

Vote 33

Transport

	2005/06 To be appropriated			2006/07	2007/08
MTEF allocations of which:	R7 602 159 000			R8 243 228 000	R9 265 089 000
	<i>Current payments</i>	<i>Transfers</i>	<i>Capital payments</i>		
	R534 675 000	R7 057 209 000	R10 275 000		
Statutory amounts	-			-	-
Responsible minister	Minister of Transport				
Administering department	Department of Transport				
Accounting officer	Director-General of Transport				

Aim

The aim of the Department of Transport is to establish a national transport system that enables national, provincial and local provision of efficient, affordable and fully integrated infrastructure and services that best meet the needs of transport users and promote economic and social development while being environmentally and economically sustainable.

Programme purpose and measurable objective

Programme 1: Administration

Purpose: Provide proactive support services to cost-effectively increase the efficiency of the department and the ministry, and strategically lead and manage the provision of fleet management services to government.

Programme 2: Transport Policy and Regional Integration

Purpose: Develop strategic, outcome-focused and innovative policies; monitor the outcomes and impacts of policies; provide economic advice, analysis and intelligence across all transport modes; manage a national innovative research and development programme for all modes; and lead the regional and international transport integration activities in partnership with other African countries and the rest of the world.

Measurable objective: Develop and implement policies that will result in an efficient transport system by extending access to transport services, reducing travel times, improving transport service quality, and promoting greater integration and co-ordination between transport modes and service providers. Improve regional transport infrastructure through promoting and delivering missing links in the transport network, under NEPAD.

Programme 3: Transport Regulation and Public Entity Oversight

Purpose: Create an enabling environment for regulating all transport modes, and develop appropriate mandates and monitoring mechanisms for public entities reporting to the Minister of Transport.

Measurable objective: Develop, implement and maintain sector strategies and regulatory frameworks to promote enhanced performance by regulators and public entities, effective safety regulation, security, and efficient and sustainable service provision across all modes.

Programme 4: Integrated Planning and Inter-sphere Co-ordination

Purpose: Provide leadership in transport planning and in the provision of transport infrastructure that supports equitable economic, social and regional development in line with national strategic objectives.

Measurable objective: Improved and strengthened relationships with other delivery partners, spheres of government and transport agencies to ensure fully established, integrated transport plans that will improve and guide the provision of transport infrastructure and services for social, economic and regional development.

Programme 5: Freight Logistics and Corridor Development

Purpose: Develop and implement an integrated freight logistics strategy for South Africa and the Southern African region.

Measurable objective: Efficient freight logistics operations that ensure the speedy, cost-effective and reliable movement of goods along a regional network of freight movement corridors, supported by integrated freight infrastructure planning, adequate infrastructure investment, and a national freight information system.

Programme 6: Public Transport

Purpose: Develop practices and norms that will increase access to appropriate and quality public transport to meet the socio-economic needs of both rural and urban passengers.

Measurable objective: Increased provision of safe, reliable and more affordable public transport, targeted to benefit the most vulnerable passengers.

Strategic overview and key policy developments: 2001/02 – 2007/08

The overarching objective of the Department of Transport is the sustainable and efficient movement of people and goods, locally, in the SADC region and internationally, in a transport system that responds to the needs of both the first and second economies. As an enabler of economic growth, social inclusion and poverty alleviation, the transport system is important to South Africa's development. The affordable and efficient movement of people aids participation in socio-economic activities, while the efficient and cost-effective movement of goods is critical to the growth and development of the economy and broadened access to markets.

During 2004, the Department of Transport was restructured and refocused its strategic approach. As a result, the number of programmes has been reduced from eight to six. The main changes are: the introduction of the new *Programme 5: Freight Logistics and Corridor Development*; the consolidation of all of the regulatory functions (previously in programmes 3, 5 and 8) into a single programme, *Programme 3: Transport Regulation and Public Entity Oversight*; and the consolidation of the planning and infrastructure functions (previously in programmes 2 and 7) into the new *Programme 4: Integrated Planning and Inter-sphere Co-ordination*. Key elements of the new strategic approach include:

- restructuring public transport subsidies to better target poorer commuters irrespective of the mode of transport, and to align subsidised transport services to support municipal integrated transport plans
- streamlining the freight logistics network along key freight movement corridors by promoting infrastructure investment and improved operational efficiency
- increasing investment in transport infrastructure, both through increased public investment in road and rail infrastructure, and through PPPs
- building capacity to monitor and oversee the public entities that report to the Minister of Transport
- developing the regulatory systems and capacity required to ensure that operators in the transport sector meet the required safety and security standards, and to establish a single economic regulator for the transport sector
- ensuring that the transport sector contributes to government's broad priorities of creating jobs and promoting BEE.

Public transport (rail, bus and taxi)

The chief objectives for a sustainable public transport system are to improve the public transport system, broaden access to affordable transport, and stimulate economic activities.

Public transport subsidies do not reach the right commuters, such as the elderly, school-going children and the poor. Currently, over 60 per cent of all commuter traffic is carried by the taxi industry in an ageing fleet. The balance is carried by subsidised rail (15 per cent), which faces a backlog in investment in infrastructure, and a bus system (20 per cent) with an often-misaligned route network. Key challenges include transforming the minibus taxi industry through the taxi recapitalisation project, investing in passenger rail infrastructure and restructuring passenger rail services, and appropriately targeting public transport subsidies.

During 2004, Cabinet approved a revised approach to the recapitalisation of the taxi fleet, to address safety standards and enforcement and to replace the ageing fleet over a seven-year period. The original taxi recapitalisation project was based on the supply of new 18- or 35-seater taxi vehicles with expensive electronic management systems. The cost of these new vehicles proved to be prohibitive, and the project would have put many taxi operators out of business. The new approach prescribes moderate but effective safety features, a scrapping allowance for the old vehicles, and better law enforcement. Rolling out the revised taxi recapitalisation project will require robust and reliable systems for administering the allowance for scrapping old vehicles. Significant funding has been allocated for this project in the new Budget, and the first scrapping allowances will be paid out during 2005. With the new approach, new vehicles will be more affordable and will meet the safety and service requirements of the taxi industry.

Passenger rail services are currently provided by a number of operators (South African Rail Commuter Corporation Ltd, Metrorail and Shosholozza Meyl). These services are being restructured into a single operator to make passenger rail more efficient and economical.

The department is currently reviewing the public transport subsidy system in order to more equitably fund public transport operations by targeting the poor, providing equal opportunities and promoting competition among the providers of public transport services.

Freight

The South African economy has grown faster than the rate of investment in transport infrastructure. As a result, future growth and improvements in service delivery will be constrained by the state of the current infrastructure. An unreliable rail network, reliance by many exporters on

more costly road freight, and the poor throughput at most South African ports is not entirely because of inadequate infrastructure, but is also linked to outdated managerial and operational practices.

A freight logistics strategy has been drafted to inform the necessary investment in infrastructure and to identify operational improvements to eliminate bottlenecks in the freight logistics system. The establishment of an independent ports regulator is also expected to have a positive impact on the efficiency of freight logistics.

Transport infrastructure (road and rail)

The Department of Transport is continuing to work on integrating and improving the road network, ensuring that it is well developed, maintained and safe. Through the December 2004 draft road infrastructure strategic framework, the department will ensure that road development planning and investment is conducted in a strategic and integrated manner. An additional amount of R500 million has been allocated in the 2005 Budget for national road infrastructure and road infrastructure co-ordination in 2007/08. Additional funding for provincial roads in 2007/08 is also included in the Provincial Infrastructure Grant. Representatives of the three spheres of government will develop a road infrastructure development plan through the roads co-ordinating body to ensure co-ordination in the identification of road upgrading projects.

In partnership with provinces, the department is revitalising a number of strategic rail branch lines. This is in response to the decision taken at the 2003 Cabinet *lekgotla* to prevent the deterioration of rail branch lines that are critical to the economic and social sustainability of towns and to the development of regions in the vicinity of the lines. Work is nearing completion on the Kei Rail line in the Eastern Cape, and preliminary work has started on improving the Nkwaleni line in KwaZulu-Natal and the Belmont-Douglas line in the Northern Cape.

Transport regulation

Regulating safety and security in the transport sector is an emerging priority for the department. Particular priorities are safety in road transport and traffic operations. Implementing the Road to Safety strategy during 2004 involved: revising alcohol and breath limits and the K53 drivers' licence test; presenting road safety education programmes in schools; establishing a traffic call centre; running ongoing media and advertising campaigns; upgrading driving licence testing centres; setting up multi-purpose road blocks in Operation Juggernaut; and introducing mobile card verification devices for road traffic enforcement. Progress has been made with a new question bank for the learner's licence, reducing fraud and corruption in issuing drivers' licences, improving incident management systems, and periodic vehicle testing.

The Airports Company of South Africa and the South African Rail Commuter Corporation are improving their security functions. The department is working on plans for regulating security as well, and has taken over the Maritime Security Co-ordination Centre. Partial funding of a pilot project in the Western Cape for the South African Police Service to provide rail security services was approved, capacity was created to oversee security at airports, and investments are being made in security-related infrastructure at airports.

The department plans to expand economic regulation across the transport sector. It is considering creating a transport economic regulator to regulate operators' access to transport infrastructure and operators' tariffs across all modes of transport.

Job-creation and BEE

Promoting infrastructure investment in the transport sector will include a strong focus on job-creation and using labour-intensive construction methods. This will be co-ordinated through the

implementation of the road infrastructure strategic framework, the national overload control strategy and the rural transport development strategy.

During 2004, the department began developing broad-based BEE strategies and charters for eight of the transport sectors. These will make a significant contribution towards economic growth, job-creation, skills development and poverty alleviation.

Expenditure estimates

Table 33.1: Transport

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05				
1. Administration	48 322	57 505	65 209	78 551	78 247	120 532	127 200	133 346
2. Transport Policy and Regional Integration	17 969	45 710	15 823	31 523	30 317	26 770	27 428	30 678
3. Transport Regulation and Public Entity Oversight	172 985	262 550	309 003	394 808	385 094	316 951	333 954	349 331
4. Integrated Planning and Inter-sphere Co-ordination	1 111 633	1 255 297	1 356 153	1 557 862	1 542 112	1 833 303	1 987 357	2 572 335
5. Freight Logistics and Corridor Development	1 549	1 897	29 942	8 695	2 251	19 023	24 771	15 508
6. Public Transport	3 584 470	4 087 066	4 447 200	4 697 732	4 696 169	5 285 580	5 742 518	6 163 891
Total	4 936 928	5 710 025	6 223 330	6 769 171	6 734 190	7 602 159	8 243 228	9 265 089
Change to 2004 Budget estimate				10 127	(24 854)	476 732	658 728	1 301 364
Economic classification								
Current payments	217 952	353 064	362 246	515 323	484 344	534 675	498 503	503 377
Compensation of employees	40 741	53 044	63 268	99 633	93 809	111 318	118 083	123 989
Goods and services	177 211	300 020	298 978	415 690	390 513	423 357	380 420	379 388
<i>of which:</i>								
<i>Consultants and contractors</i>	129 311	267 155	257 635	337 339	312 162	359 754	313 151	308 753
<i>Travel and subsistence</i>	16 925	10 096	11 737	29 049	29 049	21 588	22 795	23 929
<i>Communication</i>	3 166	3 115	3 785	6 005	6 005	5 504	5 802	6 099
<i>Inventory</i>	5 675	3 048	4 875	10 504	10 504	9 844	10 455	10 976
Financial transactions in assets and liabilities	–	–	–	–	22	–	–	–
Transfers and subsidies to:	4 715 091	5 355 199	5 827 424	6 231 395	6 227 443	7 057 209	7 731 789	8 750 178
Provinces and municipalities	38 245	39 925	21 178	2 399	229	350	370	388
Departmental agencies and accounts	1 088 371	1 222 016	1 353 033	1 530 836	1 530 836	1 888 020	2 041 458	2 623 830
Universities and technikons	6 773	8 253	9 475	8 106	8 106	6 684	7 085	7 439
Foreign governments and international organisations	689	3 828	3 958	4 970	4 271	4 170	4 420	4 641
Public corporations and private enterprises	3 579 656	4 074 328	4 428 648	4 671 290	4 671 290	4 996 579	5 396 375	5 811 194
Non-profit institutions	1 302	6 779	10 542	13 709	12 536	11 306	11 975	12 575
Households	55	70	590	85	175	150 100	270 106	290 111
Payments for capital assets	3 885	1 762	33 660	22 453	22 403	10 275	12 936	11 534
Buildings and other fixed structures	–	–	28 000	17 938	17 938	7 249	9 779	8 221
Machinery and equipment	3 885	1 762	5 660	4 515	4 465	3 026	3 157	3 313
Total	4 936 928	5 710 025	6 223 330	6 769 171	6 734 190	7 602 159	8 243 228	9 265 089

Expenditure trends

Overall expenditure is expected to continue to increase rapidly, rising from R4,9 billion in 2001/02 to an expected R9,3 billion in 2007/08, an average annual increase of 11,1 per cent. Subsidies for public transport and funding for road infrastructure continue to drive expenditure. Bus and rail subsidies, including capital expenditure on rail, are expected to grow by 7,6 per cent per year between 2004/05 and 2007/08, following growth of 9,4 per cent per year between 2001/02 and 2004/05. In the 2005 Budget, additional allocations were made for passenger rail infrastructure: R100 million for 2006/07 and R250 million for 2007/08.

