

Vote 32

Trade and Industry

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	361 367	366 901	383 863
International Trade and Economic Development	140 680	147 536	154 733
Enterprise and Industry Development	1 769 219	1 570 283	1 642 806
Consumer and Corporate Regulation	147 098	153 996	161 338
The Enterprise Organisation	2 082 806	2 062 195	2 576 353
Trade and Investment South Africa	260 111	279 355	280 278
Marketing	84 302	87 098	92 052
Total	4 845 583	4 667 364	5 291 423
Direct charges against the National Revenue Fund	–	–	–
Total expenditure estimates	4 845 583	4 667 364	5 291 423
Economic classification			
Current payments	871 828	915 289	943 601
Transfers and subsidies	3 956 163	3 737 296	4 330 556
Payments for capital assets	17 592	14 778	17 266
Total expenditure estimates	4 845 583	4 667 364	5 291 423
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 greater awareness of the department's products and services.

Strategic overview: 2003/04 – 2009/10

The South African economy is currently experiencing record levels of consumer and business confidence underpinned by low inflation, low interest rates and the lowest budget deficit in decades. This is due in part to raised investment levels, increased labour absorption, broadened economic participation, and increased competitiveness. Over the medium term, the Department of Trade and Industry will continue to focus on interventions in the economy which include:

- promoting the co-ordinated implementation of the Accelerated and Shared Growth Initiative for South Africa (ASGISA)
- raising the level of exports and promoting equitable global trade
- promoting direct investment and growth in the industrial and services economy, with particular focus on employment creation
- contributing to Africa's development and regional integration within the New Partnership for Africa's Development (NEPAD) framework
- promoting broader participation, equity and redress in the economy.

Key policy developments

The following policy initiatives will support the Department of Trade and Industry's strategic objectives listed above:

National industrial policy framework

As a key component of ASGISA, the department has developed a national industrial policy framework, which has recently been approved by Cabinet. The objectives of the framework are to promote diversification, facilitate progression up the value chain and foster growth in labour intensive sectors of the economy. The policy aims to promote the growth of a strong local industrial and service economy. Implementing the policy will entail a range of incentives and interventions focused on job creation, investment and growth.

An annual industrial policy action plan that identifies priority areas will guide implementation. Greater co-ordination between the different departments will be pursued through the economic cluster in order to overcome co-ordination failures in implementing industrial policy.

The national industrial policy framework will guide other key components of the Department of Trade and Industry's programme going forward.

Sector strategies

Industrial policy work will now focus on: implementing sector strategies, including those that have been finalised, such as business process outsourcing; identifying action plans in sectors that have been identified as priority sectors, such as capital goods; and identifying further sectors for intervention.

Regulation for growth

The department will put in place a range of regulations and legislation with the objective of contributing to an environment conducive to growth. This will include the Companies Bill and amendments to competition regulations.

Enterprise development and broad based black economic empowerment

The department will continue implementing strategies in support of enterprise development, focusing on: greater access to micro-finance and finance at the lower end of the spectrum; the rollout of infrastructure that provides financial support, such as the expansion of Khula; and the rollout of SEDA as a provider of non-financial support with an expanded infrastructure to enable improved delivery.

Some of the interventions considered will include: preferential procurement options, a retail strategy for small and micro enterprises, investigating support for marketing co-operatives, and strengthening state backing for financial and non-financial small enterprise support.

To contribute to more inclusive economic growth, the department will continue implementing the strategy and legislation on broad based BEE, focusing on the recently gazetted codes of good practice, the sector charters, as well as the establishment of the BEE Advisory Council.

Trade and investment

Expanding trade and investment is critical to realising the objectives of ASGISA. In this regard the department will focus on strategies to diversify and raise levels of exports as well as promote foreign direct investment. Furthermore, the department will engage in a range of market access initiatives, in particular to contribute to the successful conclusion of the Doha round of trade negotiations, as well as undertaking negotiations for free trade agreements with key countries such as China, India and African countries.

Outcomes

Consistent with the objectives of ASGISA, the outcomes the department seeks to realize are: an increase in manufacturing growth supported by sector strategies and increased industrial financing; broader economic inclusion; growth in investment rates; increased foreign direct investment; growth in exports; growth in employment; and overall growth in line with the ASGISA target of 6 per cent.

Expenditure estimates

Table 32.1 Trade and Industry

Programme	Audited outcome			Adjusted	Revised	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	appropriation	estimate	2007/08	2008/09	2009/10
R thousand				2006/07				
1. Administration	209 552	233 810	257 550	323 070	313 070	361 367	366 901	383 863
2. International Trade and Economic Development	85 406	106 226	106 947	133 067	133 067	140 680	147 536	154 733
3. Enterprise and Industry Development	707 229	778 063	1 205 155	1 632 793	1 632 793	1 769 219	1 570 283	1 642 806
4. Consumer and Corporate Regulation	115 114	99 584	103 132	153 407	153 407	147 098	153 996	161 338
5. The Enterprise Organisation	782 993	910 736	1 026 717	1 470 101	1 380 101	2 082 806	2 062 195	2 576 353
6. Trade and Investment South Africa	370 616	256 085	284 282	174 253	174 253	260 111	279 355	280 278
7. Marketing	78 319	137 391	72 657	55 338	55 338	84 302	87 098	92 052
Total	2 349 229	2 521 895	3 056 440	3 942 028	3 842 028	4 845 583	4 667 364	5 291 423
Change to 2006 Budget estimate				276 116	176 116	888 000	340 000	

Economic classification

Current payments	529 464	637 839	585 293	790 635	790 635	871 828	915 289	943 601
Compensation of employees	200 161	203 946	230 555	303 434	303 434	323 457	343 223	358 555
Goods and services	329 303	386 504	333 911	487 201	487 201	548 371	572 067	585 046
<i>of which:</i>								
Communication	13 671	12 890	13 674	16 484	16 484	17 598	18 578	19 539
Computer services	7 859	9 008	11 492	8 825	8 825	9 716	10 127	10 658
Consultants, contractors and special services	62 909	209 984	89 098	250 194	250 194	272 059	269 535	293 036
Inventory	7 844	12 520	9 100	7 540	7 540	10 360	10 849	11 133
Maintenance, repairs and running costs	5 685	4 921	1 490	2 021	2 021	2 356	2 443	2 673
Operating leases	12 332	16 501	17 065	13 754	13 754	20 487	21 655	23 228
Travel and subsistence	43 266	37 090	50 633	66 298	66 298	61 843	64 486	80 981
Advertising	8 075	28 879	7 776	11 234	11 234	12 767	14 190	13 310
Municipal services	684	718	775	–	–	986	1 048	–
Financial transactions in assets and liabilities	–	47 390	20 827	–	–	–	–	–
Transfers and subsidies	1 803 465	1 877 980	2 465 329	3 119 065	3 029 065	3 956 163	3 737 296	4 330 556
Provinces and municipalities	465	495	578	58 434	58 434	–	–	–
Departmental agencies and accounts	529 545	563 020	947 919	1 389 985	1 389 985	1 466 059	1 264 255	1 318 505
Public corporations and private enterprises	1 246 082	1 288 503	1 498 286	1 639 099	1 549 099	2 465 707	2 447 349	2 980 765
Foreign governments and international organisations	17 873	18 784	13 721	25 780	25 780	22 037	23 217	28 689
Non-profit institutions	9 500	5 500	4 120	4 747	4 747	2 360	2 475	2 597
Households	–	1 678	705	1 020	1 020	–	–	–
Payments for capital assets	16 300	6 076	5 818	32 328	22 328	17 592	14 778	17 266
Buildings and other fixed structures	–	–	–	6 006	6 006	–	–	–
Machinery and equipment	16 300	5 826	5 818	24 540	14 540	15 720	12 816	15 171
Software and other intangible assets	–	250	–	1 782	1 782	1 872	1 962	2 095
Total	2 349 229	2 521 895	3 056 440	3 942 028	3 842 028	4 845 583	4 667 364	5 291 423

Expenditure trends

Expenditure increased steadily from R2,3 billion in 2003/04 to R3,9 billion in 2006/07, an average annual increase of 18,9 per cent. It is expected to rise further over the MTEF period to reach R5,3 billion in 2009/10, an average annual increase of 11,3 per cent from 2006/07.

The major increases in the department's budget allocations over the MTEF period are under programme 3 (*Enterprise and Industry Development*), as a result of the recapitalisation of the National Empowerment Fund and an increase in funding to the Small Enterprise Development Agency for rolling out services to the

provinces. Programme 5 (*The Enterprise Organisation*) also had higher expenditure, because of contributions to the three industrial development zones: Coega (including additional funding for the new Alcan aluminium smelter to be established in 2007/08), East London and Richards Bay. Most of this expenditure is through transfers and subsidies, which make up 82 per cent of total expenditure in 2007/08.

Infrastructure spending

Infrastructure spending relates primarily to the critical infrastructure programme and the industrial development zones (IDZs).

