

# Vote 32

## Trade and Industry

R thousand	2006/07 To be appropriated	2007/08	2008/09
<b>MTEF allocations</b>	<b>3 665 912</b>	<b>3 957 583</b>	<b>4 327 364</b>
<i>of which:</i>			
Current payments	769 869	799 056	824 335
Transfers and subsidies	2 887 190	3 148 934	3 493 250
Payments for capital assets	8 853	9 593	9 779
<b>Statutory amounts</b>	-	-	-
Executive authority	Minister of Trade and Industry		
Accounting officer	Director-General of Trade and Industry		

### Aim

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

### Programme purposes

#### Programme 1: Administration

Provide strategic leadership to the department and its agencies, and facilitate the successful implementation of the department's mandate through supportive systems and services.

#### Programme 2: International Trade and Economic Development

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 in Africa within the Nepad framework.

#### Programme 3: Enterprise and Industry Development

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

#### Programme 4: Consumer and Corporate Regulation

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

### **Programme 5: The Enterprise Organisation**

Provide efficient administration of enterprise support measures.

### **Programme 6: Trade and Investment South Africa**

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

### **Programme 7: Marketing**

Promote awareness of the department's products and services.

## **Strategic overview and key policy developments: 2002/03 – 2008/09**

Raising investment levels, broadening economic participation and increasing competitiveness have been identified as key areas of intervention in the economy which inform the department's five medium-term strategic objectives, which are to:

- promote co-ordinated implementation of the accelerated and shared growth initiative for South Africa (ASGI-SA)
- raise the level of exports and promote equitable global trade
- promote direct investment and growth in the industrial and services economy, with a particular focus on employment creation
- contribute to the development and regional integration of the African continent within the New Partnership for Africa's Development (Nepad) framework,
- promote broader participation, equity and redress in the economy.

#### *Accelerated and shared growth initiative for South Africa*

The accelerated and shared growth initiative for South Africa has assumed a prominent place on the agenda of the economic cluster and of government, and will form the basis of the Department of Trade and Industry's work programme. The initiative hinges on a more robust and interventionist role for government, and most of the groundwork will need to be completed in the 2006 medium-term expenditure framework (MTEF) period.

The required interventions will need to be made across government; co-ordinating the efforts of the various departments and agencies is thus vital to the success of the initiative. Over the next three years, the Department of Trade and Industry will play a key co-ordinating role in the economic cluster.

#### *Exports and equitable global trade*

The South African economy is one of the leading globally integrated African economies, and government has an interest in pursuing fair trade on a bilateral and multilateral level to stimulate domestic economic growth and development. South Africa plays a prominent role in regional trade bodies and is an important developing country member of the World Trade Organisation (WTO). It is in this context that the department will pursue its medium-term objectives. By the end of 2006, the goal, in international trade terms, is to have cemented appropriate economic relationships with important economic players such as the US, the European Free Trade Association (EFTA), Mercosur (Brazil, Argentina, Uruguay and Paraguay), India and China. The department's objective in WTO negotiations is a favourable developmental outcome for South Africa and other developing countries.

The national export strategy will drive export promotion. The strategy is due for implementation in 2006/07, and aims to boost exports through information dissemination, effective lead management and an increase in the number and frequency of forums to promote South African exports.

*Direct investment and growth in the industrial and services economy*

The department is committed to promoting diversification, facilitating progression up the value chain, and fostering growth in labour intensive sectors of the economy. The recently developed national industrial policy aims to sharpen government's ASGI-SA interventions and promote the growth of a strong local industrial and services economy. Implementing the policy will entail improved incentives and interventions focused on job-creating investment and growth.

Increased employment and growth require creating and nurturing new small, medium and micro enterprises (SMMEs) and co-operatives. Additional interventions, such as for efficient funding of SMMEs to be implemented in 2006/07, will supplement current SMME interventions.

Business process outsourcing is a major global trend, with a significant positive impact on job creation. As part of ASGI-SA, the development of the business process outsourcing sector has been identified as a key priority, and the department is currently developing the details of support measures for accelerating growth in this industry.

*Support development and regional integration on Africa*

South Africa's development is closely related to those of other African countries. To promote African economic development through trade, in the medium term, the department aims to conclude at least 10 bilateral and trade agreements and 10 technical missions in Africa in 2006/07. Bilateral promotion and reciprocal protection agreements are currently being finalised with several African countries, and most of these will be concluded in 2006. South Africa has now taken the chair of the Southern African Customs Union (SACU), until the end of September 2006.

*Broader participation, equity and redress in the economy*

The Department of Trade and Industry's growth strategy focuses on broad-based participation, equity and wider access to redress for all economic citizens. To promote shared growth, the department has developed a number of key interventions, such as the broad-based black economic empowerment (BEE) codes of good practice, which provide the foundation for both broader participation and increased equity in the South African economy.

The National Credit Act and the National Consumer Act, to be promulgated in 2006/07, seeks to entrench the rights of South African consumers, establishing new institutions to enforce these rights, and providing them with access to redress. The legislation will address historical systematic discrimination against the majority of consumers by increasing access to credit at reasonable rates and establishing the optimal legal framework for maintaining a fair, functioning consumer market. In April 2006, the National Credit Regulator and the National Consumer Tribunal will become operational.

The department seeks to improve its service delivery by introducing exacting minimum standards, such as lower turnaround times on complaints and queries.

## Expenditure estimates

Table 32.1 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand								
1. Administration	200 995	209 552	233 810	301 371	299 344	326 802	334 192	334 963
2. International Trade and Economic Development	78 182	85 406	106 226	116 843	115 838	129 219	135 680	142 292
3. Enterprise and Industry Development	528 657	700 843	752 164	1 205 359	1 160 045	1 234 917	1 279 689	1 344 883
4. Consumer and Corporate Regulation	136 894	115 114	99 584	119 890	119 465	146 355	147 098	153 996
5. The Enterprise Organisation	579 740	782 993	910 736	1 170 659	1 044 819	1 420 169	1 623 677	1 877 865
6. Trade and Investment South Africa	526 264	377 002	281 984	336 799	335 989	322 263	346 770	378 479
7. Marketing	56 434	78 319	137 391	81 635	70 033	86 188	90 477	94 886
<b>Total</b>	<b>2 107 166</b>	<b>2 349 229</b>	<b>2 521 895</b>	<b>3 332 556</b>	<b>3 145 533</b>	<b>3 665 912</b>	<b>3 957 583</b>	<b>4 327 364</b>
Change to 2005 Budget estimate				256 225	69 202	426 195	575 880	776 576

## Economic classification

	506 895	529 464	637 839	700 189	685 522	769 869	799 056	824 335
<b>Current payments</b>								
Compensation of employees	219 053	200 161	203 946	269 147	264 426	300 929	315 205	331 410
Goods and services	287 842	329 303	386 504	431 042	421 096	468 940	483 851	492 925
<i>of which:</i>								
<i>Communication</i>	14 225	13 671	12 890	16 186	15 813	16 714	17 598	18 418
<i>Computer Services</i>	8 058	7 809	9 008	7 919	7 736	9 122	9 716	10 127
<i>Consultants, contractors and special services</i>	30 618	59 909	209 984	136 429	133 281	266 692	272 059	269 536
<i>Inventory</i>	8 242	7 844	12 520	9 142	8 931	9 829	10 360	10 849
<i>Maintenance repair and running cost</i>	6 985	5 685	4 921	115	112	2 247	2 356	2 443
<i>Operating leases</i>	10 490	12 332	16 501	4 679	4 672	13 686	14 487	15 195
<i>Travel and subsistence</i>	37 201	43 266	37 090	52 950	51 728	54 874	57 843	60 486
<i>Advertising</i>	9 736	8 075	28 879	13 567	13 254	12 937	13 546	14 190
<i>Municipal services</i>	649	684	718	775	775	908	986	1 048
Financial transactions in assets and liabilities	–	–	47 390	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 590 530</b>	<b>1 803 465</b>	<b>1 877 980</b>	<b>2 614 666</b>	<b>2 443 891</b>	<b>2 887 190</b>	<b>3 148 934</b>	<b>3 493 250</b>
Provinces and municipalities	58 635	161 130	93 538	164 155	94 126	422 178	628 113	834 356
Departmental agencies and accounts	597 321	495 545	523 520	961 338	916 278	1 006 863	1 034 607	1 088 514
Public corporations and private enterprises	912 393	1 119 417	1 234 960	1 463 808	1 408 803	1 426 069	1 452 529	1 534 946
Foreign governments and international organisations	19 181	17 873	18 784	20 340	19 660	22 832	23 976	25 250
Non-profit institutions	3 000	9 500	5 500	4 121	4 120	9 248	9 710	10 183
Households	–	–	1 678	904	904	–	–	–
<b>Payments for capital assets</b>	<b>9 741</b>	<b>16 300</b>	<b>6 076</b>	<b>17 701</b>	<b>16 120</b>	<b>8 853</b>	<b>9 593</b>	<b>9 779</b>
Machinery and equipment	9 741	16 300	5 826	17 036	15 455	7 071	7 721	7 817
Software and other intangible assets	–	–	250	665	665	1 782	1 872	1 962
<b>Total</b>	<b>2 107 166</b>	<b>2 349 229</b>	<b>2 521 895</b>	<b>3 332 556</b>	<b>3 145 533</b>	<b>3 665 912</b>	<b>3 957 583</b>	<b>4 327 364</b>

## Expenditure trends

Expenditure increased steadily, from R2,1 billion in 2002/03 to R3,3 billion in 2005/06, at an average annual rate of 16,5 per cent, and is expected to rise further over the 2006 MTEF to reach R4,3 billion in 2008/09, at a rate of 9,1 per cent. Capitalisation of the National Empowerment Fund at R400 million per year since 2005/06 will contribute to the overall increase to the baseline. Both the budget of the *Export Market and Investment Assistance* programme and the *Small and Medium Enterprise Development Programme (SMEDP)* programme increase significantly from 2003/04 to 2005/06.

## Departmental receipts

Departmental receipts consist largely of recoveries from General Export 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 2005) in the Industrial Development Corporation. The bulk of the shares are listed, and affected by market movements. Total incentive scheme debt was valued at R561 million in June 2005. Receipts for financial transactions in assets and liabilities include, recovery of previous year's revenue and forex gains. Other receipts are of a miscellaneous nature and include debts recovered from employees and the recovery of incidental costs.

During 2005/06, the department will receive R103 million in donor funding from the EU as part of its five-year sector-wide enterprise employment and equity programme. The funds will mostly be used by the *Enterprise and Industry Development* programme. Over the medium term, departmental receipts are projected to increase from R118,5 million in 2005/06 to R136,6 million in 2008/09.

**Table 32.2 Departmental receipts**

R thousand	Audited outcome			Adjusted	Medium-term receipts estimate		
	2002/03	2003/04	2004/05	2005/06 appropriation	2006/07	2007/08	2008/09
<b>Departmental receipts</b>	<b>94 623</b>	<b>80 014</b>	<b>166 969</b>	<b>118 500</b>	<b>125 100</b>	<b>130 100</b>	<b>136 605</b>
Sales of goods and services produced by department	53	7 000	21 042	3 000	3 100	3 150	3 307
Transfers received	–	–	72 914	–	–	–	–
Interest, dividends and rent on land	65 422	62 553	66 452	75 500	80 000	81 950	86 047
Financial transactions in assets and liabilities	29 148	10 461	6 561	40 000	42 000	45 000	47 250
<b>Total</b>	<b>94 623</b>	<b>80 014</b>	<b>166 969</b>	<b>118 500</b>	<b>125 100</b>	<b>130 100</b>	<b>136 605</b>

## Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

## Expenditure estimates

Table 32.3 Administration

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2002/03	2003/04	2004/05	appropriation	2005/06	2006/07	2007/08	2008/09
R thousand								
Minister <sup>1</sup>	691	747	788	798	847	892	936	
Deputy Minister <sup>2</sup>	511	552	545	649	688	725	761	
Deputy Minister <sup>2</sup>	–	–	–	–	688	725	761	
Ministry	14 242	14 997	13 917	23 131	21 716	22 791	23 842	
Office of the Director-General	42 529	29 084	33 775	48 560	75 908	78 363	76 460	
Corporate Services	133 528	153 388	180 039	222 897	221 405	224 695	225 742	
Government Motor Transport	–	–	–	200	1	1	1	
Property Management	9 494	10 784	4 746	5 136	5 549	6 000	6 460	
<b>Total</b>	<b>200 995</b>	<b>209 552</b>	<b>233 810</b>	<b>301 371</b>	<b>326 802</b>	<b>334 192</b>	<b>334 963</b>	
Change to 2005 Budget estimate				51 146	61 566	55 694	42 540	

<sup>1</sup> Payable as from 1 April 2005. Salary: R 639 036. Car allowance: R 159 759.

<sup>2</sup> Payable as from 1 April 2005. Salary: R 519 399. Car allowance: R 129 849.

## Economic classification

	176 429	188 578	223 225	285 110	316 415	323 020	323 324
<b>Current payments</b>							
Compensation of employees	39 793	46 226	52 012	66 752	67 927	70 759	73 939
Goods and services	136 636	142 352	171 063	218 358	248 488	252 261	249 385
<i>of which:</i>							
Communication	1 509	1 296	1 190	13 126	13 503	14 180	14 844
Computer Services	7 270	6 937	7 849	5 852	6 871	7 210	7 533
Consultants, contractors and special services	18 521	50 171	125 168	46 603	168 108	167 878	160 325
Inventory	1 687	1 920	2 266	3 593	3 905	4 079	4 285
Maintenance repair and running cost	5 099	3 583	3 731	–	957	1 007	1 056
Operating leases	9 646	11 335	6 009	4 361	13 760	14 766	15 795
Travel and subsistence	9 343	14 411	8 171	14 489	16 267	17 076	17 849
Advertising	826	111	764	814	701	676	708
Municipal services	649	684	718	775	908	986	1 048
Other	82 086	51 904	15 197	128 745	23 508	24 403	25 942
<b>Transfers and subsidies</b>	<b>18 752</b>	<b>7 302</b>	<b>7 694</b>	<b>5 271</b>	<b>5 198</b>	<b>5 429</b>	<b>5 907</b>
Provinces and municipalities	117	141	153	127	28	–	–
Departmental agencies and accounts	14 635	161	191	144	170	179	188
Public corporations and private enterprises	4 000	7 000	7 000	5 000	5 000	5 250	5 719
Households	–	–	350	–	–	–	–
<b>Payments for capital assets</b>	<b>5 814</b>	<b>13 672</b>	<b>2 891</b>	<b>10 990</b>	<b>5 188</b>	<b>5 743</b>	<b>5 732</b>
Machinery and equipment	5 814	13 672	2 816	10 500	3 518	3 989	3 899
Software and other intangible assets	–	–	75	490	1 670	1 754	1 833
<b>Total</b>	<b>200 995</b>	<b>209 552</b>	<b>233 810</b>	<b>301 371</b>	<b>326 801</b>	<b>334 192</b>	<b>334 963</b>

Table 32.3 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Details of transfers and subsidies:</b>							
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>14 635</b>	<b>161</b>	<b>191</b>	<b>144</b>	<b>170</b>	<b>179</b>	<b>188</b>
Diplomacy, Intelligence, Defence and Trade Education Training Authority	135	161	191	143	170	179	188
Council for Scientific and Industrial Research: Delight Project	14 500	-	-	1	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>4 000</b>	<b>7 000</b>	<b>7 000</b>	<b>5 000</b>	<b>5 000</b>	<b>5 250</b>	<b>5 719</b>
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	4 000	7 000	7 000	5 000	5 000	5 250	5 719
<b>Total</b>	<b>18 752</b>	<b>7 302</b>	<b>7 694</b>	<b>5 271</b>	<b>5 198</b>	<b>5 429</b>	<b>5 907</b>

### Expenditure trends

Expenditure increases steadily over the seven-year period, from R201 million in 2002/03 to R335 million in 2008/09, at an average annual rate of 8,9 per cent. The largest growth is in the *Office of the Director-General* programme, increasing from R42,5 million in 2002/03 to R76,5 million in 2008/09. The growth is due to internal reorganisation - the economic research and policy co-ordination functions were placed in the *Office of the Director-General* subprogramme in 2005/06. From 2006/07, other functions, such as internal audit, monitoring and evaluation, agency management, and the strategy unit, will also be in this subprogramme.

