

Vote 32

Trade and Industry

2006/07				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	3 665 912	3 942 028	-	276 116
<i>of which:</i>				
Current payments	769 869	790 635	-	20 766
Transfers and subsidies	2 887 190	3 119 065	-	231 875
Payments for capital assets	8 853	32 328	-	23 475
Executive authority	Minister of Trade and Industry			
Accounting officer	Director-General of Trade and Industry			

Aim

The aim of the Department of Trade and Industry is to lead and facilitate access to sustainable economic activity and employment for all South Africans through its understanding of the economy, its knowledge of economic opportunities and potential, and its anticipation of the future. The department also aims to catalyse economic transformation and development, and to provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. In this way, the department will contribute to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity by 2014.

Changes to programme purposes and measurable objectives

No changes were made to programme purposes or measurable objectives.

Adjusted Estimates of National Expenditure 2006

Table 32.1: Trade and Industry

2006/07							
Programme	Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
1. Administration	326 802	8 469	-	(12 201)	-	(3 732)	323 070
2. International Trade and Economic Development	129 219	-	-	3 848	-	3 848	133 067
3. Enterprise and Industry Development	1 234 917	201 647	-	153 500	-	355 147	1 590 064
4. Consumer and Corporate Regulation	146 355	-	-	7 052	-	7 052	153 407
5. The Enterprise Organisation	1 420 169	66 000	-	(20 000)	-	46 000	1 466 169
6. Trade and Investment South Africa	322 263	-	-	(101 349)	-	(101 349)	220 914
7. Marketing	86 188	-	-	(30 850)	-	(30 850)	55 338
Total	3 665 912	276 116	-	-	-	276 116	3 942 028

Table 32.1: Trade and Industry (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
Economic classification							
Current payments	769 869	2 463	-	18 303	-	20 766	790 635
Compensation of employees	300 929	-	-	2 505	-	2 505	303 434
Goods and services	468 940	2 463	-	15 798	-	18 261	487 201
Transfers and subsidies	2 887 190	267 647	-	(35 772)	-	231 875	3 119 065
Provinces and municipalities	422 178	16 000	-	68	-	16 068	438 246
Departmental agencies and accounts	1 006 863	201 647	-	144 553	-	346 200	1 353 063
Foreign governments and international organisations	22 832	-	-	2 948	-	2 948	25 780
Public corporations and private enterprises	1 426 069	50 000	-	(179 860)	-	(129 860)	1 296 209
Non-profit institutions	9 248	-	-	(4 501)	-	(4 501)	4 747
Households	-	-	-	1 020	-	1 020	1 020
Payments for capital assets	8 853	6 006	-	17 469	-	23 475	32 328
Buildings and other fixed structures	-	6 006	-	-	-	6 006	6 006
Machinery and equipment	7 071	-	-	17 469	-	17 469	24 540
Software and other intangible assets	1 782	-	-	-	-	-	1 782
Total	3 665 912	276 116	-	-	-	276 116	3 942 028

Details of adjustments to Estimates of National Expenditure 2006

Roll-overs – R276,116 million

Programme 1: Administration

R8,469 million has been rolled over for PPP commitments. R2,463 million will be used to pay utilities accounts and R6,006 million will be used for approved variation orders for various infrastructure changes.

Programme 3: Enterprise and Industry Development

R50 million has been rolled over to meet capacity-building commitments in the South African Micro Apex Fund (SAMAF) and R151,647 million has been rolled over to the National Empowerment Fund.

Programme 5: The Enterprise Organisation

R16 million has been rolled over for the Richards Bay Industrial Development Zone to upgrade the John Ross highway. R50 million has been rolled over for the Critical Infrastructure Programme for approved critical infrastructure projects for which payments were committed in 2005/06.

