

Vote 32

Trade and Industry

	2005/06 To be appropriated			2006/07	2007/08
MTEF allocations of which:	R3 076 331 000			R3 239 717 000	R3 381 703 000
	Current payments R640 454 000	Transfers R2 424 187 000	Capital payments R11 690 000		
Statutory amounts	–			–	–
Responsible minister	Minister of Trade and Industry				
Administering department	Department 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.

Programme purpose and measurable objective

Programme 1: Administration

Purpose: Provide strategic leadership to the department and its agencies, and facilitate the successful implementation of the department's mandate.

Programme 2: International Trade and Economic Development

Purpose: Develop trade and investment links with key economies globally and promote economic development through: negotiating preferential trade agreements, supporting a strong and equitable multilateral trading system, and fostering economic integration with the continent within the NEPAD framework. Administer and facilitate international trade.

Measurable objective: Increased market access for South African exports in targeted countries, and improved economic integration with the continent, and efficient trade administration.

Programme 3: Enterprise and Industry Development

Purpose: Provide leadership in the development of policies and strategies that promote and foster competitiveness, enterprise development, empowerment and equity in the economy.

Measurable objective: A more competitive economy at national, sectoral and enterprise-level; a greater contribution to the economy by small enterprises, including co-operatives; and more participation in the economy by historically disadvantaged people and communities.

Programme 4: Consumer and Corporate Regulation

Purpose: Develop and implement coherent, predictable and transparent legislative and regulatory solutions that facilitate easy access to redress and efficient regulatory services for economic citizens.

Measurable objective: Reduce the cost of doing business in South Africa through efficient business regulation; increase levels of competition and decrease anti-competitive behaviour; and protect consumers.

Programme 5: The Enterprise Organisation

Purpose: Efficient administration of enterprise support measures and incentives.

Measurable objective: Improved efficiency and administration of incentive schemes.

Programme 6: Trade and Investment South Africa

Purpose: Provide strategic vision and direction to key growth sectors in the economy, increase the level of direct investment flow, and develop South Africa's capacity to export to various markets.

Measurable objective: Increased levels of direct investment and exports, in aggregate and in government's priority sectors.

Programme 7: Marketing

Purpose: Promote greater awareness of the department by effectively branding and packaging its products and services, and ensure access to the department through efficient distribution channels.

Measurable objective: Increased awareness of and access to the department's products and services by economic citizens.

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

A modern, well-functioning economy needs government to be a strong leader. Government should ensure that there is policy stability, and that regulatory services are efficient and accessible. Government should promote well-functioning and transparent markets for goods and services, provide incentives to overcome market failures, encourage efficient platforms for competitiveness, and promote greater equity in access to information and opportunities.

10 key medium-term objectives

The broad mandate of the Department of Trade and Industry includes enterprise development, trade administration, consumer protection and export development. Between 2005/06 and 2007/08, the department will focus on achieving 10 key objectives. Reflecting the primary economic outcomes necessary to generate higher levels of economic growth, employment and equity, these are to: increase small enterprises' contribution to the economy; accelerate broad-based BEE; increase direct investment in priority sectors; increase market access opportunities for, and export of, South African goods and services; contribute to building skills, technology and infrastructure platforms from which enterprises can benefit; prioritise the higher value-added segments of manufacturing and services; promote access to redress for economic citizens such as consumers; contribute to building Africa's economic growth and development within the NEPAD framework; contribute to building a single equitable economy and to bridging the divide between the first and second economies; and build an efficient, effective and accessible organisation to achieve these outcomes in a sustainable and economical manner.

The department faces a number of policy challenges over the medium term, including: introducing policy instruments to bridge the divide between the first and second economies for emerging entrepreneurs and historically disadvantaged people and communities; giving enterprises support in a global economy; implementing a targeted strategy to increase direct investment in the economy; and continuing to promote the alignment with government's Vision 2014 of economic actors in the different spheres of government, in agencies and parastatals, and in the private sector. Over the next three years, particular attention will be paid to harnessing the opportunities that arise from: South Africa's hosting of the 2010 FIFA World Cup™; the massive infrastructure investment programme of government and government-owned enterprises; small enterprise development; BEE; and investment promotion.

A recent review of the department's budget showed that the programmes receiving the largest allocations did not in fact have the greatest impact. Over the MTEF period, the department will reposition its budget in line with its strategic priorities. The aim is to allocate resources more equitably between programmes seeking to bridge the economic divide and broaden economic participation, and programmes that promote technology, innovation, and modernisation. This means redirecting resources towards BEE initiatives through the National Empowerment Fund as well as increasing support for small and emerging entrepreneurs.

Bridging the economic divide and broadening economic participation

Over the MTEF period, several programmes are aimed at bridging the economic divide and broadening economic participation by historically disadvantaged people. These include: setting up the Apex Fund that will provide micro-finance to micro-enterprises before 2005/06; introducing the Small Enterprise Development Agency to provide small enterprises around South Africa with a one-stop non-financial support service; implementing new policy and legislation to promote the development of co-operative enterprises; continuously implementing the broad-based BEE strategy; and introducing a specific strategy aimed at the economic empowerment of women.

The capitalisation of the National Empowerment Fund will begin with an initial R400 million in 2005/06, allowing the fund to expand the products and services it launched in 2004. The strategy is to increase the number of active enterprises in the economy by creating an enabling environment, reducing regulatory costs faced by small enterprises and tapping South Africa's entrepreneurial spirit. The Department of Trade and Industry will continue exploring ways of delivering products and services to economic citizens in partnership with business chambers and local government. In the latter part of 2005/06, a strategy to promote a more equitable geographic spread of productive and sustainable economic activity will begin. The department will also continue to ensure that all economic citizens have access to information and redress (when needed) to encourage their more productive participation in the economy. It is expected that new consumer credit legislation will be implemented during 2005. This is part of the consumer protection initiative, and the legislation will govern the credit bureaus, including procedures for blacklisting.

Competitiveness and competition

Many enterprises' competitiveness is based on the traditional factors of cost and access to raw materials, rather than on the new drivers of competitive advantage. Not enough enterprises have moved into more value-added niche markets. Furthermore, downstream value-adding beneficiation of raw materials is constrained by high input costs, often arising from the anti-competitive pricing practices of monopolistic enterprises. An example is the practice of import parity pricing in the steel and chemicals sectors. In the next three to five years, the department will focus on strengthening the competitiveness of enterprises in factors other than price. The department will review all its enterprise support measures and incentives for relevance, efficacy, and competitiveness, in comparison with South Africa's competitors. In addition, an industrial policy framework, which extends the work done on the integrated manufacturing strategy to include

primary sectors and services, will be developed and implemented. A critical part of this will be developing policy instruments to address import parity pricing as part of an agreement concluded with government's social partners at the Growth and Development Summit.

Addressing anti-competitive behaviour and practices will be a focus over the next three years. Specific work will include a review of competition policy and introducing new consumer protection legislation into Parliament in 2005. This work is vital for ensuring that an adaptive and restructured economy is a reality by 2014.

A more targeted investment strategy

Capital investment levels in the economy remain below the benchmark of 25 per cent of GDP needed for sustained acceleration in economic growth rates. Apart from the level and rate of investment needing to increase, the type of investment needs to be more labour-absorbing if significantly more new jobs are to be created. Over the next three years, the Department of Trade and Industry will develop a more targeted investment strategy focusing on specific investment opportunities in particular sectors, regions, and products, rather than on marketing South Africa generically as an attractive investment destination. This will require a more co-ordinated approach to promoting investment by national, provincial and local government, and achieving this will be a priority in the first year of the MTEF period. The investment strategy will be informed by the results of the World Bank's investment climate survey of over 500 enterprises, as well as an OECD review of South Africa's investment policy environment. The department will prioritise developing and implementing customised sector programmes to unlock the potential of government's priority sectors and extend to new growth sectors, including aerospace and paper and pulp.

Policy coherence and alignment

The department will continue to work to strengthen the economic and employment cluster, promote co-operative governance around economic policy, and ensure the strategic alignment and performance of its many agencies. The department will leverage its partners and stakeholders in support of its objectives. The working relationship with social partners through NEDLAC will be strengthened, as will the support provided for organised business, specifically with local business chambers.

Expenditure estimates

Table 32.1: Trade and Industry

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2001/02	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
1. Administration	140 833	191 501	198 768	258 583	257 919	250 225	265 236	278 498
2. International Trade and Economic Development	47 739	78 182	85 406	100 400	99 794	100 774	106 819	112 160
3. Enterprise and Industry Development	497 637	528 657	700 843	834 428	834 141	1 181 354	1 231 046	1 272 599
4. Consumer and Corporate Regulation	93 531	134 798	113 000	102 899	102 776	117 905	124 980	131 229
5. The Enterprise Organisation	529 699	579 740	782 993	1 586 685	1 585 333	986 659	1 045 859	1 098 152
6. Trade and Investment South Africa	403 572	526 264	377 002	270 246	268 082	358 086	379 570	398 548
7. Marketing	–	56 434	78 319	121 724	121 536	81 328	86 207	90 517
Total	1 713 011	2 095 576	2 336 331	3 274 965	3 269 581	3 076 331	3 239 717	3 381 703
Change to 2004 Budget estimate				426 542	421 158	52 829	26 171	7 480

	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2001/02	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
Economic classification								
Current payments	437 644	497 401	518 680	654 541	650 734	640 454	684 635	718 864
Compensation of employees	218 884	219 053	200 161	245 816	244 203	268 369	286 185	300 494
Goods and services	218 760	278 348	318 519	408 725	406 531	372 085	398 450	418 370
of which:								
Consultants and contractors	17 245	30 618	59 909	248 465	248 465	157 868	167 341	175 708
Travel and subsistence	42 802	37 201	43 266	30 762	30 762	47 032	49 855	52 348
Communication	13 191	14 225	13 671	10 300	10 300	8 100	8 586	9 015
Inventory	14 521	8 242	7 844	11 145	11 145	7 634	8 092	8 497
Advertising	1 930	9 736	8 075	54 270	54 270	11 056	11 719	12 304
Computer services	4 991	8 058	7 809	10 330	10 330	10 948	11 604	12 185
Printing and publication	–	–	–	722	722	12 191	12 923	13 569
Transfers and subsidies to:	1 265 451	1 588 434	1 801 351	2 609 487	2 607 910	2 424 187	2 542 692	2 649 829
Provinces and municipalities	463	58 635	161 130	139 510	138 092	120 654	122 493	128 619
Departmental agencies and accounts	713 065	934 771	851 004	815 291	815 221	1 264 193	1 341 116	1 388 171
Foreign governments and international organisations	4 209	19 181	17 873	22 000	21 998	23 240	24 634	25 867
Public corporations and private enterprises	516 714	520 847	710 844	1 563 532	1 563 445	953 797	988 408	1 037 829
Non-profit institutions	31 000	55 000	60 500	69 154	69 154	62 303	66 041	69 343
Payments for capital assets	9 916	9 741	16 300	10 937	10 937	11 690	12 390	13 010
Machinery and equipment	9 916	9 741	16 300	10 937	10 937	11 690	12 390	13 010
Total	1 713 011	2 095 576	2 336 331	3 274 965	3 269 581	3 076 331	3 239 717	3 381 703

Expenditure trends

Expenditure increased at an average annual rate of 24,1 per cent from 2001/02 to 2004/05. In 2004/05, expenditure increased by 40,2 per cent from the previous year. This is largely due to the increase in funding for the capitalisation of the National Empowerment Fund (NEF) and the inclusion of the Pebble Bed Modular Reactor (PBMR) project in the department's budget.

In 2005/06, the PBMR will receive no budgetary allocations, as it is required to raise its finances through equity partners. In the same period, the department will transfer the research function of the Council for Scientific and Industrial Research (CSIR) to the Department of Science and Technology. The result is a reduction in the budget allocation.

Over the medium term expenditure stabilises, increasing at an average annual rate of 1,1 per cent. As the department becomes more efficient, savings are being made from the operational budget and these are re-allocated to new programmes such as the Apex Fund, the community PPP programme and the film incentive.

The NEF receives additional allocations of R400 million per year over the MTEF, for BEE initiatives.

Departmental receipts

A large portion of departmental receipts originate from the incentive scheme debts and the interest on them, as well as dividends on A and B shares to the value of R21,9 billion (fair book value June 2004) in the Industrial Development Corporation. The bulk of the shares are listed, and

affected by market movements. Total incentive scheme debt was valued at R503 million in June 2004. Other receipts are of a miscellaneous nature, and include debts recovered from employees and the recovery of incidental costs. Income projection is influenced to a large extent by lengthy legal procedures.

During 2004/05, the department received R76,1 million of donor funding from the EU as part of its five-year sector-wide enterprise employment and equity programme. These funds will mostly reside within the *Enterprise and Industry Development* programme. Over the medium term, departmental receipts are projected to increase from R115,6 million in 2005/06 to R123,0 million in 2007/08.

