

Expenditure Estimates

EXPENDITURE ESTIMATES

Medium Term Revenues and Expenditure

Summary of Expenditure and Budget Allocations

R thousand	Expenditure outcome			Adjusted Appropriation 2005/06	Medium term expenditure estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05		2006/07	2007/08	2008/09
Expenditure and voted funds	5,718,184	6,232,543	6,679,868	10,741,005	12,870,458	13,599,312	15,513,071

Departmental Revenue Collection

Economic classification R thousand	Expenditure outcome			Adjusted Appropriation 2005/06	Medium term expenditure estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05		2006/07	2007/08	2008/09
Sale of goods and services other than capital assets	37,725	34,063	22,230	24,230	26,410	27,221	29,638
Interest, dividends and rent on land	119,291	246,180	144,450	158,280	172,500	181,125	197,209
Financial transactions in assets and liabilities	418	50,544	212	278	300	315	343
Total	157,434	330,787	166,892	182,788	199,210	208,661	227,190

Expenditure Summary per Programme

Programme R thousand	Expenditure outcome			Adjusted Appropriation 2005/06	Medium term expenditure estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05		2006/07	2007/08	2008/09
1. Administration	65,664	74,422	90,734	129,783	126,038	132,307	139,038
2. Transport Policy, Research and Economic Analysis	45,710	15,822	16,574	42,054	28,312	31,694	33,261
3. Transport Regulation Accident and Incident Investigation	164,989	120,338	160,736	143,681	151,859	165,188	178,682
4. Integrated Planning and Inter-Sphere Coordination	1,255,297	1,356,068	1,509,911	2,079,226	3,161,253	4,231,161	5,511,159
5. Freight Logistics and Corridor Development	1,897	29,942	3,755	19,023	27,846	18,739	19,983
6. Public Transport	4,087,066	4,447,197	4,694,267	5,431,431	9,165,827	8,817,314	9,418,820
7. Public Entity Oversight and Economic Regulation	97,561	188,754	203,891	2,895,807	209,323	202,909	212,128
Total	5,718,184	6,232,543	6,679,868	10,741,005	12,870,458	13,599,312	15,513,071
Change to 2005 Budget estimate				3,138,846	4,627,230	4,334,223	5,425,242

Expenditure per Economic Classification

Economic classification R thousand	Expenditure outcome			Adjusted Appropriation 2005/06	Medium term expenditure estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05		2006/07	2007/08	2008/09
Current payments	361,223	370,915	450,837	579,047	538,852	541,013	581,736
Compensation of employees	53,044	64,073	82,934	114,018	157,678	165,826	175,001
Goods and services	308,179	305,959	341,340	465,029	381,174	375,187	406,735
Financial transactions in assets and liabilities		883	26,563				
Transfers and subsidies	5,355,199	5,827,968	6,214,956	10,147,470	12,293,670	13,016,765	14,889,045
To: Provinces and municipalities	39,925	21,194	1,830	242,060	3,760,086	2,775,000	3,526,000
Departmental agencies and accounts	1,222,016	1,353,033	1,519,616	4,590,720	2,483,623	3,239,805	3,715,156
Universities and technikons	8,253	9,475	8,106	6,684	7,085	7,439	7,796
Public corporations and private enterprises	4,074,328	4,428,648	4,671,290	5,142,430	5,756,375	6,687,194	7,302,313
Foreign governments and international organisations	3,828	4,902	3,316	4,170	4,420	4,641	4,871
Non-profit institutions	6,779	10,542	10,524	11,306	11,975	12,575	13,793
Households	70	174	274	150,100	270,106	290,111	319,116
Payments for capital assets	1,762	33,660	14,075	14,488	37,936	41,534	42,290
Buildings and other fixed structures		28,000		11,462	34,779	38,221	38,796
Machinery and equipment	1,762	5,660	14,075	3,026	3,157	3,313	3,494
Total	5,718,184	6,232,543	6,679,868	10,741,005	12,870,458	13,599,312	15,513,071