Virements

Table 32.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(22 562)	10 361	
Current payments	(22 392)	-	
Compensation of employees	(665)	-	Savings are due to vacant posts as a result of high staff turnover, protracted recruitment processes, and a scarcity of the required competencies.
Goods and services	(21 727)	-	Savings arose because the department down-scaled certain operations to redirect funds to higher priority projects in line with its strategic objectives. There was also less spending on personnel-related items such as travel and subsistence and inventories.
Transfers and subsidies	(170)	471	
Provinces and municipalities	-	1	Funds shifted from compensation of employees (in this programme) will be used for RSC levies.
Departmental agencies and accounts	(170)	-	Savings were realised on DIDTETA membership fees, because the department is now a member of PSETA.
Households	-	470	Funds shifted from compensation of employees (in this programme) will be used for gifts, donations and sponsorships.
Payments for capital assets	-	9 890	
Machinery and equipment	-	9 890	Funds shifted from goods and services (in this programme) will be used for new computer equipment.
2. International Trade and Economic Development	(2 973)	6 821	
Current payments	(2 950)	2 362	
Compensation of employees	(2 950)	-	Savings are due to vacant posts as a result of protracted recruitment processes and a scarcity of the required competencies.
Goods and services	-	2 362	Funds shifted from compensation of employees (in this programme) will be used for travel and subsistence.
Transfers and subsidies	(23)	4 376	
Provinces and municipalities	(23)	-	Savings arose because the RSC levy was phased out after June 2006.
Departmental agencies and accounts	-	1 728	Funds shifted from compensation of employees and goods and services (in programme 1) will be used for the ProTechnik laboratories.
Foreign governments and international organisations	-	2 648	Funds shifted from compensation of employees and goods and services (in programme 1) will be used for the World Trade Organisation membership fee, due in 2005/06 but only paid this year.
Payments for capital assets	-	83	
Machinery and equipment	-	83	Funds shifted from compensation of employees and goods and services (in programme 1) will be used for an additional allocation to the Small Enterprise Development Agency for the rollout of decentralised offices.
3. Enterprise and Industry Development	(71 609)	225 109	
Current payments	-	76 845	
Compensation of employees	-	8 781	Funds shifted from compensation of employees (in programmes 1, 5, 6 and 7) will be used for this programme's increased establishment.
Goods and services	-	68 064	Funds shifted from transfers to public corporations and private enterprises (in this programme) and goods and services (in programme 7) will be used for strategic and operational requirements.
Transfers and subsidies	(71 485)	148 264	
Provinces and municipalities	-	49	Funds shifted from goods and services (in programme 1) will be used for RSC levies.
Departmental agencies and accounts	-	147 495	Funds shifted from transfers to public corporations and private enterprises (in programme 6) will be transferred to the Small Enterprise Development Agency for the rollout of decentralised offices.
Foreign governments and international organisations	-	300	Funds shifted from transfers to public corporations and private enterprises (in programme 6) will contribute to membership fees for the UN Industrial Development Organisation.
Public corporations and private enterprises	(66 984)	-	Savings under the transfer payment: Industrial Development Corporation: Support Programme for Industrial Innovation are due to BEE policies and related delays with disbursements.
Non-profit institutions	(4 501)	-	Savings under the transfer payment to the BEE Advisory Council arose because the funds are no longer required and were reprioritised.
Households	-	420	Funds shifted from goods and services (in programme 1) will be used for gifts and donations.

Table 32.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
Payments for capital assets	(124)	-	
Machinery and equipment	(124)	-	Savings arose because the department down-scaled certain operations to redirect funds to higher priority projects in line with its strategic objectives.
4. Consumer and Corporate Regulation	(5 130)	12 182	
Current payments	(130)	3 852	
Compensation of employees	-	3 852	Funds shifted from goods and services (in programme 1) will be used for this programme's increased establishment.
Goods and services	(130)	-	Savings arose because the department down-scaled certain operations to redirect funds to higher priority projects in line with its strategic objectives. There was also less spending on personnel-related items such as travel and subsistence and inventories.
Transfers and subsidies	(5 000)	8 330	
Departmental agencies and accounts	(5 000)	-	Savings in the Competition Commission arose because the department down-scaled certain operations to redirect funds to higher priority projects in line with its strategic objectives.
Public corporations and private enterprises	-	8 200	Funds shifted from goods and services (in programmes 1 and 7) will be transferred to the South African Bureau of Standards for planned activities in trade metrology.
Households	-	130	Funds shifted from goods and services (in this programme) will be used for gifts, donations and sponsorships.
5. The Enterprise Organisation	(20 555)	555	
Current payments	(3 555)	-	
Compensation of employees	(3 000)	-	Savings are due to vacant posts as a result of high staff turnover, protracted recruitment processes, and a scarcity of the required competencies.
Goods and services	(555)	-	Savings arose because the department down-scaled certain operations to redirect funds to higher priority projects in line with its strategic objectives. There was also less spending on personnel-related items such as travel and subsistence and inventories.
Transfers and subsidies	(17 000)	55	
Provinces and municipalities	-	55	Funds shifted from goods and services (in this programme) will be used for RSC levies.
Public corporations and private enterprises	(17 000)	-	Savings of R17 million arose in the critical infrastructure programme because fewer claims will be received.
Payments for capital assets	-	500	
Machinery and equipment	-	500	Funds shifted from goods and services (in programme 7) will be used to replace outdated equipment.
6. Trade and Investment South Africa	(107 593)	6 244	
Current payments	(3 503)	5 624	
Compensation of employees	(3 503)	-	Savings are due to vacant posts as a result of high staff turnover, protracted recruitment processes, and a scarcity of the required competencies.
Goods and services	-	5 624	Funds shifted from compensation of employees (in this programme) will be used for investments exhibitions in foreign countries.
Transfers and subsidies	(104 090)	500	
Provinces and municipalities	(14)	-	Savings arose because RSC levies were phased out after June 2006.
Departmental agencies and accounts	-	500	Funds shifted from compensation of employees and transfers to provinces and municipalities (in this programme) will be transferred to Trade and Investment South Africa.
Public corporations and private enterprises	(104 076)	-	Savings in the Export Credit Insurance Corporation arose because the department down-scaled certain operations to redirect funds to higher priority projects in line with its strategic objectives. Funds were shifted to the Small Enterprise Development Agency.
Payments for capital assets	-	120	
Machinery and equipment	-	120	Funds were shifted from transfers to public corporations and private enterprises (in this programme).