Table 32.2: Departmental receipts

	Receipts outcome			Adjusted appropriation	Medium-term receipts estimate		
	Audited	Audited	Preliminary Outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Sales of goods and services produced by department	688	53	33	66	70	72	76
Interest, dividends and rent on land	61 020	65 800	68 443	68 000	75 500	77 000	77 950
Financial transactions in assets and liabilities	47 025	39 000	33 934	37 000	40 000	42 000	45 000
Total	108 733	104 853	102 410	105 066	115 570	119 072	123 026

Programme 1: Administration

The programme provides strategic leadership to the department and its agencies. The *Corporate Services* subprogramme houses human resource management, the learning centre, financial management, corporate governance and compliance management, and information systems and facilities management.

Expenditure estimates

Table 32.3: Administration

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
Minister ¹	646	691	747	791	766	816	857
Deputy Minister ²	477	511	552	585	623	663	696
Ministry	11 132	14 242	14 997	19 700	21 205	22 470	23 594
Office of the Director-General	25 826	42 529	29 084	50 357	53 053	56 237	59 049
Corporate Services	102 752	133 528	153 388	186 950	174 378	184 838	194 079
Government Motor Transport	–	–	–	200	200	212	223
Total	140 833	191 501	198 768	258 583	250 225	265 236	278 498
Change to 2004 Budget estimate				22 442	(326)	(346)	(363)

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

² Payable as from 1 April 2004. Salary: R467 765. Car allowance: R116 941.

	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
Economic classification							
Current payments	128 897	166 935	177 794	245 748	239 794	254 178	266 887
Compensation of employees	36 215	39 793	46 226	57 154	63 942	67 778	71 167
Goods and services	92 682	127 142	131 568	188 594	175 852	186 400	195 720
of which:							
Consultants and contractors	6 651	18 521	50 171	137 964	67 971	72 050	75 652
Travel and subsistence	8 793	9 343	14 411	1 275	14 198	15 050	15 803
Communication	7 666	1 509	1 296	1 678	4 439	4 705	4 940
Inventory	4 772	1 687	1 920	462	1 382	1 465	1 538
Computer services	3 267	7 270	6 937	7 575	8 578	9 092	9 547
Transfers and subsidies to:	9 257	18 752	7 302	7 316	5 256	5 572	5 850
Provinces and municipalities	115	117	141	90	95	101	106
Departmental agencies and accounts	9 142	14 635	161	226	161	171	179
Public corporations and private enterprises	–	4 000	7 000	7 000	5 000	5 300	5 565
Payments for capital assets	2 679	5 814	13 672	5 519	5 175	5 486	5 761
Machinery and equipment	2 679	5 814	13 672	5 519	5 175	5 486	5 761
Total	140 833	191 501	198 768	258 583	250 225	265 236	278 498
Details of transfers and subsidies:							
Departmental agencies and accounts							
Current	9 142	14 635	161	226	161	171	179
Diplomacy, Intelligence, Defence and Trade Education Training Authority	142	135	161	225	160	170	178
Council for Scientific and Industrial Research: Delight Project	9 000	14 500	–	1	1	1	1
Total departmental agencies and accounts	9 142	14 635	161	226	161	171	179
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	4 000	7 000	7 000	5 000	5 300	5 565
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	–	4 000	7 000	7 000	5 000	5 300	5 565
Total public corporations and private enterprises	–	4 000	7 000	7 000	5 000	5 300	5 565

Expenditure trends

Overall expenditure increases significantly, from R140,8 million in 2001/02 to R278,5 million in 2007/08, an average annual increase of 12 per cent.

The *Office of the Director-General* subprogramme has experienced the largest increase, from R25,8 million in 2001/02 to R59,0 million in 2007/08, due to internal reorganisation. The economic research and policy co-ordination functions, previously in a subprogramme of their own, are now housed within the *Office of the Director-General* subprogramme. Other functions, such as internal audit (which was transferred from another division in accordance with the PFMA), monitoring and evaluation, agency management, and the strategy unit, are also included in this programme.

Allocations to the *Ministry* subprogramme, rising from R11,1 million in 2001/02 to R23,6 million in 2007/08, allow for expenditure as prescribed in the handbook for members of the executive and presiding officers. Expenditure on *Corporate Services* has also increased substantially, from R102,8 million in 2001/02 to R194,1 million in 2007/08. This is for the establishment of the department's learning centre and payments to the concessionaire for the provision of a new, fully serviced campus.

Programme 2: International Trade and Economic Development

International Trade and Economic Development is essentially for policy development. It administers, facilitates and seeks to develop international trade and investment links with key economies globally. It promotes economic development by negotiating preferential trade agreements, supporting a strong and equitable multilateral trading system, and fostering economic integration in Africa within the NEPAD framework.

It is made up of three subprogrammes:

- *International Trade Development* manages bilateral and multilateral trade agreements.
- *African Economic Development* manages trade relations in SADC region.
- *International Trade Administration* oversees South Africa's system for international trade administration and compliance with international non-proliferation treaties.

Expenditure estimates

Table 32.4: International Trade and Economic Development

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
International Trade Development	19 909	42 712	33 078	38 836	35 516	37 646	39 528
African Economic Development	5 825	7 254	11 951	17 736	18 800	19 928	20 925
International Trade Administration	22 005	28 216	40 377	43 828	46 458	49 245	51 707
Total	47 739	78 182	85 406	100 400	100 774	106 819	112 160
Change to 2004 Budget estimate				2 500	(3 000)	(3 180)	(3 339)

Economic classification							
Current payments	44 312	63 830	33 515	39 748	36 482	47 660	50 042
Compensation of employees	28 079	40 817	19 000	24 304	23 112	28 994	30 444
Goods and services	16 233	23 013	14 515	15 444	13 370	18 666	19 598
of which:							
Travel and subsistence	6 313	9 851	8 391	8 198	7 846	8 317	8 733
Communication	1 109	1 389	550	699	683	724	760
Transfers and subsidies to:	2 547	12 619	51 831	60 527	64 159	59 019	61 971
Provinces and municipalities	89	113	57	33	35	37	39
Departmental agencies and accounts	–	–	40 377	43 828	46 458	49 245	51 707
Foreign governments and international organisations	2 458	10 560	6 186	7 000	7 420	7 865	8 259
Public corporations and private enterprises	–	1 946	5 211	9 666	10 246	1 872	1 966
Payments for capital assets	880	1 733	60	125	133	140	147
Machinery and equipment	880	1 733	60	125	133	140	147
Total	47 739	78 182	85 406	100 400	100 774	106 819	112 160

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07
Details of transfers and subsidies:							
Departmental agencies and accounts							
Current	–	–	40 377	43 828	46 458	49 245	51 707
International Trade Administration Commission	–	–	40 377	43 828	46 458	49 245	51 707
Total departmental agencies and accounts	–	–	40 377	43 828	46 458	49 245	51 707
Foreign governments and international organisations							
Current	2 458	10 560	6 186	7 000	7 420	7 865	8 259
World Trade Organisation	–	7 954	4 585	4 000	4 240	4 494	4 719
Organisation for the Prohibition of Chemical Weapons	2 458	2 606	1 601	3 000	3 180	3 371	3 540
Total foreign governments and international organisations	2 458	10 560	6 186	7 000	7 420	7 865	8 259
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	1 946	5 211	9 386	10 002	1 671	1 755
Development Bank of Southern Africa:	–	–	3 100	8 000	8 480	–	–
Regional Spatial Development Initiatives	–	1 946	2 111	1 386	1 522	1 671	1 755
ProTechnik Laboratories	–	–	–	280	244	201	211
Capital	–	–	–	280	244	201	211
ProTechnik Laboratories	–	–	–	280	244	201	211
Total public corporations and private enterprises	–	1 946	5 211	9 666	10 246	1 872	1 966

Expenditure trends

Expenditure increases from R47,7 million in 2001/02 to R112,2 million in 2007/08, an average annual increase of 15,3 per cent. Over the medium term, average annual growth reduces to 3,8 per cent as activities of the programme stabilise.

The growth in expenditure between 2001/02 and 2004/05, spread across the three subprogrammes, was for expansion in the trade negotiations agenda, the promotion of trade and investment links with other African countries, and support for NEPAD, as well as for the establishment of the International Trade Administration Commission ITAC in 2003/04.

Service delivery objectives and indicators

Recent outputs

International trade development

The South African Customs Area negotiations with the European Free Trade Association and Mercosur have been concluded. This should result in increased market access for South African products in the EU. At the World Trade Organisation general council meeting in July 2004, significant progress was made in promoting exports, market access and trade facilitation. The trade negotiation programme with the United States, India, China, Croatia, Turkey, Finland, Poland and Romania is ongoing.

African economic development

Agreements on the promotion and reciprocal protection of investment were signed with Israel, Zimbabwe and Equatorial Guinea. The economic co-operation agreements with Saudi Arabia, Nigeria, the Democratic Republic of Congo and Angola have enabled South Africa to strengthen business-to-business relations with these countries.

International trade administration

The International Trade Administration Commission (ITAC) was listed in April 2004 as an agency within the Department of Trade and Industry group. In the first two half of 2004/05, 13 620 permit applications were adjudicated, 7 869 import control permits issued, 1 923 export control permits issued, 12 enforcement investigations launched, 160 unscheduled enforcement inspections undertaken, and 391 container inspections carried out.

In relation to anti-dumping and counter-veiling investigations and reviews, 14 sunset reviews (where something is reviewed after a set period with a view to removing it automatically) and 15 new cases were undertaken. ITAC dispensed 884 duty credit certificates, 1 732 import rebate credit certificates, 466 eligible export certificates, and 8 rebates of customs tariffs, 14 reductions in customs tariffs and 6 increases in customs tariffs.

Selected medium-term output targets**International Trade and Economic Development**

Measurable objective: Increased market access for South African exports in targeted countries, and improved economic integration with the continent.

Subprogramme	Output	Measure/Indicator	Target
International Trade Development	Bilateral and multilateral trade agreements (with increased market access in key countries in the Americas, Europe and Asia)	Number of agreements concluded between countries	Conclude free trade agreements (FTA) with the US, the European Free Trade Association, Mercosur, Egypt, India, China, and Japan between first quarter of 2006 and end 2007
African Economic Development	Bilateral and regional trade and investment agreements	Number of technical missions to other countries	12 technical missions, 7 ministerial missions, 1 preferential trade agreement, and 4 signed memorandums of understanding by 2006/07
		Number of signed agreements between countries	7 signed investment agreements and 5 ratified agreements per year
		Number of FTAs concluded between countries	Concluded FTA negotiations with Nigeria, Kenya and Egypt by 2007/08
		Number of bilateral investment protection and promotion agreements signed between countries	5 signed agreements per year
International Trade Administration	Tariff simplification	Reduction in number of tariff bands and implemented tariff structure	Number of tariff bands reduced from more than 300 to 7, and implement tariff structure by 2006/07
	Research on cost of trade transactions	Implementable recommendations from research	Recommendations implemented by 2006/07
	Streamlined trade administration system for South Africa	Implementable recommendations from study undertaken	Recommendations implemented by 2006/07

Programme 3: Enterprise and Industry Development

The *Enterprise and Industry Development* programme provides leadership in developing policies and strategies that create an enabling environment for competitiveness, equity and enterprise development.

The programme comprises three subprogrammes:

- *Industrial Competitiveness* strengthens industrial competitiveness through technology and skills transfer.
- *Enterprise Development* develops enterprises through increasing the number of sustainable small and medium enterprises.
- *Equity and Empowerment* is responsible for the implementation of broad-based BEE.