R850 million has been spent on infrastructure development in the Coega IDZ, including water, sewers, electricity, facilities and services. 11 796 people have been employed and three investors will be involved in the textiles, chemicals and automotive sectors with a total combined investment value of R3,2 billion. A power supply deal has been signed between Alcan and Eskom for a 25-year period for an aluminium smelter. An estimated investment of R20 billion is expected for this smelter project. The allocations towards Coega will increase from R215 million in 2006/07 to R866 million in 2009/10, an average annual increase of 59,1 per cent.

An earmarked amount of R300 million has been made available in 2007/08 for constructing the Alcan aluminium smelter.

19 infrastructure projects have been undertaken with a combined value of R220 million in the East London IDZ, including internal storm water systems, electrical power lines and underground electrical cables, fencing and walling, water and sewerages systems. Two investors will put R156 million into this IDZ. 380 jobs have been created so far. The East London IDZ received R188,2 million in 2006/07, which will increase to R251,1 million in 2009/10, an average annual increase of 10,1 per cent.

Basic infrastructure such as water and sewerage systems, telecoms and power lines already exist in the Richard's Bay IDZ. One foreign investor has already signed up and the first custom controlled area investor is to locate to the IDZ (Tata ferrochrome smelter). The value of the investment is R650 million. Richards Bay IDZ will receive R29,2 million in 2007/08, increasing over the MTEF period to R68,9 million in 2009/10.

In 2006/07, infrastructure developments in the Coega Development Corporation resulted in two critical infrastructure programme (CIP) claims being paid, with a value of R16,1 million. Five CIP claims related to the East London IDZ were paid, with a value of R33,1 million. For private enterprises, five projects with R6,5 billion of qualifying infrastructure and an investment value of R16,4 billion were approved. Seven claims were paid to a value of R15,5 million. R79,9 million was made available for the CIP in 2006/07, which will increase to R80,8 million in 2009/10.

Science and technology expenditure

The DTI supports the Technology and Human Resources for Industry Programme (THRIP), which fosters collaboration between industry and higher education institutions in technology and human development by offering financial support for research and development projects. The DTI also supports the Support Programme for Industrial Innovation (SPII), which offers financial support for the development of innovative, competitive products and processes. This is in the form of a grant or repayable grant, depending on the company size and project.

Scientific and technological innovation (STI) is the transformation of an idea into a new or improved product, a new or improved operational process, or a new approach to a social service. The aim is to: improve the competitiveness of South African industry by supporting research and technology development activities and improving the quality and increasing the quantity of appropriately skilled people; contribute to the increase in number and improved quality of people with appropriate skills in the development and management of technology industry; stimulate industry and government to increase their investment in research and technology development, technology diffusion and the promotion of innovation; increase the participation of blacks and women in science and technology; and increase participation by SMMEs.

Scientific and technological innovation (STI) expenditure

R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
STI	218	222	224	154	201	213	225
Total	218	222	224	154	201	213	225

Departmental receipts

A large portion of departmental receipts for 2005/06 came from debt settlements relating to the incentive schemes, as well as dividends on A and B shares to the value of R60 million received from the Industrial Development Corporation. Other receipts are of a miscellaneous nature, and include debts recovered from employees and fees related to liquor licences. An over recovery on fines, penalties and forfeits for 2006/07 is anticipated, due to penalties imposed by the Competition Commission. Over the medium term, departmental receipts are expected to increase from R123,5 million in 2006/07 to R138,3 million in 2009/10, an average annual increase of 3,9 per cent.

Table 32.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Departmental receipts	80 014	166 969	203 288	123 500	130 100	136 605	138 340
Sales of goods and services produced by department	7 000	21 042	3 566	3 000	3 150	3 307	3 340
Transfers received	–	72 914	38 767	–	–	–	–
Fines, penalties and forfeits	–	–	47 543	–	–	–	–
Interest, dividends and rent on land	62 553	66 452	75 017	82 500	81 950	86 047	86 500
Financial transactions in assets and liabilities	10 461	6 561	38 395	38 000	45 000	47 250	48 500
Total	80 014	166 969	203 288	123 500	130 100	136 605	138 340

Programme 1: Administration

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

Expenditure estimates

Table 32.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Minister ¹	747	788	799	847	895	940	987
Deputy Minister ²	552	545	609	688	727	764	802
Deputy Minister ³	–	–	608	688	727	764	802
Ministry	14 997	13 917	19 603	26 700	22 784	23 832	25 024
Office of the Director-General	29 084	33 775	28 251	53 367	78 363	76 460	80 283
Corporate Services	153 388	180 039	201 276	235 230	251 871	257 681	269 182
Government Motor Transport	–	–	1 268	1	–	–	–
Property Management	10 784	4 746	5 136	5 549	6 000	6 460	6 783
Total	209 552	233 810	257 550	323 070	361 367	366 901	383 863
Change to 2006 Budget estimate				(3 732)	27 175	31 938	

1. Payable as from 1 April 2006. Salary: R675 781. Car allowance: R168 945.

2. Payable as from 1 April 2006. Salary: R549 264. Car allowance: R137 315.

3. Payable as from 1 April 2006. Salary: R549 264. Car allowance: R137 315.

Table 32.3 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	188 578	223 225	248 927	296 487	342 375	350 451	366 643
Compensation of employees	46 226	52 012	56 947	67 262	74 832	79 392	84 974
Goods and services	142 352	171 063	191 980	229 225	267 543	271 059	281 669
<i>of which:</i>							
<i>Communication</i>	1 296	1 190	10 418	13 417	14 180	14 844	15 809
<i>Computer services</i>	6 937	7 849	10 332	6 871	7 210	7 533	8 023
<i>Consultants, contractors and special services</i>	50 171	125 168	36 633	149 213	167 878	160 325	170 746
<i>Inventory</i>	1 920	2 266	3 780	3 761	4 079	4 285	4 564
<i>Maintenance, repairs and running costs</i>	3 583	3 731	492	931	1 007	1 056	1 125
<i>Operating leases</i>	11 335	6 009	8 024	8 032	14 766	15 795	16 822
<i>Travel and subsistence</i>	14 411	8 171	14 678	16 822	17 076	17 849	19 009
<i>Municipal services</i>	684	718	775	–	986	1 048	–
Financial transactions in assets and liabilities	–	150	–	–	–	–	–
Transfers and subsidies	7 302	7 694	5 349	5 499	5 250	5 719	6 117
Provinces and municipalities	141	153	166	29	–	–	–
Departmental agencies and accounts	161	191	41	–	–	–	–
Public corporations and private enterprises	7 000	7 000	5 000	5 000	5 250	5 719	6 117
Households	–	350	142	470	–	–	–
Payments for capital assets	13 672	2 891	3 274	21 084	13 742	10 731	11 103
Buildings and other fixed structures	–	–	–	6 006	–	–	–
Machinery and equipment	13 672	2 816	3 274	13 408	11 988	8 898	9 152
Software and other intangible assets	–	75	–	1 670	1 754	1 833	1 951
Total	209 552	233 810	257 550	323 070	361 367	366 901	383 863

Details of major transfers and subsidies:

Departmental agencies and accounts							
Current	161	191	41	–	–	–	–
Diplomacy, Intelligence, Defence and Trade Education Training Authority	161	191	41	–	–	–	–
Public corporations							
Other transfers							
Current	7 000	7 000	5 000	5 000	5 250	5 719	6 117
Industrial Development Corporation: Fund for research into industrial development, growth and equity	7 000	7 000	5 000	5 000	5 250	5 719	6 117

Expenditure trends

Expenditure increases steadily over the seven-year period, from R209,6 million in 2003/04 to R383,9 million in 2009/10, at an average annual rate of 10,6 per cent. The largest growth is in the *Corporate Services* subprogramme for increased costs for the department's public-private partnership in the DTI campus, where office accommodation and facilities management services are being provided to the department and its public entities.

An additional allocation of R22 million over the MTEF period is for salary adjustments and various electronic systems.