The increased provision for the DTI Campus resulted in a 9,1 per cent increase in the budget for the *Corporate Services* subprogramme, from R133,5 million in 2002/03 to R225,7 million in 2008/09. The *Government Motor Transport* subprogramme became part of the *Corporate Services* subprogramme in 2005/06.

From 1 April 2006, costs for leases and accommodation charges will be devolved from the Department of Public Works to individual departments. The Department of Trade and Industry will receive the following amounts: R5,5 million in 2006/07, R6 million in 2007/08 and R6,5 million in 2008/09. Expenditure has been adjusted for 2002/03 to 2005/06.

### Programme 2: International Trade and Economic Development

The *International Trade and Economic Development* programme is a policy development division, which designs policy instruments for economic activity aimed at further integrating South Africa into the global economy. The programme's strategic purpose is to negotiate international trade agreements and manage South Africa's tariff regime.

There are three subprogrammes:

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements.
- *African Economic Development* facilitates bilateral and multilateral African trade relations.
- *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	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
R thousand							
International Trade Development	42 712	33 078	44 979	42 053	44 423	46 675	48 896
African Economic Development	7 254	11 951	17 419	28 332	35 551	37 298	39 169
International Trade Administration	28 216	40 377	43 828	46 458	49 245	51 707	54 227
<b>Total</b>	<b>78 182</b>	<b>85 406</b>	<b>106 226</b>	<b>116 843</b>	<b>129 219</b>	<b>135 680</b>	<b>142 292</b>
Change to 2005 Budget estimate				16 069	22 400	23 520	24 524
<b>Economic classification</b>							
<b>Current payments</b>	<b>63 830</b>	<b>33 515</b>	<b>45 721</b>	<b>40 667</b>	<b>55 913</b>	<b>58 758</b>	<b>61 621</b>
Compensation of employees	40 817	19 000	19 181	24 415	38 488	40 415	42 385
Goods and services	23 013	14 515	10 376	16 252	17 425	18 343	19 236
<i>of which:</i>							
<i>Communication</i>	1 389	550	409	805	767	810	849
<i>Computer Services</i>	–	–	–	10	50	52	54
<i>Consultants, contractors and special services</i>	268	–	117	655	511	519	600
<i>Inventory</i>	1 680	591	263	390	425	442	457
<i>Maintenance repair and running cost</i>	903	22	3	–	20	21	22
<i>Operating leases</i>	186	84	72	–	36	38	40
<i>Travel and subsistence</i>	9 851	8 391	7 217	10 388	8 678	9 064	9 455
<i>Advertising</i>	35	15	50	263	172	184	195
<i>Other</i>	8 701	4 862	2 245	3 741	6 766	7 213	7 564
Financial transactions in assets and liabilities	–	–	16 164	–	–	–	–
<b>Transfers and subsidies</b>	<b>12 619</b>	<b>51 831</b>	<b>60 346</b>	<b>75 881</b>	<b>72 848</b>	<b>76 438</b>	<b>80 164</b>
Provinces and municipalities	113	57	56	81	51	–	–
Departmental agencies and accounts	1 946	42 488	46 368	50 744	51 101	53 656	56 271
Public corporations and private enterprises	–	3 100	8 000	18 436	13 831	14 523	15 231
Foreign governments and international organisations	10 560	6 186	5 802	6 620	7 865	8 259	8 662
Households	–	–	120	–	–	–	–
<b>Payments for capital assets</b>	<b>1 733</b>	<b>60</b>	<b>159</b>	<b>295</b>	<b>458</b>	<b>484</b>	<b>507</b>
Machinery and equipment	1 733	60	159	295	442	467	484
Software and other intangible assets	–	–	–	–	16	17	23
<b>Total</b>	<b>78 182</b>	<b>85 406</b>	<b>106 226</b>	<b>116 843</b>	<b>129 219</b>	<b>135 680</b>	<b>142 292</b>



**Table 32.4 International Trade and Economic Development (continued)**

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
<b>Details of transfers and subsidies:</b>							
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>1 946</b>	<b>42 488</b>	<b>44 993</b>	<b>47 980</b>	<b>50 862</b>	<b>53 405</b>	<b>56 009</b>
International Trade Administration Commission	–	40 377	43 828	46 458	49 245	51 707	54 227
ProTechnik Laboratories	1 946	2 111	1 165	1 522	1 617	1 698	1 782
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>1 375</b>	<b>2 764</b>	<b>239</b>	<b>251</b>	<b>262</b>
ProTechnik Laboratories	–	–	1 375	2 764	239	251	262
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>3 100</b>	<b>8 000</b>	<b>18 436</b>	<b>13 831</b>	<b>14 523</b>	<b>15 231</b>
Development Bank of Southern Africa: Regional Spatial Development Initiatives	–	3 100	8 000	18 436	13 831	14 523	15 231
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>10 560</b>	<b>6 186</b>	<b>5 802</b>	<b>6 620</b>	<b>7 865</b>	<b>8 259</b>	<b>8 662</b>
World Trade Organisation	7 954	4 585	4 251	4 240	4 494	4 719	4 949
Organisation for the Prohibition of Chemical Weapons	2 606	1 601	1 551	2 380	3 371	3 540	3 713
<b>Total</b>	<b>12 619</b>	<b>51 831</b>	<b>60 346</b>	<b>75 881</b>	<b>72 848</b>	<b>76 438</b>	<b>80 164</b>

### Expenditure trends

Expenditure increased steadily from R78,2 million in 2002/03 to R116,8 million in 2005/06, an average annual increase of 14,3 per cent, and is expected to rise further at an average annual rate of 6,8 per cent over the MTEF, reaching R142,3 million in 2008/09. The increases are spread across the three subprogrammes and are due to more intensive involvement with other African countries and support for Nepal.

### Service delivery objectives and indicators

#### Recent outputs

##### *International trade development*

The ongoing discussions with the US to increase market access for South African products and services, in which South Africa engages through SACU, should create a more predictable trade and investment environment.

Relations with individual members of the Association of South East Asian Nations (Asean) have been strengthened and offer significant export opportunities, because these economies are growing rapidly and the structure of South African trade has a higher proportion of value-added exports.

##### *African Economic Development*

Progress has been made in finalising bilateral promotion and reciprocal protection agreements with Malawi, Botswana, Zambia, the Republic of Congo, Rwanda, Ethiopia, Guinea and Cameroon.

*The Southern African Customs Union and the Southern African Development Community*

In 2005/06, the department assisted extensively with finalising the institutional arrangements for the Southern African Customs Union and contributed to developing its work programme.

Economic co-operation agreements with Angola and Mozambique have progressed and the agreement with the DRC has been concluded.

**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 African continent, and efficient trade administration

Subprogramme	Output	Measure/Indicator	Target
International Trade Development	Bilateral and multilateral trade agreements with increased market access in the Americas, Europe and Asia	Free trade agreement with US concluded	2006/07
		Discussions on free trade agreements with India and China	2006/07
	Management of government to government relations and work programmes through bi-national commissions and joint ministerial commissions	Review of the South African-EU free trade agreement concluded	2006/07
African Economic Development	Bilateral and regional trade and investment agreements to establish framework for supporting African economic development in line with Nepad	Number of agreements concluded with key countries	At least 10 agreements
		Conclude outstanding SACU annexes	2006/07
	Technical and business missions to key countries, and enhance regional integration	African economic development strategy finalised	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.

There are three subprogrammes:

- *Industrial Competitiveness* does advocacy work, and develops policies and interventions to improve the industrial competitiveness of the South African economy.
- *Enterprise Development* develops enterprises by increasing the number of sustainable SMMEs.
- *Equity and Empowerment* implements BBBEE policies.

**Expenditure estimates****Table 32.5 Enterprise and Industry Development**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
R thousand							
Industrial Competitiveness	393 472	465 890	471 611	470 761	500 215	524 057	548 563
Enterprise Development	125 934	164 588	103 408	309 429	302 146	321 270	340 771
Equity and Empowerment	9 251	70 365	177 145	425 169	432 556	434 362	455 549
<b>Total</b>	<b>528 657</b>	<b>700 843</b>	<b>752 164</b>	<b>1 205 359</b>	<b>1 234 917</b>	<b>1 279 689</b>	<b>1 344 883</b>
Change to 2005 Budget estimate				24 005	3 871	7 090	8 654

Table 32.5 Enterprise and Industry Development (continued)

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
<b>Economic classification</b>							
<b>Current payments</b>	<b>25 737</b>	<b>33 876</b>	<b>52 640</b>	<b>69 457</b>	<b>63 141</b>	<b>66 105</b>	<b>69 327</b>
Compensation of employees	16 954	19 178	24 277	35 784	28 432	29 646	31 192
Goods and services	8 783	14 698	28 363	33 673	34 709	36 459	38 135
<i>of which:</i>							
Communication	174	320	298	643	682	717	752
Computer Services	–	–	–	365	387	407	428
Consultants, contractors and special services	2 466	1 593	16 410	12 234	15 969	16 767	17 584
Inventory	688	1 016	594	1 410	1 495	1 569	1 645
Maintenance repair and running cost	83	9	10	–	147	155	163
Operating leases	60	333	66	–	138	145	152
Travel and subsistence	1 748	3 785	5 917	8 167	8 657	9 090	9 532
Advertising	103	358	234	2 882	3 056	3 209	3 365
Other	3 461	7 284	4 834	7 972	4 178	4 400	4 514
<b>Transfers and subsidies<sup>1</sup></b>	<b>502 389</b>	<b>666 487</b>	<b>699 202</b>	<b>1 135 486</b>	<b>1 170 990</b>	<b>1 212 760</b>	<b>1 274 692</b>
Provinces and municipalities	47	58	71	76	13	–	–
Departmental agencies and accounts	250 463	334 908	402 406	846 796	867 658	895 015	942 389
Public corporations and private enterprises	242 492	315 284	287 671	280 563	290 253	304 026	317 916
Foreign governments and international organisations	6 387	6 737	3 192	3 200	3 818	4 009	4 204
Non-profit institutions	3 000	9 500	5 500	4 121	9 248	9 710	10 183
Households	–	–	362	730	–	–	–
<b>Payments for capital assets</b>	<b>531</b>	<b>480</b>	<b>322</b>	<b>416</b>	<b>786</b>	<b>824</b>	<b>864</b>
Machinery and equipment	531	480	308	316	786	824	864
Software and other intangible assets	–	–	14	100	–	–	–
<b>Total</b>	<b>528 657</b>	<b>700 843</b>	<b>752 164</b>	<b>1 205 359</b>	<b>1 234 917</b>	<b>1 279 689</b>	<b>1 344 883</b>

1. Where the name of an entity is not specified, transfer payments are being made to various institutions

**Details of transfers and subsidies:**

<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>115 500</b>	<b>199 908</b>	<b>263 406</b>	<b>703 696</b>	<b>720 558</b>	<b>740 560</b>	<b>780 407</b>
South African National Accreditation System	9 500	9 000	9 000	7 530	6 787	7 102	7 424
Godisa Trust: Technology Incubator Development	40 000	40 000	49 654	40 573	45 000	47 000	49 047
National Productivity Institute: Workplace Challenge	7 000	11 408	7 000	7 420	7 865	8 258	8 660
National Manufacturing Advisory Centre Coordinating Body	54 500	80 000	37 752	–	–	–	–
National Empowerment Fund	4 500	59 500	160 000	410 600	409 480	409 954	429 932
South African Micro Apex Fund	–	–	–	50 000	80 000	83 999	88 093
Small Enterprise Development Agency	–	–	–	187 573	171 426	184 247	197 251
<b>Capital</b>	<b>134 963</b>	<b>135 000</b>	<b>139 000</b>	<b>143 100</b>	<b>147 100</b>	<b>154 455</b>	<b>161 982</b>
National Research Foundation: Technology and Human Research for Industry Programme	134 963	135 000	139 000	143 100	147 100	154 455	161 982