Expenditure estimates

Table 32.5: Enterprise and Industry Development

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
Industrial Competitiveness	343 635	393 472	465 890	487 303	461 024	491 499	516 074
Enterprise Development	129 297	125 934	164 588	164 928	284 347	301 405	316 478
Equity and Empowerment	24 705	9 251	70 365	182 197	435 983	438 142	440 047
Total	497 637	528 657	700 843	834 428	1 181 354	1 231 046	1 272 599
Change to 2004 Budget estimate				(181 450)	102 563	78 888	62 833

Economic classification							
Current payments	17 278	25 737	33 876	80 127	57 653	61 112	64 169
Compensation of employees	12 450	16 954	19 178	30 487	31 735	33 639	35 321
Goods and services	4 828	8 783	14 698	49 640	25 918	27 473	28 848
of which:							
Consultants and contractors	233	2 466	1 593	28 672	10 000	10 600	11 130
Travel and subsistence	1 205	1 748	3 785	9 395	7 000	7 420	7 791
Transfers and subsidies to:	479 877	502 389	666 487	753 461	1 122 832	1 169 013	1 207 463
Provinces and municipalities	61	47	58	44	47	50	53
Departmental agencies and accounts	432 816	400 955	519 592	606 260	980 102	1 017 719	1 048 604
Foreign governments and international organisations	–	6 387	6 737	5 000	5 300	5 618	5 899
Public corporations and private enterprises	16 000	52 000	90 600	88 003	90 980	96 439	101 261
Non-profit institutions	31 000	43 000	49 500	54 154	46 403	49 187	51 646
Payments for capital assets	482	531	480	840	869	921	967
Machinery and equipment	482	531	480	840	869	921	967
Total	497 637	528 657	700 843	834 428	1 181 354	1 231 046	1 272 599

	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:							
Departmental agencies and accounts							
Current	285 019	265 992	372 592	463 959	837 000	866 031	889 332
Council for Scientific and Industrial Research: Technology Transfer Centre	–	5 000	2 000	2 000	2 120	2 247	2 359
Council for Scientific and Industrial Research: Technology for Women in Business	6 000	6 000	6 000	6 000	6 360	6 742	7 079
Council for Scientific and Industrial Research: National Cleaner Production Centre	–	1 000	1 000	1 500	1 060	1 124	1 180
South African Bureau of Standards: Research Contribution	81 369	85 000	91 407	98 099	102 484	111 445	117 018
South African National Accreditation System	5 800	9 500	9 000	6 500	5 931	6 288	6 602
Council for Scientific and Industrial Research: National Measuring Standards	31 000	33 000	34 000	34 860	34 832	36 922	38 768
National Productivity Institute: Workplace Challenge	5 000	7 000	11 408	7 000	7 420	7 865	8 258
Khula	64 000	20 000	25 000	25 000	26 500	28 090	29 495
Ntsika Enterprise Promotion Agency	35 000	40 000	52 000	41 000	–	–	–
National Manufacturing Advisory Centre Co-ordinating Body	28 000	54 500	80 000	80 000	–	–	–
National Empowerment Fund	23 000	4 500	59 500	160 000	410 600	411 236	411 798
South African Bureau of Standards: Small Business Technical Consulting	850	492	1 277	2 000	2 120	2 247	2 359
South African Bureau of Standards: Autos	5 000	–	–	–	–	–	–
South African Micro Apex Fund	–	–	–	–	100 000	105 998	111 298
Small Enterprise Development Agency	–	–	–	–	137 573	145 827	153 118
Capital	147 797	134 963	147 000	142 301	143 102	151 688	159 272
National Research Foundation: Technology and Human Research for Industry Programme	136 797	134 963	135 000	139 000	143 100	151 686	159 270
Council for Scientific and Industrial Research: Technology Transfer Capital Guarantee Fund	6 000	–	2 000	2 000	1	1	1
Council for Scientific and Industrial Research: Technology Venture Capital	5 000	–	10 000	–	1	1	1
National Research Foundation: Centres of Excellence	–	–	–	1 001	–	–	–
Council for Scientific and Industrial Research: Aerospace Industry	–	–	–	300	–	–	–
Total departmental agencies and accounts	432 816	400 955	519 592	606 260	980 102	1 017 719	1 048 604
Foreign governments and international organisations							
Current	–	6 387	6 737	5 000	5 300	5 618	5 899
United Nations Industrial Development Organisation	–	6 387	6 737	5 000	5 300	5 618	5 899
Total foreign governments and international organisations	–	6 387	6 737	5 000	5 300	5 618	5 899

	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
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	7 600	5 003	10 000	10 600	11 130
Development Bank of Southern Africa: Community Public Private Partnership	–	–	7 600	5 003	10 000	10 600	11 130
Capital	16 000	52 000	83 000	83 000	80 980	85 839	90 131
Industrial Development Corporation: Support Programme for Industrial Innovation	16 000	52 000	83 000	83 000	80 980	85 839	90 131
Total public corporations and private enterprises	16 000	52 000	90 600	88 003	90 980	96 439	101 261
Non-profit institutions							
Current	31 000	43 000	49 500	54 154	46 403	49 187	51 646
National Co-operatives Association of South Africa	–	2 000	3 500	3 500	3 710	3 933	4 130
Proudly South African Campaign	14 000	–	4 000	–	–	–	–
Godisa Trust: Technology Incubator Development	17 000	40 000	40 000	48 654	40 573	43 007	45 157
South African Women Entrepreneurs' Network	–	1 000	2 000	2 000	2 120	2 247	2 359
Total non-profit institutions	31 000	43 000	49 500	54 154	46 403	49 187	51 646

Expenditure trends

Expenditure on *Enterprise and Industry Development* grows from R497,6 million in 2001/02 to R1,3 billion in 2007/08. Over the medium term, expenditure is expected to increase at an annual average rate of 15,1 per cent.

Much of this increase goes to the *Equity and Empowerment* subprogramme, which increases from R182,2 million in 2004/05 to R440,0 million in 2007/08, an annual average increase of 34,2 per cent. The increase is due to the capitalisation of the National Empowerment Fund, the strengthening of the community PPP programme, the implementation of the Co-operatives Development Bill and policy, and the development of incentive support measures targeted at women entrepreneurs, as part of the Department of Trade and Industry's targeted interventions in the second economy.

Transfers and subsidies make up most of programme expenditure: 90,3 percent in 2004/05. Expenditure on compensation of employees has risen from R12,4 million in 2001/02 to R35,3 million in 2007/08, an annual average increase of 19 per cent. This is for increasing human capital and implementing new mandates such as broad-based BEE. Expenditure on goods and services increases at an annual average rate of 34,7 per cent between 2001/02 and 2007/08, to cater for the development of policies on BEE, co-operatives and competitiveness.

Expenditure in *Enterprise and Industry Development* has been reprioritised to ensure equitable allocations between interventions in the first and second economies. During 2004/05, more than R70 million was earmarked for specific small business projects.

The programme will also host most of the projects driven by EU donor funding.

Service delivery objectives and indicators

Recent outputs

The focus has been in the *Enterprise Development* and *Equity and Empowerment* subprogrammes, resulting in the promulgation of the National Small Business Amendment Act (2003), which led to the establishment of the Small Enterprise Development Agency.

Enterprise development

The Apex Fund, based on the successful model employed in Bangladesh, was established in 2004/05, in response to the need for a micro-finance institution that would cater for the very poor. The fund is being registered as an autonomous organization, with government as its primary stakeholder. It will allow enterprises, particularly co-operatives, to borrow amounts from as little as R20 up to a maximum of R10 000. The fund will receive R100,0 million in 2005/06, increasing to R111,3 million in 2007/08.

Cabinet has approved the Co-operatives Bill and policy. The bill promotes the development of sustainable co-operatives, thus increasing the number and variety of economic enterprises, and is expected to be passed by Parliament in 2005.

Over the last three financial years, Khula Enterprise Finance has facilitated the delivery of more than R1 billion in essential financing to SMMEs, and the creation of more than 100 000 direct jobs. During 2003/04, disbursements increased by 40 per cent, with the number of beneficiaries totalling 110 000.

Selected highlights of the Ntsika Enterprise Promotion Agency's non-financial support services include over 100 000 SMMEs gaining access to economic opportunities. The national co-ordination office of the manufacturing advisory centres programme has established 17 manufacturing advisory centres around the country, which have also contributed to supporting SMMEs.

The community-based community PPP programme has helped to create more than a thousand full-time and part-time jobs in the agri-business and forestry, agro-biodiversity, fishing, mariculture, mining and tourism sectors in the last year. The programme has helped rural communities improve their quality of life by integrating into mainstream economic activities.

BEE

The release of the codes of good practice to measure progress in implementing the BEE charter and Cabinet's approval of the establishment of the BEE Advisory Council have given impetus to implementing the Broad-Based Black Economic Empowerment Act (2003). In May 2004, the National Empowerment Fund was relaunched, and new financial instruments to develop black-owned, managed and controlled enterprises were introduced. Since then, loans totalling R128 million have been disbursed.

Industrial competitiveness

Progress has been made in upgrading South African industrial capabilities, positioning future growth industries (aerospace, oil and gas, paper and pulp, services) and addressing import parity pricing. Interventions to bolster industrial capabilities include working with relevant government departments to improve the national logistics (rail and port infrastructure) system.

Selected outputs from the *Industrial Competitiveness* subprogramme include: projects to the value of R83 million supported through the Support Programme for Industrial Innovation; more than 1 179 thousand researchers, 2 690 students, and 351 industry partners supported under the

technology and human resources for industry programme; and 226 new technical standards issued and 240 standards revised. During 2004, 824 standards were on topical issues such as health, safety and the environment.

In 2003/04, the Industrial Development Corporation made approvals of R4,8 billion, which represent over 3 per cent of private sector fixed investment. Seventy per cent of these approvals were directed at small and medium-sized enterprises.

Cabinet has approved the transfer of the administration of the Scientific Research Council Act (1988) to the Department of Science and Technology in 2005/06. This means that the functions and transfer payment budgets will be transferred to that department. (The Council for Scientific and Industrial Research will remain a member of the Council of Trade and Industry Institutions.)

Selected medium-term output targets

Enterprise and Industry Development

Measurable objective: A more competitive economy at national, sectoral and enterprise-level; a greater contribution to the economy by small enterprises, including co-operatives; and more participation in the economy by historically disadvantaged people and communities.

Subprogramme	Output	Measure/Indicator	Target
Industrial Competitiveness	Industrial upgrading policy and strategy	Industrial policy approved by Cabinet	March 2007/08
		Number and value of projects assisted	80 projects assisted to the value of R160 million by 2006/07
	Technology and Human Resources for Industry Programme	Number of researchers assisted	927 researchers assisted
		Number of students supported	2 250 students supported
		Number of enterprises supported	373 enterprises supported by 2005/05
	Standards, quality assurance, accreditation and metrology	Number of accreditations of facilities	128 accreditations of facilities
Enterprise Development	Establishment of small business support institutions	Establishment of Apex Fund to provide micro-credit	June 2005
	Implementation of Co-operatives Development Bill and policy	Development of co-operatives strategy	June 2005
		Development of co-operative incentives	June 2005
		Establishment of Co-operatives Development Fund	September 2005
Equity and Empowerment	Implementation of Broad-Based BEE Act and policy	Implementation of broad-based BEE codes of good practice	April 2005
		Establishment of BEE Advisory Council	June 2006
	Skills development	Number of women supported through a pilot study	500 women supported through a pilot study by March 2006

Programme 4: Consumer and Corporate Regulation

Consumer and Corporate Regulation develops and implements coherent, predictable and transparent regulatory solutions for investors and consumers. Activities include ensuring that corporate and customer regulations are enforced.

There are three subprogrammes:

- *Policy and Legislative Development* develops regulatory solutions.
- *Enforcement and Compliance* ensures that participants in economic activities comply with customer and corporate rules.
- *Regulatory Services* monitors a number of regulatory agencies, such as the Competitions Commission, the National Gambling Board and the Micro Finance Regulatory Council.

Expenditure estimates

Table 32.6: Consumer and Corporate Regulation

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
Policy and Legislative Development	–	5 895	6 099	2 129	9 552	10 125	10 631
Enforcement and Compliance	67 180	10 328	12 365	18 008	26 979	28 598	30 028
Regulatory Services	26 351	118 575	94 536	82 762	81 374	86 257	90 570
Total	93 531	134 798	113 000	102 899	117 905	124 980	131 229
Change to 2004 Budget estimate				(27 581)	(20 404)	(21 628)	(22 709)
Economic classification							
Current payments	65 530	16 117	17 991	31 014	42 857	45 429	47 700
Compensation of employees	37 364	6 936	9 369	16 329	26 104	27 671	29 054
Goods and services	28 166	9 181	8 622	14 685	16 753	17 758	18 646
of which:							
Consultants and contractors	1 780	1 116	1 622	8 482	10 230	10 844	11 386
Travel and subsistence	1 923	1 236	1 088	2 740	2 300	2 438	2 560
Transfers and subsidies to:	26 434	118 596	94 565	71 213	74 460	78 928	82 875
Provinces and municipalities	83	21	29	36	38	40	42
Departmental agencies and accounts	24 600	104 341	81 746	54 177	56 402	59 787	62 777
Foreign governments and international organizations	1 751	2 234	1 790	2 000	2 120	2 247	2 359
Non-profit institutions	–	12 000	11 000	15 000	15 900	16 854	17 697
Payments for capital assets	1 567	85	444	672	588	623	654
Machinery and equipment	1 567	85	444	672	588	623	654
Total	93 531	134 798	113 000	102 899	117 905	124 980	131 229
Details of transfers and subsidies:							
Departmental agencies and accounts							
Current	24 600	104 341	81 746	54 177	56 402	59 787	62 777
National Gambling Board	7 000	9 500	11 000	15 800	12 262	12 998	13 648
Competition Commission	8 600	–	25 923	28 177	28 240	29 934	31 431
South African Bureau of Standards: Trade Metrology	8 000	8 000	9 000	9 000	9 540	10 113	10 619
National Lotteries Board	1 000	–	–	–	–	–	–
Companies and Intellectual Property Registration Office	–	86 841	35 823	1 200	6 360	6 742	7 079
Total departmental agencies and accounts	24 600	104 341	81 746	54 177	56 402	59 787	62 777
Foreign governments and international organisations							
Current	1 751	2 234	1 790	2 000	2 120	2 247	2 359
World Intellectual Property Organisation	1 751	2 234	1 790	2 000	2 120	2 247	2 359
Total foreign governments and international organisations	1 751	2 234	1 790	2 000	2 120	2 247	2 359
Non-profit institutions							
Current	–	12 000	11 000	15 000	15 900	16 854	17 697
Micro Finance Regulatory Council	–	12 000	11 000	15 000	15 900	16 854	17 697
Total non-profit institutions	–	12 000	11 000	15 000	15 900	16 854	17 697

Expenditure trends

Expenditure on *Consumer and Corporate Regulation* increases from R93,5 million in 2001/2002 to R131,2 million in 2007/08, an average annual increase of 5,8 per cent.