Expenditure on national roads has grown steadily in recent years, increasing by 10,6 per cent annually from R1,1 billion in 2001/02 to R1,5 billion in 2004/05. Over the next three years it is expected to grow even faster, increasing at an annual average rate of 24,3 per cent, to an estimated R2,5 billion in 2007/08. In the 2005 Budget, an additional allocation of R500 million was made for national road infrastructure and road infrastructure co-ordination in 2007/08.

The 2005 Budget also set out allocations for taxi recapitalisation of R250 million, R315 million and R320 million for each of the next three years. This will take the average annual increase in expenditure on public transport to 9,5 per cent per year.

Further additional allocations were set out in the 2005 Budget of R273,4 million for 2005/06, R293,2 million for 2006/07 and R283,3 million for 2007/08. These are for public transport policy, overload control, freight logistics, transport regulation, improved public entity oversight and VAT adjustments for the South African National Road Agency and the South African Rail Commuter Corporation.

The restructuring of the department to accommodate new strategic priorities is reflected in changes in the programme structure and expenditure patterns between programmes. In particular, the new *Programme 5: Freight Logistics and Corridor Development* reflects significant growth off a very low base. The consolidation of the transport regulatory functions and the planning and infrastructure functions have resulted in a set of programmes with more clearly defined objectives.

Departmental receipts

Departmental receipts arise mainly from dividend payments from the Airports Company of South Africa (ACSA), in which the department is a shareholder, and from shared revenue from salvage tugs, which are responsible for oil pollution prevention services.

Total revenue during 2001/02 was only R29,3 million. However, in that year, the dividend income of R78,3 million from Acsa was not reflected in the financial records of the department, but paid directly into the National Revenue Fund. Since then, revenue has varied, rising to a high of R330,8 million in 2003/04 as a result of unexpectedly high dividends from ACSA. Earnings from the shared revenue from salvage tugs has decreased since a new contract was awarded for only one salvage tug in September 2003 instead of the usual two.

Total revenue is forecast to grow steadily over the next three years to reach R208,7 million, due largely to the projected inflation-linked growth in dividends.

Table 33.2: Departmental receipts

R thousand	Receipts outcome			Adjusted appropriation	Medium-term receipts estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05			
Sales of goods and services produced by department	25 800	37 725	34 063	22 230	24 230	26 410	27 221
Interest, dividends and rent on land	3 260	119 291	246 180	144 450	158 280	172 500	181 125
Financial transactions in assets and liabilities	194	418	50 544	212	278	300	315
Total	29 254	157 434	330 787	166 892	182 788	199 210	208 661

Programme 1: Administration

Administration provides for the strategic leadership of the department by the minister and the department's senior management, as well as for various activities associated with organising, managing and administering the department. The programme also plays a role in building capacity, supporting identified centres of development among the tertiary institutions that provide transport-related education, and supporting the transport SETA.

Expenditure estimates

Table 33.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05			
R thousand							
Minister ¹	646	691	875	791	843	898	942
Management	10 761	11 575	15 819	23 684	53 956	56 367	58 904
Corporate Services	36 915	45 239	48 515	54 076	65 733	69 935	73 500
Total	48 322	57 505	65 209	78 551	120 532	127 200	133 346
Change to 2004 Budget estimate				1 800	39 546	41 599	43 465

¹ Payable as from 1 April 2004. Salary: R633 061. Car allowance: R158 265.

Economic classification

Current payments	40 702	47 239	53 167	68 063	112 257	118 455	124 166
Compensation of employees	18 779	22 922	25 535	33 665	46 198	49 006	51 457
Goods and services	21 923	24 317	27 632	34 398	66 059	69 449	72 709
<i>of which:</i>							
Consultants and contractors	8 175	9 025	8 425	12 833	42 911	44 930	46 962
Travel and subsistence	4 268	4 826	5 473	6 682	7 172	7 610	7 988
Communication	2 207	2 455	3 041	3 463	3 719	3 935	4 136
Inventory	1 229	1 387	1 363	1 925	2 066	2 193	2 300
Transfers and subsidies to:	6 862	8 504	9 942	8 441	6 927	7 341	7 708
Provinces and municipalities	34	181	227	250	143	150	158
Universities and technikons	6 773	8 253	9 475	8 106	6 684	7 085	7 439
Households	55	70	240	85	100	106	111
Payments for capital assets	758	1 762	2 100	2 047	1 348	1 404	1 472
Machinery and equipment	758	1 762	2 100	2 047	1 348	1 404	1 472
Total	48 322	57 505	65 209	78 551	120 532	127 200	133 346

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
Details of transfers and subsidies:							
Universities and technikons							
Current	6 773	8 253	9 475	8 106	6 684	7 085	7 439
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	6 773	8 253	9 475	8 106	6 684	7 085	7 439
Total universities and technikons	6 773	8 253	9 475	8 106	6 684	7 085	7 439

Expenditure trends

Expenditure has grown rapidly, rising from R48,3 million in 2001/02 to R78,6 million in 2004/05, an annual average increase of 17,6 per cent per year. This growth is due to the creation of additional subdivisions, such as legal, internal audit and secretarial services. Over the next three years, expenditure is expected to grow even faster, at an annual average rate of 19,3 per cent per year, as result of the creation of additional posts for senior managers and the allocation of annual amounts, averaging R30,2 million per year, for communications and fraud prevention.

Programme 2: Transport Policy and Regional Integration

The *Transport Policy and Regional Integration* programme, previously *Programme 4: Transport Policy*, is responsible for developing and monitoring policies that cover all transport modes and users as well as for leading the department and its agencies in regional and international transport integration activities. The expanded focus on the region is in line with the objectives of NEPAD and reflects the strategic importance of regional transport networks. The programme uses multiple sources of data (including economic data, survey information on customer needs, and international benchmarking) to inform policy development, monitor and refine existing policies and implementation programmes, promote the development of regional transport infrastructure networks, and inform strategic decision-making.

It consists of three subprogrammes:

- *Transport Policy and Impact Monitoring* ensures policy development that is strategic, outcome focused, integrated, inclusive, flexible and innovative, and monitors the impact and performance of the transport system.
- *Transport Economic Analysis* collates and analyses critical supply and demand-side data for all modes of transport, and provides economic intelligence data (and the opportunity costs) for the department's priority areas.
- *Regional and International Transport Integration* promotes South African transport interests in the rest of the world by developing and co-ordinating sound bilateral relations, and also through involvement in various multilateral forums with a special focus on Africa.

Expenditure estimates

Table 33.4: Transport Policy and Regional Integration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
Transport Policy and Impact Monitoring	16 220	44 635	13 107	25 334	13 161	12 510	13 142
Transport Economic Analysis	–	–	1 860	3 390	4 887	5 686	7 836
Regional and International Transport Integration	1 264	498	856	1 907	4 405	4 656	4 885
Administration Support	485	577	–	892	4 317	4 576	4 815
Total	17 969	45 710	15 823	31 523	26 770	27 428	30 678
Change to 2004 Budget estimate				(1 440 843)	(1 573 059)	(1 703 346)	(1 786 635)

Economic classification

Current payments	9 592	43 748	11 801	31 257	26 353	26 995	30 224
Compensation of employees	5 177	4 454	5 837	11 345	13 931	14 779	15 517
Goods and services	4 415	39 294	5 964	19 912	12 422	12 216	14 707
<i>of which:</i>							
Consultants and contractors	3 255	33 236	3 838	14 202	6 209	5 799	7 969
Travel and subsistence	229	1 162	497	1 165	1 277	1 307	1 369
Transfers and subsidies to:	5 847	1 962	3 300	–	35	38	39
Provinces and municipalities	–	–	–	–	35	38	39
Departmental agencies and accounts	4 637	1 962	3 300	–	–	–	–
Public corporations and private enterprises	1 210	–	–	–	–	–	–
Payments for capital assets	2 530	–	722	266	382	395	415
Machinery and equipment	2 530	–	722	266	382	395	415
Total	17 969	45 710	15 823	31 523	26 770	27 428	30 678

Details of transfers and subsidies:

Departmental agencies and accounts							
Current	4 637	1 962	3 300	–	–	–	–
South African National Roads Agency Ltd (NMT)	4 637	1 962	3 300	–	–	–	–
Total departmental agencies and accounts	4 637	1 962	3 300	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	1 210	–	–	–	–	–	–
CSIR - Research	1 210	–	–	–	–	–	–
Total public corporations and private enterprises	1 210	–	–	–	–	–	–

Expenditure trends

Expenditure grew rapidly between 2001/02 and 2004/05, at an annual average rate of 20,6 per cent, due to the increased allocations for developing passenger, freight, aviation and maritime policies, and for research and development. This average growth obscures a one-off allocation of R30 million for a transport survey during 2002/03.

The large change to the baseline since 2004/05 is due to the restructuring of the vote. Funding for national roads that was previously budgeted for in *Programme 2: Transport Infrastructure* is now allocated in the new *Programme 4: Integrated Planning and Inter-sphere Co-ordination*.

Service delivery objectives and indicators

Recent outputs

In the year under review, for the first time since 1996, government defined new strategic goals and priorities for the transport sector. The new strategic focus, on public transport, freight logistics and transport regulation, has resulted in the need for new policy and strategy.

Accessible transport strategy

The short-term accessible transport strategy was completed during 2004 and is awaiting final approval. A costing model for the short-term action plan was completed in February 2005. The strategy will be piloted in selected public transport corridors.

Passenger rail restructuring

In May 2004, a project was launched under the leadership of the Department of Transport to consolidate the subsidised passenger rail entities into one entity under the Department of Transport. The steering committee has approved the terms of reference and outline project plan. A memorandum submitted to Cabinet requests its authorisation to proceed with the transaction planning and the setting up of a transitional regulatory capacity to be run by the department. A contract for the due diligence on the entities involved was awarded in December 2004. At the same time, the national rail passenger plan development has begun, and an interim plan will be included in the passenger rail consolidation process by the end of March 2005.

Analysis of the impact of transport on the economy (performance indicators)

During 2004, preparatory work began on developing an economic performance indicator framework. This work has highlighted that the lack of stand-alone transport data is a key challenge in developing an understanding of the impact of transport on the economy. (In the census figures, transport and telecommunications data is aggregated in a single data set). The framework should be finalised through a consultative process with stakeholders such as Statistics South Africa, National Treasury, the South African Reserve Bank, the Development Bank of Southern Africa, the transport industry, other government departments, organised labour, academic institutions and other interested parties.

Broad-based BEE strategy

The broad-based BEE strategy for the transport sector will also make a significant contribution towards economic growth, job-creation, skills development and poverty alleviation. The department is in the process of finalising the BEE strategy with the transport industry. Once implemented, this strategy will ensure representivity for disabled people and women across most of the BEE indicators, such as ownership, management and employment equity. The strategy will be implemented from 2005 to 2010.

Research and development innovation strategy

The department has identified the need for a strategic focus on research and innovation to improve transport systems, processes and services. Work has been commissioned and an implementation plan, with implementation phases, will be drafted. Once the plan has been completed and approved

by the Department of Transport and relevant stakeholders, it will be forwarded to Cabinet for approval.

Aviation and maritime policy review

The first phase of the aviation policy review was completed in 2004, with various stakeholders actively participating. The draft policy discussion document is being revised, focusing in particular on the evaluation of policy proposals, quantifying policy impact and developing alternative policy options. It is expected that the policy review process will be completed by March 2005 with the publication of a White Paper on National Aviation Policy.

The department is appointing a consultant to help with drafting a comprehensive national maritime transport policy and the legislation required for implementation. A discussion document will be completed by the end of March 2005.

Selected medium-term output targets

Transport Policy and Regional Integration

Measurable objective: Develop and implement policies that will result in an efficient transport system by extending access to transport services, reducing travel times, improving transport service quality, and promoting greater integration and co-ordination between transport modes and service providers. Improve regional transport infrastructure through promoting and delivering of missing links in the transport network, under NEPAD.