**Table 32.5 Enterprise and Industry Development (continued)**

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>190 492</b>	<b>220 284</b>	<b>199 371</b>	<b>199 580</b>	<b>205 479</b>	<b>215 013</b>	<b>224 566</b>
Development Bank of Southern Africa:	–	7 600	5 000	–	–	–	–
Community Public Private Partnership	5 000	2 000	2 000	2 120	2 247	2 359	2 474
Council for Scientific and Industrial Research: Technology Transfer Centre	6 000	6 000	2 500	1 860	5 404	5 884	6 171
Council for Scientific and Industrial Research: Technology for Women in Business	1 000	1 000	1 500	1 380	1 124	1 180	1 238
Council for Scientific and Industrial Research: National Cleaner Production Centre	85 000	91 407	98 099	102 484	126 445	132 018	137 721
South African Bureau of Standards: Research Contribution	33 000	34 000	39 500	34 832	36 922	38 768	40 657
Council for Scientific and Industrial Research: National Measuring Standards	20 000	25 000	25 000	56 383	32 090	33 495	34 932
Khula	40 000	52 000	25 180	–	–	–	–
Ntsika Enterprise Promotion Agency	492	1 277	592	521	1 247	1 309	1 373
South African Bureau of Standards: Small Business Technical Consulting							
<b>Capital</b>	<b>52 000</b>	<b>95 000</b>	<b>88 300</b>	<b>80 982</b>	<b>80 842</b>	<b>84 884</b>	<b>89 020</b>
Industrial Development Corporation: Support Programme for Industrial Innovation	52 000	83 000	83 000	80 980	80 839	84 881	89 017
Council for Scientific and Industrial Research: Technology Transfer Capital Guarantee Fund	–	2 000	2 000	1	1	1	1
Council for Scientific and Industrial Research: Technology Venture Capital	–	10 000	3 000	1	1	1	1
Council for Scientific and Industrial Research: Aerospace Industry	–	–	300	–	1	1	1
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>3 932</b>	<b>4 129</b>	<b>4 330</b>
Co-Operatives Incentive Scheme	–	–	–	1	3 932	4 129	4 330
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>6 387</b>	<b>6 737</b>	<b>3 192</b>	<b>3 200</b>	<b>3 818</b>	<b>4 009</b>	<b>4 204</b>
United Nations Industrial Development Organisation	6 387	6 737	3 192	3 200	3 818	4 009	4 204
<b>Non-profit institutions</b>							
<b>Current</b>	<b>3 000</b>	<b>9 500</b>	<b>5 500</b>	<b>4 121</b>	<b>9 248</b>	<b>9 710</b>	<b>10 183</b>
National Co-operatives Association of South Africa	2 000	3 500	3 500	1	1	1	1
Proudly South African Campaign	–	4 000	–	–	–	–	–
South African Women Entrepreneurs' Network	1 000	2 000	2 000	4 120	2 247	2 359	2 474
Black Economic Empowerment Advisory Council	–	–	–	–	7 000	7 350	7 708
<b>Total</b>	<b>502 389</b>	<b>666 487</b>	<b>699 202</b>	<b>1 135 486</b>	<b>1 170 990</b>	<b>1 212 760</b>	<b>1 274 692</b>

**Expenditure trends**

Expenditure grew from R528,7 million in 2002/03 to R1,2 billion in 2005/06, at an annual average rate of 31,6 per cent, and is expected to increase further over the MTEF, at a rate of 3,7 per cent to reach R1,3 billion in 2008/09. The increase is due to the capitalisation of the National

Empowerment Fund, the strengthening of the South African Apex Fund programme and the implementation of the Co-operatives Development Bill and policy.

Transfers and subsidies make up, on average, 94,5 per cent of the programme's budget. The Technology for Women in Business initiative received R6 million as transfers to the Council for Scientific and Industrial Research in transfers in 2003/04, and a further R2,5 million in 2004/05.

Expenditure on compensation of employees has risen from R17 million in 2002/03 to R35,8 million in 2005/06, an increase of 28,3 per cent, for expanding human capital and implementing new mandates such as BEE. Expenditure on goods and services increases at an average annual rate of 27,7 per cent between 2002/03 and 2008/09 to cater for the development of policies on BEE, co-operatives and competitiveness.

During 2006/07, more than R750 million will be 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**

#### *Enterprise development*

The Small Enterprise Development Agency (SEDA), responsible for implementing government's integrated small enterprise development strategy, has begun setting up provincial and local offices.

The South African Micro-Finance Apex Fund (SAMAF) was created in 2005/06 to address sustainable access to affordable financial services for the poor.

The regulations under the co-operatives legislation are ready for publication and approval by the minister. The co-operatives strategy has been finalised. A capacity-building programme for sectorised co-operatives has been initiated and training manuals compiled. The list of 10 most purchased products to be procured by government from SMMEs will be tabled for cabinet approval.

#### *Black economic empowerment*

Cabinet adopted the first phase of the codes of good practice in October 2005, and the department released the second phase for public comment in November 2005. More than 30 transformation charters are currently being negotiated or completed.

#### *Industrial competitiveness*

An implementation strategy for an aerospace industry support initiative has been completed, and an aerospace industrial centre of excellence is being set up. Work has also begun on a draft national space policy and on implementing the department's responsibilities under the Space Affairs Amendment Act (1995).

A strategy for dealing with import parity pricing was approved by Cabinet. Discussions with the steel sector on a more competitive domestic steel-pricing model are continuing. 18 projects (total project value R16,4 million) have been approved under the support programme for industrial innovation, of which 11 were for BEE entities. 927 researchers and 2 624 students have been supported (53 per cent black and 35 per cent female) under the technology and human research for industry programme. 401 enterprises have been supported (60 per cent SMMEs and 7 per cent BEE). The multi-criteria decision model for project approvals has been changed to increase BEE enterprise participation. The South African national accreditation system (SANAS) accredited 400 new technical standards and 128 bodies.

Significant progress has been made with the development Industrial Policy which will be finalised by March 2007.

Under the industrial participation programme, 42 projects were approved and investment and export performances to the value of US\$1,5 billion achieved. Milestones have been set for large multinationals under the national industrial participation programme. An implementation framework for supporting industrial centres of excellence has been finalised. Initial work to align sector development strategies (customised sector programmes) and the skills strategies of Sector Education and Training Authorities (SETAs) (sector skills plans) have started. The draft national critical skills list for 2005/06 has been finalised. The Department of Home Affairs will be using this list to recruit foreign skills.

### Selected medium-term output targets

#### Enterprise and Industry Development

**Measurable objective:** A more competitive economy per sector and enterprise level; a greater contribution to the economy by small enterprises; and increased participation in the economy by historically disadvantaged people and communities.

Subprogramme	Output	Measure/Indicator	Target	
Industrial Competitiveness	Industrial policy	Industrial policy approved by Cabinet	March 2007	
	Import parity pricing	Agreement reached with all stakeholders	March 2007	
	Aerospace industry support initiative	Aerospace supply chain programmes implemented	March 2007	
	Support programme for industrial innovation	Number and value of projects assisted	80 projects assisted at a total value of R160 million	
	Technology and human resources for industry programme		Number of researchers assisted	900 researchers assisted
			Number of students supported	2 200 students supported
			Number of enterprises supported	375 enterprises supported
	Technical infrastructure		Number of facilities accredited	128 facilities
			Number of new and revised standards	400 new and revised standards
			Cabinet approvals	February 2007
	Technical regulatory framework		The Accreditation for Metrology, Conformity Assessment and Good Laboratory Practice Bill. The Measurement Units and Measurement Standards Bill	
			The Standards Bill, and The Compulsory Specification of Standards Bill	
	National Services Sector Framework	Ministerial approval of framework	March 2007	
Manufacturing skills strategy		Strategy approved	November 2006	
		Frequency of updated National critical skills list	Annually	

Subprogramme	Output	Measure/Indicator	Target
Enterprise Development	Efficient payment of SMMEs by government	Implementation strategy finalised	March 2007
	Small business definitions	A comprehensive standard SMME definition	December 2006
	SMME-friendly municipal regulations	Completed study of impact of municipal regulations on small business development in conjunction with Department of Provincial and Local Government	November 2006
Co-operatives	Implementation of co-operatives strategy	Number of targeted beneficiaries assisted through grants	June 2006
	"Set aside" products for SMME	"Set aside" products approved by Cabinet	April 2006
Equity and Empowerment	Implementation of Broad-Based Black Economic Empowerment	Implementation of BEE codes of good practice	March 2007
		Establishment of BEE Advisory Council	June 2006
	Integrated financing mechanisms to support BEE	Draft strategy approved by Minister	December 2006
	Strategic framework for women's and gender empowerment	Cabinet approval of women's and gender strategic framework	September 2006
		Women's empowerment training programme ready to implement	November 2006

## Programme 4: Consumer and Corporate Regulation

The *Consumer and Corporate Regulation* programme develops and implements regulatory solutions for investors, inventors and consumers.

There are three subprogrammes:

- *Policy and Legislative Development* develops coherent, predictable and transparent regulatory solutions.
- *Enforcement and Compliance* ensures that participants in economic activities comply with consumer and corporate rules.
- *Regulatory Services* monitors a number of regulatory agencies, such as the competition authorities, the National Gambling Board and the Estate Agency Affairs Board.

**Table 32.6 Consumer and Corporate Regulation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Policy and Legislative Development	5 895	6 099	2 709	7 594	8 933	9 376	9 800
Enforcement and Compliance	10 328	12 365	14 765	26 670	30 643	32 082	33 534
Regulatory Services	120 671	96 650	82 110	85 626	106 779	105 640	110 662
<b>Total</b>	<b>136 894</b>	<b>115 114</b>	<b>99 584</b>	<b>119 890</b>	<b>146 355</b>	<b>147 098</b>	<b>153 996</b>
Change to 2005 Budget estimate				1 985	21 375	15 869	16 206

Table 32.6 Consumer and Corporate Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Economic classification</b>							
<b>Current payments</b>	<b>16 117</b>	<b>17 991</b>	<b>24 740</b>	<b>46 801</b>	<b>45 429</b>	<b>47 710</b>	<b>50 035</b>
Compensation of employees	6 936	9 369	13 128	21 760	25 627	26 908	28 221
Goods and services	9 181	8 622	11 612	25 041	19 802	20 802	21 814
<i>of which:</i>							
Communication	65	76	44	186	197	207	217
Computer Services	–	–	–	492	522	548	574
Consultants, contractors and special services	1 116	1 622	4 717	9 880	10 473	10 996	11 532
Inventory	419	394	467	391	414	435	456
Maintenance repair and running cost	297	1	–	–	–	–	–
Operating leases	42	5	12	–	–	–	–
Travel and subsistence	1 236	1 088	1 858	2 385	2 528	2 655	2 784
Advertising	50	1 099	704	1 043	1 106	1 161	1 217
Other	5 956	4 337	3 810	10 664	4 562	4 800	5 033
<b>Transfers and subsidies</b>	<b>120 692</b>	<b>96 679</b>	<b>74 612</b>	<b>72 500</b>	<b>100 303</b>	<b>98 734</b>	<b>103 275</b>
Provinces and municipalities	21	29	38	44	10	–	–
Departmental agencies and accounts	110 437	85 860	63 755	60 654	87 933	85 756	89 665
Public corporations and private enterprises	8 000	9 000	9 000	9 540	10 113	10 619	11 136
Foreign governments and international organisations	2 234	1 790	1 790	2 120	2 247	2 360	2 474
Households	–	–	29	142	–	–	–
<b>Payments for capital assets</b>	<b>85</b>	<b>444</b>	<b>232</b>	<b>589</b>	<b>623</b>	<b>654</b>	<b>686</b>
Machinery and equipment	85	444	232	589	623	654	686
<b>Total</b>	<b>136 894</b>	<b>115 114</b>	<b>99 584</b>	<b>119 890</b>	<b>146 355</b>	<b>147 098</b>	<b>153 996</b>
<b>Details of transfers and subsidies:</b>							
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>110 437</b>	<b>85 860</b>	<b>63 755</b>	<b>60 654</b>	<b>87 933</b>	<b>85 756</b>	<b>89 665</b>
National Gambling Board	9 500	11 000	15 800	12 262	12 998	13 648	14 312
Competition Commission	–	25 923	28 177	28 240	22 434	23 221	24 000
National Lotteries Board	–	–	–	–	2 000	2 000	2 000
Companies and Intellectual Property Registration Office	88 937	37 937	3 578	4 252	4 647	4 880	5 117
Competition Tribunal	–	–	–	–	8 000	8 560	9 159
Micro Finance Regulatory Council	12 000	11 000	16 200	15 900	22 854	23 997	25 165
National Credit Regulator	–	–	–	–	15 000	9 450	9 911
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>8 000</b>	<b>9 000</b>	<b>9 000</b>	<b>9 540</b>	<b>10 113</b>	<b>10 619</b>	<b>11 136</b>
South African Bureau of Standards: Trade Metrology	8 000	9 000	9 000	9 540	10 113	10 619	11 136
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>2 234</b>	<b>1 790</b>	<b>1 790</b>	<b>2 120</b>	<b>2 247</b>	<b>2 360</b>	<b>2 474</b>
World Intellectual Property Organisation	2 234	1 790	1 790	2 120	2 247	2 360	2 474
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>142</b>	<b>–</b>	<b>–</b>	<b>–</b>
Consumer Awards	–	–	–	142	–	–	–
<b>Total</b>	<b>120 692</b>	<b>96 679</b>	<b>74 612</b>	<b>72 500</b>	<b>100 303</b>	<b>98 734</b>	<b>103 275</b>



## **Expenditure trends**

Expenditure decreased from R136,9 million in 2002/03 to R119,9 million in 2005/06, an average annual decrease of 4,3 per cent, but is expected to increase to R154 million in 2008/09 at an average annual rate of 8,7 per cent. Transfers and subsidies reflect the same pattern, decreasing at a rate of 15,6 per cent, from R120,7 million in 2002/03 to R72,5 million in 2005/06, and increasing to an expected R103,3 million in 2008/09, at a rate of 12,5 per cent. The decreases are because the Company and Intellectual Property Registration Office became a self-funding entity in June 2002, and so received smaller transfers from the department from 2003/04.

The increase over the 2006 MTEF is due to the increase of transfers to various institutions including the National Credit Registrar and the transfer of the Registrar of Co-operatives' functions from the Department of Agriculture to the Department of Trade and Industry in 2005/06, requiring a provision for the employees that were also transferred.

## **Service delivery objectives and indicators**

### **Recent outputs**

#### *Policy and legislation*

The Patent Amendment Bill was enacted in December 2005 and regulations published. A policy on interactive gambling is ready for tabling at the National Gambling Policy Council. The business unit has begun a review of the national lotteries legislation. The National Credit Bill was passed by the National Assembly in December 2005, and Cabinet approved the Consumer Bill for public comment.

#### *Enforcement and compliance*

The consumer helpline received 403 enquiries. 6 company complaints were resolved with an average turnaround time of 46 days. 15 intellectual property complaints were resolved. The National Liquor Authority acknowledged 207 review notifications and issued 5 new registration certificates.

#### *Regulatory services*

The debt counselling call centre became operational in October 2005, and 2 469 calls have been received since then. Draft regulations for the registration and functions of debt counsellors were prepared. The London School of Economics offers a three-day course on regulation to staff in the policy and legislation unit. A memorandum of understanding between the department and the South African Revenue Service was prepared to offer specialised training courses to investigators in the enforcement and compliance unit.

## Selected medium-term output targets

### Consumer and Corporate Regulation

**Measurable objective:** Business certainty and access to redress by economic citizens, through the provision of appropriate policy frameworks, legislation and regulation, as well as efficient and fair regulatory services.