Transfers and subsidies to departmental agencies and accounts decrease by 39,8 per cent, from R104,3 million in 2002/03 to R62,8 million in 2007/08. The decrease is because the Companies and Intellectual Property Registration Office became a self-funding entity from June 2002 and thus received significantly smaller transfers from the department from 2003/04.

Service delivery objectives and indicators

Recent outputs

Policy and legislative development

During the reporting period, three policies were finalised and published for comment: on consumer credit, corporate law reform and consumer protection. The new National Credit Bill, which delineates institutional responsibility for consumer credit education, was drafted. The new Liquor Act (2003) and Gambling Act (2004) were promulgated in 2004, and regulations were published for comment.

Enforcement and compliance

The consumer helpline became operational in October 2004. This has improved the turnaround times for resolving complaints by approximately 600 per cent. It previously took on average between 90 and 180 days to resolve a complaint; it now takes between one and three days. The consumer helpline received 472 new cases and resolved 344; 56 were referred to other institutions. The volume of walk-in complaints continues to increase as the success of the consumer helpline spreads by word of mouth.

During 2004, 94 consumer credit investigations cases were brought forward and 67 new cases received. 114 were finalised and 46 are pending. The turnaround time has improved from 80 days to 10 days. The Office of Consumer Protection brought forward 177 cases from March 2004 and received 167 new cases. 230 cases were resolved and 72 cases are pending. The turnaround time has improved from 168 days to 55 days.

In the Office of Company and Intellectual Property Enforcement, 11 company investigation cases were brought forward. Eleven new cases were received, 4 were finalised and 18 are pending. 44 intellectual property investigation cases were brought forward, 24 new cases received, and 35 finalised, with 33 cases pending. The turnaround time has improved from 279 days to 60 days.

The National Liquor Authority was set up, and received approximately 2 000 applications to convert liquor licences to comply with the new Liquor Act (2003).

Regulatory services

Business processes for the division were reviewed and improved, and mapped in detail and put on the department's process portal. A new case management system was developed. The division has put great effort into ensuring that all the regulatory agencies reporting to it submitted their budget and business plans for approval. Shareholder compacts were concluded with four of the seven regulatory agencies.

The Companies and Intellectual Property Registration Office became a trading entity in July 2002 and has registered over 100 000 close corporations in the past three financial years. In 2002, 10 408 patents were registered. Recent highlights for the Competition Commission include its

284 mergers and acquisitions cases. Of these, 278 were finalised, 262 approved and 7 approved with conditions. A total of 82 complaints on prohibited restrictive business practices were completed. R262 million in lottery funds were paid out by National Lotteries Board, of which 61 per cent went to charitable organisations, 22 per cent to beneficiaries in the sports and recreation sector, and 14 per cent to beneficiaries in the arts, culture and heritage sector.

Selected medium-term output targets

Consumer and Corporate Regulation

Measurable objective: Reduce the cost of doing business in South Africa through efficient business regulation; increase levels of competition and decrease anti-competitive behaviour; and protect consumers.

Subprogramme	Output	Measure/Indicator	Target
Policy and Legislative Development	Intellectual property and corporate law reform	Draft company bill	By September 2005
	Consumer credit law reform	Consumer Credit Bill enacted by President and regulations published	Implementation of Consumer Credit Act by June 2006
Enforcement and Compliance	Consumer investigations Company and intellectual property investigations	Number of investigations Number of investigations	56 reactive investigations per year A minimum of 2 intellectual property and 4 company investigations per year
Regulatory Services	Strategic and performance framework for agencies set and monitored	Percentage of agencies' business and strategic plans annually within the department's strategic and business planning cycle	9 draft shareholder compacts 100% of strategic plans and business plans reviewed and submitted to the minister for approval
	Companies, designs and patents registered	Number of registered companies and intellectual property rights	30 000 companies registered 110 000 close corporations registered 12 000 patents registered 1 500 designs registered All by 31 March 2006
	National Lotteries Board	Disbursement of good cause funds	R1,6 billion disbursed to deserving institutions by March 2006
	Competition Commission	Number of merger applications reviewed and investigations into prohibited restrictive practices,	280 merger applications reviewed and 50 investigations conducted into prohibited restrictive practices by March 2006

Programme 5: The Enterprise Organisation

The *Enterprise Organisation* supports the Department of Trade and Industry's strategic objectives of growth, equity and employment creation by providing financial incentives to enterprises.

The programme consists of three subprogrammes:

- *Incentive Administration* manages and implements existing business incentive schemes such as the small and medium enterprise development programme, the critical infrastructure programme and the strategic industrial programme.
- *New Incentive Development* is responsible for developing new incentive schemes, such as the film industry rebate system and the black business supplier development programme.
- *Business Development and After-Care* markets all the department's incentives to prospective applicants, and ensures that applicants are helped during the application process.

Expenditure estimates

Table 32.7: The Enterprise Organisation

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
Incentive Administration	529 699	579 740	782 993	1 559 013	980 993	1 043 085	1 095 239
New Incentive Development	–	–	–	4 938	2 617	2 774	2 913
Business Development and After-Care	–	–	–	22 734	3 049	–	–
Total	529 699	579 740	782 993	1 586 685	986 659	1 045 859	1 098 152
Change to 2004 Budget estimate				643 467	(15 123)	(16 030)	(16 831)

Economic classification

Current payments	28 410	57 598	40 668	50 976	37 594	36 618	38 448
Compensation of employees	13 799	22 488	28 400	35 644	24 900	23 614	24 795
Goods and services	14 611	35 110	12 268	15 332	12 694	13 004	13 653
of which:							
Consultants and contractors	7 909	4 638	3 496	3 067	3 301	3 499	3 674
Travel and subsistence	1 492	3 081	2 620	4 450	2 813	2 982	3 131
Inventory	129	879	699	2 162	1 711	1 814	1 905
Transfers and subsidies to:	500 754	521 169	741 702	1 534 509	946 822	1 006 863	1 057 207
Provinces and municipalities	63	58 268	160 750	139 131	120 253	122 068	128 172
Public corporations and private enterprises	500 691	462 901	580 952	1 395 378	826 569	884 795	929 035
Payments for capital assets	535	973	623	1 200	2 243	2 378	2 497
Machinery and equipment	535	973	623	1 200	2 243	2 378	2 497
Total	529 699	579 740	782 993	1 586 685	986 659	1 045 859	1 098 152

Details of transfers and subsidies:

Provinces and municipalities							
Provinces							
Provincial agencies and funds							
Capital	–	58 200	160 665	139 035	120 200	122 012	128 113
Coega Development Corporation	–	58 200	122 567	60 300	80 200	105 012	110 263
East London Development Corporation	–	–	38 098	45 602	20 000	8 200	8 610
Richards Bay Development Corporation	–	–	–	33 133	20 000	8 800	9 240
Municipalities							
Municipal bank accounts							
Current	63	68	85	96	53	56	59
Regional Services Council levies	63	68	85	96	53	56	59
Total provinces and municipalities	63	58 268	160 750	139 131	120 253	122 068	128 172

	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
Public corporations and private enterprises							
Private enterprises							
Subsidies on production							
Current	344 624	413 787	472 380	570 125	593 489	632 330	663 947
Small and Medium Manufacturing Development Programme	209 594	169 988	100 313	60 000	137 800	146 068	153 371
Enterprise Development	9 793	161 857	353 997	492 124	363 888	385 721	405 007
Manufacturing Development Programme Incentives	120 789	64 754	16 100	3 000	15 900	16 854	17 697
Industrial Development Zones	–	13 798	1 970	15 000	15 900	16 854	17 697
Business Process Outsourcing (BPO)	–	–	–	–	20 000	24 432	25 654
Film and Television Production Incentive	–	–	–	–	40 000	42 400	44 520
Tax Holiday Scheme	4 448	3 390	–	1	1	1	1
Other transfers							
Current	156 067	49 114	100 399	746 103	172 203	182 535	191 661
Export Market and Investment Assistance	110 331	–	59 970	103 100	110 720	117 363	123 231
Competitiveness Fund	39 010	39 980	21 998	20 000	47 700	50 562	53 090
Sector Partnership Fund	6 726	9 134	15 440	13 000	13 780	14 607	15 337
Black Business Supplier Development Programme	–	–	2 991	10 001	1	1	1
Micro-Investor Fund	–	–	–	2	2	2	2
Pebble Bed Modular Reactor	–	–	–	600 000	–	–	–
Capital	–	–	8 173	79 150	60 877	69 930	73 427
Other Critical Infrastructure Programme Projects	–	–	8 173	79 150	60 877	69 930	73 427
Total public corporations and private enterprises	500 691	462 901	580 952	1 395 378	826 569	884 795	929 035

Expenditure trends

The programme has seen significant increases in expenditure over the last seven years, rising from R529,7 million in 2001/02 to R1,1 billion in 2007/08, an annual average increase of 12,9 per cent. This increase is due to the demand for incentives available under the small and medium enterprise development programme (SMEDP) and the critical infrastructure programme. In addition, the SMEDP has been extended.

A large proportion of expenditure relates to transfers and subsidies, averaging 96,2 per cent of total expenditure over the medium term. A one-off payment of R600 million, made to the Pebble Bed Modular Reactor in 2004/05, influenced the steady growth in this programme.

Expenditure on current payments has risen significantly as a result of new activities related to the introduction of the new incentive programmes, particularly the film incentive and business process outsourcing incentives. Expenditure on compensation of employees has risen from R13,8 million in 2001/02 to R24,8 million in 2007/08, an annual average increase of 10,3 per cent, as capacity is bolstered to administer the incentives.

Service delivery objectives and indicators

Recent outputs

New incentive schemes

An incentive scheme for the film industry was launched in June 2004. Thirteen approvals were granted for enterprises in this sector in 2004/05. The department has also introduced an incentive scheme for business process outsourcing and call centres, which will be implemented in 2005/06. The SMEDP's incentives for the aquaculture sector have been developed, and will also be implemented in 2005/06.

The strategic industrial projects incentive scheme has attracted R2,2 billion worth of investments, which will result in 20 107 new direct jobs. Over R100 million will be spent on infrastructure and R122 million on SMME support. The black business supplier development programme, which helps black-owned firms improve their competitiveness, received 660 applications in the first half of 2003/04. Of these, 379 were approved, with a total investment of R13 million from the department and R4 million from black enterprises.

Legislation

The Enterprise Development Bill is being drafted, and will be presented to Cabinet before the end of 2005/06. The bill is intended to create an enabling regulatory framework for developing and administering economic incentives and other measures for supporting enterprise.

Investment

SMEDP investment on approved applications is R1,4 billion over three years, and industrialists will be investing a total of R6,8 billion for the same projects. These investments represent 1 296 applications and it is estimated that they will generate 27 000 jobs. The applications were approved within the first three quarters of 2004/05.

Business development

Within the first half of 2004/05, the business unit trained 6 868 entrepreneurs on how to access a range of the Department of Trade and Industry's incentives. A total of 181 network consultants were trained to facilitate applications from SMMEs and historically disadvantaged individuals. A client referral system has been established by forming more than 45 partnerships with stakeholders and economic service providers.

Selected medium-term output targets

The Enterprise Organisation

Measurable objective: Improved efficiency and administration of incentive schemes.			
Subprogramme	Output	Measure/Indicator	Target
Incentive Administration	Administration and management of incentive schemes	Number of successful applicants from incentive schemes	600 approved applications by 2006/07
	Sector Partnership Fund	Number of successful partnerships	9 approved partnerships by March 2006
	Export market and investment assistance scheme	Number of companies assisted	205 companies assisted by June 2007

Subprogramme	Output	Measure/Indicator	Target
	Sector specific assistance scheme	Number of projects approved and processed	14 projects approved and projects supported in a minimum of 6 key departmental sectors by September 2006
	Efficiencies in claims administration	Number of claims evaluated and processed by incentive schemes	7 300 claims processed by March 2007
	Critical infrastructure programme (CIP) administration and management	Number of project funding applications approved	Approve 6 projects with an average value of R50 million by June 2006
		Review of CIP programme, including a funding model	Assessment reports on 10 projects by March 2006
	Strategic industrial programme (SIP) administration and management	Number of applications approved and processed	Approve 4 applications with an average value of R240 million from April to June 2005
			Assessment reports on 20 approved SIP projects by March 2007
	Industrial development zone (IDZ) fund administration and management	Number of applications processed	6 adjudicated applications and 3 approved feasibility and business development plans for existing and potential IDZs
New Incentive Development	New portfolio of investment incentives	Number of new approved incentives	3 new incentives gazetted by March 2006
Business Development and Aftercare	Business development support to enterprises	Percentage increase of historically disadvantaged enterprises accessing the incentive scheme	5% increase in historically disadvantaged enterprises accessing SMEDP

Programme 6: Trade and Investment South Africa

Trade and Investment South Africa provides leadership to key growth sectors in the economy, developing South Africa's capacity to export to various markets as well as increasing direct investments in the country.