Subprogramme	Output	Measure/ Indicator	Target
Transport Policy and Impact Monitoring	White Paper on National Maritime Transport Policy	White Paper approved by Cabinet	August 2005
	New aviation policy and Aviation Bill	Aviation Bill completed	December 2005
Transport Economic Analysis	Economic performance indicators framework	Framework approved by minister	December 2005
		Baseline studies on the competitiveness of transport systems domestically	March 2006
Regional and International Transport Integration	Transport infrastructure network joint venture projects	Number of joint venture projects approved by Cabinet	2 joint venture projects approved by March 2006
	Regional spatial development initiatives in support of NEPAD and South Africa's foreign policy	Number of regional spatial development initiatives approved by Cabinet	At least 2 to 3 regional initiatives approved by March 2006

Programme 3: Transport Regulation and Public Entity Oversight

Reflecting the growing importance of regulation in the transport sector, this new programme (previously located as subprogrammes under *Programme 3: Land Transport Regulation and Safety* and *Programme 5: Aviation and Maritime Transport*) has been established to create an enabling environment for safety and economic regulation across all transport modes.

The programme consists of five subprogrammes:

- *Land Transport Regulation*, through its road traffic management oversight role, enables, co-ordinates and promotes activities which include quality and safety in land transport, safety information systems and programmes, legislation, national inspectorates, and standards and guidelines.
- *Civil Aviation Transport Regulation* facilitates the development of an economically viable air transport industry which is safe, efficient, environmentally friendly and compliant with international standards. It creates an enabling environment for promoting and developing domestic and international air transport for passengers and freight.

- *Maritime Transport Regulation* facilitates the development of an economically viable maritime industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an enabling environment for promoting and developing domestic and international maritime transport for passengers and freight, provides a search and rescue capability in South Africa and the SADC region, and provides an oil pollution prevention service.
- *Public Entity Oversight*, through monitoring and evaluation processes, oversees public entities' compliance with government policy in relation to their strategies, business plans, corporate governance, financial management and operational plans. It also oversees the impact of public entities on policy issues.
- *Administration Support* provides administrative support to the other subprogrammes.

Expenditure estimates

Table 33.5: Transport Regulation and Public Entity Oversight

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	
Land Transport Regulation	99 469	119 783	185 461	246 908	176 199	184 243	192 873	
Civil Aviation Transport Regulation	6 835	9 273	10 141	10 607	14 000	14 850	14 980	
Maritime Transport Regulation	4 335	7 787	8 371	10 757	17 323	18 333	19 109	
Public Entity Oversight	57 077	121 429	98 959	118 637	104 424	111 252	116 835	
Administration Support	5 269	4 278	6 071	7 899	5 005	5 276	5 534	
Total	172 985	262 550	309 003	394 808	316 951	333 954	349 331	
Change to 2004 Budget estimate				139 357	96 611	102 874	106 697	
Economic classification								
Current payments	155 521	243 265	275 588	345 227	179 805	187 639	195 399	
Compensation of employees	13 209	20 631	19 710	33 343	18 132	19 234	20 197	
Goods and services	142 312	222 634	255 878	311 884	161 673	168 405	175 202	
of which:								
Consultants and contractors	115 274	214 056	242 410	281 203	150 264	156 452	162 653	
Travel and subsistence	11 293	3 106	4 285	14 504	5 251	5 482	5 757	
Communication	760	243	425	1 457	578	611	638	
Inventory	2 215	635	1 055	2 530	1 147	1 188	1 248	
Transfers and subsidies to:	17 251	19 285	31 697	47 972	136 495	145 639	153 222	
Provinces and municipalities	–	–	–	–	78	82	86	
Departmental agencies and accounts	16 122	14 990	26 745	42 477	131 541	140 398	147 718	
Foreign governments and international organizations	689	3 828	3 958	4 970	4 170	4 420	4 641	
Non-profit institutions	440	467	644	525	706	739	777	
Households	–	–	350	–	–	–	–	
Payments for capital assets	213	–	1 718	1 609	651	676	710	
Machinery and equipment	213	–	1 718	1 609	651	676	710	
Total	172 985	262 550	309 003	394 808	316 951	333 954	349 331	

R thousand	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary	2004/05		2005/06	2006/07	2007/08
	2001/02	2002/03	outcome 2003/04					
Details of transfers and subsidies:								
Departmental agencies and accounts								
Current	16 122	14 990	26 745	42 477	131 541	140 398	147 718	
Railway Safety Regulator	–	–	10 000	15 000	20 000	21 200	22 260	
Road Traffic Management Corporation	3 098	3 324	–	10 681	93 543	100 120	105 427	
Cross Border Road Traffic Agency	–	–	1 000	–	–	–	–	
South African Maritime Safety Authority	5 985	6 224	6 504	6 894	7 308	7 747	8 133	
South African Maritime Safety Authority - MRCC	–	–	3 554	3 874	4 300	4 558	4 786	
South African Civil Aviation Authority	7 039	5 442	5 687	6 028	6 390	6 773	7 112	
Total departmental agencies and accounts	16 122	14 990	26 745	42 477	131 541	140 398	147 718	
Foreign governments and international organisations								
Current	689	3 828	3 958	4 970	4 170	4 420	4 641	
Membership Fees: Southern African Transport Communication Commission	–	301	–	800	–	–	–	
Membership Fees: African Civil Aviation Commission	–	285	507	600	600	636	668	
Membership Fees: International Civil Aviation Organisation	–	3 242	2 202	2 300	2 300	2 438	2 560	
Membership Fees: International Maritime Organisation	466	–	816	820	820	869	912	
Membership Fees: Indian Ocean Memorandum of Understanding	–	–	172	180	180	191	201	
Membership Fees: Cospas Sarsat Contribution	223	–	261	270	270	286	300	
Total foreign governments and international organisations	689	3 828	3 958	4 970	4 170	4 420	4 641	
Non-profit institutions								
Current	440	467	644	525	706	739	777	
National Sea Rescue Institute	440	467	494	525	556	589	618	
Memberships: Mountain Rescue	–	–	50	–	50	50	53	
Memberships: Hamnet	–	–	50	–	50	50	53	
Memberships: Off Road Rescue	–	–	50	–	50	50	53	
Total non-profit institutions	440	467	644	525	706	739	777	

Expenditure trends

Expenditure grew rapidly between 2001/02 and 2004/05, rising from R173,0 million in 2001/02 to R394,8 million in 2004/05. This growth was in part due to investment in the new eNaTIS, increases in spending on Arrive Alive, the creation of the Railway Safety Regulator, the creation of the Maritime Rescue Co-ordination Centre and the creation of the Ports Regulator. The large increase in 2004/05 was in part due to an additional R50 million allocation to eNaTIS.

Expenditure is expected to drop in 2005/06, due to the introduction of a transfer payment to the Road Traffic Management Corporation, which was previously reflected in the programme budget. The increases in expenditure from 2006/07 will go towards the creation of the Maritime Security Co-ordination Centre and funding for foreign offices for South African representation on the councils of the International Civil Aviation Organisation and the International Maritime Organisation.

Service delivery objectives and indicators

Recent outputs

Land transport regulation

- e-NaTIS

During 2004, the primary focus of *Land Transport Regulation* was on developing and implementing the e-NaTIS (electronic) to replace the current NaTIS (paper-based). NaTIS is a national road traffic information system that administers driver and vehicle registration and de-registration. The new system is 65 per cent complete. A new state-of-the-art data centre has been created to host the centralised e-NaTIS database, which is linked to a backup site. During 2004/05, four e-NaTIS pilot sites were installed, in Benoni and Akasia in Gauteng, and in the Western Cape and KwaZulu-Natal law administration, and are currently being used in the live e-NaTIS environment. Full-scale data migration from NaTIS to e-NaTIS is scheduled for the third quarter of 2005 and the completion of the entire project is scheduled for December 2005.

- Festive season road safety campaign

A collaborative festive season road safety campaign, involving Arrive Alive and provincial and local authorities, was run from November 2004 to February 2005. Arrive Alive used advertising and public relations to support provincial and local level enforcement activities. Supporting the campaign, Project E-Force was implemented as a national pilot project from November 2004 using a driver's licence card verification device to increase the productivity of traffic enforcement officers and reduce traffic offences. The Niyabonwa (roughly meaning 'we see you' in Zulu) communication project, concentrating on the visibility of road users, was launched in November 2004.

- Operation Juggernaut re-launched

To strengthen the regulation of public passenger and freight transport, a national campaign, Operation Juggernaut, a nationally co-ordinated enforcement operation focused on driver and vehicle fitness for heavy freight and passenger transport vehicles, was re-launched in November 2004.

- Legislative and regulatory issues

A number of legislative and regulatory matters were finalised during 2004. These included allowing for the licensing of motor vehicles kept by dealers as stock, licensing motor vehicles through ATMs, and the procedures for deregistering stolen motor vehicles.

The department successfully defended its position in three court cases where the constitutionality of its interpretation of overload control and drinking-and-driving regulations under the National Road Traffic Act (1996) was challenged.

- Operator code for the bus industry

The operator code of practice for the bus industry was finalised and is being implemented on a voluntary basis. The code requires improved quality management systems for the productivity and effectiveness of bus operations. This should lead to reduced operating costs and fewer accidents.

- Road accidents: cost and stats

An improved methodology for estimating the cost of road accidents to the economy was finalised. A fatal accident information centre, which collects and disseminates accident statistics, contributory factors and rates and trends, continued with its activities in 2004. And a national call centre, which provides commuters and road users with a central point at which unfit vehicles and bad driver behaviour can be reported, has been rolled out nationwide.

The number of fatal crashes increased by 1,85 per cent to 10 249 in 2004 from 10 249 in 2003. The number of fatalities increased by 2,5 per cent, from 12 322 in 2003 to 12 635 in 2004. The average number of fatalities per 10 000 registered vehicles decreased by 0,8 per cent, from a rate of 19,46 in 2003 to 19,30 in 2004. These statistics must be seen against the increase in the total number of vehicles by 5,6 per cent, from 7,1 million on 31 December 2003 to 7,5 million on 31 December 2004.

- The Road Traffic Management Corporation

As a result of delays in establishing the Road Traffic Management Corporation, the department still faces major challenges in implementing the administratively adjudicated road traffic offences (AARTO) system, parity fines, and driver retesting after serious convictions.

Regulating maritime transport

During 2004, *Maritime Transport Regulation* focused on preparing to position South Africa as an international maritime centre. The department continued to raise public awareness of the maritime industry. The draft Maritime Agenda 2010 identifies 20 interventions required to develop the industry. The department continued to provide maritime information services to the seafaring community and established an improved pollution prevention response. The process for amending the National Ports Authority Bill progressed well, and preparatory work for setting up the proposed port regulator is at an advanced stage. The adoption and implementation of measures to enhance maritime security resulted in South Africa being fully compliant with the International Ships and Ports Security Code in July 2004.

Public entity oversight

A uniform monitoring and evaluation structure for the public entities reporting to the Minister of Transport was introduced during 2004.

The Road Accident Fund (RAF), which remains in a financially precarious position, has introduced a series of interventions intended to turn it around. These include a project to promote direct claims (through direct interaction between the claimant and the RAF, rather than claims lodged by lawyers) and two fraud reduction projects (one with the National Prosecuting Authority that has resulted in 494 successful prosecutions so far, and one to set up a claims verification unit in August 2004). The completed draft Road Accident Fund Amendment Bill was tabled in February 2004. This change in legislation is intended to improve the cash flow position of the fund and introduce some cost-saving interventions, such as a limit on claims by non-residents and the exclusion of compensation for emotional shock. An interdepartmental committee has also been tasked with advising Cabinet on how best to transform the RAF in line with the recommendations of the RAF Commission, which reported in December 2002. With the support of experts, this committee has completed a draft policy framework for an ideal road accident benefit scheme. Before making recommendations to Cabinet in July 2005, further work is required for developing a detailed proposal, and understanding the cost benefits and risks.

Selected medium-term output targets

Transport Regulation and Public Entity Oversight

Measurable objective: Develop, implement and maintain sector strategies and regulatory frameworks to promote enhanced performance by regulators and public entities, effective safety regulation, security, and efficient and sustainable service provision across all modes.