Subprogramme	Output	Measure/Indicator	Target
Policy and Legislative Development	Corporate law reform	Company Bill approved by Cabinet and submitted to state law advisors following public comment	December 2006
	Consumer law reform	Consumer Bill introduced into Parliament	August 2006
	Intellectual property law reform	New intellectual property policy published for public comment	March 2007
	Review of regulatory framework for estate agents	Legislation drafted, following public comment	March 2007
	Review of competition policy	Bill introduced into Parliament, following public comment	October 2006
Enforcement and Compliance	Consumer complaints and investigations	Number of consumer complaints resolved	1 000 complaints resolved within 3 day
		Number of investigations	60 reactive and 12 proactive investigations
	Company investigations and complaints	Number of company investigations per year	6 investigations per year
		Number of complaints resolved	240 complaints resolved
Review of manufacturing and wholesale liquor licences	Percentage of licence reviews finalised	80% of 1 074 reviews finalised	
Regulatory Services	Governance of regulatory agencies	Frequency of review of all agencies' business and strategic plans submitted to the minister for approval	Annually
	Capacity building of investigators	Percentage of investigators trained in aspects of forensic investigation and alternative dispute resolution	90% of investigators trained
	Establishment of new regulatory agencies	Credit regulator operational	April 2006
Companies Commission operational		July 2007	
Consumer Commission operational		January 2007	

## Programme 5: The Enterprise Organisation

The *Enterprise Organisation* programme provides efficient administration of enterprise support measures.

There are three subprogrammes:

- *Incentive Administration* manages and implements existing business incentive schemes.
- *New Incentive Development* develops new incentive schemes.
- *Business Development and After-Care* facilitates access to targeted groups.

**Table 32.7 The Enterprise Organisation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Incentive Administration	579 740	782 993	910 550	1 157 486	1 406 159	1 608 965	1 862 484
New Incentive Development	–	–	42	2 861	3 090	3 248	3 397
Business Development and After-Care	–	–	144	10 312	10 920	11 464	11 984
<b>Total</b>	<b>579 740</b>	<b>782 993</b>	<b>910 736</b>	<b>1 170 659</b>	<b>1 420 169</b>	<b>1 623 677</b>	<b>1 877 865</b>
Change to 2005 Budget estimate				184 000	374 310	525 525	724 805

Table 32.7 The Enterprise Organisation

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Economic classification</b>							
<b>Current payments</b>	<b>57 598</b>	<b>40 668</b>	<b>42 156</b>	<b>43 978</b>	<b>51 970</b>	<b>54 582</b>	<b>57 183</b>
Compensation of employees	22 488	28 400	29 043	31 337	37 966	39 864	41 750
Goods and services	35 110	12 268	13 113	12 641	14 004	14 718	15 433
<i>of which:</i>							
<i>Communication</i>	166	153	80	340	350	408	418
<i>Computer Services</i>	632	856	890	1 200	1 236	1 440	1 476
<i>Consultants, contractors and special services</i>	4 638	3 496	6 061	5 792	5 966	6 950	7 124
<i>Inventory</i>	879	699	703	558	575	670	686
<i>Maintenance repair and running cost</i>	196	13	5	115	106	111	116
<i>Operating leases</i>	193	233	49	150	159	167	175
<i>Travel and subsistence</i>	3 081	2 620	2 653	2 333	2 403	2 800	2 870
<i>Advertising</i>	1 573	282	62	300	309	360	369
<b>Transfers and subsidies<sup>1</sup></b>	<b>521 169</b>	<b>741 702</b>	<b>868 164</b>	<b>1 124 438</b>	<b>1 367 821</b>	<b>1 568 698</b>	<b>1 820 267</b>
Provinces and municipalities	58 268	160 750	93 127	163 715	422 026	628 113	834 356
Public corporations and private enterprises	462 901	580 952	774 758	960 723	945 795	940 585	985 911
Households	–	–	279	–	–	–	–
<b>Payments for capital assets</b>	<b>973</b>	<b>623</b>	<b>416</b>	<b>2 243</b>	<b>378</b>	<b>397</b>	<b>415</b>
Machinery and equipment	973	623	409	2 243	378	397	415
Software and other intangible assets	–	–	7	–	–	–	–
<b>Total</b>	<b>579 740</b>	<b>782 993</b>	<b>910 736</b>	<b>1 170 659</b>	<b>1 420 169</b>	<b>1 623 677</b>	<b>1 877 865</b>

1. Where the name of an entity is not specified, transfer payments are being made to various institutions

<b>Details of major transfers and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial agencies and funds</b>							
<b>Capital</b>	<b>58 200</b>	<b>160 665</b>	<b>93 043</b>	<b>163 609</b>	<b>422 012</b>	<b>628 113</b>	<b>834 356</b>
Coega Development Corporation	58 200	122 567	55 375	115 675	345 012	510 263	635 636
East London Development Corporation	–	38 098	37 668	27 934	58 200	88 610	154 030
Richards Bay Development Corporation	–	–	–	20 000	18 800	29 240	44 690
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>413 787</b>	<b>472 380</b>	<b>612 756</b>	<b>718 489</b>	<b>758 892</b>	<b>743 337</b>	<b>778 104</b>
Small and Medium Manufacturing Development Programme	169 988	100 313	47 163	37 000	1 000	1 049	1 102
Enterprise Development	161 857	353 997	561 688	615 688	598 636	628 569	659 201
Manufacturing Development Programme Incentives	64 754	16 100	3 905	900	1	1	1
Industrial Development Zones	13 798	1 970	–	4 900	16 854	17 697	18 559
Business Process Outsourcing (BPO)	–	–	–	–	70 000	20 000	20 000
Film and Television Production Incentive	–	–	–	40 000	72 400	76 020	79 240
Tax Holiday Scheme	3 390	–	–	1	–	–	–
Staple Food Fortification Programme	–	–	–	20 000	1	1	1

**Table 32.7 The Enterprise Organisation (continued)**

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Other transfers</b>							
<b>Current</b>	<b>49 114</b>	<b>100 399</b>	<b>127 006</b>	<b>137 203</b>	<b>116 973</b>	<b>123 821</b>	<b>130 802</b>
Export Market and Investment Assistance	–	59 970	85 706	110 720	91 971	97 569	103 271
Competitiveness Fund	39 980	21 998	16 606	700	–	–	–
Sector Partnership Fund	9 134	15 440	12 702	780	–	–	–
Black Business Supplier Development Programme	–	2 991	11 992	20 001	25 000	26 250	27 529
Micro-Investor Fund	–	–	–	2	1	1	1
South African Capital Goods Feasibility Study Fund	–	–	–	5 000	1	1	1
<b>Capital</b>	<b>–</b>	<b>8 173</b>	<b>34 996</b>	<b>105 031</b>	<b>69 930</b>	<b>73 427</b>	<b>77 005</b>
Critical Infrastructure Programme	–	8 173	34 996	105 031	69 930	73 427	77 005

### Expenditure trends

Expenditure has increased significantly over the seven-year period, rising from R579,7 million in 2002/03 to R1,9 billion in 2008/09, an average annual increase of 21,6 per cent. The increase is due to the demand for incentives under the small and medium enterprise development programme and the critical infrastructure programme and the industrial development zones.

Over the MTEF, transfers and subsidies comprise, on average, 95,1 per cent of the programme's expenditure.

Expenditure on current payments has risen significantly as a result of effectively marketing the incentive schemes.

Additional funding of R50 million was allocated for 2006/07 to a new investment incentive scheme on business process outsourcing.

### Service delivery objectives and indicators

#### Recent outputs

##### *Incentive schemes*

In 2004/05, 2 801 applications were approved under the small and medium enterprise development programme, with an investment value of R14,4 billion and incentives valued at R1,4 billion. The projected number of jobs to be created is 65 430. The value of claims paid in 2004/05 was R562 million, and by June 2005 an additional R166,3 million had been paid.

In 2004/05, 1 662 firms received assistance valued at R82,2 million under the export market and investment assistance programme. Of these firms, 76,2 per cent were SMMEs, 6,6 per cent were black-owned enterprises and 7,9 per cent were women-owned enterprises.

The film and television production incentive was introduced in June 2004. 10 of 16 applications were approved, with an incentive value of R73,4 million.

In the first half of 2004/05, the business unit trained 6 868 entrepreneurs and 308 network facilitators to access various incentives. 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 to improve the geographic spread and access to the department's incentives.

*Infrastructure*

Infrastructure developments in the Coega Development Corporation industrial development zone (IDZ) and the East London IDZ are progressing as planned. The critical infrastructure programme (CIP) expenditure in 2004/05 was R128 million. The total investment value for CIP projects was R4,5 billion. An additional four new infrastructure projects were approved in November and December 2005, amounting to R153,4 million and with a total infrastructure development value of R580 million.

*Strategic industrial projects*

22 strategic industrial projects were approved with an estimated investment value of R6,8 billion. The strategic industrial projects programme allowance commitment was R4,5 billion, which created 5 533 jobs. The number of approved projects to date is 41, with an investment estimated at R19,5 billion and the allowance commitment amounting to R9,1 billion.

*Royalty agreements*

229 royalty agreements were approved, of which 53 per cent were new.

*South African Capital Goods Feasibility Study Fund*

An operational manual and guidelines were drawn up and approved by the South African Capital Goods Feasibility Study Fund panel, which is made up of industry representatives appointed by the director-general to oversee the administration and adjudication of applications to the fund. One application of R5 million was approved to develop a bankable feasibility study for establishing a sugar processing plant in Ghana.

**Selected medium-term output targets****The Enterprise Organisation**

**Measurable objective:** Efficient and effective administration of incentive schemes

Subprogramme	Output	Measure/Indicator	Target	
Incentive Administration	Export market and investment assistance scheme	Number of companies assisted	205 companies assisted by June 2007	
	Sector specific assistance scheme	Number of projects approved and processed	14 projects processed in a minimum of 6 key departmental sectors by September 2006	
	Black business supplier programme	Number of projects approved and number of claims paid	500 projects approved and 600 claims paid	
	Critical infrastructure programme (CIP) administration and management	Number of project funding applications approved	6 funding applications approved with an average value of R50 million by June 2007	
	Review of CIP, including a funding model	Number of projects assessed and reported on	10 projects reported on	
	Small Medium Enterprise Development Programme	Number of projects approved and number of claims paid	2 500 projects approved and 2 500 claims paid by March 2007	
	Industrial development zones programme	Amended IDZ regulations approved		April 2006
		Customs control area rules approved by South African Revenue Service commissioner		April 2006
Policy on IDZ ownership, funding and IDZ-specific incentives approved by Cabinet			April 2006	
New funding model for IDZs (separate from the CIP) implemented			May 2006	

Subprogramme	Output	Measure/Indicator	Target
	IDZ matching grant	Number of adjudicated applications processed and approved	4 adjudicated applications processed and 3 approved
		Number of feasibility and business development reports for existing and potential IDZs	3 reports
	New Incentive Development	Modifications to scale-up the black business supplier development programme	July 2006
		Business Process Outsourcing Incentive Scheme introduced	September 2006
Business Development and After-Care	Business development support to enterprises	Presentations at targeted workshops and numbers reached	240 presentations and 6 400 reached
		Number of trained and accredited network facilitators	350 facilitators accredited
	Management of customer enquiries	Rate of acknowledging enquiries	Enquiries acknowledged within 24 hours
	Improved stakeholder relations	Extent of responses to executive enquiries	No unanswered enquiries by middle 2006/07

## Programme 6: Trade and Investment South Africa

The *Trade and Investment South Africa* programme provides leadership to key growth sectors in the economy, developing South Africa's capacity to export to targeted markets and increasing direct investments in the country.

There are three subprogrammes:

- *Investment Promotion and Facilitation* formulates and implements the department's investment strategy. It promotes investment opportunities to potential local and foreign investors through its project management and advisory services, using instruments such as investment missions, exhibitions, and the department's network of foreign offices. In addition, it offers facilitation and aftercare services to investors.
- *Export Development and Promotion* promotes South African products and services through export advice, matchmaking, market intelligence, export councils, targeted information and financial assistance at international trade fairs and trade missions.
- *Customised Sector Programmes* builds partnerships between government and its social partners and seeks high impact, enduring initiatives that will materially address government's economic aspirations.

**Table 32.8 Trade and Investment South Africa**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
R thousand							
Investment Promotion and Facilitation	265 602	114 582	58 720	59 969	32 194	33 802	36 346
Export Development and Promotion	260 662	256 034	197 365	235 707	240 967	261 410	287 852
Customised Sector Programmes	–	6 386	25 899	41 123	49 102	51 558	54 281
<b>Total</b>	<b>526 264</b>	<b>377 002</b>	<b>281 984</b>	<b>336 799</b>	<b>322 263</b>	<b>346 770</b>	<b>378 479</b>
Change to 2005 Budget estimate				(21 287)	(57 307)	(51 778)	(39 996)

Table 32.8 Trade and Investment South Africa (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Economic classification</b>							
<b>Current payments</b>	<b>111 174</b>	<b>139 748</b>	<b>137 474</b>	<b>132 853</b>	<b>151 284</b>	<b>158 891</b>	<b>168 471</b>
Compensation of employees	85 097	67 559	56 239	73 202	85 630	89 911	95 336
Goods and services	26 077	72 189	50 159	59 651	65 654	68 980	73 135
<i>of which:</i>							
Communication	3 692	4 040	1 881	839	890	935	980
Computer Services	156	16	269	–	–	–	–
Consultants, contractors and special services	323	1 814	12 364	17 681	18 742	19 680	20 639
Inventory	2 117	2 325	2 562	2 270	2 407	2 527	2 650
Maintenance repair and running cost	407	1 896	1 171	–	1 002	1 047	1 070
Operating leases	358	255	10 119	168	5 100	5 330	5 450
Travel and subsistence	11 052	10 471	9 857	14 292	15 149	15 906	16 681
Advertising	13	542	494	652	840	865	890
Other	7 959	50 830	11 443	23 749	21 524	22 690	24 775
Financial transactions in assets and liabilities	–	–	31 076	–	–	–	–
<b>Transfers and subsidies<sup>1</sup></b>	<b>414 889</b>	<b>236 582</b>	<b>142 818</b>	<b>201 058</b>	<b>170 023</b>	<b>186 875</b>	<b>208 944</b>
Provinces and municipalities	49	63	63	80	43	–	–
Departmental agencies and accounts	219 840	32 128	10 800	3 000	1	1	1
Public corporations and private enterprises	195 000	201 231	123 531	189 546	161 077	177 526	199 033
Foreign governments and international organisations	–	3 160	8 000	8 400	8 902	9 348	9 910
Households	–	–	424	32	–	–	–
<b>Payments for capital assets</b>	<b>201</b>	<b>672</b>	<b>1 692</b>	<b>2 888</b>	<b>956</b>	<b>1 004</b>	<b>1 064</b>
Machinery and equipment	201	672	1 634	2 813	956	1 004	1 064
Software and other intangible assets	–	–	58	75	–	–	–
<b>Total</b>	<b>526 264</b>	<b>377 002</b>	<b>281 984</b>	<b>336 799</b>	<b>322 263</b>	<b>346 770</b>	<b>378 479</b>
<i>1. Where the name of an entity is not specified, transfer payments are being made to various institutions</i>							
<b>Details of transfers and subsidies:</b>							
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>219 840</b>	<b>32 128</b>	<b>10 800</b>	<b>3 000</b>	<b>1</b>	<b>1</b>	<b>1</b>
Trade and Investment South Africa	219 840	31 000	10 800	3 000	1	1	1
South African Tourism Board	–	1 128	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>195 000</b>	<b>177 000</b>	<b>100 000</b>	<b>155 639</b>	<b>160 016</b>	<b>176 412</b>	<b>197 852</b>
Council for Scientific and Industrial Research: Maritime Industry Project	–	–	–	1	1	1	1
Export Credit Insurance Corporation	195 000	177 000	100 000	155 638	160 015	176 411	197 851
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>24 231</b>	<b>23 531</b>	<b>33 907</b>	<b>1 061</b>	<b>1 114</b>	<b>1 181</b>
General Export Incentive Scheme	–	15 725	–	–	–	–	–
Youth Internship Programme	–	8 506	10 741	700	–	–	–
Aichi Exposition	–	–	12 790	32 207	1	1	1
National Automotive Industry Development Centre	–	–	–	1 000	1 060	1 113	1 180

