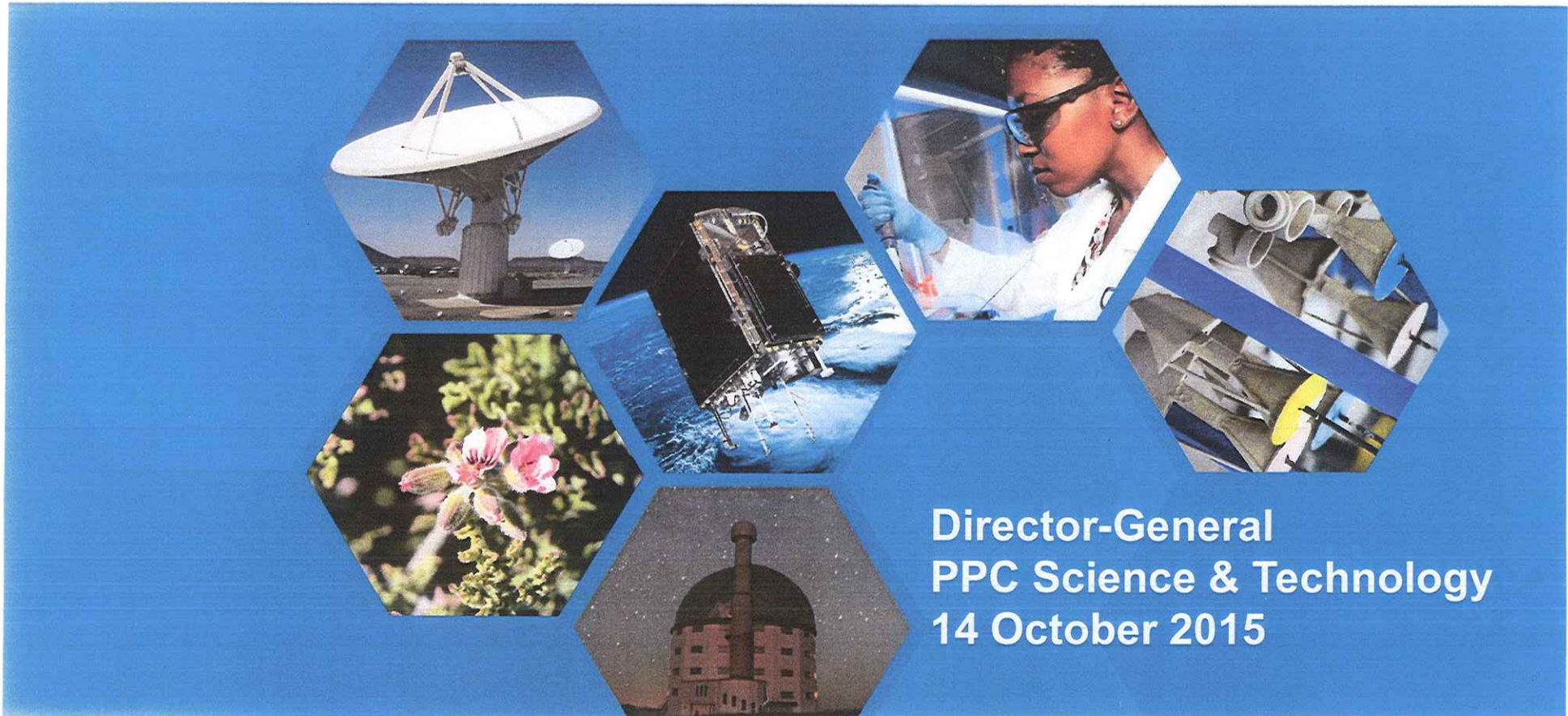


DST Bid for MTEF 2016



Director-General
PPC Science & Technology
14 October 2015



science
& technology

Department:
Science and Technology
REPUBLIC OF SOUTH AFRICA



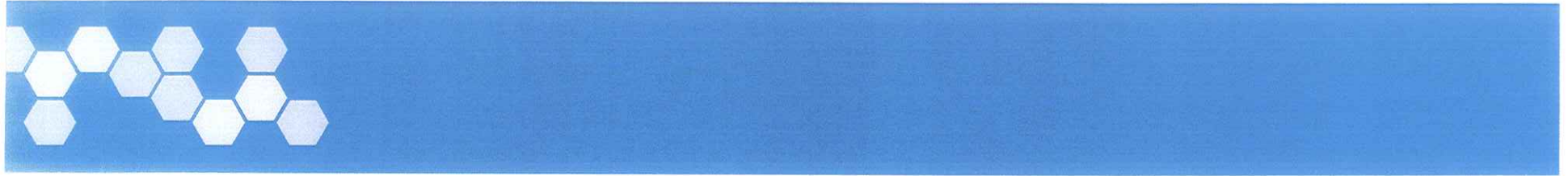
Outline of presentation

- **National Treasury Guidelines for MTEF 2016**
- **New National Treasury Processes**
- **General DST funding pressures**
- **DST MTEF 2016 Bid**
- **DST Bid for continuation of the Economic Competitiveness Support Package (ECSP)**



MTEF 2016 guidelines

- **Highly constrained fiscal environment**
- **No new money for Y1 and Y2, possibility of funding for Y3 (only for new projects and up-scaling)**
- **Possibility of cuts: Higher than budgeted wage increases and Eskom tariff increase to be factored in**
- **Reprioritisation was set as a condition for submitting bids (3% for 2016/17 and 5% for 2017/18)**
- **No increases in the wage bill allowed**



New National Treasury Processes





Position of the DST in the MTEF 2016 budgeting process

- **DST is still part of the Economic Affairs Function Group**
- **National Treasury introduced a Sub-Functional Group framework:**
Because smaller departments “get lost” in the large Functional Groups, DST and DEA are forming the **Science, Technology, Innovation and the Environment Technical Group**
- **Technical Groups cutting across the whole of government:**
 - Procurement of goods and services across government
 - Compensation of employees
 - Capital expenditure
- **Research, development and innovation:**
The DST co-chairs this Technical Group with Treasury, with a focus on the NSI, not only the DST budget



**General DST and NSI
funding pressures (not all of
which are in the MTEF bid)**





NSI funding pressures (1)

- **Human Capital Development.**
- **Ensuring sustainable and stable baselines for all national science councils and STI-related entities.**
- **Modernising South Africa's research infrastructure.**
- **Continued investment in the SKA.**
- **Use of ICTs to address national challenges, e.g. health and education (adopted by Cabinet as a priority as South Africa is seriously lagging in this area of investment).**