Subprogramme	Output	Measure/Indicator	Target
Land Transport Regulation	Establish National Accident Bureau	Bureau established and operational	December 2005
	Annual road traffic offence surveys	Publication of annual road traffic offence survey	First report by December 2005
	Reliable, credible, electronic national traffic information system (e-NaTIS)	Commissioning of e-NaTIS System availability	1 March 2006 99% availability
Civil Aviation Transport Regulation	Air transport liberalisation in Africa	Legal framework for compliance with the Yamoussoukro decision completed	March 2006
	Ratification and implementation of International Civil Aviation Organisation conventions and protocols	Legislation adopted to implement conventions and protocols	March 2006
Maritime Transport Regulation	Safety and security at sea, protection of marine environment from pollution and marine search and rescue capability	National oil spill contingency plan completed	December 2005
		Maritime security co-ordinating centre established and fully operational	June 2005
	Maritime industry development and promotion	Strategy developed for the South African ship registry growth committee National Ports Bill adopted Celebration of World Maritime Day	December 2005 May 2005 Annually
Public Entity Oversight	Service level agreements for public entities	Annual evaluation of public entity performance against institutional and key performance targets	Annual reports
	Financial and risk management and internal control systems for public entities	Number of public entities in compliance with PFMA and related accounting standards	All public entities in compliance with accounting standards by 2005

Programme 4: Integrated Planning and Inter-sphere Co-ordination

Integrated Planning and Inter-sphere Co-ordination promotes and monitors integrated transport planning and co-ordinates the development and maintenance of transport infrastructure for all transport modes. This includes roads, railways, airports, harbours, pipeline interchange facilities, and the associated power and communications systems. The programme will play an important role in NEPAD and in the SADC region. *Integrated Planning and Inter-sphere Co-ordination* ensures an integrated, well managed, viable and sustainable transport infrastructure, which meets national and regional economic development goals. The programme emphasises rural transport development, accessible transport development, as well as the promotion of non-motorised transport if feasible.

There are four subprogrammes:

- *Transport Planning* is responsible for: implementing the National Land Transport Transition Act (2000); providing planning support to municipalities; providing support for establishing transport authorities; ensuring the restructuring of transport operations; and ensuring that transport plans are integrated across the spheres of government.
- *Integrated Delivery Programme* is responsible for implementing key departmental projects, key national urban and rural development programmes and the rural transport delivery strategy.
- *Integrated Infrastructure and Network Development* is responsible for: reviewing transport infrastructure plans; providing infrastructure planning support; developing frameworks and strategies for infrastructure development; implementing support for infrastructure projects; co-ordinating and implementing infrastructure provision; developing systems and processes for infrastructure management; contributing to regional transport infrastructure development for all modes of transport; and overseeing the South African National Roads Agency Limited.

- *Administration Support* provides administrative support to the other subprogrammes.

Expenditure estimates

Table 33.6: Integrated Planning and Inter-sphere Co-ordination

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Transport Planning	38 399	49 319	53 383	73 039	24 286	25 854	28 634
Integrated Delivery Programme	–	–	645	2 188	18 076	19 561	20 466
Integrated Infrastructure and Network Development	1 067 612	1 203 064	1 293 047	1 469 178	1 786 248	1 936 990	2 518 036
Administration Support	5 622	2 914	9 078	13 457	4 693	4 952	5 199
Total	1 111 633	1 255 297	1 356 153	1 557 862	1 833 303	1 987 357	2 572 335
Change to 2004 Budget estimate				1 519 084	1 792 787	1 944 933	2 527 790

Economic classification

Current payments	5 606	10 489	11 516	48 977	69 074	75 987	87 444
Compensation of employees	1 376	1 926	6 593	12 900	17 511	18 576	19 504
Goods and services	4 230	8 563	4 923	36 077	51 563	57 411	67 940
<i>of which:</i>							
Consultants and contractors	1 758	6 449	1 983	22 511	36 103	40 952	50 657
Travel and subsistence	375	820	695	5 173	6 245	6 632	6 962
Inventory	1 098	358	1 173	3 546	3 917	4 184	4 394
Transfers and subsidies to:	1 105 823	1 244 808	1 343 939	1 490 508	1 756 514	1 901 098	2 476 152
Provinces and municipalities	38 211	39 744	20 951	2 149	35	38	40
Departmental agencies and accounts	1 067 612	1 205 064	1 322 988	1 488 359	1 756 479	1 901 060	2 476 112
Payments for capital assets	204	–	698	18 377	7 715	10 272	8 739
Buildings and other fixed structures	–	–	–	17 938	7 249	9 779	8 221
Machinery and equipment	204	–	698	439	466	493	518
Total	1 111 633	1 255 297	1 356 153	1 557 862	1 833 303	1 987 357	2 572 335

Details of transfers and subsidies:

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	–	11 851	2 149	35	38	40
Regional Services Council Levy	–	–	–	–	35	38	40
National Land Transport Transition Act – Implementation	–	–	11 851	2 149	–	–	–
Capital	38 211	39 744	9 100	–	–	–	–
Urban Transport Fund	38 211	39 744	9 100	–	–	–	–
Total provinces and municipalities	38 211	39 744	20 951	2 149	35	38	40

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05			
Departmental agencies and accounts							
Current	693 948	783 992	825 862	940 059	1 191 146	1 273 108	1 816 762
South African National Roads Agency Ltd	693 948	781 992	825 862	936 513	1 187 387	1 269 123	1 332 579
South African National Roads Agency Ltd - NMT (bicycle)	-	2 000	-	3 546	3 759	3 985	4 183
South African National Roads Agency Ltd - Roads	-	-	-	-	-	-	480 000
Capital	373 664	421 072	497 126	548 300	565 333	627 952	659 350
Urban Transport Fund	-	-	32 432	44 024	-	-	-
South African National Roads Agency Ltd	373 664	421 072	464 694	504 276	565 333	627 952	659 350
Total departmental agencies and accounts	1 067 612	1 205 064	1 322 988	1 488 359	1 756 479	1 901 060	2 476 112

Expenditure trends

Expenditure grew rapidly between 2001/02 and 2004/05, rising at an average annual rate of 11,9 per cent, and is expected to grow even faster to 2007/08, increasing at an annual average rate of 18,2 per cent.

Nearly all the programme spending is allocated to the development, upgrading and maintenance of national roads through transfers to the South African National Roads Agency Ltd (SANRAL), as reflected in transfers and subsidies to departmental agencies and accounts. These transfers totalled R1,5 billion in 2004/05, up from R1,1 billion in 2001/02, and are forecast to rise to R2,5 billion in 2007/08. The R2,5 billion includes additional allocations in the 2005 Budget of R500 million for 2007/08.

Expenditure on compensation of employees has grown rapidly, rising from R1,4 million in 2001/02 to R12,9 million in 2004/05, a result of the restructuring of the department and a significant increase in the number of employees.

The freight logistics process is receiving start-up allocations for the development of a national strategy for freight logistics and related research, and for the development of a strategy for the revitalisation of branch lines. These strategies will inform future investment in infrastructure and operations interventions in the logistics system. The 2005 Budget also set out an additional R187,5 million for 2005/06, R202,9 million for 2006/07 and R213,1 million for 2007/08 to fund the VAT adjustment of the South African National Roads Agency.

Service delivery objectives and indicators

Recent outputs

Road infrastructure

The draft road infrastructure strategic framework has been finalised, including a new classification system for the road network. An action plan for its implementation is currently being developed. Some elements are already being implemented, including: establishing a roads co-ordinating body; integrating labour-intensive construction programmes; promoting access road development; and ensuring that roads authority information systems are standardised.

Overload control

The recently completed national overload control strategy is being implemented and this will intensify over the MTEF period. Elements, such as the development and upgrading of weighbridge infrastructure, the use of PPPS, ensuring industry self-regulation and the development of information management systems, are already being implemented. The necessary legislative amendments are also in place to ensure effective law enforcement.

Regional development

Further work has been conducted on the Trans-Kalahari corridor to guide the upgrading and management of the N4 trunk road that links Gauteng with Walvis Bay through Botswana. This is in line with the Trans-Kalahari corridor memorandum of understanding, between South Africa, Botswana and Namibia, which was signed in Walvis Bay in November 2004.

Planning

The first phase of municipal transport plans (the collection of current public transport records) was completed. Seven out of nine provinces have submitted their provincial land transport frameworks to the minister for approval. Eighty per cent of planning authorities are expected to finalise their integrated transport plans by March 2005. These plans will enable the authorities to deliver sound inputs into the municipal integrated development plans.

Transport infrastructure

The construction of the Galeshewe bicycle path in Kimberley, Northern Cape, has been completed. The first phase of the Baragwanath public transport interchange in Johannesburg, Gauteng, has also been completed. The public transport interchange in Inanda-Ntuzuma-Kwamashu in KwaZulu-Natal was completed in December 2004.

Implementation of the National Land Transport Transition Act

The primary focus has been on assisting metropolitan municipalities to establish transport authorities as required by the National Land Transport Transition Act (2000). EThekweni is the first municipality to restructure its transport administration and public transport operations. The EThekweni Transport Authority was launched in March 2004. The bus services provided by Durban Transport were outsourced during 2003/04, and the department is providing funding to help the municipality develop the necessary capacity for administering transport services.

The National Land Transport Transition Act (2000) is being amended, based on the findings of the Parliamentary Portfolio Committee. The amendment bill has been approved by the minister and will go to Cabinet during 2005. The main changes proposed are: extending the transport planning cycle from one to two years, incorporating light delivery vehicles into the public transport domain (where appropriate), and regulating metered taxis and tourist transport.

Non-motorised transport

Non-motorised transport, through the Shova Kalula bicycle project, is being actively promoted. During 2003/04, acceptable business plans were received from eight provinces, which are now putting out tenders for acquiring new bicycles.

Selected medium-term output targets

Integrated Planning and Inter-sphere Coordination

Measurable objective: Improved and strengthened relationships with other delivery partners, spheres of government and transport agencies to ensure fully established, integrated transport plans that will improve and guide the provision of transport infrastructure and services for social, economic and regional development.

Subprogramme	Output	Measure/Indicator	Target
Transport Planning	Transport services and infrastructure based on approved local transport plans	Number of local sphere transport plans to address backlog in public transport infrastructure completed	80% of integrated transport plans completed by March 2005
		Percentage of public transport services based on transport plans adopted by local government	70% by March 2007
	Implementation of the National Land Transport Transition Act (2000)	Draft framework for final national land transport legislation approved by Cabinet	December 2007
Integrated Infrastructure and Network Development	Road infrastructure strategic framework	Action plan for implementing the strategic framework completed	June 2005
		Percentage of strategic secondary road networks upgraded	20% by March 2008
	National overload control strategy	Increased spending on access road development	10% of roads budgets spent on access roads by 2007
		Number of operators incorporated into the load accreditation programme (LAP)	5 main freight industries incorporated into the LAP by December 2006
	Special overload control unit established	March 2006	
Integrated Delivery Programme	Improved public transport facilities	Multi-modal public transport interchange in the Inanda Ntuzuma KwaMashu node completed	December 2005
	Improved public transport facilities	Public transport facility in Alexandra, Gauteng, completed	March 2006
	Promotion of non-motorised transport	Number of bicycles delivered through the Shova Kalula bicycle project	17 000 per year

Programme 5: Freight Logistics and Corridor Development

This new programme, established at the end of 2004, aims to reduce the cost of doing business in South Africa by making the freight logistics sector more efficient.

There are four subprogrammes:

- *National Logistics Strategy* is responsible for developing strategies to unblock bottlenecks in the freight logistics system. It will develop a national freight logistics strategy, which will be integrated into a regional freight logistics strategy. This process includes co-ordinating integrated infrastructure planning, demand forecasting and scenario planning.
- *Eastern Corridor* and *Western Corridor* are the implementation subprogrammes, focusing on the development of a range of projects in the freight corridors. These will be targeted at improving the efficiency of the corridors and integrating secondary and tertiary corridors into a seamless logistics system that supports the geographic expansion of economic activity in the country and in the region.
- *Administration Support* provides administrative support services for the other subprogrammes.

Expenditure estimates

Table 33.7: Freight Logistics and Corridor Development

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
National Logistics Strategy	1 549	1 897	29 942	8 695	7 773	12 934	5 166
Eastern Corridor	–	–	–	–	4 903	5 150	4 358
Western Corridor	–	–	–	–	4 435	4 660	3 846
Administration Support	–	–	–	–	1 912	2 027	2 138
Total	1 549	1 897	29 942	8 695	19 023	24 771	15 508
Change to 2004 Budget estimate				(108 808)	(105 618)	(107 290)	(123 156)

Economic classification

Current payments	1 549	1 897	1 857	8 654	18 945	24 690	15 424
Compensation of employees	1 133	1 387	1 310	2 080	6 477	6 869	7 213
Goods and services	416	510	547	6 574	12 468	17 821	8 211
of which:							
Consultants and contractors	363	445	478	5 740	11 646	16 960	7 307
Transfers and subsidies to:	–	–	–	–	18	19	19
Provinces and municipalities	–	–	–	–	18	19	19
Payments for capital assets	–	–	28 085	41	60	62	65
Buildings and other fixed structures	–	–	28 000	–	–	–	–
Machinery and equipment	–	–	85	41	60	62	65
Total	1 549	1 897	29 942	8 695	19 023	24 771	15 508

Expenditure trends

Expenditure increased from R1,5 million in 2001/02 to R8,7 million in 2004/05, as additional funds were allocated to the development of freight transport policy and implementation strategies. Expenditure is expected to grow at an annual average rate of 21,3 per cent to R15,5 million in 2007/08. The high level of expenditure in 2003/04 was the result of a one-off allocation of R28 million for the revitalisation of railway branch lines in Umtata.