**Table 32.8 Trade and Investment South Africa (continued)**

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Foreign governments and international organisations</b>							
<b>Current</b>	–	3 160	8 000	8 400	8 902	9 348	9 910
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	–	1 580	4 000	4 200	4 451	4 674	4 955
Export Consultancy Trust Fund: International Finance Corporation	–	1 580	4 000	4 200	4 451	4 674	4 955
<b>Total</b>	<b>414 889</b>	<b>236 582</b>	<b>142 818</b>	<b>201 058</b>	<b>170 023</b>	<b>186 875</b>	<b>208 944</b>

### Expenditure trends

Expenditure fluctuates significantly, 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 Adjusted Estimates Budget resulted in a 43,5 per cent decrease in expenditure between 2003/04 and 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 Aichi world exposition.

While the budget decreased substantially from 2002/03 to 2005/06, it is expected to grow by 4 per cent over the MTEF, based on an inflation adjustment.

Expenditure on goods and services will increase from R59,7 million in 2005/06 to R73,1 million in 2008/09 as a result of activities associated with shifting functions from Trade and Investment South Africa (TISA) (a section 21 company) to the department. Compensation of employees increases, as employees of TISA will be absorbed into the department, from R85,1 million in 2002/03 to R95,3 million in 2008/09, an average annual increase of 1,9 per cent. Remuneration package differences still have to be resolved, and TISA is likely to be officially dissolved by March 2006.

### Service delivery objectives and indicators

#### Recent outputs

##### *Investment promotion and facilitation*

6 investment seminars, 13 sector-specific presentations and 21 targeted presentations were conducted. There were 13 outward investment missions, and 7 inward investment missions. The department also participated in 5 investment pavilions, including, for the first time, pavilions at the tourism indaba in Durban in May 2005, and the China International Fair for Investment and Trade Exhibition in Shanghai in September 2005.

In terms of the department's investment strategy, a memorandum of understanding was finalised with an international consultant and the Foreign Investment Advisory Service. The ninth meeting of the president's International Investment Council was held during the third quarter of 2005.

##### *Export development and promotion*

Nine trade bulletins were published and distributed monthly, containing over 248 validated and verified business opportunities received through the network of the department's foreign offices. Non-financial assistance in the form of information and advice was provided to about 850 exporters, and more than 4 000 copies of customised reference books and self-study publications on export processes and procedures were distributed through the national trade network. The e-Commerce for Exporters publication was launched in November 2005.



The pilot phase of developing the exporters database has been finalised. This is a joint project between the Department of Trade and Industry and the Small Enterprises Development Agency.

17 national pavilions across 8 sectors were held during the last six months of 2005, and 172 companies exhibited on them. The firms estimated the total value of exports to be realised, as a result of their participation at these events, at R137 million. 17 inward-buying missions were facilitated from 29 countries across 8 sectors. 24 outward-bound trade missions were facilitated. TISA has considerably increased market access for at least 150 companies during the year.

40 export promotion projects have been identified and are in different stages of planning and implementation. Of these, 20 fall within the resource-based cluster, 15 in manufacturing and 5 in the services cluster. Over 100 individual firms were assisted with information on foreign markets and export-marketing advice.

#### *Customised sector programmes*

The emphasis has been on identifying and appraising high impact projects in the 11 priority sectors. The sector strategies and programmes for 9 priority sectors have been completed. The executive board has already endorsed 10 project profiles, and 55 project profiles are waiting approval.

### **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

<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Investment Promotion and Facilitation	Investment facilitation	Number of seminars, pavilions and missions	8 investment seminars, 6 investment pavilions, 22 sector specific presentations, 11 sector-specific briefs 24 inward/outward customised targeted investment presentations (multi-sectoral) 5 ministerial or presidential missions 2 international investment Councils
	Investment promotion	Publish and implement investment promotion strategy and framework	2006/07 3 international investment conferences
Export Development and Promotion	Export development information	Number of publications distributed and number of customers reached	4000 publications distribute 1500 customers reached
	Export promotion	Number of export promotion projects each identified, scoped or implemented in resource- based industries manufacturing and services sectors respectively Number of trade leads and opportunities identified and disseminated through export councils and associations and to the public Number of pavilions, mini-pavilions and trade missions funded and organised	10 pro-active export promotion projects scoped and implemented by March 2007  450 trade leads identified and disseminated  31 national pavilions including 15 mini-pavilions abroad 5 pavilions in South Africa 40 EMIA trade missions and 12 export missions.
Customised Sector Programmes	Approved business plans	Number of approved business plans	11 business plans approved in 2006/07 Review of 2 customised sector programmes strategies by March 2007

## Programme 7: Marketing

The *Marketing* programme promotes greater awareness of the department's role and products and services through packaging and branding, and facilitates access to and uptake of these for economic citizens.

There are three subprogrammes:

- *Brand Management* brands and markets the department and its offerings. It is responsible for the department's corporate identity and for communicating with selected target groups through trade and investment events and exhibitions.
- *Marketing Communications* is responsible for internal and external communication, including media management and monitoring, the production of publications, and the services provided by the department's design studio. Selected audiences are reached through targeted advertising. The programme is responsible for operating the customer contact centre, managing access channels and outreach programmes.
- *Distribution* facilitates the department's outreach programmes, conducting customer surveys, managing access channels, and facilitating the department's Batho Pele initiatives.

**Table 32.9 Marketing**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
R thousand							
Brand Management	17 889	19 866	42 670	17 572	10 404	10 924	11 449
Marketing Communications	5 475	22 612	44 526	20 241	23 634	24 816	26 073
Distribution	33 070	35 841	50 195	43 822	52 150	54 737	57 364
<b>Total</b>	<b>56 434</b>	<b>78 319</b>	<b>137 391</b>	<b>81 635</b>	<b>86 188</b>	<b>90 477</b>	<b>94 886</b>
Change to 2005 Budget estimate				307	(19)	(40)	(157)

### Economic classification

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Current payments</b>	<b>56 010</b>	<b>75 088</b>	<b>111 883</b>	<b>81 323</b>	<b>85 717</b>	<b>89 990</b>	<b>94 375</b>
Compensation of employees	6 968	10 429	10 066	15 897	16 859	17 702	18 587
Goods and services	49 042	64 659	101 818	65 426	68 858	72 288	75 788
<i>of which:</i>							
<i>Communication</i>	7 230	7 236	8 988	247	325	341	358
<i>Computer Services</i>	–	–	–	–	56	59	62
<i>Consultants, contractors and special services</i>	3 286	1 213	45 146	43 584	46 923	49 269	51 732
<i>Inventory</i>	772	899	5 664	530	608	638	670
<i>Maintenance repair and running cost</i>	–	161	1	–	15	15	16
<i>Operating leases</i>	5	87	174	–	39	41	43
<i>Travel and subsistence</i>	890	2 500	1 418	896	1 192	1 252	1 315
<i>Advertising</i>	7 136	5 668	26 571	7 613	6 753	7 091	7 446
<i>Other</i>	29 723	46 895	13 855	12 556	12 947	13 582	14 146
<b>Transfers and subsidies</b>	<b>20</b>	<b>2 882</b>	<b>25 144</b>	<b>32</b>	<b>7</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	20	32	30	32	7	–	–
Public corporations and private enterprises	–	2 850	25 000	–	–	–	–
Households	–	–	114	–	–	–	–

Table 32.9 Marketing (continued)

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	appropriation 2005/06	2006/07	2007/08	2008/09
<b>Payments for capital assets</b>	<b>404</b>	<b>349</b>	<b>364</b>	<b>280</b>	<b>464</b>	<b>487</b>	<b>511</b>
Machinery and equipment	404	349	268	280	368	386	405
Software and other intangible assets	–	–	96	–	96	101	106
<b>Total</b>	<b>56 434</b>	<b>78 319</b>	<b>137 391</b>	<b>81 635</b>	<b>86 188</b>	<b>90 477</b>	<b>94 886</b>

**Details of transfers and subsidies:**

<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	–	–	<b>25 000</b>	–	–	–	–
2010 FIFA Soccer World Cup Bid	–	–	25 000	–	–	–	–
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	–	<b>2 850</b>	–	–	–	–	–
2003 Nedbank Golf Challenge	–	2 850	–	–	–	–	–
<b>Total</b>	<b>20</b>	<b>2 882</b>	<b>25 144</b>	<b>32</b>	<b>7</b>	<b>–</b>	<b>–</b>

**Expenditure trends**

The programme was established in 2002/03 with expenditure of R56,4 million, which increased rapidly to reach a peak of R137,4 million in 2004/05. This is partly due to a one-off payment of R25 million for the 2010 Soccer World Cup bid.

Expenditure increased at a strong average annual rate of 13,1 per cent, but this declines to 5,2 per cent over the MTEF, with expenditure reaching R94,2 million in 2008/09. Expenditure fell to R81,6 million in 2005/06, reflecting fewer marketing campaigns. The expected increase in expenditure to R86,2 million in 2006/07 is due to expanded marketing activities.

**Service delivery objectives and indicators****Recent outputs***Events, exhibitions and advertising*

In 2005/06, the department participated in 32 events and exhibition-related activities, reaching 42 500 economic citizens. The department's business brand positioning statement (Project Orange) was approved by the department and the International Marketing Council. More than 27 million people were reached locally and internationally through TV, radio and print advertising.

The department supported 18 events and developed and broadcast 35 newsflash messages and 4 print and 6 electronic editions of the internal magazine. Approximately 22 990 print copies of 22 publications were produced and circulated and 70 articles written.

*Contacts with economic citizens*

At least 357 286 contacts were handled with economic citizens during the first half of 2005/06 in the form of telephone calls, e-mails, and faxes. The customer relations unit resolved 1 216 escalated enquiries. Over 1 million hits were recorded on the department's website.

## Selected medium-term output targets

### Marketing

**Measurable objective:** Promote awareness of the department's products and services

Subprogramme	Output	Measure/ Indicator	Target
Brand Management	Promotion of the brand	Number of promotional events  Rollout of the South African business brand statement, Project Orange Rollout of the new departmental corporate identity	100 events and exhibitions 18 business forums or workshops (2 in each province) Open day exhibitions at the DTI Campus DTI consumer awards DTI business awards Rollout completed by second quarter of 2006/07 Rollout completed by second quarter of 2006/07
Marketing Communications	Targeted news monitoring and analysis reports Media relations management and events Publications	Number of Daily Media Monitors per month Number of media engagements and briefings Number of publications	20 Daily Media Monitors per month 4 engagements and briefings 60 publications
Distribution	Resolution of customer enquiries	Turnaround time for resolving queries	48 hours
		Number of circulation audit reports, including user feedback survey results	12 circulation audit reports

## Science and technology activities

The Department of Trade and Industry supports innovation by providing matching grants through the technology and human resources for industry programme (THRIP) and the support programme for industrial innovation (SPII). The technology for women in business programme (TWIB) is to promote women entrepreneurs. All the programmes aim to enhance industrial competitiveness through promoting innovation, particularly in the priority areas of SMME development, women's empowerment and human resources development.

For the Department of Trade and Industry, scientific and technical education and training includes THRIP (through the National Research Foundation), SPII (through the Industrial Development Corporation) and TWIB (through the Council for Scientific and Industrial Research). Over the 2006 MTEF, estimates for science and technology activities expenditure are R289 million, R303,4 million and R317,1 million.

In 2005/06, THRIP had a budget of R143 million, and in 2004/05, R139 million was spent. For SPII, the 2005/06 budget is R81 million, and R83 million was spent in 2004/05.

## 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 of the DTI. CIPRO receives its income from registering companies, close corporations and intellectual property (patents, trademarks, copyright and designs). Since its establishment, CIPRO has registered 460 655 close corporations.

CIPRO expects to be self-sustaining by July 2006, by which time all transfers and subsidies from government will be phased out. The allocation to CIPRO over the 2006 MTEF is R4,6 million, R4,9 million and R5,1 million. These amounts include the allocations to the Registrar of Cooperatives, whose functions were transferred from the Department of Agriculture to the

Department of Trade and Industry in 2005/06. The main purpose of the registrar is to provide for the formation, registration and supervision of co-operatives in terms of the Co-operatives Act (2005). It also facilitates increased enterprise ownership by disadvantaged people and promotes the establishment of co-operatives in poor rural communities.