- **Resolving the energy challenge.**



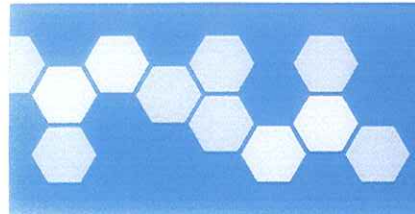
NSI funding pressures (2)

- **Expanding the role that NIPMO can play in ensuring the optimal utilisation of IP resulting from public investment in research and innovation.**
- **Ensuring that SANSA can play its proper national strategic role (e.g. ensuring data availability to support planning for the national economy (cf recent Cabinet Statement)).**
- **Continuation of the ECSP funding, including a strong focus on SMEs, building new and revitalising existing industries.**
- **RDI in support of the 9-point plan and Operation Phakisa.**



DST MTEF 2016 Bid





Non-infrastructure bids (1)

National Intellectual Property Management Office (NIPMO)

- NIPMO ensures that a significant public investment in STI has impact in the economy and society - public investment was R12bn in 2012.
- Since 2010/11, DST has reprioritised ~R100m towards NIPMO, indicating its strategic importance in the system and funding pressure.
- When the ECSP comes to an end, NIPMO has no funding to support technology transfer and assisting institutions and firms, particularly SMMEs with the high cost of acquiring and protecting IP rights.
- MTEF 2016 request: General short-fall and support for OTTs.

	2016/17	2017/18	2018/19	Total
Funding request		72 m	78 m	150 m



Non-infrastructure bids (2)

Higher-than-inflation baseline increases for DST public entities

- Steady erosion of the baselines has occurred over time.
- Salary costs of STE staff rose faster than inflation.
- Weak currency increased the price of specialised imported equipment by more than inflation.
- Particular concern around the SA National Space Agency (SANSA) whose budget is ~50% of what is needed, despite its potential to assist government with data and decision making.
- The Technology Innovation Agency (TIA) has restructured, but now faces severe problems to fund its current pipeline of projects.
- MTEF request is for inflation + 2% to be distributed at DST' discretion.