Within the additional funds allocated in the 2005 Budget, R5 million was allocated for 2005/06 and R10 million for 2006/07 for the development of freight logistics strategies and for pilot projects.

Service delivery objectives and indicators

Recent outputs

Freight logistics policy

The Department of Transport leads an interdepartmental task team comprising the departments of trade and industry, public enterprises, agriculture, science and technology, minerals and energy, communications, public works, and environmental affairs and tourism, and National Treasury. The team is responsible for developing and implementing a freight logistics strategy. The team identified the vacuum in freight policy and produced a draft Green Paper outlining a new vision for freight logistics in South Africa. This was presented to Cabinet in January 2005.

Corridor development

The Bakwena platinum corridor from Pretoria to the Botswana border via North West province was constructed. This will reduce export and shipping times by several days. The Trans-Kalahari corridor's customs management subcommittee has started piloting the use of a single document to facilitate shorter customs processes for freight moving between Gauteng, Walvis Bay and Botswana. The upgrading and rehabilitation of the section of the N4 Maputo development corridor, between the Hans Strijdom interchange, east of Pretoria and the Gauteng-Mpumalanga border, is nearly finished. The N2 upgrade to support the Coega industrial development zone has been 55 per cent completed at a cost of R42 million during 2003/04.

Selected medium-term output targets**Freight Logistics and Corridor Development**

Measurable objective: Efficient freight logistics operations that ensure the speedy, cost-effective and reliable movement of goods along a regional network of freight movement corridors, supported by integrated freight infrastructure planning, adequate infrastructure investment, and a national freight information system.

Subprogramme	Output	Measure/Indicator	Target
National Logistics Strategy	National freight logistics strategy and scenarios for 2014	Strategy adopted by Cabinet	June 2005
		Scenarios adopted	March 2007
		Implementation of key actions	March 2008
Eastern Corridor and Western Corridor	Corridor mapping	Map of physical and virtual flows in the corridors completed	September 2005
	Corridor optimisation strategies	Implementation of key corridor optimisation activities (reducing bottlenecks, creating inter-modal links, infrastructure planning)	March 2008

Programme 6: Public Transport

The role of this programme is to bring about change in the public transport system by developing a system that will ensure the provision of safe, reliable, affordable and accessible public transport.

Public Transport consists of three subprogrammes:

- *Public Transport Strategy and Projects* is responsible for developing public transport strategies and leading the initiation of related implementation projects. Among its priorities are: developing a more equitable system for funding public transport; piloting public transport delivery models; managing the passenger rail integration process; driving projects to improve public transport infrastructure; and regulating competition between service providers.
- *Public Transport Subsidy Management* oversees the payment of bus subsidies, and facilitates the transformation of the subsidised bus industry and system. It oversees the payment of rail commuter subsidies, and facilitates the optimisation of the rail commuter system in a sustainable and cost-effective manner. And it facilitates the transformation of the taxi industry and the taxi recapitalisation project.
- *Administration Support* provides administrative support to the other subprogrammes.

Expenditure estimates

Table 33.8: Public Transport

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
Public Transport Strategy and Projects	–	–	–	–	4 087	4 324	4 538
Public Transport Subsidy Management	3 579 308	4 084 477	4 438 546	4 684 474	5 277 079	5 733 503	6 154 390
Administration Support	5 162	2 589	8 654	13 258	4 414	4 691	4 963
Total	3 584 470	4 087 066	4 447 200	4 697 732	5 285 580	5 742 518	6 163 891
Change to 2004 Budget estimate				(12 116)	320 037	478 945	637 139

Economic classification

Current payments	4 982	6 426	8 317	13 145	128 241	64 737	50 720
Compensation of employees	1 067	1 724	4 283	6 300	9 069	9 619	10 101
Goods and services	3 915	4 702	4 034	6 845	119 172	55 118	40 619
<i>of which:</i>							
<i>Consultants and contractors</i>	486	3 944	501	850	112 621	48 058	33 205
<i>Travel and subsistence</i>	746	165	769	1 305	1 426	1 537	1 614
<i>Inventory</i>	1 007	222	1 037	1 760	1 923	2 073	2 177
Transfers and subsidies to:	3 579 308	4 080 640	4 438 546	4 684 474	5 157 220	5 677 654	6 113 038
Provinces and municipalities	–	–	–	–	41	43	46
Public corporations and private enterprises	3 578 446	4 074 328	4 428 648	4 671 290	4 996 579	5 396 375	5 811 194
Non-profit institutions	862	6 312	9 898	13 184	10 600	11 236	11 798
Households	–	–	–	–	150 000	270 000	290 000
Payments for capital assets	180	–	337	113	119	127	133
Machinery and equipment	180	–	337	113	119	127	133
Total	3 584 470	4 087 066	4 447 200	4 697 732	5 285 580	5 742 518	6 163 891

Details of transfers and subsidies:

Public corporations and private enterprises							
Public corporations							
Subsidies on production							
Current	1 366 250	1 536 419	1 695 148	1 873 550	2 029 756	2 151 542	2 259 119
South African Rail Commuter Corporation	1 366 250	1 536 419	1 695 148	1 873 550	2 029 756	2 151 542	2 259 119
Capital	490 165	691 000	665 000	625 000	688 300	829 598	1 016 078
South African Rail Commuter Corporation	490 165	691 000	665 000	625 000	688 300	829 598	1 016 078
Private enterprises							
Subsidies on production							
Current	1 722 031	1 846 909	2 068 500	2 172 740	2 278 523	2 415 235	2 535 997
Bus subsidies	1 714 796	1 846 724	2 068 500	2 172 740	2 278 523	2 415 235	2 535 997
Taxi	7 235	185	–	–	–	–	–
Total public corporations and private enterprises	3 578 446	4 074 328	4 428 648	4 671 290	4 996 579	5 396 375	5 811 194

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05			
Non-profit institutions							
Current	862	6 312	9 898	13 184	10 600	11 236	11 798
Taxi : Santaco	–	6 286	9 898	13 184	10 600	11 236	11 798
Taxi : Council for Scientific Industrial Research	862	26	–	–	–	–	–
Total non-profit institutions	862	6 312	9 898	13 184	10 600	11 236	11 798
Households							
Other transfers							
Current	–	–	–	–	150 000	270 000	290 000
Taxi Recapitalisation	–	–	–	–	150 000	270 000	290 000
Total households	–	–	–	–	150 000	270 000	290 000

Expenditure trends

Public transport is the largest programme on the department's vote, accounting for the bulk of the department's expenditure. Expenditure is expected to grow at an annual average rate of 9,5 per cent between 2001/02 and 2007/08, rising to R6,2 billion in 2007/08.

Almost all the expenditure goes towards public transport subsidies. Over the full seven-year period, bus subsidies are expected to increase at an annual average rate of 6,7 per cent a year, from R1,7 billion in 2001/02 to R2,5 billion in 2007/08. Expenditure on rail subsidies and rail capital is expected to increase at an annual average rate of 9,9 per cent a year, rising from R1,9 billion in 2001/02 to R3,3 billion in 2007/08. This includes the additional allocations in the 2005 Budget of R100 million and R200 million for passenger rail infrastructure for 2006/07 and 2007/08 respectively.

Expenditure on the taxi transformation process, including the legalisation and democratisation processes, grew at an annual average rate of 17,7 per cent between 2001/02 and 2004/05 to reach R13,2 million. The 2005 Budget also provided additional allocations for taxi recapitalisation: R250 million for 2005/06, R315 million for 2006/07 and R320 million for 2007/08. A portion of the funds for 2005/06 will be used for the final planning and systems development, while the rest will be used for paying scrapping allowances to taxi owners who scrap their old vehicles.

The 2005 Budget also set out additional funds of R55,9 million for 2005/06, R59,3 million for 2006/07 and R62,2 million for 2007/08 to fund the VAT adjustments of the South African Rail Commuter Corporation.

Service delivery objectives and indicators

Recent outputs

Bus subsidies to BEE companies

Before 1994, a few large bus companies received the majority of government's bus subsidy budget. Since competitive tendering was formally introduced in April 1997, there has been a gradual increase in the amount of the subsidy paid to BEE bus companies. By November 2003, the proportion of bus subsidies paid to BEE bus companies reached 60 per cent, three years ahead of the target set in the 2003 Estimates of National Expenditure. By March 2004, 55 per cent of all

contracts had been converted from only negotiated to either tendered or negotiated contracts, and the remaining contracts are expected to be converted by April 2007. There is currently a moratorium on new tendered contracts to allow bus operations time to transform to meet the new requirements of subsidised service contracts.

Taxi recapitalisation

The taxi recapitalisation programme has been reconceptualised by the department in consultation with other departments, simplifying it to a scrapping allowance for old vehicles, supported by the enforcement of vehicle safety standards. This was approved by Cabinet in October 2004. New systems and law enforcement strategies as well as the infrastructure (computer equipment, and buildings) to manage and administer the payment of a scrapping allowance to taxi owners will be finalised and established in early 2005.

Commuter rail services

The design and tender specifications have been finalised for the Khayelitsha rail line extension. The land has been acquired and construction will start in 2005 after the tender has been awarded.

The programme for refurbishing rolling stock is continuing and is now based on increasing refurbishment to 480 coaches per year, which amounts to 15,3 per cent of the operational fleet.

To ensure an integrated approach to addressing the challenges of commuter rail and the backlogs in commuter rail investments, the process of developing a passenger rail plan has started and will be finalised by December 2005. Commuter rail entities should be fully consolidated by the end of 2005.

Selected medium-term output targets

Public Transport

Measurable objective: Increased provision of safe, reliable and more affordable public transport, targeted to benefit the most vulnerable passengers.			
Subprogramme	Output	Measure/Indicator	Target
Public Transport Strategy and Projects	Public transport strategy and implementation plan	Strategy and plan approved by Cabinet	September 2005
	Pilot strategic public transport projects	3 pilot projects designed and launched	March 2006
Public Transport Subsidy Management	Restructured bus operations	Proportion of contracts that are tendered or negotiated	100% by 2007/08
	Safer and more sustainable taxi services	Systems and support structure for taxi recapitalisation in place	August 2005
	Restructured and safer commuter rail service	National passenger rail plan	November 2005
	Restructured and consolidated passenger rail services	Establishment of new passenger rail entity Harmonisation of conditions of service of all employees	December 2005 December 2005

Public entities reporting to the Minister

South African Rail Commuter Corporation

The purpose of the South African Rail Commuter Corporation (SARCC), established under the legal succession to the South African Transport Services Act (1988), is to ensure that rail commuter services are provided in the public interest, and to promote rail as the primary mode of mass commuter transport.

Capital investment in rolling stock resulted in the overhaul of 383 coaches during 2003/04. During 2004/05, a national commuter rail plan was developed to align and co-ordinate investment in rail infrastructure with the integrated transport plans produced by municipalities. The SARCC contracts Metrorail to provide commuter rail services and maintain the required infrastructure. Since 2001/02, Metrorail has upgraded the Umtata and Mabopane railway lines, and the Denneboom station.

Over the medium term, the focus will remain on the refurbishment of rolling stock. It is expected that 129 coaches will be overhauled during 2004/05, bringing the total number of overhauled coaches to 512. The intention is to upgrade coaches, acquire new coaches and revive railway infrastructure over the medium term. In line with the plans for the 2010 Soccer World Cup, focus will also be on the development of rail corridors and interchanges feeding into stadiums.

With regard to safety and security, the focus will be on the rollout of a joint railway policing initiative between the Department of Transport, the South African Police Service (SAPS) and the SARCC. R30 million was shifted to the SAPS during 2004/05 as the SARCC contribution to this project. Over the MTEF period, the SARCC will begin implementing a CCTV system in a bid to improve commuter safety, reduce crime (such as theft of cables) and eliminate vandalism. By the end of the 2004/05 financial year, the SARCC will also be merged with Metrorail, bringing commuter rail operations into a single public entity.

The SARCC's main source of revenue is the transfer government provides to cover operations and capital expenditure. It received transfers of R2,5 billion in 2004/05, inclusive of capital transfers. Over the MTEF period, these allocations are expected to grow by 9,4 per cent annually. The growth is due to an additional allocation for passenger rail infrastructure of R100 million and R200 million for 2006/07 and 2007/08 respectively. The SARCC also generates income through its wholly owned subsidiary, Intersite (Pty) Ltd, which acts as the property management agent for the SARCC. Intersite generates income through commercial property leases at stations, other property leases - such as billboards in railway reserves - and the disposal of unused property.