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

**Table 32.10 Financial summary for the Companies and Intellectual Property Registration Office (CIPRO)**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2005/06	2006/07	2007/08
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>11 601</b>	<b>44 598</b>	<b>111 863</b>	<b>180 419</b>	<b>161 636</b>	<b>169 718</b>	<b>176 507</b>
Sale of goods and services other than capital	27	2 792	355	53	55	58	61
<i>of which:</i>							
Admin fees	27	2 792	355	53	55	58	61
Other non-tax revenue	11 574	41 806	111 508	180 366	161 581	169 660	176 446
<b>Transfers received</b>	<b>86 841</b>	<b>35 987</b>	<b>1 200</b>	<b>6 360</b>	<b>6 742</b>	<b>7 079</b>	<b>7 411</b>
<b>Total revenue</b>	<b>98 442</b>	<b>80 585</b>	<b>113 063</b>	<b>186 779</b>	<b>168 378</b>	<b>176 797</b>	<b>183 918</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>82 451</b>	<b>93 853</b>	<b>121 287</b>	<b>120 454</b>	<b>150 281</b>	<b>155 965</b>	<b>160 981</b>
Compensation of employees	33 596	45 121	49 689	53 044	67 629	70 469	73 288
Goods and services	43 396	41 914	66 078	64 880	80 122	82 966	85 163
Depreciation	5 459	6 818	5 520	2 530	2 530	2 530	2 530
Interest, dividends and rent on land	–	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>172</b>	<b>1 267</b>	<b>1 157</b>	<b>660</b>	<b>695</b>	<b>726</b>	<b>762</b>
<b>Total expenses</b>	<b>82 623</b>	<b>95 120</b>	<b>122 444</b>	<b>121 114</b>	<b>150 976</b>	<b>156 691</b>	<b>161 743</b>
<b>Surplus / (Deficit)</b>	<b>15 819</b>	<b>(14 535)</b>	<b>(9 381)</b>	<b>65 665</b>	<b>17 402</b>	<b>20 106</b>	<b>22 175</b>
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	11 159	9 027	5 923	4 968	7 769	7 847	7 926
Inventory	1 081	1 399	1 240	2 144	1 466	1 481	1 496
Receivables and Prepayments	2 484	1 229	575	118	1 048	1 059	1 069
Cash and cash equivalents	30 331	40 606	24 707	96 170	123 795	154 293	187 028
<b>Total assets</b>	<b>45 055</b>	<b>52 261</b>	<b>32 445</b>	<b>103 400</b>	<b>134 078</b>	<b>164 680</b>	<b>197 519</b>
Capital and reserves	21 215	8 267	749	83 047	117 681	148 119	180 793
Trade and Other Payables	20 420	37 849	24 613	15 392	10 334	10 438	10 542
Provisions	3 420	6 145	7 083	4 961	6 063	6 123	6 184
<b>Total equity and liabilities</b>	<b>45 055</b>	<b>52 261</b>	<b>32 445</b>	<b>103 400</b>	<b>134 078</b>	<b>164 680</b>	<b>197 519</b>

Data provided by the Companies and Intellectual Property Registration Office

## Competition Commission

The Competition Commission was established in terms of the Competition Act (1998), and is 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 commission is funded through income-generating activities and voted funds. It was initially fully funded by the department, but generated significant funds through merger activities in the first four years of its operation. Most of the initial surpluses are about to be exhausted, and it is expected that the commission's funding needs over the 2006 MTEF will be approximately

R138,9 million (R43,2 million in 2006/07, R46,2 million in 2007/08 and R49,5 million in 2008/09).

Last year, the commission focused on taking action against firms involved in restrictive business practices, including collusion on prices and trading conditions, market allocation, and abuse of dominance. The commission now plans to focus on enforcement and advocacy to prevent anti-competitive business practices. In addition, enforcement investigations and processes will be improved and speeded up. Eliminating cartels will continue to be one of the commission's concerns going forward. The commission continues to face challenges to some of its decisions via the Competition Appeal Court. Despite the substantial legal costs involved, the commission believes that these cases must be challenged to create certainty for the future.

## Competition Tribunal

The Competition Tribunal is established in terms of the Competition Act (1998) and has jurisdiction throughout South Africa. The Competition Tribunal adjudicates on cases referred to it by the Competition Commission. The tribunal may: authorise or prohibit a merger; adjudicate on prohibited conduct in terms of the Competition Act (1998) and impose a remedy provided for in the act; adjudicate on appeals or reviews arising from decisions of the Competition Commission; and make rulings or orders incidental to its functions, such as granting interdicts and orders for costs.

The tribunal received a transfer of R1,4 million in 2004/05 from the Department of Trade and Industry. In addition, the tribunal generates an annual income from filing fees from the Competition Commission. Businesses filing applications for large and intermediate mergers with the Competition Commission pay a filing fee. In terms of a memorandum of agreement between the commission and the tribunal, the tribunal receives a percentage of these fees

The tribunal has consistently played a leading role in international bodies such as the International Competition Network (ICN), the Organisation for Economic Cooperation and Development (OECD) and the UN Council for Trade and Development (UNCTAD). The chair of the Competition Tribunal is vice chair of the ICN. Members of the tribunal have also supported the development of competition authorities in other developing countries, notably in Africa and Asia.

**Table 32. 11 Financial summary for the Competition Regulators (Commission and Tribunal)**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>33 825</b>	<b>34 911</b>	<b>40 834</b>	<b>44 397</b>	<b>42 926</b>	<b>45 867</b>	<b>49 077</b>
Sale of goods and services other than capital assets	27 692	30 748	35 514	40 304	40 310	43 132	46 151
<i>of which:</i>							
Admin fees	27 692	30 748	35 514	40 304	40 310	43 132	46 151
Other non-tax revenue	6 134	4 163	5 320	4 093	2 616	2 735	2 926
<b>Transfers received</b>	<b>–</b>	<b>25 923</b>	<b>27 351</b>	<b>36 193</b>	<b>51 467</b>	<b>54 939</b>	<b>59 074</b>
<b>Total revenue</b>	<b>33 825</b>	<b>60 834</b>	<b>68 184</b>	<b>80 590</b>	<b>94 393</b>	<b>100 805</b>	<b>108 151</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>46 139</b>	<b>57 864</b>	<b>68 985</b>	<b>78 730</b>	<b>92 987</b>	<b>99 407</b>	<b>106 656</b>
Compensation of employees	23 619	29 198	31 456	39 982	47 749	51 092	54 668
Goods and services	20 361	25 315	36 211	37 706	44 169	47 214	50 819
Depreciation	2 159	3 351	1 318	1 042	1 069	1 101	1 169
<b>Transfers and subsidies</b>	<b>160</b>	<b>812</b>	<b>228</b>	<b>242</b>	<b>257</b>	<b>275</b>	<b>294</b>
<b>Total expenses</b>	<b>46 299</b>	<b>58 676</b>	<b>69 214</b>	<b>78 972</b>	<b>93 244</b>	<b>99 682</b>	<b>106 951</b>
<b>Surplus / (Deficit)</b>	<b>(12 474)</b>	<b>2 158</b>	<b>(1 030)</b>	<b>1 618</b>	<b>1 149</b>	<b>1 123</b>	<b>1 200</b>

**Table 32. 11 Financial summary for the Competition Regulators (Commission and Tribunal) (continued)**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	5 289	3 188	2 291	2 099	2 178	2 211	2 373
Investments	28 127	–	–	48 186	50 335	52 623	54 953
Inventory	14	15	16	14	13	14	13
Receivables and prepayments	805	575	1 553	1 341	1 208	1 133	1 100
Cash and cash equivalents	9 372	47 487	51 402	6 333	6 691	6 836	6 968
<b>Total assets</b>	<b>43 606</b>	<b>51 264</b>	<b>55 262</b>	<b>57 973</b>	<b>60 425</b>	<b>62 817</b>	<b>65 405</b>
Capital and reserves	36 907	38 952	37 923	39 653	40 802	41 925	43 126
Trade and other payables	4 454	10 824	15 792	18 320	19 453	20 710	22 086
Provisions	2 245	1 489	1 547	–	169	181	194
<b>Total equity and liabilities</b>	<b>43 606</b>	<b>51 264</b>	<b>55 262</b>	<b>57 973</b>	<b>60 425</b>	<b>62 817</b>	<b>65 405</b>

Data provided by the Competition Commission and Competition Tribunal

### Export Credit Insurance Corporation

The Export Credit Insurance Corporation Ltd (ECIC) is an independent, limited liability company with the government of South Africa as the sole shareholder through the Department of Trade and Industry. The ECIC provides medium- and long-term export credit insurance and investment guarantees on behalf of government. The main objective of the ECIC is to facilitate and encourage South African export trade by underwriting bank loans and investments outside the country, in order to enable foreign buyers to purchase capital goods and services from South Africa. The ECIC evaluates export credit and foreign investment risks and provides export credit and foreign investment insurance cover on behalf of government.

The ECIC 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. Government's contribution to the interest make-up scheme will be R160 million in 2005/06, and R176 million and R197 million for the two outer years of the MTEF. The new mechanism for the interest make-up payment, introduced in 2005, provides for US dollar-denominated interest make-up payments for US dollar-funded export credit loans. A full review of the impact of this scheme will be done by 2007.

The ECIC faces a significant challenge to break even on its insurance business, because reinsurance is generally not obtainable for the size and tenure of export credit loans underwritten by the corporation. The ECIC suffered underwriting losses in its first two years, but has achieved underwriting profits since. It is confident that it will break even over the medium to long term. Possible areas for improvement are insurance vs guarantees, Basle II implications, a larger role for government and market failure for small transactions.

### Industrial Development Corporation

The Industrial Development Corporation (IDC) was established in 1940 to promote economic growth and industrial development in South Africa, in accordance with the Industrial Development Corporation Act (1940) as amended. It is a self-financing government-owned national development financing institution, which promotes entrepreneurship through building competitive industries and enterprises. The IDC's primary objectives are to contribute to balanced, sustainable economic growth in Africa and the economic empowerment of the South African population.

The IDC was named the top development financier at the 2005 BusinessMap business report BEE awards. One of its major successes of 2005 was establishing BEE participation in the previously untransformed pharmaceutical and healthcare sectors. This was achieved through the Aspen Pharmacare and Afrox Healthcare transactions.

2005 also showed great improvement in net attributable income, from R697 million in 2004 to R1,2 billion in 2005, as well as a substantial reduction in impairments (R803 million down to R256 million). Total assets increased from R30 billion to R36,6 billion.

The IDC's enterprise-wide risk management and investment processes were strengthened, resulting in a significant drop in the number of distressed clients. The IDC was recently upgraded by Moody's Investor Services, from Baa2 to Baa1 and got a vote of confidence from major local and international banks, evidenced by the fact that its loan syndication for R900 million and US\$125 million was oversubscribed.

As a development finance institution (DFI), the IDC identifies very strongly with the principles of Nepad. The IDC is a member of the SADC DFI network and the Association of African Development Finance Institutions, established under the auspices of the African Development Bank. As part of its contribution to economic development, the IDC will continue to participate in innovative projects.

**Table 32.12 Financial summary for the Industrial Development Corporation**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>INCOME STATEMENT</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 026 000</b>	<b>2 410 400</b>	<b>2 744 900</b>	<b>2 431 000</b>	<b>3 431 000</b>	<b>4 028 000</b>	<b>4 952 000</b>
<b>Total revenue</b>	<b>2 026 000</b>	<b>2 410 400</b>	<b>2 744 900</b>	<b>2 431 000</b>	<b>3 431 000</b>	<b>4 028 000</b>	<b>4 952 000</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 462 000</b>	<b>2 058 200</b>	<b>994 700</b>	<b>1 671 276</b>	<b>1 898 897</b>	<b>2 027 197</b>	<b>2 435 900</b>
Compensation of employees	205 938	371 390	322 251	380 000	418 000	460 000	506 000
Goods and services	471 414	984 905	286 217	747 609	887 230	773 350	980 900
Depreciation	76 648	29 405	32 632	35 667	35 667	27 847	-
Interest, dividends and rent on land	708 000	672 500	353 600	508 000	558 000	766 000	949 000
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>1 462 000</b>	<b>2 058 200</b>	<b>994 700</b>	<b>1 671 276</b>	<b>1 898 897</b>	<b>2 027 197</b>	<b>2 435 900</b>
<b>Surplus / (Deficit)</b>	<b>564 000</b>	<b>352 200</b>	<b>1 750 200</b>	<b>759 724</b>	<b>1 532 103</b>	<b>2 000 803</b>	<b>2 516 100</b>
Tax payment	88 000	(341 500)	74 500	103 500	34 000	68 000	112 000
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	149 019	130 498	99 181	63 514	27 847	-	-
Investments	25 819 000	30 258 000	36 451 000	38 048 000	42 072 000	46 190 000	50 524 000
Receivables and prepayments	249 981	183 502	631 819	406 486	463 153	514 000	536 000
Cash and cash equivalents	2 720 000	1 637 000	1 739 000	1 211 000	559 000	568 000	545 000
<b>Total assets</b>	<b>28 938 000</b>	<b>32 209 000</b>	<b>38 921 000</b>	<b>39 729 000</b>	<b>43 122 000</b>	<b>47 272 000</b>	<b>51 605 000</b>
Capital and reserves	21 386 000	26 075 000	32 047 000	31 550 000	32 681 000	33 925 000	35 012 000
Borrowings	6 797 000	5 787 000	5 414 000	6 445 000	8 487 000	11 195 000	14 136 000
Trade and other payables	755 000	347 000	1 460 000	1 734 000	1 954 000	2 152 000	2 457 000
<b>Total equity and liabilities</b>	<b>28 938 000</b>	<b>32 209 000</b>	<b>38 921 000</b>	<b>39 729 000</b>	<b>43 122 000</b>	<b>47 272 000</b>	<b>51 605 000</b>

Data provided by the Industrial Development Corporation



## International Trade Administration Commission of South Africa

The International Trade Commission of South Africa (ITAC) was established to replace the Board on Tariffs and Trade. ITAC was established by the International Trade Administration Act (2002) and became fully operational in June 2003. ITAC's mandate is to foster economic growth and development to raise incomes and promote investment and employment in South Africa and in the common customs area by establishing a system for the administration of international trade subject to the act and the SACU agreement.

ITAC obtained approval from National Treasury to retain a surplus of R6,9 million from 2004/05. The surplus will be used for office equipment to capacitate the SACU delegation, upgrade ITAC's IT infrastructure, set-up a call centre, and improve systems for import and export control. In addition, the projected deficit is mainly attributable to the depreciation of existing assets and additional capital expenditure financed by the R6,9 million surpluses. ITAC's budget allocation will increase over the 2006 MTEF, from R46,4 million in 2005/06 to R54,2 million in 2008/09.

In shifting from the history of the old Board on Tariffs and Trade to the new ITAC's mandate, ITAC has engaged in the following processes: a review of customs tariff policy, creating a regulatory environment for trade remedies, modernising systems, and capacity building for SACU member states.

