0	17.0
Greylingstad water treatment works	High demand for water in Baifour, Siyathemba, Greylingstad/Willemdal and Nthorwane. The current supply is presumably sufficient to cater for the Grootvlei power station and surrounding households. The study aims to investigate the appropriate solution to provide water to the study area and also determine the relationship with the waste water treatment works	Feasibility	103.0	-	-	-	6.0	15.0	20.0
Western Highveld regional bulk	Pipelines	Feasibility	350.0	1.4	-	-	5.0	15.0	20.0
Thembisile/Mloto bulk pipeline	Regional water scheme to supply water to Nokeng Tsa Tsa local municipality and develop 500 houses	Feasibility	40.0	-	-	-	3.0	15.0	13.0
De Aar bulk water supply	Development of 15 undeveloped production boreholes to the north of De Aar in the Blaauwkrans borehole field. Equipping boreholes with pumps and installing collecting pipelines, a booster pump station and a rising mains to De Aar (26.75km). No conventional treatment will take place, only disinfection at the boreholes	Design	42.6	-	-	-	15.0	24.0	-
Oranje River, Colesberg, Noupoot bulk water supply	Umsobomvu bulk supply scheme. Phase 1: Pipeline from Orange River to Colesberg water treatment works. Phase 2: Upgrading and extension of Colesberg water treatment works. Phase 3: Pipeline from Colesberg to Noupoot. Phase 4: Upgrade of wastewater treatment works	Construction	184.8	-	12.8	12.0	44.0	30.0	38.0
Bulk water supply to Hopetown: Thembelihle	Pipelines, upgrading of water treatment works, boreholes, storage and pump stations.	Tender	32.5	-	-	-	20.0	5.0	-
Tsantsabane bulk water supply	Upgrade of the existing water and sewerage bulk infrastructure in the Postmasburg area. With the development of the new Sishen South mine from Khumba, Postmasburg has been identified as an area for residential development and has become one of the growth points in Northern Cape. The current bulk infrastructure cannot accommodate these developments	Construction	44.9	-	0.4	15.3	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Riemvasmaak water supply	Pipeline, intake works at the river with pumps, water treatment package plant, pump station and a balancing reservoir	Construction	3.0	-	-	-	3.0	-	-	-
Bulk water supply to Kenhardt	Raw water pump station capacity of 45ℓ/s. Raw water rising main of 3.02km. Small booster pump for Lennertsville: 10ℓ/s @ 15m. Water treatment plant 120m ³ /h. Storage Reservoir: 944kℓ. Booster pump station: 22ℓ/s. Rising main: 28.1km 300kℓ sectional steel tank elevated to 6m. Gravity main: 42.4km	Handed over	69.2	-	14.0	51.0	4.2	-	-	-
Heuningvlei / Moshaweng Bulk Water Supply	Additional borehole resource development, redrill and rehabilitate existing boreholes; develop new boreholes. Reservoirs: 500Mℓ (3) and 1.3 (1). Chlorination injection plant, water pipes, booster pump stations, cattle drinking troughs, stand tank, drinking troughs and stand pipes	Construction	114.0	1.0	1.5	-	23.0	48.5	20.0	9.0
Kammiesberg / Namakwa pipeline ext	Pump stations, pipelines and reservoirs	Feasibility	48.0	-	-	-	0.5	-	-	5.0
Hantam desalination plant	Installation of a new desalination plant in Brandvlei and associated infrastructure	Feasibility	28.0	-	-	-	0.8	-	8.8	19.0
Bulk water supply to Port Nolloth	Desalination plant, reservoirs, pump stations	Feasibility	27.0	-	-	-	-	8.0	17.0	-
Pixley ka Seme bulk water supply in Free State	Feasibility study for district municipal area	Feasibility	-	1.6	2.0	0.9	3.3	-	-	-
Windsorton to Holpan bulk water supply	The provision of bulk water supply to the community of Holpan. Project consists of the construction of new raw water storage dam, new 47kℓ/hour module, new wash water recovery ponds, new 160mmØ rising main to Holpan and an elevated reservoir and related electrical and mechanical works	Feasibility	20.0	-	-	-	-	-	14.0	6.0
Madibeng bulk water supply	Upgrade water treatment plant	Design	270.0	-	3.0	12.8	15.4	5.0	25.0	45.0
Ventersdorp bulk water supply	Upgrade water treatment works, bulk pipelines, pump stations and 5Mℓ reservoir	Design	24.0	-	0.6	0.1	5.0	15.0	3.3	-
Bojanala regional water supply	Feasibility study for Bojanala area	Feasibility	380.0	-	-	-	0.6	-	15.0	30.0
Ratou local municipality bulk water supply	Upgrade water treatment works at Setumo Dam, pipelines, reservoirs, boreholes as an alternative to the construction of the Setlagole Dam and pump stations	Feasibility	240.0	-	-	-	3.0	4.0	11.0	30.0