Table 33.9 Financial summary for the South African Rail Commuter Corporation

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	293 648	428 465	471 947	460 221	471 896	476 739	481 831
Sale of goods and services other than capital assets	254 006	345 235	362 548	380 221	401 896	426 739	451 831
Interest	39 642	83 230	109 399	80 000	70 000	50 000	30 000
Transfers received ¹	1 366 250	1 545 919	1 678 840	1 843 550	1 780 488	1 887 318	1 981 683
Total revenue	1 659 898	1 974 384	2 150 787	2 303 771	2 252 384	2 364 057	2 463 514
Expenses							
Current expense	1 950 844	2 112 369	2 289 093	2 487 221	2 620 459	2 784 973	2 941 919
Compensation of employees	53 676	66 243	74 694	90 665	96 105	102 268	108 829
Goods and services	1 646 631	1 792 347	1 980 256	2 084 556	2 196 354	2 326 705	2 444 090
Depreciation	238 558	227 777	205 488	282 000	300 000	330 000	365 000
Interest	11 979	26 002	28 655	30 000	28 000	26 000	24 000
Total expenses	1 950 844	2 112 369	2 289 093	2 487 221	2 620 459	2 784 973	2 941 919
Surplus / (Deficit)	(290 946)	(137 985)	(138 306)	(183 450)	(368 075)	(420 916)	(478 405)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
BALANCE SHEET SUMMARY							
Carrying value of assets	5 514 589	5 797 378	6 045 195	6 890 195	7 478 495	8 178 093	8 829 171
<i>of which: Acquisitions of assets</i>	457 510	521 310	464 226	1 127 000	888 300	1 029 598	1 016 078
Long-term investments	294 626	302 815	585 692	238 456	183 188	206 963	379 527
Receivables and prepayments	83 484	68 815	83 868	74 781	74 624	70 573	76 633
Cash and cash equivalents	99 751	586 350	398 199	544 380	430 793	226 908	50 455
Total assets	5 992 450	6 755 358	7 112 954	7 747 812	8 167 100	8 682 537	9 335 786
Capital and reserves	4 451 033	4 351 390	4 213 084	4 029 634	3 661 559	3 240 642	2 762 237
Borrowings	71 995	114 408	127 276	115 000	113 000	110 000	108 000
Trade and other payables	1 365 104	2 198 139	2 661 144	3 527 478	4 314 260	5 251 915	6 379 949
Provisions	104 318	91 421	111 450	75 700	78 281	79 980	85 600
Total equity and liabilities	5 992 450	6 755 358	7 112 954	7 747 812	8 167 100	8 682 537	9 335 786

Data provided by the South African Rail Commuter Corporation

1. Transfers received are presented net of VAT

South African National Roads Agency Limited

The National Roads Act (1998) charges the South African National Roads Agency (SANRAL) with the principal tasks of strategically planning, designing, constructing, operating, rehabilitating and maintaining national roads to the highest standards. It is a corporate entity operating at arm's length from government, with the Minister of Transport as its single shareholder. SANRAL is responsible for the existing national road network of 10 800km and an estimated asset value in excess of R40 billion.

Major achievements for SANRAL since 2001/02 include infrastructure investment involving the extension of the primary road network by 3 600 km, and opening the N1 Vaal, N1 Great North and N4 East toll plazas. Other achievements include the creation of 1 457 jobs through poverty alleviation projects; the construction of 110 ramps or crossings, 91km of sidewalks and 9 bridges; the upgrading of 310km of gravel roads; and road clearance of 374km.

Other infrastructure developments include the upgrading of 23 border posts, the completion of the landmark Nelson Mandela bridge, and supporting the development of a concrete pavement design method. SANRAL also upgraded the N2 in support of the Coega development, which is 55 per cent complete at a cost of R42 million. Most of the N4 platinum highway has been opened to traffic and all toll plazas were opened by December 2003. On the N2, SANRAL repaired 50 bridges and rehabilitated 13 bridges.

Over the medium term, SANRAL will ensure that the road network of national roads is efficiently managed and maintained to international standards. SANRAL will also increase capital expenditure as a proportion of the total budget for national roads.

SANRAL finances its operations from various sources, currently earning two-thirds of its income from government transfers. Over the MTEF period, transfers are expected to increase due to additional allocations of R480 million for national road infrastructure in 2007/08. Other sources of revenue include loans raised by SANRAL in the capital markets and income earned through PPPs, particularly toll charges. SANRAL is also expected to generate revenue from the development and management of its assets.

Table 33.10 Financial summary for the South African National Roads Agency Limited

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	524 977	591 027	741 307	800 790	876 263	954 263	1 048 557
Sale of goods and services other than capital assets	524 977	591 027	741 307	800 790	876 263	954 263	1 048 557
Transfers received ¹	668 295	680 818	574 596	1 125 647	1 106 558	1 064 057	987 699
Sale of capital assets	7 507	5 417	1 568	-	-	-	-
Total revenue	1 200 779	1 277 262	1 317 471	1 926 437	1 982 821	2 018 320	2 036 256
Expenses							
Current expense	1 452 411	1 810 690	2 439 421	2 510 296	2 711 651	2 775 373	2 721 905
Compensation of employees	30 035	25 471	35 744	37 039	40 102	43 419	47 013
Goods and services	716 860	979 701	956 349	1 428 018	1 514 209	1 464 931	1 287 869
Depreciation	221 926	228 265	502 953	244 023	249 023	254 023	259 023
Interest	483 590	577 253	944 375	801 216	908 317	1 013 000	1 128 000
Total expenses	1 452 411	1 810 690	2 439 421	2 510 296	2 711 651	2 775 373	2 721 905
Surplus / (Deficit)	(251 632)	(533 428)	(1 121 950)	(583 859)	(728 830)	(757 053)	(685 649)
BALANCE SHEET SUMMARY							
Carrying value of assets	5 496 152	5 912 751	6 446 066	7 090 421	7 764 725	8 877 458	11 312 554
<i>of which: Acquisition of Assets</i>	<i>269 011</i>	<i>644 864</i>	<i>1 036 102</i>	<i>658 467</i>	<i>915 327</i>	<i>1 366 756</i>	<i>1 693 548</i>
Long-term investments	1 288 685	827 718	798 955	390 570	390 570	390 570	390 570
Receivables and prepayments	465 832	113 235	141 145	81 000	82 000	82 500	83 000
Cash and cash equivalents	790 853	145 284	394 616	350 014	350 014	350 014	350 014
Total assets	8 041 522	6 998 988	7 780 782	7 912 005	8 587 309	9 700 542	12 136 138
Capital and reserves	(502 619)	(1 036 047)	(2 416 885)	(2 741 856)	(3 470 686)	(4 227 739)	(4 913 388)
Borrowings	5 136 576	4 842 177	6 113 076	6 705 752	7 778 208	9 120 901	10 314 663
Trade and other payables	3 043 410	2 838 601	3 662 803	3 729 902	4 176 580	4 799 173	6 726 656
Other liabilities	364 155	354 257	421 788	218 207	103 207	8 207	8 207
Total equity and liabilities	8 041 522	6 998 988	7 780 782	7 912 005	8 587 309	9 700 542	12 136 138

Data provided by the South African National Roads Agency Ltd.

1. Multi year project transfers included as deferred income on the balance sheet

Road Accident Fund

The Road Accident Fund (RAF) is government's instrument for compensating victims of motor vehicle accidents for injuries, loss of income or loss of financial support following the death of breadwinner, in accordance with the Road Accident Fund Act (1996).

The number of claims lodged dropped from 169 462 in 2003/04 to 166 654 in 2004/05. There has been, however, a steady increase in the annual number of claims lodged since 1998, and the RAF anticipates that 185 000 claims will be lodged in 2005/06. The average settlement cost also dropped, from R26 000 per claim in 2003/04 to R24 000 per claim in 2004/05. As a result of operational and legislative interventions, the RAF expects to be able to settle claims at an average of R22 000 each during 2005/06.

The RAF receives a dedicated levy, imposed on petrol and diesel, to fund its operations and to pay out claims. The levy was at 26,5 cents per litre in 2004/05. The levy has resulted in an increase in revenue from R2,6 billion in 2001/02 to R4,5 billion in 2004/05, an annual average increase of 20,3 per cent. Despite this growth in revenue, expenditure has consistently outstripped revenue since 2001/02, exhausting reserves. This is expected to continue over the MTEF period, as expenditure rises from about R5,6 billion to over R6,2 billion. Steps taken by the RAF to reduce its expenditure by limiting fraudulent activities included introducing a claims validation process, promoting claims lodged directly with the RAF and not through lawyers, prosecuting those who lodge fraudulent claims (with 494 successful prosecutions during 2004/05), and verifying claims as they are lodged.

The RAF Amendment Act (2001) will provide the fund with a legislative mandate to further reduce its expenditure by limiting claims for general damages and by non-residents. An interdepartmental committee will make recommendations to Cabinet in July 2005 and will consider the long-term transformation of the RAF, in line with the recommendations of the Road Accident Fund Commission.

The data presented in the table below provides only cash information extracted from the entity's cash flow statement, and excludes all accrual transactions, like provisions and depreciation. This makes the data compatible with national government's data, for the purposes of preparing the consolidated national, provincial and social security presentations of government accounts in the Budget Review.

Table 33.11 Summary of revenue and expenses for the Road Accident Fund

	Audited	Audited outcome	Preliminary outcome	Estimated outcome	Medium-term estimate		
					2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
CONVERTED CASH FLOW STATEMENT							
Revenue							
Tax revenue	2 393 131	3 219 025	3 861 810	4 501 307	4 901 923	5 357 802	5 872 151
Non-tax revenue	191 200	44 601	32 068	1 288	5 000	1 704	1 959
Sale of capital assets	489	21	102	–	–	–	–
Total revenue	2 584 820	3 263 647	3 893 980	4 502 595	4 906 923	5 359 506	5 874 110
Expenses							
Current expenses	2 878 734	3 537 272	4 402 824	5 442 644	5 610 892	5 780 098	6 161 596
<i>Compensation of employees</i>	130 814	238 890	343 436	338 086	366 057	400 574	432 620
<i>Goods and services</i>	206 983	180 696	76 791	168 607	263 137	224 610	237 218
<i>Transfer payments and subsidies</i>	2 540 926	3 117 662	3 982 597	4 935 951	4 981 698	5 154 914	5 491 758
<i>Other expenditure</i>	11	24	–	–	–	–	–
Capital expenditure	20 812	37 898	10 522	11 951	15 907	33 000	36 300
<i>Fixed assets</i>	20 812	37 898	10 522	11 951	15 907	33 000	36 300
Total Expenses	2 899 546	3 575 170	4 413 346	5 454 595	5 626 799	5 813 098	6 197 896
Surplus / (Deficit)	(314 726)	(311 523)	(519 366)	(952 000)	(719 876)	(453 592)	(323 786)

Audited financial statements for 2001/02 adjusted for 12 months.

Cross-Border Road Transport Agency

The Cross-Border Road Transport Agency (CBRTA), established in terms of the Cross-Border Road Transport Act (1998), regulates freight and passenger transport across the borders of the South Africa. It facilitates the smooth flow of goods and people to promote prosperity and encourage social and economic development within SADC. It regulates the industry by means of a single permit system, undertakes law enforcement, and maintains and builds relationships between stakeholders with an interest in cross-border road transport.

Over the medium term, the CBRTA aims to implement the second phase of deregulation as stipulated in the protocol on transport, communication and meteorology, and to enhance the free flow of transport in the region through harmonising permits and traffic standards and operating its border posts on a 24-hour basis. The CBRTA is self-sustaining and earns its revenue through cross-border transport permit fees and fines for transport-related offences.

South African Maritime Safety Authority

The South African Maritime Safety Authority (SAMSA) is statutory body established in terms of the South African Maritime Safety Authority Act (1998). SAMSA's main purposes are to ensure safety of life and property at sea, prevent pollution at sea by ships, and promote South Africa's maritime interests.

Some of the major achievements over the MTEF period include: 1 011 ships with a gross tonnage of 238 196 tons were registered under the South African flag; 219 foreign flagged ships were inspected and 4 detained, 19 oil pollution incidents were investigated; 277 of 438 candidates passed various examinations conducted by SAMSA; and 3 082 safety certificates were issued out of 3 530 ship surveys and 930 dry dock certificates were issued out of 1 023 surveys.

The authority gets its funding from a combination of government service fees, direct user charges (about 30,5 per cent of its operating income) and levies on ships calling at South African ports (66,4 per cent of total revenue). The authority's total revenue is estimated to grow at an average of R58 million per year over the medium term.