Programme 2: International Trade and Economic Development

The *International Trade and Economic Development (ITED)* 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 to 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 appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
International Trade Development	33 078	44 979	29 375	50 362	46 675	48 896	53 757
African Economic Development	11 951	17 419	31 114	33 460	38 298	40 213	39 662
International Trade Administration	40 377	43 828	46 458	49 245	55 707	58 427	61 314
Total	85 406	106 226	106 947	133 067	140 680	147 536	154 733
Change to 2006 Budget estimate				3 848	5 000	5 244	
Economic classification							
Current payments	33 515	45 721	36 124	55 325	61 698	64 700	63 535
Compensation of employees	19 000	19 181	22 049	35 538	36 415	38 185	40 070
Goods and services	14 515	10 376	14 075	19 787	25 283	26 515	23 465
of which:							
Communication	550	409	705	871	810	849	887
Consultants, contractors and special services	–	117	166	1 098	519	600	902
Inventory	591	263	493	651	442	457	478
Operating leases	84	72	49	26	38	40	64
Travel and subsistence	8 391	7 217	10 517	12 744	9 064	9 455	17 218
Financial transactions in assets and liabilities	–	16 164	–	–	–	–	–
Transfers and subsidies	51 831	60 346	70 508	77 201	78 498	82 329	90 667
Provinces and municipalities	57	56	66	28	–	–	–
Departmental agencies and accounts	42 488	46 368	50 597	52 829	57 655	60 470	63 459
Public corporations and private enterprises	3 100	8 000	18 436	13 831	14 524	15 231	15 983
Foreign governments and international organisations	6 186	5 802	1 328	10 513	6 319	6 628	11 225
Households	–	120	81	–	–	–	–
Payments for capital assets	60	159	315	541	484	507	531
Machinery and equipment	60	159	315	525	467	484	500
Software and other intangible assets	–	–	–	16	17	23	31
Total	85 406	106 226	106 947	133 067	140 680	147 536	154 733

Table 32.4 International Trade and Economic Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	42 488	44 993	47 837	50 829	57 405	60 209	63 459
International Trade Administration Commission	40 377	43 828	46 458	49 245	55 707	58 427	61 314
ProTechnik Laboratories	2 111	1 165	1 379	1 584	1 698	1 782	2 145
Capital	–	1 375	2 760	2 000	250	261	–
ProTechnik Laboratories	–	1 375	2 760	2 000	250	261	–
Public corporations							
Other transfers							
Current	3 100	8 000	18 436	13 831	14 524	15 231	15 983
Development Bank of Southern Africa: Regional spatial development initiatives	3 100	8 000	18 436	13 831	14 524	15 231	15 983
Foreign governments and international organisations							
Current	6 186	5 802	1 328	10 513	6 319	6 628	11 225
World Trade Organisation	4 585	4 251	–	8 342	4 719	4 949	5 193
Organisation for the Prohibition of Chemical Weapons	1 601	1 551	1 328	2 171	1 600	1 679	6 032

Expenditure trends

Expenditure in this programme is set to continue to increase steadily, rising from R85,4 million in 2003/04 to an expected R154,7 million for 2009/10, an average annual increase of 10,4 per cent. The increase has been due mainly to the increase of the transfer payment to the International Trade Administration Commission (ITAC) for building human resource capacity by increasing the number of staff members. Transfer payments are the largest expenditure item at 55,8 per cent of the total allocation for 2007/08. The transfer payment towards the International Trade Administration Commission of South Africa (ITAC) amounts to 39,6 per cent of the total allocation for the same period. Expenditure for ITAC increased from R40,4 million in 2003/04 to R61,3 million in 2009/10, an average annual increase of 7,2 per cent. The allocation to the Development Bank of Southern Africa for regional spatial development initiatives also increased, from R3,1 million in 2003/04 to R16 million in 2009/10, an average annual increase of 31,4 per cent.

This programme will receive an additional R749 million over the MTEF period for the recapitalisation of the National Empowerment Fund and Khula, for the rollout of offices to the provinces by the Small Enterprise Development Agency, for the establishment of the new National Metrology Institute of South Africa, and for the establishment of the regional industrial development strategy.

Service delivery objectives and indicators

Recent outputs

The Southern African Customs Union - European Free Trade Area (SACU-EFTA) free trade agreement was signed in August 2006 by all SACU and EFTA states, and preparations to ratify the agreement are under way. The revised South African services offer was approved by Cabinet, but was not submitted because the Doha development agenda was suspended.

Progress on the preferential trade agreement discussions with China were delayed by the bilateral negotiations on textiles and clothing, which have resulted in the conclusion of a memorandum of understanding on clothing and textiles. The preferential trade agreement, which allows for import restrictions in 31 product categories

until December 2008, is a result of ongoing consultations between retailers, manufacturers, industry, labour and government, with a view to providing short-term relief from the surge in imports from China.

SADC heads of state reviewed the status of regional economic integration and appointed a task force of ministers of trade and of finance to consider progress on achieving the timeframes for the free trade area by 2008, and a SADC customs union by 2010. A second draft of tariff board and national body annexes was adopted by the SACU Council.

In 2006/07, ITAC adjudicated 7 234 permit applications, conducted 447 enforcement container inspections, issued 3 762 import control permits, issued 1 227 export control permits, and carried out 45 on site verifications.

Selected medium-term output targets

International Trade and Economic Development

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

Subprogramme	Output	Measure/Indicator	Target
International Trade Development	Bilateral and multilateral trade and investment agreements to improve market access globally and with key countries in the Americas, Europe and Asia	Trade co-operation agreement with US concluded	December 2007
		Advance preferential trade negotiations with India	March 2008
	Management of government to government relations and work programmes through bi-national commissions and joint ministerial commissions	Conclude SACU-Mercosur preferential trade agreement	December 2007
		Implement China MoU, including restrictions on clothing and textiles	Ongoing administration until the end of 2008
Improve integration of trade and industrial policy; tariff policy review and strengthened tariff administration	Align South African-European Union free trade agreement with SADC EPA	January 2008	
	Assessment of tariff regime	July 2007	
African Economic Development	Bilateral and regional trade and investment agreements to establish a framework for supporting African economic development	Establish interdepartmental task team for tariff administration	July 2007
		Number of bilateral agreements concluded with key countries in 2007/08	12 agreements
	Increased regional intra-Africa trade and successful technical and business missions	South African strategy for the SADC customs union approved	March 2008
Number of technical and business missions to key countries in 2007/08		15 missions	

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 four subprogrammes:

- *Industrial Competitiveness* 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 broad based BEE and gender and women empowerment policies.
- *Customised Sector Programmes* builds partnerships between government and its social partners.

Expenditure estimates

Table 32.5 Enterprise and Industry Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Industrial Competitiveness	465 890	471 611	457 911	487 948	532 057	548 563	638 324
Enterprise Development	164 588	103 408	296 993	493 575	446 491	463 755	448 642
Equity and Empowerment	70 365	177 145	425 450	604 609	744 012	506 841	489 762
Customised Sector Programmes	6 386	25 899	24 801	46 661	46 659	51 124	66 078
Total	707 229	778 063	1 205 155	1 632 793	1 769 219	1 570 283	1 642 806
Change to 2006 Budget estimate				397 876	489 530	225 400	

Table 32.5 Enterprise and Industry Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	40 226	78 144	69 906	185 347	155 814	162 609	190 863
Compensation of employees	21 678	36 703	39 541	55 264	59 582	61 782	66 921
Goods and services	18 548	41 441	30 365	130 083	96 232	100 827	123 942
<i>of which:</i>							
Communication	520	371	600	833	877	912	974
Consultants, contractors and special services	4 593	26 349	13 681	72 719	27 447	28 584	57 556
Inventory	1 116	811	1 350	1 960	1 919	2 045	1 980
Operating leases	333	89	141	152	245	252	211
Travel and subsistence	4 285	7 692	9 562	15 148	13 590	13 632	16 468
Advertising	358	280	513	1 626	3 209	3 685	3 264
Transfers and subsidies	666 503	699 334	1 134 755	1 446 564	1 612 431	1 406 610	1 450 837
Provinces and municipalities	74	108	119	81	–	–	–
Departmental agencies and accounts	368 908	441 906	833 628	1 253 722	1 319 143	1 111 127	1 156 190
Public corporations and private enterprises	281 284	248 171	294 205	183 476	286 919	288 804	287 639
Foreign governments and international organisations	6 737	3 192	2 353	4 118	4 009	4 204	4 411
Non-profit institutions	9 500	5 500	4 120	4 747	2 360	2 475	2 597
Households	–	457	330	420	–	–	–
Payments for capital assets	500	585	494	882	974	1 064	1 106
Machinery and equipment	500	571	494	882	974	1 064	1 106
Software and other intangible assets	–	14	–	–	–	–	–
Total	707 229	778 063	1 205 155	1 632 793	1 769 219	1 570 283	1 642 806

Details of major transfers and subsidies:

Departmental agencies and accounts							
Current	198 908	152 906	319 928	609 518	554 734	586 213	621 555
South African National Accreditation System	9 000	9 000	9 530	10 034	12 500	13 250	14 045
Godisa Trust	40 000	49 654	40 573	–	–	–	–
National Productivity Institute: Workplace challenge	11 408	7 000	7 420	7 865	8 258	8 660	9 087
National Metrology Institute of South Africa	34 000	39 500	34 832	36 922	46 768	49 657	52 664
National Manufacturing Advisory Centre Co-ordinating Body	80 000	37 752	–	–	–	–	–
National Empowerment Fund	24 500	10 000	40 000	66 023	100 000	107 000	116 000
Small Enterprise Development Agency: Technology programme	–	–	–	47 248	49 360	51 522	53 802
South African Micro Finance Apex Fund	–	–	–	130 000	83 999	88 093	92 445
Small Enterprise Development Agency	–	–	187 573	311 426	253 849	268 031	283 512
Capital	170 000	289 000	513 700	644 204	764 409	524 914	534 635
National Research Foundation: Technology and human resources for industry programme	135 000	139 000	143 100	149 100	154 455	161 982	169 978
National Empowerment Fund	35 000	150 000	370 600	495 104	609 954	362 932	364 657