Provincial Water Provisioning and management plan	Provincial master plan	Feasibility	1.2	-	-	0.6	0.0	-	-	-

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2010/11	2012/13
R million								
Departmental infrastructure								
Ngaka Modire district municipality regional water supply	Reservoirs, pipelines, pump stations and boreholes	Feasibility	250.0	-	-	3.0	-	-
Pietermaritzburg North bulk water supply	Extend capacity of Vaalkop water treatment works, new pump station. North: New bulk water pipelines from Vaalkop water treatment works to Tussenkomst. Infrastructure includes new reservoirs at La Patrie and at Tuschenkomst. South: New pipeline from Evergreen along the Elands river past Sun City to Ledig and Wesizwe and a pipeline from there to provide water to Boshok in the Rustenburg local municipality and Xstrata	Feasibility	270.0	-	-	-	15.0	40.0
Wolmaransstad wastewater treatment works	Upgrade existing 4.5Ml/day treatment works to 9.5Ml/day to meet the current and projected future effluent treatment requirements to avert environmental pollution as a result of overflowing of high volume of untreated effluent. A sewer pump station will also be upgraded in Lebaleng and the rising main from Lebaleng to the wastewater treatment works	Feasibility	69.5	-	-	-	-	-
Pietermaritzburg South bulk water supply	Extend capacity of Vaalkop water treatment works and a new pump station. North: New bulk water pipelines from Vaalkop water treatment works to Tussenkomst. Infrastructure includes new reservoirs at La Patrie and at Tuschenkomst. South: New pipeline from Evergreen along the Elands river past Sun City to Ledig and Wesizwe, and a pipeline from there to provide water to Boshok in the Rustenburg local municipality and Xstrata	Feasibility	200.0	-	-	-	5.0	20.0
Mafikeng South bulk water supply	Approximately 30% of the population have no access to basic acceptable water supply. Major housing developments required to address acute housing shortages cannot proceed due to lack of bulk water supply infrastructure. Upgrading water treatment works, pipelines, reservoirs and pump stations to augment bulk water supply to Mafikeng	Feasibility	300.0	-	-	-	5.0	40.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Leeudoringstad waste water treatment works	Existing sewage treatment works and the bulk transportation infrastructure incapable of handling the current hydraulic or the organic sewage loads from the Leeudoringstad and Kgakala communities. Project will provide a new sewage treatment works and bulk transportation infrastructure to not only handle and treat the sewage, but to efficiently discharge and utilise the final effluent	Feasibility	50.0	-	-	-	-	-	-	-
Clanwilliam/Lambertsbaai regional water supply	Desalination of sea water and upgrading of bulk supply system from Clanwilliam	Construction	67.5	0.4	2.5	6.3	25.0	-	-	-
Tulbagh bulk water supply	Diversion works and pipeline, reservoir	Construction	58.0	0.4	5.0	11.1	12.0	30.0	-	-
Drakenstein wastewater treatment plant	Wastewater treatment plant	Construction	29.0	-	1.0	6.0	12.0	6.0	-	-
Hermanus wastewater treatment works	Hermanus wastewater treatment works needs an urgent upgrade, housing development has been suspended due to lack of capacity. The municipality has secured a partial loan and is about to start the project	Design	11.0	-	-	-	3.2	3.0	5.0	-
George bulk water supply augmentation	Pumping scheme, dams and pipelines	Construction	129.0	0.4	7.0	17.2	5.5	3.0	-	-
West coast desalination plant	A 8.5Ml/day desalination plant and associated work	Design	112.8	0.4	-	-	4.0	9.0	53.0	-
Grabouw wastewater treatment works	The Grabouw wastewater treatment plant needs urgent upgrade, housing development has been suspended due to lack of capacity	Feasibility	17.1	-	-	-	0.4	5.5	8.5	-
Hermanus bulk water supply	Bulk pipelines	Feasibility	21.3	-	-	-	0.2	-	-	-
Swellendam wastewater treatment works	An upgrade of 6 Ml/day of the existing plant is required	Feasibility	23.2	-	-	-	0.3	11.6	11.6	-
Struisbaai wastewater treatment works	Present sewage system of septic and conservancy tanks has become a logistical emptying problem for tanker services over peak seasons and the risk of ground water and surface pollution is increasing. Upgrade of wastewater treatment works	Feasibility	11.1	-	-	-	0.3	5.6	5.6	-
Calitzdorp and Ladismith wastewater treatment works	Upgrade of wastewater treatment works urgently required. The plant was refurbished 3 years ago but needs to be urgently increased in sewage treatment capacity, which was not increased since 360 new homes were developed	Feasibility	18.4	-	-	-	0.4	-	-	-