Table 32.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
7. Marketing	(37 850)	7 000	
Current payments	(37 850)	-	
Compensation of employees	(10)	-	Savings are due to vacant posts as a result of high staff turnover, protracted recruitment processes, and a scarcity of the required competencies.
Goods and services	(37 840)	-	Savings arose because projects were done internally and consultants were not used.
Payments for capital assets	-	7 000	
Machinery and equipment	-	7 000	Funds shifted from goods and services (in this programme) will be used to buy computer equipment for the call centre.
Total for vote	(268 272)	268 272	

Expenditure 2005/06 and preliminary expenditure 2006/07

Table 32.3: Trade and Industry

Programme	2005/06				2006/07		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2005 - Sep 2005	Apr 2005 - Mar 2006	Apr 05 - Mar 06 % of adjusted appropriation	Adjusted appropriation	Apr 2006 - Sep 2006	% change 05/06 - 06/07 Apr - Sep
1. Administration	301 371	113 087	278 637	92,5	323 070	115 796	2,4
2. International Trade and Economic Development	116 843	39 090	106 947	91,5	133 067	54 605	39,7
3. Enterprise and Industry Development	1 205 359	549 880	1 180 351	97,9	1 590 064	687 839	25,1
4. Consumer and Corporate Regulation	119 890	12 795	103 130	86,0	153 407	40 213	214,3
5. The Enterprise Organisation	1 170 659	399 559	1 025 951	87,6	1 466 169	444 819	11,3
6. Trade and Investment South Africa	336 799	131 353	309 863	92,0	220 914	79 824	(39,2)
7. Marketing	81 635	25 401	51 736	63,4	55 338	17 521	(31,0)
Total	3 332 556	1 271 165	3 056 615	91,7	3 942 028	1 440 616	13,3
Current payments	700 189	238 707	585 464	83,6	790 635	260 919	9,3
Compensation of employees	269 147	101 377	230 626	85,7	303 434	124 175	22,5
Goods and services	431 042	127 913	334 012	77,5	487 201	133 123	4,1
Financial transactions in assets and liabilities	-	9 417	20 826	-	-	3 621	(61,5)
Transfers and subsidies	2 614 666	1 029 841	2 465 334	94,3	3 119 065	1 170 109	13,6
Provinces and municipalities	164 155	279	77 140	47,0	438 246	161	(42,3)
Departmental agencies and accounts	1 265 359	373 564	989 290	78,2	1 353 063	562 988	50,7
Foreign governments and international organisations	20 340	-	5 320	26,2	25 780	3 848	(100,0)
Public corporations and private enterprises	1 103 334	655 848	1 332 284	120,8	1 296 209	601 610	(8,3)
Non-profit institutions	60 594	-	60 593	100,0	4 747	1 200	(100,0)
Households	904	150	707	78,2	1 020	303	102,0
Payments for capital assets	17 701	2 617	5 817	32,9	32 328	9 588	266,4
Buildings and other fixed structures	-	-	-	-	6 006	-	(100,0)
Machinery and equipment	17 036	2 599	5 817	34,1	24 540	4 817	85,3
Software and other intangible assets	665	18	-	-	1 782	4 771	26405,6
Total	3 332 556	1 271 165	3 056 615	91,7	3 942 028	1 440 616	13,3

Selected expenditure trends for the first half of the 2006/07 financial year

Expenditure for the first six months of 2006/07 was R1,44 billion, or 36,5 per cent of the adjusted appropriation of R3,942 billion for the year. The slow spending is as a result of delays in transfers and subsidies to public entities and private enterprises.