The programme consists of three subprogrammes:

- *Investment Promotion and Facilitation* promotes investment opportunities through trade missions and exhibitions.
- *Export Development and Promotion* provides training for exporters as well export credit insurance.
- *Customised Sector Programmes* build partnerships between government and its social partners to overcome obstacles to investment, exports and competitiveness.

Expenditure estimates

Table 32.8: Trade and Investment South Africa

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
Investment Promotion and Facilitation	227 993	265 602	114 582	75 007	71 935	76 252	80 061
Export Development and Promotion	166 995	260 662	256 034	163 021	249 887	264 878	278 124
Customised Sector Programmes	8 584	–	6 386	32 218	36 264	38 440	40 363
Total	403 572	526 264	377 002	270 246	358 086	379 570	398 548
Change to 2004 Budget estimate				(77 836)	(10 881)	(11 533)	(12 110)

	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
Economic classification							
Current payments	153 217	111 174	139 748	111 906	146 550	155 343	163 108
Compensation of employees	90 977	85 097	67 559	66 893	82 671	87 630	92 011
Goods and services	62 240	26 077	72 189	45 013	63 879	67 713	71 097
of which:							
Consultants and contractors	494	323	1 814	45 013	21 689	22 990	24 140
Travel and subsistence	23 076	11 052	10 471	–	12 283	13 020	13 671
Communication	4 101	3 692	4 040	–	1 280	1 357	1 425
Inventory	2 948	2 117	2 325	–	2 254	2 389	2 508
Transfers and subsidies to:	246 582	414 889	236 582	157 438	210 634	223 271	234 436
Provinces and municipalities	52	49	63	153	162	171	180
Departmental agencies and accounts	246 507	414 840	209 128	110 800	181 070	214 194	224 904
Foreign governments and international organisations	–	–	3 160	8 000	8 400	8 904	9 350
Public corporations and private enterprises	23	–	24 231	38 485	21 002	2	2
Payments for capital assets	3 773	201	672	902	902	956	1 004
Machinery and equipment	3 773	201	672	902	902	956	1 004
Total	403 572	526 264	377 002	270 246	358 086	379 570	398 548
Details of transfers and subsidies:							
Departmental agencies and accounts							
Current	246 507	414 840	209 128	110 800	181 070	214 194	224 904
Export Credit + Insurance Corporation	151 007	195 000	177 000	100 000	181 070	214 194	224 904
Trade and Investment South Africa	95 500	219 840	31 000	10 800	–	–	–
Department of Environmental Affairs and Tourism: Tourism	–	–	1 128	–	–	–	–
Total departmental agencies and accounts	246 507	414 840	209 128	110 800	181 070	214 194	224 904
Foreign governments and international organisations							
Current	–	–	3 160	8 000	8 400	8 904	9 350
Export Consultancy Trust Funds:	–	–	1 580	4 000	4 200	4 452	4 675
International Bank for Reconstruction and Development (World Bank)	–	–	1 580	4 000	4 200	4 452	4 675
International Finance Corporation	–	–	1 580	4 000	4 200	4 452	4 675
Total foreign governments and international organisations	–	–	3 160	8 000	8 400	8 904	9 350

	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
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	8 002	2	2	2
Council for Scientific and Industrial Research: Maritime Industry Project	–	–	–	1	1	1	1
Industrial Development Corporation: South African Capital Goods Feasibility Study Fund	–	–	–	8 001	1	1	1
Private enterprises							
Other transfers							
Current	23	–	24 231	30 483	21 000	–	–
General Export Incentive Scheme	23	–	15 725	–	–	–	–
Youth Internship Programme	–	–	8 506	11 483	–	–	–
Aichi Exposition	–	–	–	19 000	21 000	–	–
Total public corporations and private enterprises	23	–	24 231	38 485	21 002	2	2

Expenditure trends

Trade and Investment South Africa experiences significant fluctuations in expenditure, driven by uneven payments to the Export Credit Insurance Corporation (ECIC) and the foreign mission offices. A major reduction in the allocation to the ECIC in the 2004/05 adjustment estimate process resulted in a decrease in expenditure from R377,0 million in 2003/04 to R270,2 million in 2004/05. Expenditure allocations of R19 million and R21 million in 2004/05 and 2005/06 are for South Africa's participation in the 2005 world exposition in Aichi, Japan.

While the budget decreased substantially from 2002/03 to 2003/04, expenditure on goods and services increased by 176,8 per cent over the same period as a result of activities associated with the shifting of functions out of Trade and Industry South Africa (section 21 company) into the department. Compensation of employees increases by 23,6 per cent from 2004/05 to 2005/06, as employees of TISA are absorbed into the department.

Service delivery objectives and indicators

Recent outputs

Investment promotion and facilitation

In the first quarter of 2004/05, the seventh President's International Investment Council meeting was held. Eleven sector-specific investment missions took place in the same period. For investment promotion, 168 one-on-one meetings were held, 364 leads generated, 32 sites visited, 10 missions undertaken and 16 investment seminars held. Fifty per cent of export marketing and investment assistance scheme recipients were SMMEs, with 21 per cent of these owned by historically disadvantaged individuals. Over 300 investment projects were facilitated.

Export development and promotion

A draft export development strategy was developed. Eleven trade lead bulletins were published containing over 613 verified business opportunities received through the network of foreign

offices. It is estimated that the bulletins get distributed monthly to over 4 000 exporters. Non-financial assistance in the form of information and general advice was provided to over 857 exporters. A total of 1 500 copies of the Export Answer Book were also distributed. The export readiness of 15 enterprises in the cosmetics sector was improved by facilitating training in supply chain management for export delivery.

For export promotion, 28 national pavilions across 8 sectors were organised and managed. A total of 375 companies were financially supported in national pavilions. The value of the orders taken from these companies at these events was R330 million. In addition, 87 companies were trained in maximising their participation in trade fairs, and 14 companies and 5 export councils were trained in intelligence gathering techniques at trade fairs. A total number of 22 inward-buying missions were facilitated from 26 countries across 9 sectors. Fourteen outward-bound trade missions were facilitated. Outward-bound missions that have been financially assisted by Trade and Industry South Africa (TISA) have considerably increased market access for at least 123 companies.

Customised sector programmes

Customised sector programmes are designed for building partnerships between government and its social partners to realise opportunities within specific sectors and work together to overcome obstacles to investments, exports, competitiveness, employment and equity. Emphasis has been on identifying and appraising high impact projects. Research and analysis was conducted in the priority sectors and sub-sectors. In total, 11 investment projects in five priority sectors have been identified and will be implemented in 2005/06. The five priority sectors are agro-processing; the automotive industry; chemicals; business process outsourcing; and mining and metals.

Selected medium-term output targets

Trade and Investment South Africa

Measurable objective: Increased levels of direct investment and exports, in aggregate and in government's priority sectors.

Subprogramme	Output	Measure/Indicator	Target
Investment Promotion and Facilitation	Investment seminars, pavilions and inward investment missions	Number of seminars, pavilions and missions	4 investment seminars, 3 pavilions, 11 sector specific presentations, 39 targeted presentations, 4 inward investment missions, 11 sector-specific briefs per year
	Investment promotion strategy and framework	Published and implemented strategy	Implemented by 2007/08
Export Development and Promotion	National export strategy	Published and implemented strategy	Implemented by 2007/08
	Export development information	Number of publications and number of customers reached	1 500 customers reached and 4 000 publications distributed per year
	National pavilions, mini-pavilions and trade missions	Number of pavilions, mini-pavilions and trade missions	29 national pavilions and mini-pavilions abroad, 3 pavilions in South Africa, and 22 trade missions per year
Customised Sector Programmes	High impact customised sector projects	Number of project profiles in priority sectors	20 project profiles per priority sector per year
	Customised sector programmes for the priority sectors	Number of sector programmes	11 sector programmes developed, implemented and impact measured by 2007/08

Programme 7: Marketing

Marketing is responsible for managing the Department of Trade and Industry's brand and increasing public awareness of the department's products and services, through advertising, events, promotional items, media liaison, publishing, multimedia productions and corporate communications activities. The programme is responsible for operating the customer contact

centre, managing delivery channels, market development programmes, supporting the department's electronic media, and servicing the regional centres.

There are three subprogrammes:

- *Brand Management* promotes the department's brand through advertising campaigns.
- *Marketing Communications* is responsible for all the department's publications.
- *Distribution* promotes awareness of the department's services and products and makes them more accessible through a call centre and website, and also provides customer care service.

Expenditure estimates

Table 32.9: Marketing

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
Brand Management	–	17 889	19 866	64 396	28 358	30 059	31 561
Marketing Communications	–	5 475	22 612	27 540	26 357	27 938	29 335
Distribution	–	33 070	35 841	29 788	26 613	28 210	29 621
Total	–	56 434	78 319	121 724	81 328	86 207	90 517
Change to 2004 Budget estimate				45 000	–	–	

Economic classification

Current payments	–	56 010	75 088	95 022	79 524	84 295	88 510
Compensation of employees	–	6 968	10 429	15 005	15 905	16 859	17 702
Goods and services	–	49 042	64 659	80 017	63 619	67 436	70 808
of which:							
Consultants and contractors	–	3 286	1 213	23 899	43 777	46 404	48 724
Travel and subsistence	–	890	2 500	4 704	592	628	659
Communication	–	7 230	7 236	5 825	288	305	320
Inventory	–	772	899	6 071	180	191	201
Advertising	–	7 136	5 668	22 807	8 606	9 122	9 578
Transfers and subsidies to:	–	20	2 882	25 023	24	26	27
Provinces and municipalities	–	20	32	23	24	26	27
Public corporations and private enterprises	–	–	2 850	25 000	–	–	–
Payments for capital assets	–	404	349	1 679	1 780	1 886	1 980
Machinery and equipment	–	404	349	1 679	1 780	1 886	1 980
Total	–	56 434	78 319	121 724	81 328	86 207	90 517

Details of transfers and subsidies:

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current				25 000	–	–	–
2010 FIFA Soccer World Cup Bid	–	–	–	25 000	–	–	–
Private enterprises							
Other transfers							
Current				–	–	–	–
2003 Nedbank Golf Challenge	–	–	2 850	–	–	–	–
Total public corporations and private enterprises	–	–	2 850	25 000	–	–	–

Expenditure trends

This programme was established in 2002/03 with expenditure of R56,4 million, which then increased rapidly to reach a peak of 121,7 million in 2004/05, in part due to a one-off payment of R25 million to contribute to the 2010 soccer world cup bid. Expenditure is expected to fall to R81,3 million in 2005/06, reflecting a reduction in the level of marketing campaigns, and is then expected to increase slowly to reach R90,5 million in 2007/08.

Service delivery objectives and indicators

Recent outputs

The department's customer care centre receives 60 000 calls a month. Over 90 per cent of these are answered within 60 seconds, and the rate of dropped calls is only 3 per cent. The department's website gets 100 000 hits a month. A multimedia campaign was rolled out to replace the Business Express, an outreach programme that takes the department's incentive and programme advisors around the country to market the department's services and products. Publications and advertising reached over 4,7 million economic citizens. Almost 5 million people read the department's regular publications Sisebenza Sonke, My Business and Business SA, and 76 ad hoc or specialised publications, brochures and pamphlets. New publications launched in 2004 include Step Out, a monthly tabloid carried in the Sunday Times for small and emerging exporters, and the translation of Sisebenza Sonke into French. At the end of the second quarter of 2004/05 the *Marketing Communications* programme had reached 91 600 economic citizens through events and exhibitions.

Selected medium-term output targets

Marketing

Measurable objective: Increased awareness of and access to the department's products and services by economic citizens.

Subprogramme	Output	Measure/Indicator	Target
Brand Management	BEE education and awareness campaigns	BEE conference and expo	Second quarter 2005
	Events and exhibitions	Number of economic citizens reached	20 million economic citizens reached per year
Marketing Communications	My Business publication aimed at small enterprises	Frequency of publication	Quarterly
	Sisebenza Sonke, the department's official policy journal	Number of economic citizens reached Number of economic citizens reached	560 000 economic citizens reached per year 60 000 readership (by policy makers) per year
Distribution	Resolution of client/customer enquiries	Number of contacts handled on time Turnaround time in resolving enquiries	700 000 contacts handled within 30 seconds every year 100% of queries responded to within 48 hours

Public entities reporting to the Minister

Companies and Intellectual Property Registration Office

The Companies and Intellectual Property Registration Office (CIPRO) originated from the merger of the former South African Companies Registration Office and the South African Patents and Trademarks Office as part of the restructuring of the Department of Trade and Industry. CIPRO was launched in July 2002. It operates as a trading entity and will be fully self-financing by July 2006. CIPRO receives its income registering companies, close corporations and intellectual property (patents, trademarks, copyright and designs).