Summary of Expenditure on Infrastructure

Infrastructure transfers to other spheres, agencies and departments R thousand	Expenditure outcome			Adjusted Appropriation 2005/06	Medium term expenditure estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05		2006/07	2007/08	2008/09
SARCC Rolling Stock	480,289	463,895	587,640	613,202	989,137	1,603,718	1,719,871
SARCC Signaling, Buildings, Perways	210,711	201,105	67,360	75,098	220,461	288,360	307,812
SANRAL Road Projects	421,072	464,694	504,276	565,333	797,952	1,079,350	1,256,944
Public Transport Infrastructure Fund				241,710	519,000	624,000	1,790,000
Gautrain Rapid Rail Link					3,241,000	2,151,000	1,760,000
Total	1,112,072	1,129,694	1,159,276	1,495,343	5,767,550	5,746,428	6,834,627



Expenditure trends

Overall expenditure is expected to continue to increase rapidly, rising from R5,7 billion in 2002/03 to R15,5 billion in 2008/09, at an average annual rate of 18,1 %. Subsidies for public transport (including the new grant for the Gautrain) and funding for road infrastructure continue to drive expenditure upwards. New allocations for the taxi recapitalisation project, a once-off transfer payment to the Road Accident Fund, and public transport infrastructure in 2005/06 caused expenditure to increase by 20,4 % between 2004/05 and 2005/06.

The Public Transport programme, which funds bus and rail subsidies, including capital expenditure on rail, is expected to grow at an average rate of 20,1 % between 2005/06 and 2008/09, compared to a rate of 9,9 % between 2002/03 and 2005/06. In the 2006 Budget, additional allocations are made for the Gautrain (R7,2 billion) and passenger rail infrastructure (R1,6 billion) over the MTEF.

New funding for public transport infrastructure, initially in preparation for the 2010 Soccer World Cup, was appropriated in the 2006 Adjusted Estimates Budget,

with R241,7 million in 2005/06. This increases to R700 million, R1 billion and R1,8 billion over the 2006 MTEF, most of which will be allocated to municipalities through a new conditional grant. Municipalities will transfer a small portion to the South African Passenger Rail Services for station upgrading projects that have been prioritised.

Expenditure on national roads has grown steadily in recent years, increasing at a rate of 13,4 % from R1,2 billion in 2002/03 to R1,75 billion in 2005/06. It is expected to grow more rapidly over the MTEF, increasing at 26,1 % to reach R3,5 billion in 2008/09. In the 2006 Budget, additional allocations of R400 million, R600 million and R900 million were made over the MTEF for national road infrastructure and road infrastructure coordination.

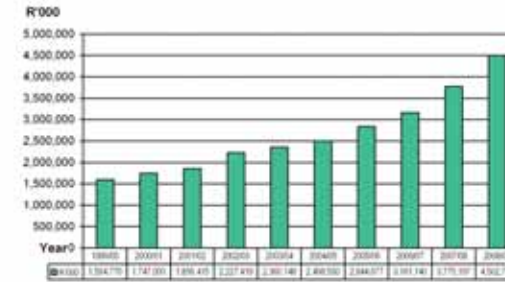
Further additional allocations in the 2006 Budget, of R94 million in 2006/07, R70 million in 2007/08 and R75 million in 2008/09, are for developing regional transport infrastructure, implementing the rural transport strategy, reforming the Road Accident Fund and for transport regulation.

Expenditure history and trends

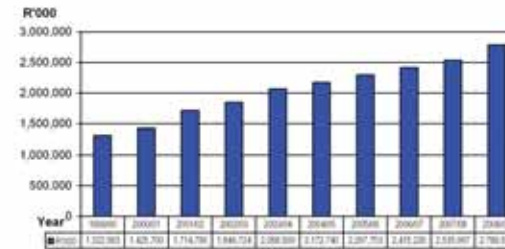
Ten year expenditure overview – major items (R'000)