South African Civil Aviation Authority

The primary purpose of the South African Civil Aviation Authority, established in terms of the South African Civil Aviation Authority Act (1998), is to promote, regulate and support high levels of safety throughout the civil aviation industry. Its core activities include overseeing aviation safety for operations, aircraft, personnel, airports and airspace.

The authority receives most of its revenue from industry user fees and levies, and total revenue is projected to increase from R124 million in 2004/05 to about R154 million in 2007/08. Transfers and user charges for ministerial directives on aircraft accident investigations are relatively stable at about R7 million per year.

Urban Transport Fund

The Urban Transport Fund (UTF) was established in terms of the Urban Transport Act (1977). The fund is responsible for: promoting transport planning; providing, improving and maintaining public transport facilities; assisting suburban railway services; urban transport research; and transport engineering and transport economics training.

Major recent achievements were the allocation of funding for corridor development projects and the development of public transport facilities in some of the urban renewal nodes. The UTF contributed to upgrading sections of the Khulani corridor to address the storm water management system, partnered with the City of Johannesburg to provide public transport facilities at the Baragwanath node, and helped the City of Cape Town with the development of the Khayelitsha rail extension and the planning and design of two stations. The UTF also contributed to the construction of taxi and public transport facilities in the Inanda Ntuzuma KwaMashu urban renewal node.

Over the MTEF period, the UTF will be involved in: training provincial and local government officials on the contents of the National Land Transport Transitional Act (2000); developing transport plans in preparation for the 2010 Soccer World Cup; integrating transport functions and

preparing integrated transport plans for a transport authority; and developing public transport models that can be replicated.

Road Traffic Management Corporation

The Road Traffic Management Corporation Act (1999) provided for the establishment of the Road Traffic Management Corporation (RTMC) whose primary purpose is to oversee the regulation of public transport and road traffic for the development, safety, and quality of life of all South Africans. The main objectives of the RTMC are to enhance the overall quality of road traffic management and service provision; strengthen co-operation and co-ordination between the national, provincial and local spheres of Government in the management of road traffic; maximise the effectiveness of provincial and local government efforts, particularly in road traffic law enforcement; create business opportunities, particularly for the previously disadvantaged sectors, to supplement public sector capacity and guide and sustain the expansion of private sector investment in road traffic management.

The RTMC receives its revenue from penalties and fines from road traffic law enforcement and transaction fees charged for testing and licensing of drivers, vehicle registration and licensing, vehicle testing and the sale of on-line information.

The RTMC is still being set up, posts are not yet filled and operations are only expected to begin in 2005/06. Over the medium term, appropriate systems, controls and capacity will be established, a National Traffic Academy and Traffic Practitioner's Council will be set up, and safety on roads will be improved through better co-ordinated road traffic management.

Railway Safety Regulator

The Railway Safety Regulator (RSR) was established in terms of the National Railway Safety Regulator Act (2002) to provide for and promote safe railway operations, encourage collaboration and participation in improving railway safety, recognise the prime responsibility and accountability of railway operators in ensuring the safety of railway operations, facilitate a modern, flexible and efficient regulatory regime, and promote the harmonisation of the railway safety regime.

To this end, the RSR has begun setting up a safety management system, which includes setting safety goals and performance targets and defining responsibilities, rules and procedures. Investigative, research and monitoring capacity have also been developed.

The main objectives of the RSR over the medium term will be creating a special police unit to combat crime on railway premises, issuing safety management and safety standards, and developing a national information and monitoring system. The RSR will also undertake investigations, audits and inspections, and help to develop protocols, agreements and procedures for SADC and the AU.

Total transfers from the Department of Transport are expected to increase by 14,1 per cent per year over the MTEF period, from R15,0 million in 2004/05 to R22,3 million in 2007/08.

Air Traffic and Navigation Services Company

The Air Traffic and Navigation Services Company Ltd (ATNS), established in terms of the Air Traffic and Navigation Company Act (1993), is responsible for safe, orderly and efficient air traffic, and navigational and associated services in its area of control. It provides extensive air traffic information services and related aeronautical support services in the major airspace and at 21 airports throughout South Africa. The company college is a well-established facility currently

used by a large number of African countries for air traffic services training as well as for technical training for equipment support.

ATNS does not receive government transfers and gets its funding from its operations. Air traffic service fees contribute 90 per cent of total revenue earned, revenue from the VSAT satellite communication system in the SADC region contributes 5 per cent, and the other 5 per cent is earned from technical maintenance services, aeronautical information services and the provision of air traffic control training. The return on capital employed is expected to increase at an average of 11,1 per cent per year.

Some recent achievements include: implementing phase 1 of the South African Advanced Air Traffic System project to support regional integration and to contribute to NEPAD (as a growing regional economic community); introducing new distance measuring equipment at Lanseria airport; establishing new transmitter and receiver sites at Johannesburg International Airport; installing fibre optic communications between critical sites to replace existing copper infrastructure; completing a radar replacement and improvement project that achieves overlapping or dual radar coverage over major routes; and introducing an internet flight plan submission facility.

Airports Company of South Africa

The Airports Company of South Africa Ltd (ACSA) was established in terms of the Airports Company Act (1993) and has three core activities: airport services, retail activities and property activities.

ACSA's activities are self-financing through airline charges and user fees from air passengers. Revenue increased by 13,5 per cent, from R1,7 billion in 2003/04 to R1,9 billion in 2004/05. Revenue is projected to increase on average by a further 9,8 per cent over the MTEF period to R2,5 billion in 2007/08. The expected increase is due to growth in operating profit as well as in passenger volumes.

Among Acsa's recent achievements are some international awards which include the naming of Cape Town International Airport, Durban International Airport and Johannesburg International Airport as the second, third and fourth best airports, respectively, in the Middle East/Africa region.

With regard to infrastructure investment, in 2003/04, ACSA upgraded the Port Elizabeth terminal, constructed new security gates and landside access roads at Johannesburg International Airport (JIA), opened a new R44 million domestic to international passenger transfer facility at JIA, completed a new R14,9 million access control facility at JIA, completed the first phase of a programme for the replacement of screening equipment, and invested R53 million in security infrastructure.

ACSA's primary objective over the medium term is to increase the number of landings from approximately 200 000 in 2003/04 to 258 140, which will result in about 13,8 million departing passengers annually. In order to achieve this, additional capacity will be required at the airports at Johannesburg, Cape Town, George, Durban and East London. ACSA will continue to invest in IT systems, security equipment and fire and rescue equipment, in addition to focusing on expanding the commercial portfolio of the property and retail business areas. ACSA is currently revising its five-year plans to accommodate the requirements of the 2010 soccer world cup, and expects to conclude this assessment by the first quarter of 2005. Furthermore, ACSA expects to conclude the second phase of a detailed customer care programme during the final quarter of 2005.

Table 33.12 Financial summary for the Airports Company of South Africa (ACSA)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	1 316 299	1 535 555	1 673 875	1 900 987	2 107 829	2 305 818	2 521 654
Sale of goods and services other than capital assets	1 316 299	1 535 555	1 673 875	1 900 987	2 107 829	2 305 818	2 521 654
Sale of capital assets	(1 872)	122 836	2 619	2 289	-	-	-
Total revenue	1 314 427	1 658 391	1 676 494	1 903 276	2 107 829	2 305 818	2 521 654
Expenses							
Current expense	892 944	1 159 598	1 550 827	2 473 283	1 892 952	2 177 778	2 404 237
Compensation of employees	259 748	285 918	277 271	318 634	374 572	407 013	444 471
Goods and services	309 718	350 749	430 330	441 858	460 002	502 794	536 842
Depreciation	136 396	152 377	214 560	238 573	276 439	299 944	329 203
Taxation	168 947	215 794	241 698	269 775	262 968	295 946	305 369
Interest and dividends	18 135	154 760	386 967	1 204 443	518 971	672 081	788 352
Total expenses	892 944	1 159 598	1 550 827	2 473 283	1 892 952	2 177 778	2 404 237
Surplus / (Deficit)	421 483	498 792	125 668	(570 007)	214 877	128 040	117 417
BALANCE SHEET SUMMARY							
Carrying value of assets	2 796 837	3 484 887	3 739 535	4 086 110	4 339 885	4 926 800	5 491 264
<i>of which: Acquisition of assets</i>	<i>509 783</i>	<i>868 433</i>	<i>469 354</i>	<i>577 945</i>	<i>529 271</i>	<i>886 860</i>	<i>893 666</i>
Long-term investments	84 291	100 296	88 300	57 546	39 649	39 649	39 649
Inventory	-	606	1 224	1 241	-	-	-
Receivables and prepayments	215 526	225 307	229 320	213 955	198 958	215 899	234 420
Cash and cash equivalents	41 744	-	-	(2 179)	-	-	-
Total assets	3 138 399	3 811 096	4 058 380	4 356 673	4 578 492	5 182 348	5 765 333
Capital and reserves	2 401 890	2 900 682	3 026 350	2 456 343	2 671 220	2 799 260	2 916 677
Borrowings	363 710	454 122	461 691	1 361 626	1 529 893	2 018 600	2 511 318
Post retirement benefits	29 120	43 115	23 333	34 635	-	-	-
Trade and other payables	249 783	306 524	467 060	347 303	377 379	364 488	337 338
Provisions	93 895	106 653	79 946	156 766	-	-	-
Total equity and liabilities	3 138 399	3 811 096	4 058 380	4 356 673	4 578 492	5 182 348	5 765 333

Data provided by the Airports Company of South Africa

Annexure

Vote 33: Transport

Table 33.A: Summary of expenditure trends and estimates per programme and economic classification

Table 33.B: Summary of personnel numbers and compensation of employees per programme

Table 33.C: Summary of expenditure on training per programme

Table 33.D: Summary of information and communications technology expenditure per programme

Table 34.E: Summary of conditional grants and indirect grants to provinces and local government

Table 33.F: Summary of official development assistance expenditure

Table 33.G: Summary of expenditure on infrastructure

Table 33.A: Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Preliminary outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2003/04			2004/05			
1. Administration	68 683	69 719	65 209	76 751	1 800	78 551	78 247
2. Transport Policy and Regional Integration	29 849	29 849	15 823	31 523	–	31 523	30 317
3. Transport Regulation and Public Entity Oversight	266 468	294 280	309 003	376 514	18 294	394 808	385 094
4. Integrated Planning and Inter- sphere Co-ordination	1 375 690	1 381 190	1 356 153	1 555 713	2 149	1 557 862	1 542 112
5. Freight Logistics and Corridor Development	4 474	32 474	29 942	8 695	–	8 695	2 251
6. Public Transport	4 413 545	4 481 923	4 447 200	4 709 848	(12 116)	4 697 732	4 696 169
Total	6 158 709	6 289 435	6 223 330	6 759 044	10 127	6 769 171	6 734 190
Economic classification							
Current payments	369 290	400 667	362 246	497 029	18 294	515 323	484 344
Compensation of employees	80 536	79 396	63 268	99 633	–	99 633	93 809
Goods and services	288 754	321 271	298 978	397 396	18 294	415 690	390 513
Financial transactions in assets and liabilities	–	–	–	–	–	–	22
Transfers and subsidies	5 757 651	5 854 919	5 827 424	6 239 562	(8 167)	6 231 395	6 227 443
Municipalities	12 078	12 078	21 178	250	2 149	2 399	229
Departmental agencies and accounts	1 334 746	1 364 300	1 353 033	1 530 836	–	1 530 836	1 530 836
Universities and technikons	8 439	9 475	9 475	6 306	1 800	8 106	8 106
Foreign governments and international organisations	3 958	3 958	3 958	4 970	–	4 970	4 271
Public corporations	2 343 840	2 360 148	2 360 148	2 528 550	(30 000)	2 498 550	2 498 550
Private enterprises	2 044 000	2 082 000	2 068 500	2 158 040	14 700	2 172 740	2 172 740
Non-profit institutions	10 000	22 370	10 542	10 525	3 184	13 709	12 536
Households	590	590	590	85	–	85	175
<i>of which: Social benefits</i>	–	–	240	85	–	85	175
Payments for capital assets	31 768	33 849	33 660	22 453	–	22 453	22 403
Buildings and other fixed structures	29 193	28 000	28 000	17 938	–	17 938	17 938
<i>Buildings</i>	29 193	28 000	–	–	–	–	–
<i>Other fixed structures</i>	–	–	28 000	17 938	–	17 938	17 938
Machinery and equipment	2 575	5 849	5 660	4 515	–	4 515	4 465
<i>Other machinery and equipment</i>	2 575	5 849	5 660	4 515	–	4 515	4 465
Total	6 158 709	6 289 435	6 223 330	6 759 044	10 127	6 769 171	6 734 190