Table 32.5 Enterprise and Industry Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Public corporations							
Other transfers							
Current	186 284	159 871	208 498	171 714	234 207	231 785	226 719
Council for Scientific and Industrial Research: Maritime industry project	–	–	–	1	1	1	1
Development Bank of Southern Africa: Community public private partnership	7 600	5 000	–	–	–	–	–
Council for Scientific and Industrial Research: Technology Transfer Centre	2 000	2 000	2 120	–	–	–	–
Council for Scientific and Industrial Research: Technology for women in business	6 000	2 500	1 860	6 404	5 884	6 171	–
Council for Scientific and Industrial Research: National Cleaner Production Centre	1 000	1 500	1 380	4 124	4 500	4 800	5 100
South African Bureau of Standards: Research contribution	91 407	98 099	102 734	126 446	132 018	139 508	143 731
Khula Enterprise Finance Limited	25 000	25 000	99 883	34 090	73 495	69 932	66 446
Ntsika Enterprise Promotion Agency	52 000	25 180	–	–	–	–	–
South African Bureau of Standards: Small business technical consulting	1 277	592	521	649	1 309	1 373	1 441
Industrial Development Corporation: Regional industrial development	–	–	–	–	7 000	–	–
Industrial Development Corporation: Women empowerment fund	–	–	–	–	10 000	10 000	10 000
Capital	95 000	88 300	84 743	10 702	52 712	57 019	60 920
Industrial Development Corporation: Support programme for industrial innovation	83 000	83 000	80 980	5 000	46 881	51 017	55 411
Council for Scientific and Industrial Research: Technology transfer capital guarantee fund	2 000	2 000	–	–	–	–	–
Council for Scientific and Industrial Research: Technology venture capital	10 000	3 000	–	1	5 830	6 001	5 508
Council for Scientific and Industrial Research: Aerospace industry	–	300	3 763	5 701	1	1	1
Private enterprises							
Other transfers							
Current	–	–	964	1 060	–	–	–
National Automotive Industrial Development Centre	–	–	964	1 060	–	–	–
Foreign governments and international organisations							
Current	6 737	3 192	2 353	4 118	4 009	4 204	4 411
United Nations Industrial Development Organisation	6 737	3 192	2 353	4 118	4 009	4 204	4 411
Non-profit institutions							
Current	9 500	5 500	4 120	4 747	2 360	2 475	2 597
National Co-operatives Association of South Africa	3 500	3 500	–	–	–	–	–
Proudly South African campaign	4 000	–	–	–	–	–	–
South African Women Entrepreneurs' Network	2 000	2 000	4 120	4 747	2 360	2 475	2 597

Expenditure trends

Expenditure increases from R707,2 million in 2003/04 to an anticipated R1,6 billion in 2009/10, an average annual increase of 15,1 per cent. More than 90 per cent of the programme's expenditure consists of transfer payments to various institutions and programmes. The major transfers are to the National Empowerment Fund, the Small Enterprise Development Agency, and to the South African Bureau of Standards. The South African Micro Apex Fund (SAMAF) came into operation in April 2006 to address access to affordable financial services for the poor, and will receive R84 million in 2007/08, increasing to R92,4 million in 2009/10, an average increase of 4,9 per cent. The National Metrology Laboratory, presently a centre of the CSIR, will become an independent public entity in 2007/08, to be named the National Metrology Institute of South Africa. Its allocations thus increase from R36,9 million in 2006/07 to R52,7 million in 2009/10.

Service delivery objectives and indicators

Recent outputs

The national industrial policy framework has been finalised and approved by Cabinet, paving the way for its implementation in the form of identification of priority of sectors and other interventions. One of the key strategic areas of interventions within the framework is the draft regional industrial development strategy, whose objective is to develop a set of interventions and support measures to deal with regional disparities and economic decline in small towns.

The framework also played a leading role in the facilitation and implementation of ASGISA initiatives, such as business process outsourcing and strategic futuristic sectors, such as aerospace, oil and gas, paper and pulp, and services. Other interventions included working with the UN Industrial Development Organisation and other regional agencies to improve the industrial competitiveness of the economy by building key competitiveness levers, such as skills development, economic infrastructure, standards and infrastructure.

The support programme for industrial innovation supported projects worth R52 million. In addition, the Technology and Human Resources for Industry Programme supported 927 researchers, 2 624 students and 401 industry partners in improving research and development capability. The South African National Accreditation System accredited 134 new facilities. Standards South Africa (STANSA), a division of the South African Bureau of Standards (SABS), developed 639 new and revised standards this year. The Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Bill and the Measurement Units and Measurement Standards Bill have both been approved by Parliament.

The national industrial participation programme exceeded expectations in its first decade (1996 to 2006), with over 150 implemented projects and credits in excess of US\$7,5 billion awarded. This was primarily in the form of investments made, as well as exports generated, resulting in 12 000 direct jobs.

Support for the small enterprise sector received a boost, with procurement measures identified and tailored financing products for start up businesses launched. The National Small Business Advisory Council was established. Measures to improve outreach and access to services continued with institutions such as the South African Micro Finance Apex Fund (SAMAF) and the Small Enterprise Development Agency (SEDA) launching offices in all the provinces. Since May 2006, SAMAF disbursed approximately R8,2 million, benefiting about 9 000 savers and 1 700 micro and small enterprises.

Over the past three financial years, Khula Enterprise grew its disbursements and approvals to SMMEs by 60 per cent. Loans and advances increased from R34 million in 2002 to R137 million in 2006. Three new funds were launched and capitalised at R300 million to reach the SMME target market. The IDC played a key role in 2006/07 through investment approvals anticipated to be in excess of R6 billion, aimed at supporting businesses ranging from the Coega aluminium smelter to small enterprises. These investments will have a significant impact on job creation and regional development.

The gazetting of the codes of good practice provided further guidelines to support the broad based BEE initiatives to transform the economy. The BEE Advisory Council will be established shortly. The National Empowerment Fund has approved investments worth R590 million, of which R424 million has been disbursed.

The customised sector programmes were ratified by the various stakeholders within and outside the department. The chemical sector development strategy and programme was approved by the National Economic Development and Labour Council (NEDLAC). Sector development strategies and programmes for metals, tourism, business processing outsourcing, and textiles and clothing have been endorsed by the Department of Trade and Industry's executive board for implementation.

Selected medium-term output targets

Enterprise and Industry Development

Measurable objective: A more competitive economy per sector at 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	National industrial policy framework (NIPF) and annual industrial policy programme	Finalisation of NIPF and annual industrial policy programme	September 2007
	Industrial policy centres of excellence	Number of centres of excellence established	1 centre
	Industrial policy think tank	Think tank established	December 2007
	Strategic framework for forestry, timber and pulp industry	Approval of strategic framework	March 2008
	Regional industrial development strategy	Strategy approved	September 2007
	Technical infrastructure	Number of companies implementing cleaner production activities	10 companies
	Technical regulatory framework	Approval of the Standards Bill, and the National Regulator for Compulsory Specifications Bill	March 2008
	Support programme for industrial innovation	Number and value of projects supported	Support for 75 projects to the value of R75 million
	Technology and Human Resources for Industry Programme (THRIP)	Number of researchers assisted Number of students supported Number of enterprises supported	700 researchers 2 500 students 198 enterprises
Enterprise Development	Plans for recapitalisation of Khula to fund growth strategy	Recapitalisation plan approved	December 2007
	Khula Retail	Feasibility and business case completed	December 2007
	Co-operatives technical assistance fund	Approval of establishment of the fund	September 2007
	Co-operatives regulations	Regulations approved by Parliament	July 2007
	Co-operatives advisory board	Appointment of board members by minister	September 2007
Equity and Empowerment	Implementation of Broad-Based BEE Act and policy Women's Empowerment Fund	Operational BEE advisory council Source funding identified for fund	June 2007 March 2008
Customised Sector Programmes	Sectoral prospects	Priority sectors forecast	1 annual publication of quantitative and qualitative information for all priority sectors
	Industrial policy training programme	Number of officials enrolled and trained	20 officials trained by 30 June 2008
	Approved business plans	Number of business plans approved	7 sector development strategies and programmes and business plans approved by 31 March 2008
	Implement key action programmes	Number of key action programmes implemented	21 key action programmes implemented by end 2007/08. (chemicals 5, metals 6, clothing and textile 4, and tourism 6)

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, the National Credit Regulator, the National Consumer Tribunal and the Estate Agency Affairs Board.