**Table 32.13 Financial summary for the International Trade Administration Commission of South Africa**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	-	266	553	-	-	-
<b>Transfers received</b>	-	40 377	43 828	53 294	57 141	63 788	67 174
<b>Total revenue</b>	-	40 377	44 094	53 847	57 141	63 788	67 174
<b>Expenses</b>							
<b>Current expense</b>	-	41 248	37 157	56 147	60 907	63 788	67 174
Compensation of employees	-	23 507	23 619	32 681	34 642	36 720	38 924
Goods and services	-	16 284	11 759	22 054	24 613	26 089	27 655
Depreciation	-	1 457	1 779	1 412	1 653	978	596
<b>Total expenses</b>	-	41 248	37 157	56 147	60 907	63 788	67 174
<b>Surplus / (Deficit)</b>	-	(871)	6 937	(2 300)	(3 766)	-	-
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	-	3 970	2 301	4 420	2 765	1 788	1 193
Inventory	-	-	24	50	50	50	50
Receivables and prepayments	-	82	1 181	300	250	250	250
Cash and cash equivalents	-	-	8 514	6 097	3 585	4 563	5 158
<b>Total assets</b>	-	4 052	12 020	10 867	6 650	6 651	6 651
Capital and reserves	-	(871)	6 066	3 766	(0)	(0)	(0)
Trade and other payables	-	843	1 592	3 151	2 701	2 701	2 701
Provisions	-	4 080	4 362	3 950	3 949	3 950	3 950
<b>Total equity and liabilities</b>	-	4 052	12 020	10 867	6 650	6 651	6 651

Data provided by the Department of Trade and Industry

## Khula Enterprise Finance Ltd

Khula Enterprise Finance Ltd (Khula) was established in 1996 as a specialised agency within the Department of Trade and Industry. Khula is focused on the promotion of the development of small and medium enterprises (SMEs). Its primary role is to facilitate access to finance by small

entrepreneurs. To meet its objectives, Khula has developed various delivery mechanisms in the public and private sectors. It has strong relationships with commercial banks, retail financial intermediaries and micro credit outlets. Khula is a wholesale finance institution, which means that entrepreneurs do not get assistance directly from it but through the various institutions that work with Khula. Since the company was launched in 1996, Khula has directly and indirectly assisted about 1,5 million people.

Government contributions to Khula over the 2006 MTEF period are R32 million, R33 million and R34 million. Over the past five years, Khula has disbursed over R1 billion directly into the SME sector. In the 2003/04 financial year alone, disbursements increased by 40 per cent to R280 million. The number of beneficiaries also increased by 21 per cent to 110 000.

In addition to facilitating access to finance, Khula provided mentorship services through a section 21 company called Khula Institutional Support Services (KIS). KIS provides mentorship to entrepreneurs through its Thuso mentorship programme in the form of counselling and practical support to establish and manage businesses.

### **Micro Finance Regulatory Council**

The Micro Finance Regulatory Council (MFRC) was established as a section 21 Company in 1999 to regulate micro-lending transactions that are exempted from the Usury Act (1968). The council's major activities are regulating the micro-lending industry to support sustainable growth and serving legitimate unserved credit needs, while ensuring that consumer rights are protected.

The MFRC is funded by registration fees paid by registered micro-lenders, a grant from the Swedish International Development Corporation Agency (SIDA), and bi-annual transfers from the Department of Trade and Industry. The allocations over the 2006 MTEF are R22,8 million, R23,9 million and R25,2 million. R15 million, R9,5 million and R9,9 million are also being made available to finance the National Credit Regulator. In addition, USAID contributed to specific research and development projects.

By December 2005, the MFRC had 2 056 registered entities, which included 8 banks.

Raising the level of financial literacy of consumers has always been one of the primary objectives of the MFRC, and will continue to be. 208 workshops were conducted for NGOs, government, trade unions and employers, with more 23 000 participants.

### **National Empowerment Fund**

The National Empowerment Fund was created in terms of the National Empowerment Fund Act (1998) to facilitate economic equality by providing development finance for black South Africans and their enterprises. The NEF will unlock opportunities for economic participation and growth by promoting and supporting business ventures pioneered and run by historically disadvantaged people. The NEF aims to provide them with the opportunity to directly or indirectly acquire shares or interest in state-owned commercial enterprises that are being restructured, or in private business enterprises. These interventions will encourage meaningful economic participation by the target groups.

The number of funding applications has increased as well as the functions for the assessment and monitoring of the investment portfolio. These, together with the rollout of other planned investment products, warrant an operational budget of R92 million to service an additional investment capital drawdown of R985 million in 2006/07. The advance of this capital will finally make the NEF self-sustainable. Allocations over the 2006 MTEF are R409,5 million, R409,9 million and R429,9 million.

The NEF will continue to address market failure and gaps and to assist historically disadvantaged South Africans to start and run their businesses and become bankable, for long-term sustainability. The NEF offers various funding products and services ranging from R250 000 to R50 million, depending on the nature of the transaction, aimed at stimulating entrepreneurship and contributing to the creation of employment opportunities. The bulk of the NEF's investments are made to SMEs in the second economy. This financial assistance gives effect to the BEE codes of good practice.

**Table 32.13 Financial summary for the National Empowerment Fund (NEF)**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
Non-tax revenue	7 180	10 634	24 424	32 885	33 679	46 178	59 986
Transfers received	4 500	9 878	24 622	40 000	92 147	99 519	107 480
<b>Total revenue</b>	<b>11 680</b>	<b>20 512</b>	<b>49 046</b>	<b>72 885</b>	<b>125 826</b>	<b>145 697</b>	<b>167 467</b>
<b>Expenses</b>							
Current expense	15 327	16 458	25 034	31 250	91 366	98 676	106 570
Compensation of employees	9 025	11 599	13 282	28 217	56 832	61 379	66 289
Goods and services	5 640	3 418	10 363	2 248	33 577	36 263	39 164
Depreciation	662	1 441	1 389	786	958	1 034	1 117
Interest, dividends and rent on land	–	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>668</b>	<b>356</b>	<b>1 119</b>	<b>3 798</b>	<b>781</b>	<b>843</b>	<b>911</b>
<b>Total expenses</b>	<b>15 994</b>	<b>16 814</b>	<b>26 153</b>	<b>35 049</b>	<b>92 147</b>	<b>99 519</b>	<b>107 480</b>
<b>Surplus / (Deficit)</b>	<b>(4 315)</b>	<b>3 698</b>	<b>22 893</b>	<b>37 836</b>	<b>33 679</b>	<b>46 178</b>	<b>59 986</b>
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	3 572	2 192	1 781	2 662	2 927	2 877	2 506
Investments	285 548	782 161	1 051 751	1 992 438	2 788 930	3 474 922	4 116 915
Receivables and prepayments	6 275	1 337	1 474	1 269	1 370	2 473	3 549
Cash and cash equivalents	13 254	69 327	217 416	38 442	252 273	469 877	721 422
<b>Total assets</b>	<b>308 649</b>	<b>855 017</b>	<b>1 272 422</b>	<b>2 034 811</b>	<b>3 045 500</b>	<b>3 950 149</b>	<b>4 844 392</b>
Capital and reserves	306 214	836 160	1 268 704	2 028 481	3 029 677	3 933 099	4 826 019
Trade and other payables	272	15 940	920	500	500	500	500
Provisions	2 163	2 918	2 797	5 830	15 324	16 550	17 873
<b>Total equity and liabilities</b>	<b>308 649</b>	<b>855 017</b>	<b>1 272 422</b>	<b>2 034 811</b>	<b>3 045 500</b>	<b>3 950 149</b>	<b>4 844 392</b>

Data provided by the National Empowerment Fund

### National Gambling Board

The National Gambling Board was established in terms of the National Gambling Act (1996). The new National Gambling Act (2004) repealed this act in November 2004. The primary objectives of the act are to control gambling, provide advice to the minister and establish and maintain the national register of excluded persons, the national central electronic monitoring system, and the national register of gambling machines and devices. A central registry of information and the national registry of probity are also maintained, for monitoring purposes. The board advises the National Gambling Policy Council on national policy on casinos, racing, gambling and wagering, and on national norms and standards.

The board is entirely funded by government, and will receive R12,3 million in 2005/06, which increases to R14,3 million in 2008/09 for additional responsibilities.

The South African Advisory Council on Responsible Gambling (Saacreg), which comprises regulators, civil society and the industry, has been created to ensure a culture of responsible

gambling in South Africa. The council's national responsible gambling programme integrates research and monitoring, public education and awareness, training, treatment and counselling to for treating and rehabilitating people who have become addicted to gambling. Going forward, the board will continue with research and gathering information for the industry, conducting inspections, and overseeing the national responsible gambling programme.

## 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. It is also responsible for allocating the license to operate the national lottery, which was awarded to Uthingo Management. In addition, the board manages the National Lotteries Distribution Trust Fund (NLDTF), which distributes proceeds from lottery sales to worthy causes through three distributing agencies for charities, sports and recreation, and culture and the environment.

The Minister of Trade and Industry, who takes into consideration available surpluses before approving funds to be drawn from the National Lotteries Distribution Trust Fund, approves the budget of the National Lotteries Board annually. No allocations are made to the board by the Department of Trade and Industry. The board's funding has been entirely from its own revenue and from the fund, as well as from investment income. The fund's interest revenue refers to interest on funds received from licence holders, which are invested until they are disbursed to worthy causes. Transfers and subsidies reflect payouts to the three areas of worthy causes.

The 2006 MTEF allocations are R2 million per year as compensation for VAT. The board has a strong balance sheet with R2 billion in investments. Although payables are high at R1,4 billion, there is a correspondingly high cash balance.

In 2004/05, the National Lotteries Distribution Trust Fund disbursed R1,2 billion to various institutions out of an available R1,7 billion, and granted R19 million to the National Lotteries Board for operational expenses. Over 7 000 beneficiaries have been allocated over R3,3 billion from the fund, since the launch of the lottery. The board and Uthingo Management have jointly set up a responsible gambling committee to promote responsible participation in the national lottery.

**Table 32.14 Financial summary for the National Lotteries Board including Distribution Trust Fund**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>221 005</b>	<b>302 518</b>	<b>265 483</b>	<b>257 000</b>	<b>250 036</b>	<b>251 470</b>	<b>251 476</b>
Sale of goods and services other than capital	1 055	343	280	7 000	36	1 470	1 476
<i>of which:</i>							
Admin fees	1 055	343	280	7 000	36	1 470	1 476
Other non-tax revenue	219 950	302 175	265 203	250 000	250 000	250 000	250 000
<b>Transfers received</b>	<b>1 040 380</b>	<b>999 910</b>	<b>1 054 056</b>	<b>1 116 225</b>	<b>1 134 324</b>	<b>1 235 751</b>	<b>1 338 508</b>
<b>Total revenue</b>	<b>1 261 385</b>	<b>1 302 428</b>	<b>1 319 539</b>	<b>1 373 225</b>	<b>1 384 360</b>	<b>1 487 221</b>	<b>1 589 984</b>

**Table 32.14 Financial summary for the National Lotteries Board including Distribution Trust Fund (continued)**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Expenses</b>							
<b>Current expense</b>	<b>11 886</b>	<b>13 772</b>	<b>16 985</b>	<b>23 100</b>	<b>34 400</b>	<b>37 300</b>	<b>40 000</b>
Compensation of employees	5 444	7 460	9 075	10 437	12 923	14 185	15 603
Goods and services	5 790	5 543	7 482	12 242	20 877	22 515	23 797
Depreciation	652	769	428	421	600	600	600
<b>Transfers and subsidies</b>	<b>745 853</b>	<b>1 252 890</b>	<b>1 184 906</b>	<b>1 416 225</b>	<b>1 434 324</b>	<b>1 535 751</b>	<b>1 638 508</b>
<b>Total expenses</b>	<b>757 739</b>	<b>1 266 662</b>	<b>1 201 891</b>	<b>1 439 325</b>	<b>1 468 724</b>	<b>1 573 051</b>	<b>1 678 508</b>
<b>Surplus / (Deficit)</b>	<b>503 646</b>	<b>35 766</b>	<b>117 648</b>	<b>(66 100)</b>	<b>(84 364)</b>	<b>(85 830)</b>	<b>(88 524)</b>
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	1 334	737	595	600	600	600	600
Investments	1 548 489	1 933 097	2 102 830	2 000 000	2 000 000	2 000 000	2 000 000
Receivables and prepayments	64 888	14 905	9 880	10 000	10 000	10 000	10 000
Cash and cash equivalents	714 645	1 057 834	1 138 480	1 150 000	1 000 000	1 000 000	1 000 000
<b>Total assets</b>	<b>2 329 356</b>	<b>3 006 573</b>	<b>3 251 785</b>	<b>3 160 600</b>	<b>3 010 600</b>	<b>3 010 600</b>	<b>3 010 600</b>
Capital and reserves	1 657 910	1 693 676	1 811 324	1 745 224	1 660 860	1 575 030	1 486 506
Trade and other payables	671 224	1 312 384	1 439 854	1 414 756	699 740	760 570	824 094
Provisions	222	513	607	620	650 000	675 000	700 000
<b>Total equity and liabilities</b>	<b>2 329 356</b>	<b>3 006 573</b>	<b>3 251 785</b>	<b>3 160 600</b>	<b>3 010 600</b>	<b>3 010 600</b>	<b>3 010 600</b>

Data provided by the Department of Trade and Industry

### National Metrology Laboratory

The national measuring standards of South Africa are kept and maintained by the National Metrology Laboratory (NML), which aims to promote South Africa's competitiveness through providing internationally acceptable measurement standards and measurements in terms of the Measuring Units and National Measuring Standards Act (1973). The NML officially represents South Africa on the organs of the Metre Convention, a diplomatic treaty governing the use of the international measurement units and standards, of which South Africa is a signatory.

The NML receives its funding from the department. It received R34,8 million in 2005/06, which increases to R40,7 million in 2008/09.

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 technical infrastructure. This role is equally important in the SADC trading bloc. The NML publishes regular reports on the status of the national measuring standards in the fields of electromagnetic metrology, mechanical metrology and metrology in chemistry and biochemistry.

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, among others.

### Small Enterprise Development Agency

The Small Enterprise Development Agency (SEDA) was established in December 2004 in accordance with the National Small Business Amendment Act (2003) to provide co-ordinated non-financial support for the small business sector. SEDA incorporates the previous small business support institutions (Ntsika Enterprise Promotion Agency and Namac Trust) and will have representation at all levels of government. SEDA will also incorporate the local business service

centres and tender advice centres which were supported by Ntsika. A network for service delivery will be established in all three levels of government, as well as a network of service providers.

SEDA received R187,7 million in 2005/06, and will receive R171,4 million in 2006/07 increasing to R197,2 million in 2008/09.

At SEDA's offices, entrepreneurs will be able to get help with business plans, technical advice and marketing, as well as information on export support, tenders and incentives. A call centre provides advice to entrepreneurs wanting to establish their own businesses. The call centre gets over 1 000 calls a month, as well as emails and walk-in customers. SEDA has also developed an online business information resource centre that is free to view and carries fact sheets, links, events and news. The popularity of the site continues to grow, with almost 20 000 unique visitors browsing the site each month. Almost 300 business support organisations are now affiliated to SEDA, and will mentor and guide small businesses on a day-to-day basis. The business support organisations are the vehicle for SEDA's information resources to penetrate into communities nationally.