Recently, CIPRO registered the Telkom prospectus and a summary prospectus, because Telkom became a public company. In its two-and-half-years of existence, CIPRO has registered 100 000 close corporations. It also registered all the trademarks belonging to ICC Development (International Limited), giving the company rights over goods and services emanating from the hosting of the cricket world cup.

Some of the main initiatives going forward relate to improving internal processes and thus service delivery efficiency. Another key focus area for the medium term is optimising the process for international investors to set up companies in South Africa.

CIPRO is expected to be self-sustaining by July 2006, by which time all transfers and subsidies will be phased out. The allocation to CIPRO decreases from R35,8 million in 2003/04 to R7,1 million in 2007/08, an average annual decrease of 33,3 per cent. The department is currently engaged in a corporate law reform process that is likely to result in new functions for CIPRO. Provision has been made for additional transfers to fund the new functions.

Table 32.10: Financial summary for the Companies & Intellectual Property Registration Office (CIPRO)

	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	–	12 664	46 128	107 531	105 980	97 980	102 975
Admin fees	–	27	308	300	400	400	400
Interest	–	1 063	1 366	1 700	600	600	600
Other non-tax revenue	–	11 574	44 454	105 531	104 980	96 980	101 975
Transfers received	–	86 841	35 823	1 200	6 360	6 742	7 079
Total revenue	–	99 505	81 951	108 731	112 340	104 722	110 054
Expenses							
Current expense	–	82 626	95 126	101 228	100 824	93 456	98 494
Compensation of employees	–	33 497	45 123	48 100	46 300	43 600	45 344
Goods and services	–	43 668	43 179	47 926	49 387	43 793	46 449
Depreciation	–	5 458	6 817	5 196	5 130	6 056	6 694
Interest	–	3	7	6	7	7	7
Total expenses	–	82 626	95 126	101 228	100 824	93 456	98 494
Surplus / (Deficit)	–	16 879	(13 175)	7 503	11 516	11 266	11 560

Data provided by the Companies & Intellectual Property Registration Office

Competition Commission and Competition Tribunal

The Competition Commission and the Competition Tribunal are established in terms of the Competition Act (1998) and are responsible for promoting competitive market conditions through investigating and prosecuting anti-competitive activities, reviewing and approving mergers and exemption applications, doing research, and disseminating information to businesses, consumers and other stakeholders.

The key achievement for 2003/04 was the resolution of precedent-setting cases, through which the commission received administrative penalties and settlement fees of R39,4 million. Successes include the settlement agreements reached in December 2003 with Boehringer Ingelheim (BI) and GlaxoSmithKline (GSK) about anti-retroviral drugs (ARVs). Both BI and GSK agreed to issue a total of seven voluntary licences to manufacturers of generic medicines. This is expected to significantly reduce the cost of ARVs through the increased market competition. Another

settlement agreement was reached with International Health Distributors and certain pharmaceutical drug manufacturers, in terms of which the parties agreed to pay a settlement fee of R20 million, the highest yet in South Africa.

The commission continues to face challenges to some of its decisions: nine cases were taken to the commission appeal court. The commission is also focusing increasingly on processes within the enforcement area to improve turnaround time for investigations. A screening unit to review new cases was set up. The commission has developed a corporate leniency policy (CLP) to help prevent, detect and prosecute cartel activities in South Africa. The elimination of cartels will continue to be the commission's focus going forward.

The commission and the tribunal are funded in equal proportion through income-generating activities and voted funds. They were initially funded by the department, and generated significant funds through merger activities in the first four years of their operation. Most of the initial surpluses have now been exhausted, and it is expected that their funding needs over the medium term will amount to R29,6 million in 2004/05 and increase to R60,5 million in 2007/08, reflecting an average annual increase of 26,9 per cent.

Table 32.11: Financial summary for the Competition Regulators (Commission and Tribunal)

	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	34 658	39 145	40 113	32 564	37 940	39 101	41 488
Interest	941	1 042	708	210	70	–	–
Other non-tax revenue	33 717	38 103	39 405	32 354	37 870	39 101	41 488
Transfers received	8 600	–	25 923	29 577	36 205	50 286	60 478
Total revenue	43 258	39 145	66 036	62 141	74 145	89 387	101 966
Expenses							
Current expense	47 596	51 732	63 878	78 803	89 206	94 524	101 542
Compensation of employees	22 043	23 594	29 401	40 167	43 291	46 321	49 564
Goods and services	22 777	25 927	31 106	36 226	44 658	47 730	51 645
Depreciation	2 730	2 159	3 351	2 410	1 257	473	333
Unauthorised expenditure	46	52	20	–	–	–	–
Total expenses	47 596	51 732	63 878	78 803	89 206	94 524	101 542
Surplus / (Deficit)	(4 338)	(12 587)	2 158	(16 662)	(15 061)	(5 137)	424

Data provided by the Competition Commission and the Competition Tribunal.

Export Credit Insurance Corporation

The Export Credit Insurance Company (ECIC) was established in July 2001 by the Export Credit and Foreign Investments Re-insurance Amendment Act (2001), with the brief to provide medium- and long-term export credit insurance and investment guarantees on behalf of government. The ECIC is a self-sustaining, government-owned, national export agency. It is registered as an insurer, underwriting bank loans, supplier credits and investment into South Africa.

It also administers an interest make-up payment on behalf of the department, which is used by banking institutions and the Industrial Development Corporation to offer export credit loans to foreign buyers at internationally competitive rates. The agency receipts will amount to R100,0 million in 2004/05 increasing to R224,9 million in 2007/08. The total exposure at

31 December 2004 on projects on which interest make-up was paid during 2004/05 year was R6,9 billion. This figure includes projects in the ECIC's insurance and reinsurance portfolio.

The ECIC, on behalf of the state, provides insurance to South African commercial banks against losses arising from the non-payment of interest and principal on loans extended to foreign buyers of South African capital goods for terms often up to 12 to 15 years. The main outputs of the agency will encompass: providing insurance for capital projects abroad, mainly in the SADC region, adding new exposure of R2,1 billion; and issuing investment guarantees against political and transfer risks.

The ECIC faces a significant challenge to break even on its insurance business. This is due to having to match lending in US dollars with funding in rands, which is further complicated by fluctuating international interest rates. As a short-term risk mitigation strategy, the ECIC has kept interest rates denominated in US dollars unaltered for some time, although this is proving to be a deterrent to potential capital goods exporters wishing to make use of the ECIC export credit loans.

Some of the recent developments include a new agreement (2003) which provides for a US dollar denominated interest make-up scheme for US dollar funded export credit loans. The agreement also provides for the ECIC to indemnify the banks for all unwinding costs in the event of draw-downs being suspended.

Table 32.12: Financial summary for the Export Credit Insurance Corporation

	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	183 090	375 601	230 804	265 370	291 094	318 103	346 113
Admin fees	76 589	193 593	82 591	125 285	140 000	154 000	170 000
Interest	106 286	181 835	148 039	140 000	151 000	164 000	176 000
Other non-tax revenue	215	173	174	85	94	103	113
Total revenue	183 090	375 601	230 804	265 370	291 094	318 103	346 113
Expenses							
Current expense	186 633	264 835	98 844	135 322	149 160	163 775	179 545
Compensation of employees	2 346	5 177	7 039	11 542	13 000	14 000	15 000
Goods and services	3 391	5 093	5 916	6 017	6 610	7 280	8 000
Depreciation	157	364	398	400	450	495	545
Unearned premium reserve, claims paid and tax	180 739	254 201	85 491	117 363	129 100	142 000	156 000
Total expenses	186 633	264 835	98 844	135 322	149 160	163 775	179 545
Surplus / (Deficit)	(3 543)	110 766	131 960	130 048	141 934	154 328	166 568

	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	1 160	950	756	468	313	191	94
Long-term investments	–	–	1 440 827	1 580 827	1 731 827	1 895 827	2 071 827
Receivables and prepayments	150 955	22 471	45 520	47 796	50 186	52 695	55 330
Cash and cash equivalents	1 174 873	1 623 002	465 816	512 401	563 640	620 003	682 003
Total assets	1 326 988	1 646 423	1 952 919	2 141 492	2 345 966	2 568 716	2 809 254
Capital and reserves	312 508	423 274	555 234	693 822	838 698	995 826	1 165 594
Trade and other payables	68 020	146 093	361 814	379 905	398 900	418 845	439 787
Provisions	946 460	1 077 056	1 035 871	1 067 765	1 108 368	1 154 045	1 203 873
Total equity and liabilities	1 326 988	1 646 423	1 952 919	2 141 492	2 345 966	2 568 716	2 809 254

Data provided by the Export Credit Insurance Corporation

Industrial Development Corporation

The Industrial Development Corporation (IDC) was established in accordance with the Industrial Development Corporation Act (1940), as amended. It is a government-owned development financing institution, which promotes entrepreneurship through building competitive industries and enterprises. The IDC remains one of the most important instruments for developing South Africa's economy. The IDC's focus is on contributing to economic growth, industrial development and economic empowerment through its financing activities. It has evolved from being a leading industrial player at national and regional levels to being the first South African development finance institution to have its mandate extended to the rest of Africa in support of NEPAD.

Over the past five years, the IDC, through its financing activities, has created an estimated 103 000 jobs and invested R8,4 billion in more than 700 deals in support of BEE. More than 85 per cent of IDC deals were directed towards small and medium enterprises, and more than R2,6 billion was invested in poorer regions such as the Eastern Cape, the Northern Cape and Limpopo.

During 2003, the IDC received its first credit rating when Moody's Investors Service awarded it a Baa2. Financing approvals amounted to R6,2 billion, representing an increase of 26 per cent from the previous financial year. More than 17 000 job opportunities were created as a result of the loans approved. SMMEs received 46 per cent of the value of loans approved, and historically disadvantaged individuals received 33 per cent.

During 2004, IDC financing approvals resulted in an additional 22 000 job opportunities. SMMEs received 70 per cent of the loans approved and historically disadvantaged individuals received 53 per cent. The IDC and the Agence Francaise de Développement of France, will conclude a 10-year, €30 million credit facility during 2005, to benefit South African small and medium enterprises. These developments will be employed as a catalyst for NEPAD activities.

The IDC's contribution to facing economic development challenges in South Africa will also involve participation in innovative projects. One such project, supported in 2005, involved the reintroduction of indigenous Nguni cattle in the Eastern Cape. The project, run in collaboration with the University of Fort Hare and the Eastern Cape Department of Agriculture, will give an initial 75 communities a small herd over five years. A global market will be developed for the meat, which will be free of chemicals, hormones, and antibiotics. By employing responsible farming methods, the communities that receive the herds will be in a position to supply this market. The successful bid to host the 2010 soccer world cup presents a multitude of opportunities

for entrepreneurs. The IDC has formed a unit to facilitate these activities. This forms part of the IDC's new strategy to seek investment opportunities that will have the greatest development impact.

The IDC changed its financial year end, and thus the figures reported in the 2004/05 financial year reflect nine months of operation, giving a reduction in the reported value of current transactions for that year, with a concomitant increase 2005/06.

The relatively large figures under sale of capital assets reflect the value realised in the sale of mature share investments. The IDC invests in shares of companies during the early stages of development, and disposes of these on maturity to fund similar, new investments in line with its development objectives. The spike in goods and services in 2003/04 was due to an increase in the provision for bad and doubtful debt, primarily because the appreciation of the rand affected export-related industries.

Interest paid reflects the cost of capital, acquired primarily in foreign markets, to meet the company's funding requirement. The cost of capital is constituted of interest payments and forward cover on borrowings. In the summary of the balance sheet, the carrying value of assets represents loans and equity investments made by the company. Acquisition of assets represents the portion of new loans and equity investments made.

The increasing amount of borrowings is envisaged to grow the value of the company's loan book. These borrowings are sustainable into the future, with the debt/equity ratio expected to increase to 55,4 per cent by 2007/08.