Summary of changes to transfers and subsidies, and conditional grants

Table 32.4: Summary of changes to transfers and subsidies per programme

2006/07							
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
1. Administration	5 198	-	-	301	-	301	5 499
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	28	-	-	1	-	1	29
Regional Services Council levies	28	-	-	1	-	1	29
Departmental agencies and accounts							
Entities							
Current	170	-	-	(170)	-	(170)	-
Diplomacy, Intelligence, Defence and Trade Education Training Authority	170	-	-	(170)	-	(170)	-
Households							
Social benefits							
Current	-	-	-	470	-	470	470
Gifts, donations and sponsorships	-	-	-	470	-	470	470
2. International Trade and Economic Development	72 848	-	-	4 353	-	4 353	77 201
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	51	-	-	(23)	-	(23)	28
Regional Services Council levies	51	-	-	(23)	-	(23)	28
Departmental agencies and accounts							
Entities							
Current	50 862	-	-	(33)	-	(33)	50 829
ProTechnik laboratories	1 617	-	-	(33)	-	(33)	1 584
Capital	239	-	-	1 761	-	1 761	2 000
ProTechnik laboratories	239	-	-	1 761	-	1 761	2 000
Foreign governments and international organisations							
Current	7 865	-	-	2 648	-	2 648	10 513
World Trade Organisation	4 494	-	-	3 848	-	3 848	8 342
Organisation for the Prohibition of Chemical Weapons	3 371	-	-	(1 200)	-	(1 200)	2 171

Table 32.4: Summary of changes to transfers and subsidies per programme (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
3. Enterprise and Industry Development	1 170 990	201 647	-	76 779	-	278 426	1 449 416
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	13	-	-	49	-	49	62
Regional Services Council levies	13	-	-	49	-	49	62
Departmental agencies and accounts							
Entities							
Current	720 558	201 647	-	145 495	-	347 142	1 067 700
South African National Accreditation System	6 787	-	-	3 247	-	3 247	10 034
Godisa Trust: Technology Incubator Development	45 000	-	-	(45 000)	-	(45 000)	-
National Empowerment Fund	409 480	151 647	-	-	-	151 647	561 127
Small Enterprise Development Agency: Technology Programme	-	-	-	47 248	-	47 248	47 248
South African Micro Apex Fund	80 000	50 000	-	-	-	50 000	130 000
Small Enterprise Development Agency	171 426	-	-	140 000	-	140 000	311 426
Capital	147 100	-	-	2 000	-	2 000	149 100
National Research Foundation: Technology and Human Research for Industry Programme	147 100	-	-	2 000	-	2 000	149 100
Foreign governments and international organisations							
Current	3 818	-	-	300	-	300	4 118
United Nations Industrial Development Organisation	3 818	-	-	300	-	300	4 118
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	205 479	-	-	3 156	-	3 156	208 635
Council for Scientific and Industrial Research: Technology Transfer Centre	2 247	-	-	(2 247)	-	(2 247)	-
Council for Scientific and Industrial Research: Technology for Women in Business	5 404	-	-	1 000	-	1 000	6 404
Council for Scientific and Industrial Research: National Cleaner Production Centre	1 124	-	-	3 000	-	3 000	4 124
South African Bureau of Standards: Research Contribution	126 445	-	-	1	-	1	126 446
Khula	32 090	-	-	2 000	-	2 000	34 090
South African Bureau of Standards: Small Business Technical Consulting	1 247	-	-	(598)	-	(598)	649
Capital	80 842	-	-	(70 140)	-	(70 140)	10 702
Industrial Development Corporation: Support Programme for Industrial Innovation	80 839	-	-	(75 839)	-	(75 839)	5 000
Council for Scientific and Industrial Research: Technology Transfer Capital Guarantee Fund	1	-	-	(1)	-	(1)	-
Council for Scientific and Industrial Research: Aerospace Industry	1	-	-	5 700	-	5 700	5 701