Description	Actual					Budget				
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Rail (SARCC)	1,594,770	1,747,000	1,856,415	2,227,419	2,360,148	2,498,550	2,844,677	3,161,140	3,775,197	4,502,717
Bus subsidies	1,322,563	1,425,700	1,714,796	1,846,724	2,068,500	2,172,740	2,297,753	2,415,235	2,535,997	2,789,596
Roads (SANRAL)	899,944	701,081	1,067,612	1,203,064	1,290,556	1,440,789	1,752,720	2,292,075	3,041,929	3,509,964
Taxi process	12,145	1,043	8,097	6,497	9,898	10,000	260,600	323,066	328,460	361,473
Public Transport Infrastructure Fund (SWC 2010)							241,710	700,000	1,000,000	1,800,000
Road Accident Fund							2,700,000	14,000		
Gautrain								3,241,000	2,151,000	1,736,000
Other - refer below	232,199	224,651	290,008	434,480	503,441	557,789	643,545	723,942	766,729	813,321
Total	4,061,621	4,099,475	4,936,928	5,718,184	6,232,543	6,679,868	10,741,005	12,870,458	13,599,312	15,513,071

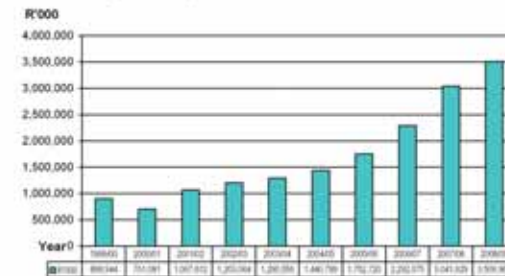
Ten year expenditure review - Rail



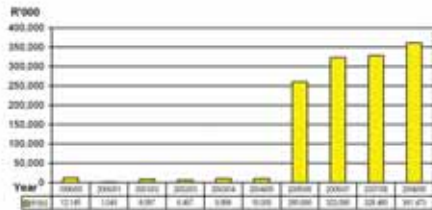
Ten year expenditure review - Bus subsidies



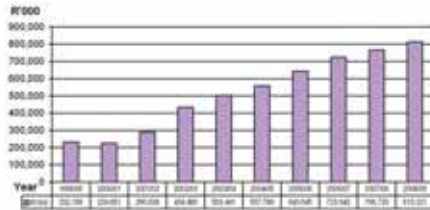
Ten year expenditure review - Roads



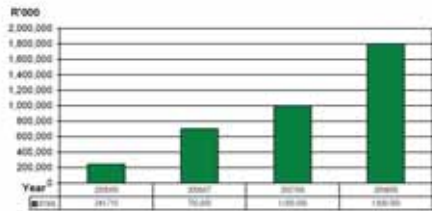
Ten year expenditure review - Taxi process



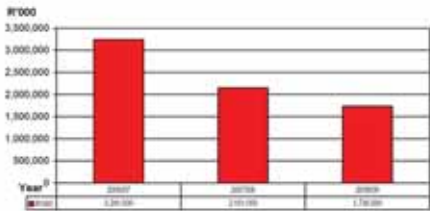
Ten year expenditure review - Other expenses



New allocations - Public Transport Infrastructure Fund



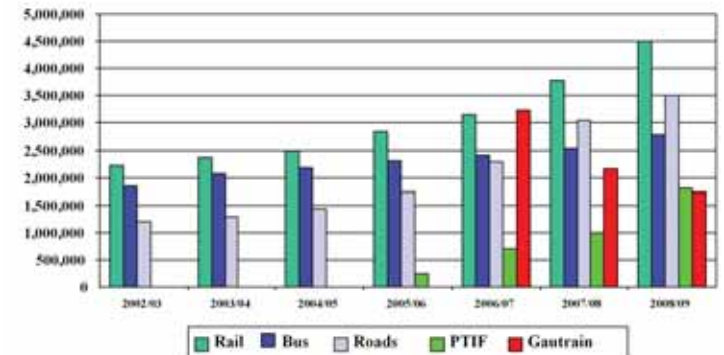
New allocations - Gautrain Rapid Rail Link



Ten year expenditure overview – other items (R'000)