Table 32.13: Financial summary for the Industrial Development Corporation (IDC)

	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	1 500 000	1 755 000	1 933 000	1 360 000	1 930 000	1 390 000	2 502 000
Interest	866 000	1 067 000	1 028 000	576 000	1 049 000	1 263 000	1 372 000
Other non-tax revenue	634 000	688 000	905 000	784 000	881 000	127 000	1 130 000
Sale of capital assets	3 885 000	342 000	643 000	1 261 000	1 366 000	1 581 000	1 820 000
Total revenue	5 385 000	2 097 000	2 576 000	2 621 000	3 296 000	2 971 000	4 322 000
Expenses							
Current expense	4 047 000	1 509 000	2 035 000	1 126 000	1 506 000	1 800 000	1 986 000
Compensation of employees	244 000	288 000	306 000	251 000	358 000	383 000	410 000
Goods and services	3 314 000	503 000	1 056 000	448 000	515 000	561 000	600 000
Depreciation	3 000	11 000	15 000	17 000	20 000	20 000	20 000
Interest and dividends	486 000	707 000	658 000	410 000	613 000	836 000	956 000
Total expenses	4 047 000	1 509 000	2 035 000	1 126 000	1 506 000	1 800 000	1 986 000
Surplus / (Deficit)	1 338 000	588 000	541 000	1 495 000	1 790 000	1 171 000	2 336 000

	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	29 957 000	25 819 000	28 012 000	33 327 000	39 734 000	44 788 000	48 943 000
<i>of which: Acquisition of assets</i>	423 000	188 000	1 051 000	2 418 000	5 741 000	4 931 000	3 624 000
Receivables and prepayments	440 000	399 000	342 000	312 000	340 000	361 000	383 000
Cash and cash equivalents	3 418 000	2 720 000	1 503 000	537 000	538 000	532 000	539 000
Total assets	33 815 000	28 938 000	29 857 000	34 176 000	40 612 000	45 681 000	49 865 000
Capital and reserves	24 587 000	21 386 000	22 839 000	27 068 000	28 200 000	28 816 000	29 791 000
Borrowings	7 927 000	6 797 000	5 785 000	6 633 000	10 797 000	14 068 000	16 499 000
Trade and other payables	1 301 000	755 000	1 233 000	475 000	1 615 000	2 797 000	3 575 000
Total equity and liabilities	33 815 000	28 938 000	29 857 000	34 176 000	40 612 000	45 681 000	49 865 000

Data provided by the Industrial Development Corporation

Khula Enterprise Finance Ltd

Khula was established in 1996 by the Department of Trade and Industry to facilitate SMMEs' access to finance. Khula is registered as an insurer under the Insurance Amendment Act (2003), and is governed by the regulations of the Financial Services Board. It is an independent, limited liability company with its own board of directors, and specialises in improving the availability of loan and equity capital to SMMEs. It offers loans, guarantees and seed funds to retail funding intermediaries and SMMEs in need of capital, risk-sharing and capacity. Khula also provides help and guidance.

During 2003, the Anglo Khula Mining Fund, a joint venture between Khula and Anglo American, was established. The R40 million-fund will target BEE companies and advance their entry into mining and related sectors. Through its network of intermediaries, Khula has assisted approximately 190 000 South Africans, 72 per cent of whom are women. As a result of its activities in 2002/03, an estimated 126 764 jobs have been created directly, while an estimated 970 000 jobs are maintained indirectly through the activities of enterprises receiving Khula finance.

A new ICT loan guarantee fund was launched in November 2004 and is designed to enable easier access to financing for ICT entrepreneurs and ICT enabled enterprises. A key focus of the fund will be to assist black-owned SMMEs.

In line with its support of BEE, Africa's largest retailer, the Shoprite group, has announced an innovative sustainable business venture with Khula, to focus on SMMEs. Through its instalments sale agreement policy, Khula affords business owners, who would otherwise not be able to raise loans from financial institutions, the opportunity to own premises.

Transfer payments to Khula increases from R25,0 million in 2003/04 to R29,5 million in 2007/08.

Micro Finance Regulatory Council

The Micro Finance Regulatory Council (MFRC) has been established in accordance with the Usury Act Exemption Notice of 1 June 1999. The MFRC has been recognised as the official and only regulator of all money lending transactions falling within the scope of the Usury Act Exemption Notice.

The MFRC, as part of its routine inspections, conducted over 300 inspections on unregistered lenders during 2004. Out of these, 187 have been referred to the South African Police Service for investigation and possible criminal prosecution. In addition, 15 cases have been finalised by the courts, with 13 admission of guilt fines to the value of R125 700 being paid. The MFRC has made significant progress in the past year, both in dealing with unregistered lenders and in helping consumers, with more than R2 million worth of refunds having been made to borrowers.

As part of the expansion of the council's mandate, a legislative reform process is currently under way that will result in new consumer credit legislation and a statutory regulator. The Consumer Credit Bill was submitted to Cabinet during 2004 for approval. The Department of Trade and Industry will be increasing its funding to the MFRC to allow it to set up a new credit regulator. The MFRC will also do all monitoring of unregistered micro-lenders.

Allocated amounts increase from R11,0 million in 2003/04 to R17,7 million in 2007/08.

National Empowerment Fund

The National Empowerment Fund trust (NEF) was created by the National Empowerment Fund Act (1998) to redress economic equality for historically disadvantaged people and increase their participation in the economy. The NEF's broad mandate includes: providing historically disadvantaged individuals with the opportunity to own equity in private businesses; supporting historically disadvantaged business ventures; promoting understanding of equity ownership; providing historically disadvantaged individuals with the opportunity to own shares in government-owned commercial enterprises; and encouraging and promoting savings and investment.

The NEF launched seven initial products in May 2004, which are delivered through the group and entrepreneurial schemes and market making divisions. The NEF supported All Joy (Ltd) through subscriptions of new shares to the amount of R8,3 million share capital. As it is imperative for All Joy to maintain its BEE status, it has partnered with the NEF to retain the company's competitive position in the South African food industry.

The NEF faces many challenges, including: pre and post-deal assistance and mentoring; serving as a partner, and possibly a channel, for the financial sector to meet its obligations in terms of its charter and its products; finalising the transfer of allocated shares in state-owned commercial enterprises to the NEF; and the launch of new products.

As part of an ongoing capitalisation process, the NEF was allocated R174 million in the form of M-Cell shares in 1998/99. R59,5 million has been allocated for 2003/04. Further contributions towards capitalisation will amount to R410,6 million, R411,2 million and R411,8 million over the MTEF period.

The source of the consistently increasing trend in the value of long-term investments is as a result of the anticipated capitalisation of the NEF as well as the increasing value of its warehoused shares.

Compensation of employees is increasing as the NEF implements its business plan and approved staff structure. As a relatively young organisation, the NEF is still building institutional capacity hence the strong growth in the spending on compensation of employees.

Table 32.14: Financial summary for the National Empowerment Fund (NEF)

	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	2 319	7 180	14 063	22 714	21 032	27 576	30 334
Sale of goods and services other than capital assets	2 129	5 063	12 429	18 568	18 021	26 057	28 662
Interest	191	2 117	1 634	4 146	3 011	1 519	1 671
Transfers received ¹	9 000	4 500	9 878	14 622	48 000	22 500	25 000
Total revenue	11 319	11 680	23 941	37 336	69 032	50 076	55 334
Expenses							
Current expense							
Compensation of employees	2 867	5 970	8 757	16 906	46 877	50 190	55 209
Goods and services	3 349	7 592	9 626	10 864	17 677	15 721	6 295
Depreciation	115	630	1 408	1 492	404	404	404
Total expenses	6 330	14 192	19 791	29 262	64 958	66 314	61 907
Surplus / (Deficit)	4 989	(2 512)	4 150	8 074	4 074	(16 238)	(6 573)
BALANCE SHEET SUMMARY							
Carrying value of assets	1 175	3 518	2 170	1 255	1 053	691	520
Long-term investments	311 648	288 098	786 594	1 290 754	1 469 080	1 669 222	1 930 059
Receivables and prepayments	1 331	6 393	1 168	652	848	1 144	207 287
Cash and cash equivalents	23 412	13 253	69 489	–	5 000	5 000	5 000
Total assets	337 566	311 263	859 420	1 292 661	1 475 981	1 676 057	2 142 866
Capital and reserves	335 720	309 020	840 659	1 266 911	1 466 930	1 666 531	2 132 834
Borrowings				21 262			
Trade and other payables	1 846	241	15 690	350	300	250	200
Provisions	–	2 002	3 071	4 138	8 750	9 275	9 832
Total equity and liabilities	337 566	311 263	859 420	1 292 661	1 475 981	1 676 057	2 142 866

¹ Capital transfers included in the balance sheet

Data provided by the National Empowerment Fund

National Enterprise Promotion Agency

The National Enterprise Promotion Agency (Ntsika) was established as a section 21 company under the National Small Business Act (1996) to provide non-financial support services for SMMEs. Ntsika provides access to training, information, capacity-building, counselling, markets and technology.

The 2002 World Summit on Sustainable Development presented Ntsika with the opportunity to train 60 bed-and-breakfast enterprises and to help them access market opportunities. In addition, Ntsika developed sector-focused SMME development programmes for the automotive, ICT, textile, and arts and crafts sectors, which have already met with considerable success. Ntsika also facilitated the involvement of local business service centres with the SETAs and other strategic partners.

In line with Vision 2014, Ntsika is actively streamlining its services and has identified market access as the driving force behind its contribution to the accelerated business development of

SMMEs. It will also focus its activities on business development for entrepreneurs. Most of these activities will be performed by the State Enterprise Development Agency (SEDA), a new merger between Ntsika and national manufacturing advisory centres.

The transfers to Ntsika increase from R35 million in 2001/02 to R41 million in 2004/05. There are no transfers to Ntsika beyond 2004/05 because of the merger to form SEDA.

National Manufacturing Advisory Centre Co-ordinating Body

The National Manufacturing Advisory Centre Co-ordinating Body (NAMAC) provides manufacturing information and related business development services through a range of support programmes to SMMEs. NAMAC is being merged with Ntsika to form SEDA, and no allocation will be made for the MTEF period.

National Gambling Board

The National Gambling Board was established in terms of the National Gambling Act (1996) to exercise control over gambling, provide advice to the minister, and promote uniform norms and standards across provinces.

The South African Advisory Council on Responsible Gambling has been created to ensure a culture of responsible gambling in South Africa. It comprises regulators, civil society and the industry. Other outputs include: a BEE audit on the industry; the board's third biennial conference in Durban; a central electronic monitoring system; and the ongoing rollout of limited payout machines, with an increasing number of small businesses being empowered in the new gambling venture.

Going forward, the board will continue with research and information gathering for the industry, conducting inspections, and overseeing the responsible gambling programme for treating and rehabilitating gambling addicts.

The board is entirely funded by government. It receives R12,3 million in 2005/06, which increases to R13,6 million in 2007/08 for additional responsibilities.

National Lotteries Board

The National Lotteries Board (NLB) was established in terms of the National Lotteries Act (1997) as amended. The board monitors and enforces the implementation of the National Lottery, as well as the establishment of private lotteries and promotional competitions. In addition, the board manages the National Lotteries Distribution Trust Fund (NLDTF), which distributes proceeds from the lottery sales to worthy causes.

Since the launch of the national lottery in March 2000, there have been a total of 373 Lotto millionaires, with 89 millionaires in 2003/04. Millions of South Africans have won money in the other six prize categories. The highest level of sales recorded in any draw was R67,2 million. During 2003/04, the NLDTF disbursed R1,2 billion to various charity institutions out of an available R1,3 billion, and granted R8,0 million to the National Lotteries Board for operational expenses. Over 5 000 beneficiaries have been allocated over R2,2 billion from the NLDTF, since the launch of the lottery.

A Responsible Gambling Committee was set up jointly between the board and Uthingo Management to promote responsible participation in the national lottery.

The budget of the NLB is approved annually by the Minister of Trade and Industry, who takes into consideration available surpluses before approving funds to be drawn from the NLDTF. No allocations have been made to the NLB since 2002/03. The board's funding has been entirely from

its own revenue and from assistance from the NLDTF, as well as from investment income. Interest revenue refers to interest earned on funds received from licence holders. Once payment for licenses is received, the funds are invested until they are disbursed to worthy causes.

Transfers and subsidies reflects payouts to charity organisations benefiting from the NLDTF.

Table 32.15: Financial summary for the National Lottery Distribution Trust Fund

	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	91 330	219 133	301 938	250 000	200 000	200 000	200 000
Interest	91 330	219 133	301 938	250 000	200 000	200 000	200 000
Transfers received	834 459	1 030 380	991 332	950 000	900 000	900 000	900 000
Total revenue	925 789	1 249 513	1 293 270	1 200 000	1 100 000	1 100 000	1 100 000
Expenses							
Transfers and subsidies	222 553	734 466	1 244 859	1 350 000	1 400 000	1 500 000	1 600 000
Total expenses	222 553	734 466	1 244 859	1 350 000	1 400 000	1 500 000	1 600 000
Surplus / (Deficit)	703 236	515 047	48 411	(150 000)	(300 000)	(400 000)	(500 000)
BALANCE SHEET SUMMARY							
Long term investments	891 165	1 461 371	1 807 391	1 147 072	820 588	392 056	–
Receivables and prepayments	59 137	37 054	14 386	25 000	25 000	25 000	25 000
Cash and cash equivalents	305 315	708 405	1 057 631	1 000 000	1 000 000	1 000 000	861 494
Total assets	1 255 617	2 206 830	2 879 408	2 172 072	1 845 588	1 417 056	886 494
Capital and reserves	1 149 664	1 653 311	1 693 677	1 522 072	1 195 588	767 056	236 494
Trade and other payables	105 953	553 519	1 185 731	650 000	650 000	650 000	650 000
Total equity and liabilities	1 255 617	2 206 830	2 879 408	2 172 072	1 845 588	1 417 056	886 494

Data provided by the National Lottery Distribution Trust Fund

National Measuring Standards

The National Measuring Standards (NMS) organisation aims to promote South Africa's competitiveness through providing internationally acceptable measuring standards and measurements in terms of the Measuring Units and National Measuring Standards Act (1973).