Expenditure estimates

Table 32.6 Consumer and Corporate Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Policy and Legislative Development	6 099	2 709	5 787	9 072	9 376	9 800	16 370
Enforcement and Compliance	12 365	14 765	19 663	34 446	32 082	33 534	11 478
Regulatory Services	96 650	82 110	77 682	109 889	105 640	110 662	133 490
Total	115 114	99 584	103 132	153 407	147 098	153 996	161 338
Change to 2006 Budget estimate				7 052	-	-	

Economic classification

Current payments	17 991	24 740	30 778	49 151	44 205	47 043	47 481
Compensation of employees	9 369	13 128	18 705	29 479	22 707	23 764	24 875
Goods and services	8 622	11 612	12 073	19 672	21 498	23 279	22 606
<i>of which:</i>							
Communication	76	44	122	217	207	217	114
Consultants, contractors and special services	1 622	4 717	5 313	9 024	10 996	11 531	4 536
Inventory	394	467	503	414	435	456	221
Operating leases	5	12	78	1	-	-	-
Travel and subsistence	1 088	1 858	2 338	3 553	2 655	2 784	1 931
Transfers and subsidies	96 679	74 612	71 980	103 633	102 239	106 267	113 137
Provinces and municipalities	29	38	57	10	-	-	-
Departmental agencies and accounts	85 860	63 755	60 653	82 933	89 260	92 657	98 855
Public corporations and private enterprises	9 000	9 000	9 540	18 313	10 619	11 136	11 685
Foreign governments and international organisations	1 790	1 790	1 640	2 247	2 360	2 474	2 597
Households	-	29	90	130	-	-	-
Payments for capital assets	444	232	374	623	654	686	720
Machinery and equipment	444	232	374	623	654	686	720
Total	115 114	99 584	103 132	153 407	147 098	153 996	161 338

Details of major transfers and subsidies:

Departmental agencies and accounts							
Current	85 860	63 755	60 653	82 933	89 260	92 657	98 855
National Gambling Board	11 000	15 800	12 262	19 645	18 855	17 274	18 371
Competition Commission	25 923	28 177	28 240	17 434	23 221	24 000	24 824
Companies and Intellectual Property Registration Office	37 937	3 578	4 251	-	-	-	-
Competition Tribunal	-	-	-	8 000	8 670	9 909	10 851
Micro Finance Regulatory Council	11 000	16 200	15 900	-	-	-	-
National Credit Regulator	-	-	-	37 854	38 514	41 474	44 809
Public corporations							
Other transfers							
Current	9 000	9 000	9 540	18 313	10 619	11 136	11 685
South African Bureau of Standards: Trade metrology	9 000	9 000	9 540	18 313	10 619	11 136	11 685
Foreign governments and international organisations							
Current	1 790	1 790	1 640	2 247	2 360	2 474	2 597
World Intellectual Property Organisation	1 790	1 790	1 640	2 247	2 360	2 474	2 597

Expenditure trends

Expenditure for this programme increases moderately over the seven-year period, rising from R115,1 million in 2003/04 to R161,3 million in 2009/10, an average annual increase of 5,8 per cent. The major growth is in the *Regulatory Services* subprogramme, which increased from R96,7 million to R133,5 million, mainly because of

the allocation to the National Credit Regulator and the incorporation of the Micro Finance Regulatory Council into the National Credit Regulator in 2006/07. The transfer payments to the Competition Commission increased from R17,4 million in 2006/07 to R24,8 million in 2009/10, average annual growth of 12,5 per cent. The Competition Tribunal's expenditure will increase from R8 million in 2006/07 to R10,9 million in 2009/10, an average annual increase of 10,7 per cent. The National Lotteries Board and the Companies and Intellectual Property Registration Office will not receive any allocations over the MTEF period as they are financially self-sufficient.

Service delivery objectives and indicators

Recent outputs

The Companies Bill will be presented to Cabinet early in 2007, after which there will be wide public consultations. The policy on interactive gambling was tabled before the National Gambling Policy Council in November 2006 for approval. The draft National Gambling Amendment Bill was presented to Cabinet in December 2006 for approval to publish for comment. The policies on the protection of indigenous knowledge through the intellectual property system, as well as the draft bill, were compiled. The business unit has begun a review of the national lotteries to assess the effectiveness of the framework and the institutions. A review of the estate agency affairs regulatory framework is under way. The Consumer Protection Bill was published for comment and will be re-introduced into Cabinet by March 2007.

During 2006/07, 416 consumer complaints were amicably resolved within 20 days through the Office of Consumer Protection. R815 387 was recovered on behalf of consumers, while 108 reactive investigations and 32 proactive investigations were finalised. A successful education and awareness campaign was conducted through nine community radio stations, print media and outreach programmes, reaching an estimated 9 million consumers. A pyramid scheme involving about 100 consumers was reported for criminal prosecution. Various initiatives to promote voluntary compliance by industry were undertaken, including briefing sessions with organisations such as Business Unity South Africa and the National African Federated Chamber of Commerce and Industry (NAFCOC). The Office of Consumer Protection conducted successful tours to Swaziland and Botswana, to facilitate cross border enforcement in the region. The office prepared for the Organisation for Economic Co-operation and Development (OECD) capacity building seminar for SADC and domestic consumer protection partners in February 2007. Preparatory work is under way for the consumer awards, scheduled for March 2007 as part of World Consumer Rights Day.

The Office of Company and Intellectual Property Enforcement held nine workshops with the South African Police Services and the National Prosecuting Authority, and brochures and media articles were produced to create awareness of company and intellectual property law and compliance requirements. 11 workshops were held with SMMEs on counterfeiting, and workshops were held with the Musicians Union of South Africa on counterfeiting. During 2006/07, three company inspections were finalised, and 60 company complaints and 107 intellectual property complaints were resolved.

In 2006/07, the National Liquor Authority finalised 22 applications for a registration review and 58 applications for new registration. In addition, the authority has finalised up to 274 renewals and issued two advisory opinions and circulars. It also ran a radio awareness campaign via four regional radio stations, and gave 12 information sessions to over 600 stakeholders, aimed at educating the industry on the distinction between provincial and national competence on liquor industry regulation about compliance with legislative provisions.

In terms of the National Credit Act (2005), the National Credit Regulator was established in June 2006, and the National Consumer Tribunal was established in September 2006 to adjudicate cases in terms of the act. The president appointed 16 part-time members to serve on the National Consumer Tribunal. In addition, the Minister of Trade and Industry published regulations in terms of section 73 of the act for verifying, reviewing and removing consumer credit information.

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 regulations, and through efficient and fair regulatory services.

Subprogramme	Output	Measure/Indicator	Target
Policy and Legislative Development	Corporate law reform	Company Bill approved by Parliament	March 2008
	National gambling legislation	National Gambling Amendment Bill promulgated	March 2008
	Assessment of effectiveness of Liquor Act (2003)	Research report completed and workshops held	September 2007
	Review of regulatory framework for estate agents framework	Bill introduced to Parliament	March 2008
	Review of competition policy	Bill introduced to Parliament, following public comment	March 2008
	Intellectual property law reform	Research report completed	March 2008
Enforcement and Compliance	Impact assessment of lotteries	Research report completed and workshopped	March 2008
	Increased awareness	Number of awareness campaigns	40 presentations, 8 outreach initiatives, 4 exhibitions, 4 mini campaigns, 4 open days/advice weeks
	Complaints resolution	Percentage of received consumer complaints resolved	90% of complaints resolved within 20 days
	Investigations	Number of proactive and general investigations completed	15 investigations
	Cross-border enforcement	Terms of reference of SADC consumer protection forum completed	March 2008
	Study on capacity building needs and funding mechanism	Report on study and funding strategy developed	March 2008
	Awareness of company and intellectual property law	Number of workshops and other information to SMMEs, paralegals; industry associations, universities; brochures and media campaigns	6 workshops, 1 brochure and 3 media campaigns
	Training	Educational material based on research on counterfeit goods developed and available	September 2007
		Number of workshops with prosecutors, SAPS, SARS and the DTI	6 workshops
	Company inspections	Number of inspections by inspectors appointed by minister with a turnaround time of 18 months	8 inspections
	Intellectual property complaints	Number of intellectual property complaints finalised within an average turnaround time of 90 days	200 complaints finalised
	Registration of macro-manufacturers and distributors of liquor	Number of registration certificated issued	120 certificates
	National liquor register	Website access to register	June 2008
Regulatory Services	Capacity building of investigators	Percentage of investigators trained in aspects of forensic investigation and alternative dispute resolution by August 2007	90% of investigators
	Establishment of new regulatory agencies	Companies Commission operational Consumer Commission operational	April 2009 April 2009

Programme 5: The Enterprise Organisation

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

There are three subprogrammes:

- *Incentive Administration* manages and implements existing business support incentive schemes.
- *New Incentive Development* develops packages of incentives to support the industrial policy and sector strategies.
- *Business Development and After-Care* facilitates access to targeted groups