### **South African Bureau of Standards**

The South African Bureau of Standards (SABS) is governed by the Standards Act (1993). Its core activities help to improve competitiveness by setting and promoting standards and providing compulsory specifications. The latter facilitate law enforcement where the safety of workers and consumers are at risk. The SABS also oversees the national trade (legal) metrology function. The commercial activities of the SABS, such as testing and certification, are essential services that provide direct support to South Africa's industries. Their purpose is to help ensure quality products and services.

The SABS is the national member body of the International Organisation for Standardisation, and hosts the South African national committee for the International Electrotechnical Commission. It is a major player in the SADC Standardisation, Quality Assurance, Accreditation and Metrology SQAM structures (SADC SQAM), runs the secretariat for SADC Co-operation in Standardisation, and is a member of the African Regional Standards Organisation.

Transfer allocations to the SABS will increase from 102,5 million in 2006/5 to R137,7 million in 2008/09. Other revenue sources include sales of services to companies and interest income, allowing the organisation to maintain a small surplus over the 2006 MTEF.

The SABS's SMME development initiatives are geared towards levelling the playing field for SMMEs to enable them to be competitive and attract business in order to grow. The SABS has also launched several social responsibility projects to develop human resources, focused on practical training for unemployed people via learnership programmes, some of which are funded by different Sector Education and Training authorities (SETAs). Other projects under way focused on developing skills in science and technology in some of the presidential nodal areas. HIV and Aids is a main feature on the list of development areas for the SABS.

**Table 32.15 Financial summary for the South African Bureau of Standards (SABS)**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>271 797</b>	<b>336 700</b>	<b>339 474</b>	<b>354 696</b>	<b>404 269</b>	<b>456 619</b>	<b>514 621</b>
Sale of goods and services other than capital	267 084	312 865	330 227	346 629	395 278	446 897	504 016
<i>of which:</i>							
<i>Sales by market establishments</i>	219 544	253 845	266 522	278 168	317 534	364 487	416 663
<i>Non-market est. sales</i>	47 540	59 020	63 705	68 461	77 744	82 410	87 353
<i>Other non-tax revenue</i>	4 713	23 835	9 247	8 067	8 991	9 722	10 605
<b>Transfers received</b>	<b>91 809</b>	<b>92 622</b>	<b>99 242</b>	<b>101 355</b>	<b>123 811</b>	<b>129 846</b>	<b>136 186</b>
<b>Total revenue</b>	<b>363 606</b>	<b>429 322</b>	<b>438 716</b>	<b>456 051</b>	<b>528 080</b>	<b>586 465</b>	<b>650 807</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>322 323</b>	<b>385 789</b>	<b>403 286</b>	<b>453 911</b>	<b>521 462</b>	<b>578 141</b>	<b>641 161</b>
Compensation of employees	189 093	219 179	232 162	266 127	315 749	359 825	404 475
Goods and services	120 155	149 769	152 129	167 211	182 627	195 455	214 025
Depreciation	12 717	15 265	17 539	18 618	21 586	21 361	21 161
Interest, dividends and rent on land	358	1 576	1 456	1 955	1 500	1 500	1 500
<b>Transfers and subsidies</b>	<b>(32 408)</b>	<b>13 543</b>	<b>12 785</b>	<b>8 983</b>	<b>7 354</b>	<b>8 029</b>	<b>8 751</b>
<b>Total expenses</b>	<b>289 915</b>	<b>399 332</b>	<b>416 071</b>	<b>462 894</b>	<b>528 816</b>	<b>586 170</b>	<b>649 912</b>
<b>Surplus / (Deficit)</b>	<b>73 691</b>	<b>29 990</b>	<b>22 645</b>	<b>(6 843)</b>	<b>(736)</b>	<b>295</b>	<b>895</b>
Tax payment	5 342	-	11 262	-	-	-	-
<b>BALANCE SHEET SUMMARY</b>							
Carrying value of assets	144 130	145 120	139 615	152 165	151 403	151 208	152 254
Investments	28 481	70 708	131 625	120 000	125 000	120 000	115 000
Inventory	655	523	565	525	500	500	500
Receivables and prepayments	59 230	78 645	63 111	61 100	64 400	73 200	81 100
Cash and cash equivalents	49 990	47 242	34 081	17 320	11 571	9 561	10 110
<b>Total assets</b>	<b>282 486</b>	<b>342 238</b>	<b>368 997</b>	<b>351 110</b>	<b>352 874</b>	<b>354 469</b>	<b>358 964</b>
Capital and reserves	121 144	150 891	172 958	165 048	163 312	163 107	163 502
Borrowings	15 000	15 000	15 000	15 000	12 000	12 000	12 000
Post retirement benefits	62 949	65 687	69 743	72 200	74 900	76 800	78 200
Trade and other payables	30 048	41 096	54 404	47 500	51 500	51 600	54 700
Provisions	28 036	44 585	33 330	29 300	31 200	33 100	34 800
Managed funds	25 309	24 979	23 562	22 062	19 962	17 862	15 762
<b>Total equity and liabilities</b>	<b>282 486</b>	<b>342 238</b>	<b>368 997</b>	<b>351 110</b>	<b>352 874</b>	<b>354 469</b>	<b>358 964</b>

Data provided by the South African Bureau of Standards

### South African Micro-Finance Apex Fund

The South African Micro-Finance Apex Fund (SAMAF) was established as a result of the president's state of the nation address to provide affordable and sustainable access to financial services for the poor. The goal of the fund is to: develop sustainable micro-finance institutions that can reach the very poor; facilitate training for micro-entrepreneurs and financial co-operatives clients; provide back-office service through a centralised information platform; and provide mentoring, monitoring and regulating to partner organisations.

The allocations to the fund increase from R50 million in 2005/06 to R88,1 million in 2008/09. the fund also received donor funding from the EU's sector-wide enterprise, employment and equity programme of R12,5 million in 2005/06.

The fund has been launched in North West, Limpopo, Mpumalanga, Northern Cape and Eastern Cape.

The target markets will be micro-credit programmes focusing on the poor, financial services co-operatives, credit co-operatives, and burial societies. SAMAF was approved in the interim as a trading account operated by the Department of Trade and Industry in order to compile the articles of association and establish the required systems to comply with section 32 of the Companies Act (1973). SAMAF may have to position itself as a financial institution before it can enter the financial services sector. As soon as all the requirements of the Companies Act (1973) are met and unqualified financial statements are available, a section 32 company can be established.

### **South African National Accreditation System**

The South African National Accreditation System (SANAS) establishes appropriate laboratory, personnel and certification body accreditation services for the whole of government. It also facilitates mutual recognition agreements for good laboratory practice with international accreditation organisations as well as the Organisation for Economic Co-operation and Development (OECD).

SANAS will receive R6,8 million in 2006/07, which will increase to R7,4 million in 2008/09.

SANAS is committed to facilitating the acceptance of South African technical infrastructure by providing an internationally recognised and effective accreditation and monitoring system. The number of accredited facilities is now 1 086, growth of 30 per cent in 2005. SANAS is committed to adopt, adapt and develop new programmes of accreditation and monitoring to ensure the continual relevance of accreditation and monitoring programmes. It seeks acceptance as the accreditation and monitoring system for South African regulatory authorities, and to assist them in implementing their regulatory responsibilities. SANAS also tries to influence the international development of accreditation and associated standards to ensure that SADC needs are met.

### **South African Quality Institute**

The South African Quality Institute (SAQI) builds awareness of quality principles. It plays a leading role in establishing and sustaining a national quality infrastructure that enhances the competitiveness of the South African economy, especially for co-operatives and SMMEs for which there is little or no legislation on quality issues. SAQI aims to unify the quality profession into a body of knowledge that is recognised as the national benchmark of quality in various fields. In addition, the institute represents South Africa quality abroad and helps with the improvement of Africa's quality infrastructure.

The institute does not receive any allocations from the department.

SAQI will play a leading role in establishing and maintaining the national quality system. It will prioritise quality issues in SMMEs, focusing on their sustainability, growth and competitiveness in support of government's growth, equity and employment-creation initiatives. Beyond industry, SAQI would like to advance the theory and practice of quality in education, training and development.



## **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

Table 32.C: Summary of expenditure on training

Table 32.D: Summary of official development assistance expenditure

Table 32.E: Summary of expenditure on infrastructure

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

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2004/05		2004/05	2005/06			2005/06
1. Administration	236 141	263 329	233 810	250 225	51 146	301 371	299 344
2. International Trade and Economic Development	97 900	100 400	106 226	100 774	16 069	116 843	115 838
3. Enterprise and Industry Development	667 552	834 428	752 164	1 181 354	24 005	1 205 359	1 160 045
4. Consumer and Corporate Regulation	130 480	105 277	99 584	117 905	1 985	119 890	119 465
5. The Enterprise Organisation	943 218	986 685	910 736	986 659	184 000	1 170 659	1 044 819
6. Trade and Investment South Africa	348 082	270 246	281 984	358 086	(21 287)	336 799	335 989
7. Marketing	76 724	121 724	137 391	81 328	307	81 635	70 033
<b>Total</b>	<b>2 500 097</b>	<b>2 682 089</b>	<b>2 521 895</b>	<b>3 076 331</b>	<b>256 225</b>	<b>3 332 556</b>	<b>3 145 533</b>

**Economic classification**

	639 163	659 288	637 840	640 454	59 735	700 189	685 522
<b>Current payments</b>							
Compensation of employees	281 945	245 816	203 946	268 369	778	269 147	264 426
Goods and services	357 218	413 472	386 504	372 085	58 957	431 042	421 096
Financial transactions in assets and liabilities	–	–	47 390	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 847 265</b>	<b>2 011 864</b>	<b>1 877 980</b>	<b>2 424 187</b>	<b>190 479</b>	<b>2 614 666</b>	<b>2 443 891</b>
Provinces and municipalities	100 729	139 510	93 538	120 654	43 501	164 155	94 126
Departmental agencies and accounts	755 116	564 794	523 520	956 344	4 994	961 338	916 278
Public corporations and private enterprises	900 266	1 215 205	1 234 960	1 318 119	145 689	1 463 808	1 408 803
Foreign governments and international organisations	22 000	22 000	18 784	23 240	(2 900)	20 340	19 660
Non-profit institutions	69 154	70 355	5 500	5 830	(1 709)	4 121	4 120
Households	–	–	1 678	–	904	904	904
<b>Payments for capital assets</b>	<b>13 669</b>	<b>10 937</b>	<b>6 076</b>	<b>11 690</b>	<b>6 011</b>	<b>17 701</b>	<b>16 120</b>
Machinery and equipment	13 669	10 937	5 826	11 690	5 346	17 036	15 455
Software and intangible assets	–	–	250	–	665	665	665
<b>Total</b>	<b>2 500 097</b>	<b>2 682 089</b>	<b>2 521 895</b>	<b>3 076 331</b>	<b>256 225</b>	<b>3 332 556</b>	<b>3 145 533</b>

**Table 32.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>A. Permanent and full-time contract employees</b>							
Compensation (R thousand)	219 053	200	245	269 147	300 929	315	331
		161	816			205	375
Unit cost (R thousand)	260	214	263	258	277	281	287
Compensation as % of total	100.0%	100.0%	99.6%	99.2%	98.7%	98.9%	98.8%
Personnel numbers (head count)	841	934	934	1 044	1 085	1 120	1 153
<b>B. Part-time and temporary contract employees</b>							
Compensation (R thousand)	–	–	–	–	1 783	1 114	1 251
Unit cost (R thousand)					61	38	42
Compensation as % of total					0.6%	0.3%	0.4%
Personnel numbers (head count)	–	–	–	–	29	29	30

Table 32.B Summary of personnel numbers and compensation of employees (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>C. Interns</b>							
Compensation of interns (R thousand)	–	90	1 026	2 106	2 276	2 461	2 687
Unit cost (R thousand)		23	54	54	78	88	93
Number of interns	–	4	19	39	29	28	29
<b>Total for department</b>							
Compensation (R thousand)	219 053	200 251	246 842	271 253	304 988	318 780	335 313
Unit cost (R thousand)	260	213	259	250	267	271	277
Personnel numbers (head count)	841	938	953	1 083	1 143	1 177	1 212

Table 32.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Training and staff development</b>							
Expenditure (R thousand)	3 078	9 841	3 668	12 183	10 227	10 689	11 080
Number of employees trained (head count)	655	1 017	1 267	790	262	272	274
<b>Bursaries (employees)</b>							
Expenditure (R thousand)	938	961	650	700	2 008	2 099	2 065
Number of employees (head count)	33	70	121	117	72	71	61
<b>Total</b>	<b>4 016</b>	<b>10 802</b>	<b>4 318</b>	<b>12 883</b>	<b>12 235</b>	<b>12 788</b>	<b>13 145</b>
<b>Number of employees</b>	<b>688</b>	<b>1 087</b>	<b>1 388</b>	<b>907</b>	<b>334</b>	<b>343</b>	<b>335</b>

Table 32.D Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
			2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand									
<b>Foreign</b>									
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	103 000	118 500	136 600	–
<b>Total</b>			<b>287 059</b>	<b>151 272</b>	<b>145 188</b>	<b>231 333</b>	<b>246 833</b>	<b>264 933</b>	<b>–</b>

**Table 32.E Summary of expenditure on infrastructure**

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	Audited outcome				2005/06	2006/07	2007/08
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Infrastructure transfers to other spheres, agencies and departments</b>							
Coega Industrial Development Zone	58 200	122 567	55 375	115 675	345 012	510 263	635 636
East London Industrial Development Zone	–	–	37 668	27 934	58 200	88 610	154 030
Richards Bay Industrial Development Zone	–	–	–	20 000	18 800	29 240	44 690
Critical Infrastructure Programme	–	41 915	–	105 031	69 930	73 427	77 005
<b>Total</b>	<b>58 200</b>	<b>164 482</b>	<b>93 043</b>	<b>268 640</b>	<b>491 942</b>	<b>701 540</b>	<b>911 361</b>

**Table 32.F Summary of departmental public-private partnership projects**

R thousand	Total cost of project	Budget expenditure	Medium-term expenditure estimate		
		2005/06	2006/07	2007/08	2008/09
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>94 359</b>	<b>116 699</b>	<b>123 023</b>	<b>129 174</b>	<b>135 633</b>
PPP unitary charge	94 359	116 699	123 023	129 174	135 633
<b>Total</b>	<b>94 359</b>	<b>116 699</b>	<b>123 023</b>	<b>129 174</b>	<b>135 633</b>

1. Only projects that have received Treasury Approval: 1