Table 32.4: Summary of changes to transfers and subsidies per programme (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
Non-profit institutions							
Current	9 248	-	-	(4 501)	-	(4 501)	4 747
National Co-operatives Association of South Africa	1	-	-	(1)	-	(1)	-
South African Women Entrepreneurs' Network	2 247	-	-	2 500	-	2 500	4 747
Black Economic Empowerment Advisory Council	7 000	-	-	(7 000)	-	(7 000)	-
Households							
Other transfers							
Current	-	-	-	420	-	420	420
Gifts, donations and sponsorships	-	-	-	420	-	420	420
4. Consumer and Corporate Regulation							
Departmental agencies and accounts	100 303	-	-	3 330	-	3 330	103 633
Entities							
Current	87 933	-	-	(5 000)	-	(5 000)	82 933
National Gambling Board	12 998	-	-	6 647	-	6 647	19 645
Competition Commission	22 434	-	-	(5 000)	-	(5 000)	17 434
National Lotteries Board	2 000	-	-	(2 000)	-	(2 000)	-
Companies and Intellectual Property Registration Office	4 647	-	-	(4 647)	-	(4 647)	-
Micro Finance Regulatory Council	22 854	-	-	(22 854)	-	(22 854)	-
National Credit Regulator	15 000	-	-	22 854	-	22 854	37 854
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	10 113	-	-	8 200	-	8 200	18 313
South African Bureau of Standards: Trade Metrology	10 113	-	-	8 200	-	8 200	18 313
Households							
Social benefits							
Current	-	-	-	130	-	130	130
Gifts, donations and sponsorships	-	-	-	130	-	130	130
5. The Enterprise Organisation							
Provinces and municipalities	1 367 821	66 000	-	(16 945)	-	49 055	1 416 876
Provinces							
Provincial revenue funds							
Capital	-	-	-	58 200	-	58 200	58 200
Industrial Development Zones	-	-	-	58 200	-	58 200	58 200
Provincial agencies and funds							
Capital	422 012	16 000	-	(58 200)	-	(42 200)	379 812
Coega Development Corporation	345 012	-	-	(130 000)	-	(130 000)	215 012
East London Industrial Development Zone (Pty) Limited	58 200	-	-	71 800	-	71 800	130 000
Richards Bay Industrial Development Zone Company	18 800	16 000	-	-	-	16 000	34 800

Table 32.4: Summary of changes to transfers and subsidies per programme (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
Municipalities							
Municipal bank accounts							
Current	14	-	-	55	-	55	69
Regional Services Council levies	14	-	-	55	-	55	69
Public corporations and private enterprises							
Private enterprises							
Subsidies on products and production							
Current	758 892	-	-	18 000	-	18 000	776 892
Small and Medium Manufacturing Development Programme	1 000	-	-	10 000	-	10 000	11 000
Industrial Development Zones	16 854	-	-	(12 000)	-	(12 000)	4 854
Staple Food Fortification Programme	1	-	-	20 000	-	20 000	20 001
Other transfers							
Current	116 973	-	-	5 000	-	5 000	121 973
South African Capital Goods Feasibility Study Fund	1	-	-	5 000	-	5 000	5 001
Capital	69 930	50 000	-	(40 000)	-	10 000	79 930
Critical Infrastructure Programme	69 930	50 000	-	(40 000)	-	10 000	79 930
6. Trade and Investment South Africa	170 023	-	-	(103 590)	-	(103 590)	66 433
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	43	-	-	(14)	-	(14)	29
Regional Services Council levies	43	-	-	(14)	-	(14)	29
Departmental agencies and accounts							
Entities							
Current	1	-	-	500	-	500	501
Trade and Investment South Africa	1	-	-	500	-	500	501
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	160 016	-	-	(108 176)	-	(108 176)	51 840
Export Credit Insurance Corporation	160 015	-	-	(108 176)	-	(108 176)	51 839
Private enterprises							
Other transfers							
Current	1 061	-	-	4 100	-	4 100	5 161
Aichi Exposition	1	-	-	4 100	-	4 100	4 101

Table 32.5: Summary of changes to conditional grants: Provinces¹

2006/07						
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	
5. The Enterprise Organisation						
Industrial Development Zone	–	–	–	58 200	–	58 200
Total	–	–	–	58 200	–	58 200

¹ Main appropriation detail provided in the Division of Revenue Act, 2006