Expenditure estimates

Table 32.7 The Enterprise Organisation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Incentive Administration	782 993	910 550	1 016 791	1 459 638	2 068 094	2 046 814	2 560 201
New Incentive Development	–	42	2 262	2 543	3 248	3 397	3 449
Business Development and After-Care	–	144	7 664	7 920	11 464	11 984	12 703
Total	782 993	910 736	1 026 717	1 470 101	2 082 806	2 062 195	2 576 353
Change to 2006 Budget estimate				49 932	459 129	184 330	

Economic classification

	40 668	42 156	36 709	48 415	54 582	58 970	59 975
Current payments							
Compensation of employees	28 400	29 043	26 893	34 966	39 864	43 537	43 773
Goods and services	12 268	13 113	9 816	13 449	14 718	15 433	16 202
<i>of which:</i>							
Communication	153	80	160	350	408	418	445
Computer services	856	890	909	1 236	1 440	1 476	1 572
Consultants, contractors and special services	3 496	6 061	2 989	5 411	6 950	7 124	7 351
Inventory	699	703	560	575	670	686	731
Operating leases	233	49	67	159	167	175	186
Travel and subsistence	2 620	2 653	2 112	2 403	2 800	2 870	3 057
Transfers and subsidies	741 702	868 164	989 807	1 420 808	2 027 827	2 002 810	2 515 936
Provinces and municipalities	85	84	83	58 269	–	–	–
Public corporations and private enterprises	741 617	867 801	989 703	1 362 539	2 027 827	2 002 810	2 515 936
Households	–	279	21	–	–	–	–
Payments for capital assets	623	416	201	878	397	415	442
Machinery and equipment	623	409	201	878	397	415	442
Software and other intangible assets	–	7	–	–	–	–	–
Total	782 993	910 736	1 026 717	1 470 101	2 082 806	2 062 195	2 576 353

Details of major transfers and subsidies:

Provinces							
Capital	–	–	–	58 200	–	–	–
Industrial Development Zones	–	–	–	58 200	–	–	–
Public corporations							
Other transfers							
Capital	160 665	93 043	76 555	379 812	628 113	834 356	1 185 987
Coega Development Corporation	122 567	55 375	58 873	215 012	510 263	635 636	865 951
East London Industrial Development Zone (Pty) Limited	38 098	37 668	17 682	130 000	88 610	154 030	251 131
Richards Bay Industrial Development Zone Company	–	–	–	34 800	29 240	44 690	68 905
Private enterprises							
Subsidies on production or products							
Current	472 380	612 756	789 624	776 892	888 337	948 104	1 076 276
Small and medium manufacturing development programme	100 313	47 163	24 561	11 000	8 746	9 661	1 157
Enterprise development	353 997	561 688	723 764	598 636	628 569	659 201	691 744
Manufacturing development programme incentives	16 100	3 905	–	1	1	1	–
Industrial development zones: Other	1 970	–	–	4 854	10 000	10 000	19 475
Business process outsourcing	–	–	–	70 000	40 000	60 000	151 000
Film and television production incentive	–	–	41 299	72 400	176 020	179 240	182 899
Staple food fortification programme	–	–	–	20 001	15 001	10 001	1
Sector development programme	–	–	–	–	10 000	20 000	30 000

Table 32.7 The Enterprise Organisation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Other transfers							
Current	100 399	127 006	98 578	125 905	137 950	143 345	172 866
Export market and investment assistance	59 970	85 706	81 813	91 971	97 569	101 484	109 432
Competitiveness fund	21 998	16 606	382	–	–	–	–
Sector partnership fund	15 440	12 702	440	–	–	–	–
Black business supplier development programme	2 991	11 992	15 943	25 000	26 250	27 529	28 888
Micro-investor fund	–	–	–	1	1	1	1
South African capital goods feasibility study fund	–	–	–	5 001	1	1	1
Co-operatives incentive scheme	–	–	–	3 932	14 129	14 330	34 544
Capital	8 173	34 996	24 946	79 930	373 427	77 005	80 807
Critical infrastructure programme	8 173	34 996	24 946	79 930	73 427	77 005	80 807
Critical infrastructure programme: ALCAN aluminium smelter	–	–	–	–	300 000	–	–

Expenditure trends

The *Enterprise Organisation* programme's expenditure for 2007/08 is approximately 43 per cent of the department's expenditure for the year. It increases significantly over the seven-year period, rising from R783 million in 2003/04 to R2,6 billion in 2009/10, an average annual increase of 22 per cent, mainly as a result of increased funding for the small and medium enterprise development programme, the critical infrastructure programme and the three industrial development zones. Funding for the IDZs increased from R160,7 million in 2003/04 to R1,2 billion in 2009/10, an average annual increase of 39,5 per cent.

Between 2006/07 and 2009/10, average annual growth of 20,6 per cent is expected, which relates primarily to commitments to the small and medium enterprise development programme (4,9 per cent), the IDZs (46,2 per cent), and the film and television production rebate scheme (36,2 per cent).

An additional allocation of R875 million over the MTEF period is to support incentive programmes for business process outsourcing, staple food fortification, film and television production, and sector development. R300 million has been allocated in 2007/08 for infrastructure for the Alcan aluminium smelter in the Coega IDZ.

Service delivery objectives and indicators

Recent outputs

Since the inception of the small and medium enterprise development programme in October 2000, 9 126 enterprises have received assistance and by November 2006, 1 913 new applications were approved. The value of investment in new and expansion projects is R9,4 billion, and the incentives committed to these projects amount to R1,9 billion. The projected number of jobs to be created is 38 786.

537 applications to the black business supplier development programme were approved by November 2006, with an incentive value of R27,1 million.

286 firms with a value of R12,6 million were approved by November 2006 under the export market and investment assistance individual participation project, of which 69 per cent were SMMEs, 5 per cent black owned, and 13,2 per cent women owned.

One project valued at R5 million was approved by the South African capital goods feasibility study.

19 projects valued at R8 million were approved by the sector specific assistance scheme.

The amendments to the IDZ programme issued under section 10 of the Manufacturing Development Act (1993) have been gazetted, and a final IDZ operator's permit has already been issued for the East London IDZ. An IDZ policy is being developed for closer intergovernmental co-operation, and the IDZ Bill has been drafted to regulate the actions of the various government departments involved in developing the zones.

The strategic industrial projects programme expired in July 2005, so no new applications were received, but additional industrial investment allowances worth R10 billion were approved for 45 projects. Their estimated investment value is R28,7 billion, and they will create 8 446 direct jobs and an estimated 104 545 indirect jobs. It is estimated that they will spend R985 million on infrastructure, and R5,2 billion of services and materials will be provided by SMMEs.

Nine applications for film and television production incentives had been received by November 2006. Eight claims were paid, valued at R53,7 million. Research is under way to replace the current incentive programme with two new programmes: one for small local productions and one for large foreign productions.

The launch of the business process outsourcing and offshoring incentive is anticipated in 2007. The incentive is offered to local and foreign investors for projects that aim primarily to serve offshore clients, and comprises a grant for approved, qualifying projects for starting and expanding operations.

237 royalty agreements/licences were approved by November 2006, of which 110 were new royalty agreements.

By November 2006, the business development unit had helped 10 354 entrepreneurs with access to various incentives. 248 network consultants were trained to facilitate applications from SMMEs and historically disadvantaged individuals. A client referral system was established by forming more than 55 partnerships with stakeholders and economic service providers for improved geographic spread and access to the department's incentives. The unit responded to 11 736 walk in and electronic enquiries about incentive schemes.

The Enterprise Development Bill was drafted in 2004, and The Enterprise Organisation is waiting for approval of the regional industrial development programme to make sure that the bill is aligned with this important policy before presenting it for Cabinet's approval. The bill is intended to create an enabling regulatory framework for developing and administering economic incentives and other measures for supporting enterprises.

Selected medium-term output targets

The Enterprise Organisation

Measurable objective: Efficient and effective administration of enterprise support measures.