	Actual						Budget			
	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Compensation of Employees	31,540	34,205	40,741	53,044	64,073	82,934	114,018	157,678	165,826	175,001
Road Traffic Management (incl. NaTIS and Arrive Alive)	56,420	48,960	96,672	83,788	158,692	159,265	160,843	150,120	155,427	160,643
Oil Pollution prevention services and Watch Keeping services	56,531	62,533	42,814	108,178	71,260	56,881	61,987	65,437	68,755	70,543
Administration	17,897	22,509	29,543	42,742	48,432	56,891	68,585	60,573	63,544	66,957
RSR, SAMSA, SACAA, MRCC, MSCC, NSRI and Memberships	21,355	14,514	13,024	15,961	31,291	35,636	48,074	50,937	53,409	56,164
Road infrastructure planning and Sani Pass								50,000	80,000	86,400
Rural transport projects							9,800	38,019	38,398	39,023
Transport planning and infrastructure projects			4,434	12,525	20,631	15,353	40,236	32,290	37,312	40,026
Inspectorates, Road, Rail, Maritime and Aviation regulation	14,405	14,131	18,968	33,992	21,061	33,617	33,397	31,719	38,792	46,300
Overloading Control							17,249	24,779	8,221	8,796
Freight Logistics projects and research				510	28,607	3,211	12,546	18,604	9,033	9,649
Special Investigating Unit						16,800	16,600	16,625	17,625	19,733
Transport Policy	1,822	1,767	1,506	9,294	6,672	7,319	14,723	13,495	16,050	16,843
Public Transport, including systems to devolve bus subsidies		3,923	4,095	4,702	4,369	7,113	19,332	10,908	11,448	12,557
Public Entity Oversight and Economic Regulation					5,818	14,416	12,755	2,758	2,889	4,686
Urban Transport Fund	30,133	22,109	38,211	39,744	41,532	44,024				
Once-off (CBRTA, Household Survey, Write off, AU Conference)	2,096			30,000	1,003	24,329	13,400			
Total	232,199	224,651	290,008	434,480	503,441	557,789	643,545	723,942	766,729	813,321

Expenditure trends - Major Budget Allocations



DEPARTMENTAL PROGRAMME STRATEGIC PLANS

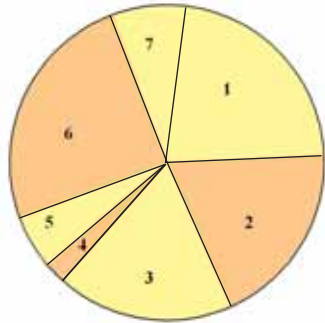
Expenditure on commuter rail subsidies and capital investment in commuter rail (excluding new allocations for the Gautrain rapid rail link from 2006/07 onwards) remain the single largest expenditure item.

A new allocation for the Gautrain rapid rail link was introduced in 2006/07 at R3,2 billion, after which the allocation reduces to R2,15 billion and R1,7 billion over the medium-term.

Expenditure on bus subsidies was the second largest expenditure item until 2006/07 (excluding new allocations for the Gautrain rapid rail link from 2006/07 onwards), whereafter expenditure on bus subsidies is overtaken by expenditure on roads, due to additional allocations for roads totaling R1,9 billion over the medium-term.

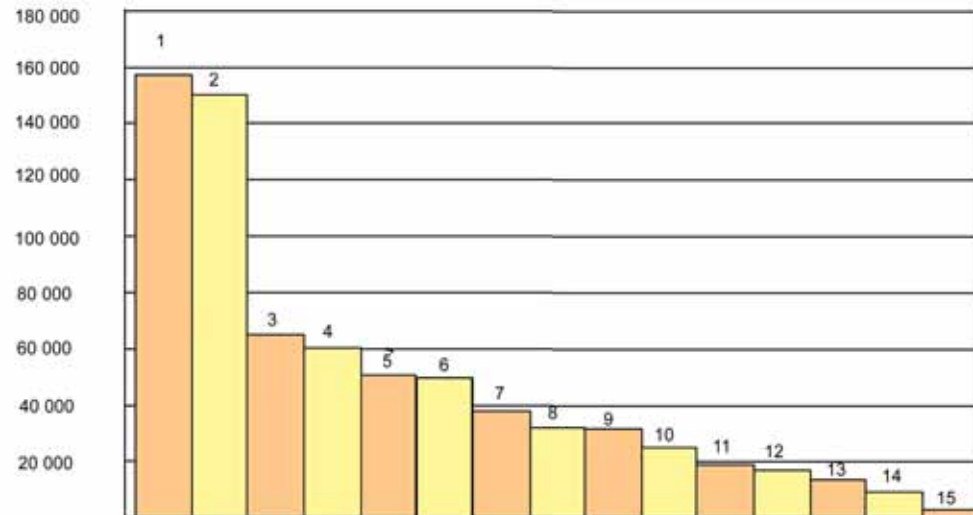
New allocations from the Public Transport Infrastructure Fund started with an initial allocation of R241,7 million in 2005/06, where after amounts of R700 million, R1 billion and R1,8 billion is allocated over the medium-term. Initial expenditure from these allocations will focus on preparations for the 2010 Soccer World Cup.