With the global economy, the equivalence of measurement standards between international trading partners is becoming increasingly important. As the key provider of internationally traceable measurement standards, the NML plays a pivotal role in South Africa's industrial competitiveness by providing vital elements of the quality infrastructure. This role is equally important in the SADC trading bloc.

Various reports have been published over the past five years, including on ionising, radiation, humidity, time and frequency. The NML will continue to focus on research on automotive metrology, chemicals among others.

The NML's main task remains developing and maintaining South Africa's national measurement standards, and disseminating them into the national measurement system. The NML will continue to improve its consultation services on metrology, including technical assistance with the establishment of a calibration laboratory and evaluating calibration procedures, among others.

The NML receives its funding from the department. It received R31 million in 2000/01, which increases to R38,8 million in 2007/08.

South African Bureau of Standards

The South African Bureau of Standards (SABS) administers the Standards Act (1993), promoting the use of standards and quality control in industry and commerce, and supervises trade metrology and units of measure. The bureau targets assisting small and emerging business through the South African Quality Institute, building awareness of quality principles and the methodologies available in South Africa.

The SABS has successfully engaged with several countries to discuss mutual recognition of standards and conformity assessment. Projects under way are: supplying information on quality management and principles to prisoners doing part-time studies; co-operative projects with the National Development Agency focused on developing small business in rural areas; and setting up distance learning programmes with partners ABSA and Daimler Chrysler in three economically depressed regions, focused on developing skills in science and technology. The SABS has also launched several social responsibility projects dealing with human resources development focused on practical training for unemployed people via learnership programmes, some of which are funded by different SETAS.

The transfer allocation to the SABS will reach R119,4 million in 2007/08. Other revenue sources include sales of services to companies and interest income.

Table 32.16: Financial summary for the South African Bureau of Standards (SABS)

	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	241 894	311 239	328 154	325 902	354 448	386 389	422 009
Sales	195 917	219 544	253 843	294 264	293 307	321 365	352 207
Interest	2 134	4 713	6 694	1 614	1 775	1 953	2 148
Other non-tax revenue	43 843	86 982	67 617	30 024	59 366	63 071	67 654
Transfers received	81 369	91 809	92 622	116 203	125 382	131 091	137 085
Sale of capital assets				(234)	-	-	-
Total revenue	323 263	403 048	420 776	441 871	479 830	517 480	559 094
Expenses							
Current expense	333 333	334 699	390 786	415 561	495 996	528 244	565 165
Compensation of employees	165 399	182 312	212 873	227 968	289 215	313 659	339 780
Goods and services	155 950	139 323	161 085	170 998	189 794	197 088	207 189
Depreciation	11 854	12 706	15 253	16 595	16 987	17 497	18 196
Interest	130	358	1 575	-	-	-	-
Total expenses	333 333	334 699	390 786	415 561	495 996	528 244	565 165
Surplus / (Deficit)	(10 070)	68 349	29 990	26 310	(16 166)	(10 764)	(6 071)

Data provided by the South African Bureau of Standards

South African Bureau of Standards Trade Metrology

The SABS Trade Metrology unit is a statutory body established in terms of the Trade Metrology Act (1973) and aims to: approve instrumentation to ensure proper replication; verify measuring instruments and references in disputes; and control the accreditation of laboratories that carry out the verification of instruments, the calibrating of verification standards, and similar activities.

The unit received R9,0 million in transfers in 2004/05, which increases to R10,6 million in 2007/08. Other revenue sources include commercial services to the private sector and interest income.

South African National Accreditation System

The South African National Accreditation System (SANAS) establishes laboratory, personnel and certification body accreditation, and facilitates mutual recognition agreements with international accreditation organisations.

The entity's total income for 2003/04 was R19,5 million, which consists of the transfer payment of R9 million from the department, annual fees received for accreditation, courses and management fees, interest received and profit from the disposal of fixed assets. SANAS will receive R6,5 million from government in 2004/05, which increases to R6,6 million in 2007/08.

Trade and Investment South Africa

Trade and Investment South Africa (TISA) has been absorbed into the Department of Trade and Industry. The TISA section 21 company will continue to exist while there are still employment contracts in place.

A final transfer payment of R10,8 million was made during 2004/05, but no provision for further transfers has been made over the MTEF period.

Small Enterprise Development Agency

The Small Enterprise Development Agency (SEDA), launched in December 2004, was established as a result of the National Small Business Amendment Act (2003), with the aim of providing co-ordinated non-financial support for the small business sector. It was the result of the merger of the national small enterprise promotion agency, Ntsika, and the National Manufacturing Advisory Centre Co-ordinating Body.

Final transfer payments of R41 million and R80 million were made in 2004/05, to Ntsika and NAMAC respectively. SEDA will receive R137,6 million in 2005/06, and this increases to R153,1 million in 2007/08.

Annexure

Vote 32: Trade and Industry

Table 32.A: Summary of expenditure trends and estimates per programme and economic classification

Table 32.B: Summary of personnel numbers and compensation of employees per programme

Table 32.C: Summary of expenditure on training per programme

Table 32.D: Summary of information and communications technology expenditure per programme

Table 32.E: Summary of official development assistance expenditure

Table 32.F: Summary of expenditure on infrastructure

Table 32.G: Summary of departmental public-private partnership projects

Table 32.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	202 446	199 339	198 768	236 141	22 442	258 583	257 919
2. International Trade and Economic Development	94 546	95 327	85 406	97 900	2 500	100 400	99 794
3. Enterprise and Industry Development	965 895	1 020 472	700 843	667 552	166 876	834 428	834 141
4. Consumer and Corporate Regulation	120 412	116 136	113 000	130 480	(27 581)	102 899	102 776
5. The Enterprise Organisation	915 468	925 337	782 993	943 218	643 467	1 586 685	1 585 333
6. Trade and Investment South Africa	326 857	375 976	377 002	348 082	(77 836)	270 246	268 082
7. Marketing	49 357	63 763	78 319	76 724	45 000	121 724	121 536
Total	2 674 981	2 796 350	2 336 331	2 500 097	774 868	3 274 965	3 269 581

Economic classification

Current payments	582 714	520 173	518 680	639 163	15 378	654 541	650 734
Compensation of employees	257 346	226 465	200 161	281 945	(36 129)	245 816	244 203
Goods and services	325 368	293 708	318 519	357 218	51 507	408 725	406 531
Transfers and subsidies	2 074 117	2 258 027	1 801 351	1 847 265	762 222	2 609 487	2 607 910
Provinces	190 000	296 000	160 665	100 300	38 735	139 035	137 617
Municipalities	392	333	465	429	46	475	475
Departmental agencies and accounts	1 001 726	1 130 777	851 004	755 116	60 175	815 291	815 221
Foreign governments and international organisations	14 001	20 370	17 873	22 000	–	22 000	21 998
Public corporations	116 666	100 166	102 811	99 671	38 000	137 671	137 584
Private enterprises	677 003	616 055	608 033	800 595	625 266	1 425 861	1 425 861
Non-profit institutions	74 326	94 325	60 500	69 154	–	69 154	69 154
Households	3	1	–	–	–	–	–
Payments for capital assets	18 150	18 150	16 300	13 669	(2 732)	10 937	10 937
Machinery and equipment	18 150	18 150	16 300	13 669	(2 732)	10 937	10 937
Transport equipment	–	–	–	278	–	278	278
Other machinery and equipment	18 150	18 150	16 300	13 391	(2 732)	10 659	10 659
Total	2 674 981	2 796 350	2 336 331	2 500 097	774 868	3 274 965	3 269 581

Table 32.B: Summary of personnel numbers and compensation of employees per programme¹

Programme	2001/02	2002/03	2003/04	2004/05	2005/06
1. Administration	280	254	281	281	302
2. International Trade and Economic Development	200	88	85	85	117
3. Enterprise and Industry Development	80	78	97	97	106
4. Consumer and Corporate Regulation	365	58	58	58	125
5. The Enterprise Organisation	100	158	158	158	168
6. Trade and Investment South Africa	180	132	180	180	143
7. Marketing	–	73	75	75	83
Total	1 205	841	934	934	1 044
Total personnel cost (R thousand)	218 884	219 053	200 161	245 816	268 369
Unit cost (R thousand)	182	260	214	263	257

¹ Budgeted full-time equivalent

Table 32.C: Summary of expenditure on training per programme

	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
1. Administration	3 968	1 715	3 423	575	6 272	6 648	6 980
2. International Trade and Economic Development	898	408	1 657	588	1 849	1 960	2 058
3. Enterprise and Industry Development	1 321	500	1 228	1 300	2 459	2 606	2 736
4. Consumer and Corporate Regulation	709	290	376	69	600	636	668
5. The Enterprise Organisation	414	165	865	80	20	21	22
6. Trade and Investment South Africa	1 000	–	1 571	1 000	720	763	801
7. Marketing	–	–	721	56	263	279	293
Total	8 310	3 078	9 841	3 668	12 183	12 913	13 558

Table 32.D: Summary of information and communications technology expenditure per programme

	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
1. Administration	17 262	14 350	16 350	14 920	741	787	827
Technology	17 262	11 500	12 500	11 000	543	577	606
IT services	–	2 850	3 850	3 920	198	210	221
2. International Trade and Economic Development	493	500	500	500	2 074	2 202	2 313
Technology	493	500	500	500	1 519	1 614	1 695
IT services	–	–	–	–	555	588	618
3. Enterprise and Industry Development	4 466	600	600	636	1 956	2 077	2 180
Technology	4 466	600	600	636	1 433	1 522	1 598
IT services	–	–	–	–	523	555	582
4. Consumer and Corporate Regulation	200	400	400	424	4 655	4 941	5 188
Technology	200	400	400	424	3 409	3 621	3 802
IT services	–	–	–	–	1 246	1 320	1 386
5. The Enterprise Organisation	–	300	300	318	1 256	1 333	1 401
Technology	–	300	300	318	920	977	1 027
IT services	–	–	–	–	336	356	374
6. Trade and Investment South Africa	339	2 000	2 000	2 120	1 187	1 261	1 323
Technology	339	2 000	2 000	2 120	869	924	970
IT services	–	–	–	–	318	337	353
7. Marketing	–	–	–	–	2 002	2 125	2 232
Technology	–	–	–	–	1 466	1 557	1 636
IT services	–	–	–	–	536	568	596
Total	22 760	18 150	20 150	18 918	13 871	14 726	15 464

Table 32.E: Summary of official development assistance expenditure

Donor R thousand	Project	Cash/ kind	Outcome				Medium-term expenditure estimate		
			2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Foreign									
European Union	Khula: Private sector support	Cash	–	11 148	–	–	–	–	–
European Union	Industrial Development Corporation: Risk Capital Finance	Cash	–	252 819	140 986	69 103	128 333	128 333	128 333
European Union	Ntsika: Trade and Investment Development Programme	Cash	–	23 092	10 286	–	–	–	–
European Union	Sector Wide Enterprise, Employment and Equity Programme	Cash	–	–	–	76 085	114 150	114 150	114 150
Total			–	287 059	151 272	145 188	242 483	242 483	242 483

Table 32.F: Summary of expenditure on infrastructure

Projects R thousand	Description	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
		Audited	Audited	Preliminary outcome				
		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Infrastructure transfers								
Coega Development Corporation	Industrial Development Zones	–	58 200	122 567	60 300	80 200	105 012	110 263
East London Development Corporation	Industrial Development Zones	–	–	38 098	45 602	20 000	8 200	8 610
Richards Bay Development Corporation	Industrial Development Zones	–	–	–	33 133	20 000	8 800	9 240
Other Critical Infrastructure Projects	Firms and entities	–	–	–	79 150	60 877	69 930	73 427
Total		–	58 200	160 665	218 185	181 077	191 942	201 540

Table 32.G: Summary of departmental public-private partnership projects

R thousand	Total cost of project	Budget expenditure	Medium-term expenditure estimate		
		2004/05	2005/06	2006/07	2007/08
Projects signed in terms of Treasury Regulation 16	48 844	97 792	109 200	115 200	120 960
PPP unitary charge	47 194	95 152	108 000	114 000	119 700
Advisory fees	1 650	2 640	1 200	1 200	1 260
Projects in preparation, registered in terms of Treasury Regulation 16 ¹	–	15 000	–	–	–
PPP unitary charge	–	11 500	–	–	–
Advisory fees	–	3 500	–	–	–
Total	48 844	112 792	109 200	115 200	120 960

1. Only projects that have received Treasury Approval: 1