Subprogramme	Output	Measure/Indicator	Target
Incentive Administration	Export market and investment assistance	Number of companies assisted	205 companies
	Film and television production rebates	Number of film and television productions approved	60 small local productions and 32 large foreign productions
	Black business supplier development programme	Number of projects approved and number of claims paid	1 320 projects approved and 1 220 claims paid
	Enterprise development	Number of applications approved and claims paid	2 000 applications approved and 3 000 claims paid
	Critical infrastructure programme administration and management	Number of applications approved and claims paid	8 applications approved and 6 claims paid
	Developmental electricity pricing programme (DEPP) administration and management	Value of investment in infrastructure projects Number of applications adjudicated and claims paid Value of investment projects supported by the DEPP	R500 million 3 applications adjudicated and 2 claims paid R2 billion

Subprogramme	Output	Measure/Indicator	Target
	Industrial development zones (IDZs) - regulation and administration	Conclude collaboration agreements between stakeholders on the IDZ programme at national level, and between three spheres of government. Richards Bay IDZ: Bulk infrastructure development Coega IDZ: Investor driven infrastructure such as top structures/ factories/buildings, bulk water and electricity supply, zone infills dedicated for specific investors East London (IDZ): Investor driven infrastructure for automotive supplier park, top structures/ factories/ buildings, bulk water and electricity supply	August 2007 March 2008 March 2008 March 2008
New Incentive Development	Package of new incentives and Enterprise Development Bill	Cabinet approval obtained Design and rollout of incentives in line with Cabinet approval	End 2007 March 2008
Business Development and Aftercare	Business development support to enterprises	Number of presentations at targeted workshops and numbers reached	240 presentations reaching 10 354 clients

Programme 6: Trade and Investment South Africa

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

There are three subprogrammes:

- *Investment Promotion and Facilitation* increases the quality and amount of foreign and domestic direct investment.
- *Export Development and Promotion* is responsible for implementing the department's export strategy to make South Africa globally competitive in exports. This subprogramme includes contributions to the export credit reinsurance interest make-up scheme administered by the Export Credit Insurance Corporation (ECIC).
- *International Operations* manages the department's network of 43 foreign offices, responsible for promoting investment and export sales in targeted countries.

Expenditure estimates

Table 32.8 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Investment Promotion and Facilitation	114 582	58 720	35 320	35 800	27 011	32 015	34 355
Export Development and Promotion	256 034	197 365	248 962	138 453	223 050	237 282	235 862
International Operations	–	–	–	–	10 050	10 058	10 061
Total	370 616	256 085	284 282	174 253	260 111	279 355	280 278
Change to 2006 Budget estimate				(148 010)	(86 659)	(99 124)	

Table 32.8 Trade and Investment South Africa (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	133 398	111 970	90 241	108 044	129 339	144 930	123 596
Compensation of employees	65 059	43 813	56 271	64 076	72 355	77 976	78 519
Goods and services	68 339	37 081	33 970	43 968	56 984	66 954	45 077
<i>of which:</i>							
Communication	3 840	1 808	1 542	631	775	980	980
Consultants, contractors and special services	1 814	2 425	1 362	1 434	9 000	9 639	12 000
Inventory	2 225	2 345	1 680	1 706	2 177	2 250	2 530
Maintenance, repairs and running costs	1 896	1 004	985	849	1 014	1 010	1 170
Operating leases	255	10 096	8 632	5 245	5 230	5 350	5 900
Travel and subsistence	9 971	8 082	10 255	14 176	15 406	16 581	22 000
Financial transactions in assets and liabilities	–	31 076	–	–	–	–	–
Transfers and subsidies	236 566	142 686	192 898	65 353	129 918	133 561	153 862
Provinces and municipalities	47	26	55	10	–	–	–
Departmental agencies and accounts	32 128	10 800	3 000	501	1	1	1
Public corporations and private enterprises	201 231	123 531	181 402	55 940	120 568	123 649	143 405
Foreign governments and international organisations	3 160	8 000	8 400	8 902	9 349	9 911	10 456
Households	–	329	41	–	–	–	–
Payments for capital assets	652	1 429	1 143	856	854	864	2 820
Machinery and equipment	652	1 371	1 143	856	854	864	2 820
Software and other intangible assets	–	58	–	–	–	–	–
Total	370 616	256 085	284 282	174 253	260 111	279 355	280 278

Details of major transfers and subsidies:

Departmental agencies and accounts							
Current	32 128	10 800	3 000	501	1	1	1
Trade and Investment South Africa	31 000	10 800	3 000	501	1	1	1
South African Tourism Board	1 128	–	–	–	–	–	–
Public corporations							
Other transfers							
Current	177 000	100 000	155 638	51 839	120 567	123 648	143 404
Export Credit Insurance Corporation	177 000	100 000	155 638	51 839	120 567	123 648	143 404
Private enterprises							
Other transfers							
Current	24 231	23 531	25 764	4 101	1	1	1
General export incentive scheme	15 725	–	–	–	–	–	–
Youth internship programme	8 506	10 741	557	–	–	–	–
Aichi exposition	–	12 790	25 207	4 101	1	1	1
Foreign governments and international organisations							
Current	3 160	8 000	8 400	8 902	9 349	9 911	10 456
Export consultancy trust fund: International Bank for Reconstruction and Development (World Bank)	1 580	4 000	4 200	4 451	4 675	4 956	5 228
Export consultancy trust fund: International Finance Corporation	1 580	4 000	4 200	4 451	4 674	4 955	5 228

Expenditure trends

Expenditure in *Trade and Investment South Africa* fluctuates significantly, due to fluctuating transfer payments to the Export Credit Insurance Corporation because of the implementation of a favourable interest make-up scheme and the various foreign mission offices. Expenditure decreased from R371 million in 2003/04 to

R174,3 million in 2006/07, an average annual decrease of 22,2 per cent. From 2006/07 to 2009/10, projected expenditure increases from R174,3 million to R280,3 million, an average annual increase of 17,2 per cent, mainly under current payments as a result of activities such as marketing South Africa in international communities through investment and export seminars, business forums, and developing, implementing and monitoring the customised sector programmes.

The programme will receive an additional allocation of R30 million over the MTEF period for various of its international offices for new appointments and the relocation costs of rotating foreign officers.

Service delivery objectives and indicators

Recent outputs

In 2005/06, the department ran 5 investment seminars, 5 investment pavilions, 18 sector specific presentations, 31 sector specific briefs and 22 inward and outward customised targeted investment presentations across all government's prioritised sectors. The investment promotion and facilitation unit also undertook one ministerial mission, attended two international investment council meetings and took part in two international investment conferences. The department's investment strategy is in the process of being finalised.

In the second quarter of 2006, the investment promotion and facilitation unit also participated in the China Investment Conference, which resulted in investments of R107 million. Additional investments of about R260 million are envisaged as an indirect consequence of the conference. Four inbound missions resulted in investments to the value of R660 million.

275 trade leads were identified and disseminated. The leads were received via the network of departmental foreign offices, and South African exporters were sourced and matched up with the leads. 1 200 customers were reached, both individually and during events. During events, general and customised trade information and export advice were provided to exporters and prospective exporters. More than 3 000 publications and CDs were distributed. The three export publications, The Export Answer Book, E-Commerce for SMMEs and Quality and Standards for SMMEs, were advertised and mailed to interested companies on request.

The approved export strategy is currently being implemented. 27 national pavilions across 9 sectors were set up, and 276 companies exhibited, which estimated the total value of exports realised as a result at R1,2 billion. 19 inward buying missions were facilitated from 40 countries across 8 sectors. 25 outward bound trade missions were facilitated, which considerably increased market access for at least 159 companies.

Workshops, attended by 350 companies, were held in five provinces to inform customers on the export market and investment assistance (EMIA) scheme and its offerings. Training sessions were also held with officials from various provincial trade and investment promotion agencies on the EMIA scheme, who act as provincial service centres for the scheme. 22 export promotion projects were managed, including 6 ad hoc projects from the export councils and foreign offices. Assistance was given to a further 20 ad hoc export promotion projects from the export councils, foreign offices and other divisions of the department.

22 export promotion projects started, 7 of which were completed, including 1 international trade initiative to Chicago. 8 projects will be completed by the end of April 2007, and 6 projects are ongoing and will be completed in 2007/08. One export promotion project was discontinued. The export promotion projects also had a regional focus, with the following breakdown per region: 7 in Europe, 5 in the Americas, 5 in Africa and the Middle East, 1 in Asia East, 2 in Asia West, and 2 in other regions.

Selected medium-term output targets

Trade and Investment South Africa

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

Subprogramme	Output	Measure/Indicator	Target
Investment Promotion and Facilitation	Investment seminars, presentations, investment pavilions, missions and conferences	Number of seminars, presentations, pavilions, missions and conferences	90 investment presentations 6 investment pavilions 12 investment missions 5 ministerial or presidential missions 3 international investment conferences
Export Development and Promotion	Export development information Small exporter development programme Export promotion projects National pavilions, mini-pavilions and trade missions	Number of publications and number of customers reached Number of new exporters trained Number of proactive projects in export promotion implemented Number of international trade initiative projects identified and scoped Number of pavilions, mini-pavilions and trade missions held	2 000 publications per year reaching 1 500 customers 150 new small exporters 6 projects 6 projects in Africa, South America, China, South-East Asia and India 5 mini-pavilions abroad 2 pavilions in South Africa 3 national pavilions in support of international trade initiatives 21 national pavilions 44 trade missions funded but organised through export councils and provincial investment promotion agencies 6 international trade initiative missions
International Operations	Management of the network of foreign offices International operations aligned across government, particularly with the Department of Foreign Affairs	Number of foreign offices managed effectively Alignment strategy drafted	43 foreign offices in 36 countries March 2008

Programme 7: Marketing

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

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 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. The subprogramme is also responsible for operating the customer contact centre, managing access channels and outreach programmes.
- *Distribution* facilitates the department's outreach programmes, conducts customer surveys, manages access channels, and facilitates the department's Batho Pele initiatives.