Breakdown of major budgets items for 2006/07



No.	Details	R'000	%
1	Rail (SARCC)	3,161,140	24.6%
2	Bus subsidies	2,415,235	18.8%
3	Roads (SANRAL)	2,292,075	17.8%
4	Taxi process	323,066	2.5%
5	Public Transport Infrastructure Fund	700,000	5.4%
6	Gautrain	3,241,000	25.2%
7	Other	723,942	5.6%
	Road Accident Fund	14,000	0.1%
	Total	12,870,458	100.0%

Breakdown of major other budgets for 2006/07



No.	Details	R'000	%
1	Compensation of Employees	157,678	21.8%
2	Road Traffic Management (incl. NaTIS and Arrive Alive)	150,120	20.7%
3	Oil Pollution prevention services and Watch Keeping services	65,437	9.0%
4	Administration	60,573	8.4%
5	RSR, SAMSA, SACAA, MRCC, MSCC, NSRI and Memberships	50,937	7.0%
6	Road infrastructure planning and Sani Pass	50,000	6.9%
7	Rural transport projects	38,019	5.3%
8	Transport planning and infrastructure	32,290	4.4%
9	Inspectorates, Road, Rail, Maritime and Aviation regulation	31,719	4.4%
10	Overloading Control	24,779	3.4%
11	Freight Logistics	18,604	2.6%
12	Special Investigating Unit	16,625	2.3%
13	Transport Policy	13,495	1.9%
14	Public Transport	10,908	1.5%
15	Public Entity Oversight	2,758	0.4%
	Total	723,942	100.0%

Program 1: Administration / Management Services

Although the Department restructured during 2004/2005 to make provision for the increasing demands on transport, the structure still did not provide the necessary strategic support and capacity to meet the needs of the country's growing economy. Therefore a re-aligned structure, consisting of seven programmes, will assist the Department to focus its efforts on the key objectives. Treasury approved partial funding for the new structure. The amount approved totals R209 962 984,00. The amount approved allows the Department to create dedicated branches for Public Entity Oversight and Economic Regulation, Communication, Management Services and Financial Services where these were previously Chief Directorates. The Department expands from six to seven Branches:

Broadly the seven areas of focus will be:

- management Services to provide administrative and strategic corporate support to the Minister and the Department;
- research development, policy, legislation and economic analysis;
- transport regulation and accident and incident management for all modes of transport;
- integrated planning for a coordinated transport infrastructure;
- transport freight logistics and freight corridor development;
- public transport; and
- public entity oversight and transport economic regulation

Program 1: Administration/ Management Services

Program 1 consists of the Transport Ministry, the Office the Director-General, Communication Services, Financial Services and Management Services. The program's overall aim is to provide effective strategic support to the whole department.

Transport Ministry

The Mandate of Transport Ministry is to facilitate and provide an effective support service to the Minister of Transport.

Key responsibilities for the Transport Ministry are as follows:

- manage the Minister's programme and responsibilities;
- provide an effective cabinet service to the Minister;
- manage the Minister's parliamentary responsibilities;
- provide an effective media liaison service; and
- provide an effective administrative support service to the Minister