Table 33.B: Summary of personnel numbers and compensation of employees per programme¹

Programme	2001/02	2002/03	2003/04	2004/05	2005/06
1. Administration	129	152	205	233	233
2. Transport Policy and Regional Integration	20	24	38	56	56
3. Transport Regulation and Public Entity Oversight	107	125	138	80	80
4. Integrated Planning and Inter-sphere Co-ordination	9	11	57	73	73
5. Freight Logistics and Corridor Development	7	8	7	24	24
6. Public Transport	9	10	28	38	38
Total	281	330	473	504	504
Total personnel cost (R thousand)	40 741	53 044	63 268	99 633	111 318
Unit cost (R thousand)	145	161	134	198	221

¹ Budgeted full-time equivalent**Table 33.C: Summary of expenditure on training per programme**

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
1. Administration	374	3 451	3 011	2 864	3 036	2 900	3 045
3. Transport Regulation and Public Entity Oversight	202	-	-	-	-	-	-
4. Integrated Planning and Inter-sphere Co-ordination	233	-	-	-	-	-	-
Total	809	3 451	3 011	2 864	3 036	2 900	3 045

Table 33.D: Summary of information and communications technology expenditure per programme

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
1. Administration	489	868	683	800	270	290	305
Technology	489	868	683	800	270	290	305
2. Transport Policy and Regional Integration	-	28	-	200	472	500	525
Technology	-	28	-	200	472	500	525
3. Transport Regulation and Public Entity Oversight	314	434	305	380	185	200	210
Technology	314	434	305	380	185	200	210
4. Integrated Planning and Inter-sphere Co-ordination	2 865	779	431	400	200	300	315
Technology	2 865	779	431	400	200	300	315
5. Freight Logistics and Corridor Development	-	-	161	327	200	-	-
Technology	-	-	161	327	200	-	-
6. Public Transport	34	236	-	100	-	-	-
Technology	34	236	-	100	-	-	-
Total	3 702	2 345	1 580	2 207	1 327	1 290	1 355

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Details of transfers and subsidies:							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	697 738	700 500	1 087 890	949 640	934 628	990 716	1 040 255
Regional Services Council Levies	736	813	893	778	194	216	230
Local Institutional Development Support	5 153	-	-	-	-	-	-
Water Services Operating Subsidy Grant	691 849	699 687	1 086 997	948 862	934 434	990 500	1 040 025
Capital	757 211	999 099	620 377	217 322	138 679	-	-
Implementation of Water Services Projects Grants	757 211	999 099	620 377	217 322	138 679	-	-
Total provinces and municipalities	1 454 949	1 699 599	1 708 267	1 166 962	1 073 307	990 716	1 040 255
Departmental agencies and accounts							
Current	-	-	-	3 000	3 026	3 030	3 185
Augmentation of the Water Trading Account	-	-	-	3 000	3 000	3 000	3 150
Water research council levy	-	-	-	-	26	30	35
Total departmental agencies and accounts	-	-	-	3 000	3 026	3 030	3 185

Expenditure trends

Expenditure rose from R1,9 billion in 2001/02 to R2,4 billion in 2003/04, as investment in infrastructure and the support of water services operations increased. Expenditure fell sharply in 2004/05, with the transfer of the expenditure on new water and sanitation connections to the municipal infrastructure grant. Expenditure is expected to continue to fall, to R1,3 billion in 2006/07, before rising to R1,4 billion in 2007/08.

The large increase in expenditure in 2003/04 was mainly due to drought relief allocations, to help reduce the backlogs in the provision of water and sanitation services and to support the process of transferring water services to local authorities.

Service delivery objectives and indicators

Recent outputs

Policy and legislation review

Implementation and rollout of the water services strategic framework as approved in 2003 by Cabinet is well under way. This includes a review and amendment of the Water Services Act (1997).

Basic water and sanitation services

The department continues to support the Department of Provincial and Local Government and municipalities in the implementation of the municipal infrastructure grant and ensures that sector conditions are met. As sector leader, the department facilitates and drives a process with sector partners to enhance sanitation delivery. DWAF continued to provide support to water services

authorities in the development of their water services development plans as a part of their integrated development plans.

Planning and implementation support for the rollout of free basic water was extended to all municipalities through an intensive campaign. To date, 95,3 per cent of water services authorities provide 67,1 per cent of the population with free basic water.

Institutional review

A process for the institutional reform of water service institutions was started, to transform regional water service provision arrangements. Monitoring of water boards was stepped up to ensure more effective service delivery and sound governance.

Transfer of water services

The process of transferring water services to local authorities gathered momentum, and 20 transfer agreements were signed. A comprehensive audit of all water services schemes to be transferred was completed: 512 schemes to be transferred; 316 are bulk water schemes which were inherited by DWAF from the previous homelands and 196 are schemes that DWAF built after 1994. To date, 87 schemes have been transferred.

Selected medium-term output targets

Water Services

Measurable objective: Ensure effective, efficient and sustainable use and supply of water and sanitation services by institutions that are accountable and responsive to the community that they serve.			
Subprogramme	Output	Measure/Indicator	Target
Provisioning Policies	Effective and sustainable basic water supply and sanitation, as well as free basic services	Detailed strategies updated to achieve targets for basic services as set out in the strategic framework, and regular reporting	Strategy updated by March 2006 and progress reported quarterly
Water Sector Policies	Universal effective water supply and sanitation services	Regulatory strategy completed Report produced on sector and institutional performance	October 2006 Annual report produced by March 2006
Institutional Policies	Empowered water services authorities, providers and water boards	Strategy for institutional reform in place	June 2006
Africa Initiative	Support to water services programmes in Africa	Number of policies developed in line with planned technical engagements	At least 5 by March 2006
Water Services Administration	Effective water services sector leadership	Institutional framework and support services for water service institutions in place and new departmental units fully functional	March 2006
Water and Sanitation Services	Direct investment to reduce backlog of people without access to basic water services	Increase in number of people served with basic water supply and number of households with basic sanitation	Additional 50 000 people served with basic water supply and another 21 000 households supplied with basic sanitation by March 2006
Water Sector Support	Increased access to basic water services for the poor	Proportion of the poor population with free basic water services	80% by March 2006
Institutional Support	Effective institutions for water services	Reports on specific support activities to water services institutions	4 reports on a quarterly basis on effect of support by March 2006
Transfers	Effective transfer of water services schemes to appropriate institutions	Number of schemes transferred	315 by March 2006

Subprogramme	Output	Measure/Indicator	Target
Africa Participation	Support to water services programmes in Africa	Number of programmes supported	3 programmes by March 2006
Water Services Support	Administration for water services management within the regions	Compliance with public service regulations and procedures, as well as the PFMA	100% compliance
Operations of Water Services	Reliable and sustainable supply of water provided for basic use and economic development	Water supplied as per scheme design capacity	80% compliance

Programme 4: Forestry

Forestry promotes the conservation of plantation and indigenous forests and their commercial and community uses, to achieve optimal social and economic benefits and to promote rural development, through policy development, regulation, facilitation and monitoring and evaluation.

The programme is organised into the following subprogrammes, which reflect the organisational restructuring the department has undergone:

- *Plantation Restructuring* develops and supports policies to ensure the sustainable development and management of plantation forestry to achieve equitable economic and social benefits, particularly in rural areas.
- *Indigenous Forest Restructuring* develops and promotes policies to support the sustainable development and management of indigenous forests to optimise their social, economic and environmental benefits.
- *Forestry Oversight* develops policies in support of sustainable forest management, oversees the sector and ensures that policy at all levels of government is coherent.
- *African Forestry Liaison* promotes sustainable forest management in Africa in support of NEPAD.
- *Community Forestry* develops and promotes policies to empower communities and disadvantaged groups to make use of tree and forest resources to support sustainable livelihoods.
- *Forestry Management Support* provides efficient general administration and management support to the programme.
- *Plantation Management* supports the sustainable development and management of plantation forestry at the regional level to achieve equitable economic benefits, particularly in rural areas.
- *Indigenous Forest Management* supports the sustainable development and management of indigenous forests to optimise their social, economic and environmental benefits.
- *Forestry Governance* supports sustainable forest management by overseeing the community forestry sector.
- *Community Empowerment* helps disadvantaged communities and groups make use of tree and forest resources to support sustainable livelihoods.
- *Forestry Support Services* provides support services (human resources and financial management and general administration) for regional forestry activities.

Expenditure estimates

Table 34.6: Forestry

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Plantation Restructuring	730	750	41	776	821	871	914
Indigenous Forest Restructuring	200	200	2	209	219	232	243
Forestry Oversight	12 806	13 246	5 779	13 927	14 743	15 627	16 417
African Forestry Liaison	630	650	308	658	697	739	776
Community Forestry	100	100	226	103	109	116	122
Forestry Management Support	3 900	4 280	5 100	4 534	4 800	5 087	5 345
Plantation Management	329 430	288 642	272 842	267 831	244 021	258 546	271 402
Indigenous Forest Management	40 336	44 483	58 740	49 543	52 445	55 591	58 400
Forestry Governance	1 736	1 840	80	1 953	2 067	2 191	2 302
Community Empowerment	19 800	23 500	17 142	23 973	25 376	26 899	28 257
Forestry Support Services	24 800	25 600	51 347	79 502	27 891	29 564	31 058
Total	434 468	403 291	411 607	443 009	373 189	395 463	415 236
Change to 2004 Budget estimate				93 154	(186)	(197)	(207)

Economic classification

Current payments	151 960	397 416	391 199	383 330	365 271	386 624	406 459
Compensation of employees	90 727	276 066	259 720	244 333	256 234	271 050	284 885
Goods and services	61 233	120 838	129 322	137 492	107 442	113 883	120 866
<i>of which:</i>							
Computer services	2 626	11 030	10 144	2 927	2 973	3 022	3 072
Inventory	6 231	20 789	25 041	27 223	27 205	29 865	31 609
Consultants and contractors	20 024	41 321	42 488	42 708	33 421	34 100	34 847
Leases and rentals	1 274	1 377	1 480	1 522	1 598	1 678	1 762
Travel and subsistence	29 203	40 902	43 545	44 423	36 091	38 750	42 799
Communication	1 662	3 563	4 091	3 229	4 441	4 662	4 896
Interest and rent on land	–	512	2 157	1 505	1 595	1 691	708
Transfers and subsidies to:	279 359	389	17 180	53 552	423	894	718
Provinces and municipalities	197	388	394	397	423	894	718
Departmental agencies and accounts	279 162	1	16 786	15 155	–	–	–
Public corporations and private enterprises	–	–	–	38 000	–	–	–
Payments for capital assets	3 149	5 486	3 228	6 127	7 495	7 945	8 059
Machinery and equipment	3 149	5 486	3 228	6 127	7 495	7 945	8 059
Total	434 468	403 291	411 607	443 009	373 189	395 463	415 236

Details of transfers and subsidies:

Departmental agencies and accounts							
Current	279 162	1	16 786	15 155	–	–	–
Industrial Plantation Trading Account	279 162	1	16 786	1	–	–	–
SAFCOL	–	–	–	15 154	–	–	–
Total departmental agencies and accounts	279 162	1	16 786	15 155	–	–	–

Table 33.E: Summary of conditional grants and indirect grants to provinces and local government (municipalities)¹

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
Conditional grants to provinces							
4. Integrated Planning and Inter-sphere Co-ordination							
Transport Planning							
Urban Transport Fund	38 211	39 744	9 100	-	-	-	-
Total	38 211	39 744	9 100	-	-	-	-

¹ Detail provided in the Division of Revenue Act (2005).

Table 33.F: Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Outcome			Adjusted appropriation	Medium-term expenditure estimate		
			2001/02	2002/03	2003/04		2004/05	2005/06	2006/07
R thousand									
Local									
Road Accident Fund	Arrive Alive	Cash	15 274	26 241	-	-	-	-	-
Total			15 274	26 241	-	-	-	-	-

Table 33.G: Summary of expenditure on infrastructure

Projects	Description	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
		Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand		2001/02	2002/03	2003/04	2004/05			
Infrastructure transfers								
SANRAL: National Roads (capital projects)	Upgrading and maintenance	373 664	421 072	464 694	504 276	565 333	627 952	1 139 350
Lubombo SDI	Upgrading	100 000	-	-	-	-	-	-
Rail Revitalisation - Eastern Cape	Revitalisation	-	-	28 000	-	-	-	-
Capital projects	Rail infrastructure	490 165	691 000	665 000	625 000	688 300	829 598	1 016 078
Urban Transport Fund		38 211	39 744	41 532	44 024	-	-	-
Total		934 140	1 144 116	1 164 227	1 217 324	1 253 633	1 457 550	2 155 428