	2016/17	2017/18	2018/19	Total
Funding request			145 m	145 mm



Non-infrastructure bids (3)

ICT Research Development and Innovation Roadmap

- SA lagging peers and competitors in ICT investment.
- ICT RDI Roadmap a long-term plan approved by Cabinet in 2013.
- Requiring R9bn total investment (private and public).
- Private sector investment being aggressively targeted, success already apparent, e.g. IBM investment of R440m.
- MTEF Request: e-enhanced service delivery, ICT in agriculture, data science and cyber security.
- Potential return on investment: FDI of R230m, GDP increase of 1%, 16 enterprises over the MTEF, Additional tax R52m.

	2016/17	2017/18	2018/19	Total
Funding request			280 m	280 m



Infrastructure bids (1)

- DST received a large number of funding requests for infrastructure from its entities.
- Based on pre-discussions with Treasury and issues of affordability, many good proposals had to be excluded from the MTEF bid, e.g. an HSRC proposal on upgrading its survey equipment and infrastructure.
- A particular concern is with the DST and HSRC buildings that need urgent upgrading and maintenance, and ASSAf that needs a building - on the advice of Treasury these funding requests were not included in the MTEF bid.
- DST is working with National Treasury on the establishment of a Knowledge Infrastructure Fund.



Infrastructure bids (2)

	2016/17	2017/18	2018/19	Total
ICT RDI Roadmap National Information Security Centre (NISC)			62 m	62 m
Bio-economy (Health) Biovac (Vaccine manufacturing, co-funded by Pfizer)			140 m	140 m
SKA (Big Data) Expansion of Data Intensive Research Infrastructure (DIRISA)			121 m	121 m
SKA (MeerKAT) Completion of 64 MeerKAT dishes and SKA pre-construction phase			675 m	675 m
Total: Infrastructure			998 m	998 m



**DST bid for the continuation
of the Economic
Competitiveness Support
Package (ECSP) beyond
2017/18**





Current ECSP funding programme elements

- Sector Innovation Funds (SIFs)
- Satellite Development Programme
- Technology Stations Programme
- Technology Localisation Strategy
- Internship programme
- Nanotechnology Industrial Development Programme
- Titanium Industrial Development Programme
- ICT innovation partnerships
- Support to industrial development efforts of the CSIR
- National Intellectual Property Management Office (NIPMO)



ECSP funding bid (1)

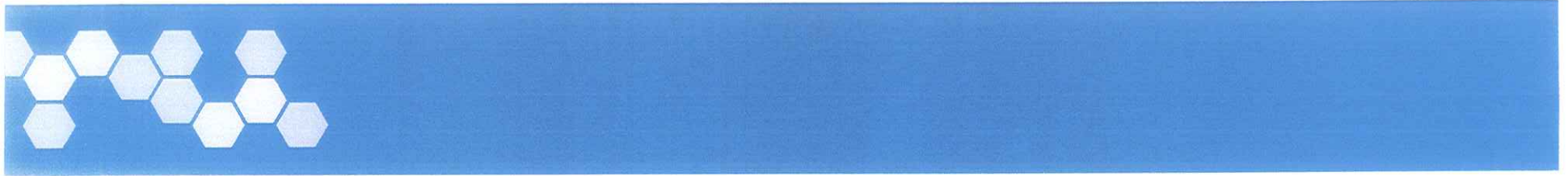
- The ECSP funding comes to an end in 2017/18.
- The initial DST ECSP allocation was ~R1.9bn over six years, but not all of this funding materialised.
- The DST ECSP outputs were well received by National Treasury, e.g. the Sector Innovation Funds and the internship programme.
- The ECSP funding bid falls outside of the formal MTEF process.
- DST presented Treasury with a separate funding request to have the ECSP continued and expanded.



ECSP funding bid (2)

- DST requested that current funding be extended to cover the MTEF and not end in 2017/18.
- DST further requested additional funding for a range of new initiatives:
 - Mining Innovation Programme under Operation Phakisa
 - Funding for TIA (to counter past severe cuts by Treasury)
 - Water and Waste Innovation Programme
 - Medical diagnostics
 - Innovative Building Technologies

	2017/18	2018/19
Funding request	640 m	900 m



Thank you