Kannaland Dam relocation	Existing dam is leaking significantly and has been declared unsafe. A new dam is required to replace the old dam	Feasibility	20.0	-	-	-	0.8	-	5.0	6.0
Bitou cross-border bulk	Pumping schemes and pipelines, reservoirs alternative water resources	Feasibility	120.0	-	-	-	-	-	3.5	10.0

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Outdishoorn groundwater supply	Borehole wells and connecting pipelines	Feasibility	67.0	-	-	-	1.0	8.0	13.2	10.0
Vanrhynsdorp raw water	Storage reservoir of 7MI	Feasibility	17.0	-	-	-	0.2	8.1	8.9	-
Klaarwater bulk water supply	Need additional filters capacity for treatment work for phase 2 of housing development. Upgrade the treated water for both phases of housing. Treated water reservoir of 2MI and rising main to supply Vanrhynsdorp	Feasibility	12.0	-	-	-	0.2	2.0	4.0	-
Citrusdal wastewater treatment works	Present demand is 1.5MI/day, the plant was designed for 0.9 MI/day. The existing works will be scrapped because they are also in the flood area. An urgent new wastewater treatment works with higher capacity of 4 MI/day is urgently required	Feasibility	26.3	-	-	-	0.3	13.2	13.2	-
Clanwilliam water treatment works	Abstraction works and new water treatment works	Feasibility	16.0	-	-	-	0.5	1.5	8.0	-
Paarl bulk sewer	Bulk effluent pipeline 1070mm in diameter	Feasibility	56.0	-	-	-	0.3	-	10.0	16.0
Worcester bulk water supply	Extend 711mm steel pipe from dam to Dwarsberg by 2.5km, provide 813mm steel pipe from Dwarsberg to Pokkraal for 9km, additional pump set at booster pump station, supply and install 315mm pipe to Rawsonville and construct 2MI concrete reservoir	Feasibility	62.7	0.2	0.6	-	0.3	18.0	18.7	30.0
Stellenbosch wastewater treatment works	The project involves the refurbishment and significant increase in capacity of the wastewater treatment works	Feasibility	100.0	-	-	-	2.0	5.0	10.0	20.0
Beaufort West bulk water supply	Ground water exploration, development of boreholes and connection pipelines	Feasibility	5.0	-	-	-	0.8	1.9	2.5	-
Olifants River water resources development project: Phase 2a, De Hoop Dam	Water supply to new mining developments, water supply to Polokwane supplemented and water supply for primary use to various communities	Construction	3 075.0	597.6	645.0	670.4	587.4	324.4	49.4	-
Olifants River water resources development project: Bulk distribution system	Bulk distribution works and supply	Design	13 114.0	2.0	74.3	315.1	95.0	705.4	780.8	802.5
Dam safety rehabilitation programme	Dams rehabilitated and dam safety work done	Construction	2 650.0	435.3	370.1	376.4	365.9	478.8	396.4	461.7
Olifants Doorn River water resources project: Raising of Clanwilliam Dam	Existing dam rehabilitated and water supply augmented	Design	2 152.0	-	-	0.1	12.5	58.0	362.5	592.9

Additional table: Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R million										
Departmental infrastructure										
Mokolo and Crocodile River West water augmentation project: Phase 1 and 2	Augmented water supply to new power stations, extended mining activities and growing population	Design	1 989.0	-	30.1	132.9	272.3	100.1	117.8	106.9
Great Letaba River development project: Raising of Tzaneen Dam (Phase 2) and Nwamitwa Dam (Phase 3)	Projected growing primary supply requirements met, water availability for the riverine ecosystem improved and water availability for irrigation stabilised including resource poor farmers	Feasibility	1 966.0	-	-	-	13.8	83.6	336.2	275.9
Mzimikulu off-channel storage	Reliable water supply to northern part of lower KwaZulu-Natal south coast during dry periods	Feasibility	262.0	-	-	-	-	-	-	89.1
Sunday River government water scheme in the Lower Sundays	Canal system extended, particularly to provide irrigation water to resource poor farmers	Feasibility	445.0	-	-	-	-	-	-	42.6
Mvoti River: Isithundu Dam	Water supply to domestic and industrial users in lower Mvoti basin area secured	Feasibility	693.0	-	-	-	-	-	-	125.4
Violsdrift Dam	Yield of Orange River increased to cater for increasing demand	Feasibility	798.0	-	-	-	-	-	-	160.7
Mdloti River development project: Raising of Hazelmere Dam	Water supply to Umgeni Water for treatment augmented for KwaZulu-Natal north coast	Design	110.0	-	0.1	17.1	49.1	43.1	-	-
Total			68 982.3	1 291.8	1 510.0	2 453.6	3 536.2	4 755.7	5 157.3	6 215.6