Expenditure estimates

Table 32.9 Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Brand Management	19 866	42 670	11 781	8 531	10 924	11 449	12 044
Marketing Communications	22 612	44 526	18 907	17 805	24 816	26 073	27 267
Distribution	35 841	50 195	41 969	29 002	48 562	49 576	52 741
Total	78 319	137 391	72 657	55 338	84 302	87 098	92 052
Change to 2006 Budget estimate				(30 850)	(6 175)	(7 788)	

Table 32.9 Marketing (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	75 088	111 883	72 608	47 867	83 815	86 587	91 508
Compensation of employees	10 429	10 066	10 149	16 849	17 702	18 587	19 423
Goods and services	64 659	101 818	41 632	31 018	66 113	68 000	72 085
<i>of which:</i>							
Communication	7 236	8 988	127	165	341	358	330
Consultants, contractors and special services	1 213	45 146	28 954	11 295	49 269	51 732	39 945
Inventory	899	5 664	734	(1 527)	638	670	629
Maintenance, repairs and running costs	161	1	1	15	15	16	2
Operating leases	87	174	74	139	41	43	45
Travel and subsistence	2 500	1 418	1 171	1 452	1 252	1 315	1 298
Advertising	5 668	26 571	3 716	6 753	7 091	7 446	7 989
Financial transactions in assets and liabilities	–	–	20 827	–	–	–	–
Transfers and subsidies	2 882	25 144	32	7	–	–	–
Provinces and municipalities	32	30	32	7	–	–	–
Public corporations and private enterprises	2 850	25 000	–	–	–	–	–
Households	–	114	–	–	–	–	–
Payments for capital assets	349	364	17	7 464	487	511	544
Machinery and equipment	349	268	17	7 368	386	405	431
Software and other intangible assets	–	96	–	96	101	106	113
Total	78 319	137 391	72 657	55 338	84 302	87 098	92 052
Details of major transfers and subsidies:							
Public corporations							
Other transfers							
Current	–	25 000	–	–	–	–	–
2010 FIFA World Cup bid	–	25 000	–	–	–	–	–
Private enterprises							
Other transfers							
Current	2 850	–	–	–	–	–	–
2003 Nedbank Golf Challenge	2 850	–	–	–	–	–	–

Expenditure trends

The *Marketing* 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, partly because of a once-off payment of R25 million for the 2010 FIFA World Cup bid. The lower expenditure of R55,3 million for 2006/07 is due to a strategic decision to manage the contact centre in-house. The allocation for 2006/07 will increase to R92,1 million in 2009/10, an average annual increase of 18,5 per cent, due to anticipated intensive marketing and outreach campaigns.

Service delivery objectives and indicators

Recent outputs

During the first half of 2006/07, the department supported four internal events and two exhibitions, and developed and broadcast newsflash messages. Approximately 46 110 print copies of 27 publications were

produced and 13 100 were distributed. The outputs for media comprised 120 daily media monitors, 11 media reports to the department's executive board, 29 media releases and 33 media events.

At least 355 614 contacts were handled during the first half of 2006/07 in the form of telephone calls, e-mails, and faxes. The kiosk and reception areas recorded 30 848 face-to-face interventions. 978 839 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.

Sub-programme	Output	Measure/Indicator	Target
Brand Management	Promotion of the brand	Number of targeted internal and external events/exhibitions held; sector focused awareness campaigns offered; BEE, consumer education, co-operatives, investment and export promotions held; and business forums/workshops held	100 events and exhibitions, including izimbizos
Marketing Communications	Targeted news monitoring/ analysis reports Recommendations/formulated responses for ExBo	Frequency of media monitoring Number and frequency of media reports for the minister, the 2 deputy ministers and the director-general (Top4)	Daily 50 weekly reports
	Media relations management	Number of executive board media reports	25 bi-weekly executive board media reports
	Response to media enquiries/ requests for interviews	Number of recommendations and responses	50 weekly recommendations and responses
	Electronic/ print publications/ messages	Number and frequency of media briefings Number of economic citizens reached Number and frequency of publications	10 media briefings per quarter 20 million economic citizens 60 publications per year
Distribution	Resolution of client/customer enquiries	Turnaround time in resolving enquiries	Minimum 95% service level, 95% of enquiries handled within 60 seconds, and 100% of escalated enquiries responded to within 48 hours
	Customer contact centre operations optimised	Review contact centre processes Deploy new and advanced contact centre technology solutions Conduct customer satisfaction surveys	June 2007 June 2007 September 2007
	Customer surveys	Integrate contact centre technology applications with back-end databases Number of satisfaction and perception surveys conducted	September 2007
	Integrated Department of Trade and Industry customer relationship management strategy developed	Consultations with stakeholders Finalise project scope and terms of reference Redesign website	December 2007 February 2008 March 2008

Public entities and other agencies

Companies and Intellectual Property Registration Office

The Companies and Intellectual Property Registration Office (CIPRO) is a trading entity in the Department of Trade and Industry.

CIPRO's service delivery objectives are:

- Customer surveys: to monitor the changing needs of the customer base and improve services and products
- Awareness and customer education: to sensitise customers about CIPRO products and how to use them
- Annual returns for close corporations: to improve data quality and integrity in the financial reporting system
- Customer contact centre review: to support electronic communication initiatives and service decentralisation.

CIPRO raises revenue through fees for registering intellectual property. This revenue increased dramatically from R45 million in 2003/04 to R231 million in 2006/07, mainly as a result of reviewed application fees, the abolishment of revenue stamps on intellectual property applications, and the implementation of annual financial return lodgements for private companies. Included in 2005/06 is an abnormal receipt of R25 million for the

registration of an increase in the authorised share capital of South African Airways Limited. As a result, CIPRO became self funding and transfer payments from the Department of Trade and Industry were phased out in 2005/06. Surpluses of between R66 million and R72 million a year are expected over the MTEF period.

Expenditure increased from R95,1 million in 2003/04 to R168 million in 2006/07 at an average annual rate of 21 per cent, and is expected to rise further over the MTEF period to reach R194,4 million in 2009/10, mainly due filling vacancies, IT improvements and initiative for better service delivery.

Table 32.10 Financial summary for the Companies and Intellectual Property Registration Office

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Revenue							
Non-tax revenue	44 598	111 863	204 439	230 606	242 136	254 243	266 955
Transfers received	35 987	1 200	4 496	–	–	–	–
Total revenue	80 585	113 063	208 935	230 606	242 136	254 243	266 955
Expenses							
Current expense	93 853	121 165	125 289	167 952	176 350	185 167	194 425
Compensation of employees	45 120	49 689	48 334	69 134	72 591	76 220	80 031
Goods and services	41 915	63 981	70 085	95 798	100 588	105 617	110 898
Depreciation	6 818	7 035	6 389	3 020	3 171	3 330	3 496
Interest, dividends and rent on land	–	460	481	–	–	–	–
Transfers and subsidies	1 267	1 157	–	60	63	66	69
Total expenses	95 120	122 322	125 289	168 012	176 413	185 233	194 495
Surplus / (Deficit)	(14 535)	(9 259)	83 646	62 594	65 724	69 010	72 460

Source: Companies and Intellectual Properties 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 committed to achieving a fair and efficient economy through preventing business practices that are anti-competitive and unfair to consumers; improving consumer choice and the prices of goods and services; and promoting better, more equitable access to the economy, in particular for SMMEs and historically disadvantaged people.

The commission has launched a major inquiry on competition in the banking sector as a result of recommendations by a task group for National Treasury and the South African Reserve Bank in 2004. The inquiry will ascertain whether there are grounds for the commissioner to investigate complaints of contraventions of the Competition Act, engage with relevant stakeholders, and enable the commission to report to the Minister of Trade and Industry and make recommendations on anything needing legislative or regulatory attention. It will also increase market transparency.

The Competition Commission receives most of its revenue from administration fees. The transfers from the Department of Trade and Industry over the MTEF period will increase from R23,2 million in 2007/08 to R24,8 million in 2009/10.

Table 32.11 Financial summary for the Competition Commission

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Revenue							
Non-tax revenue	28 991	34 041	42 787	36 210	38 745	41 457	44 359
Admin fees	25 545	29 249	38 338	31 910	34 144	36 534	39 091
Other non-tax revenue	3 446	4 792	4 449	4 300	4 601	4 923	5 268
Transfers received	25 923	25 951	21 008	17 434	23 221	24 000	24 824
Total revenue	54 914	59 992	63 795	53 644	61 966	65 457	69 183
Expenses							
Current expense	48 887	59 922	53 469	84 535	88 773	90 483	96 815
Compensation of employees	24 416	26 379	29 112	42 914	46 655	49 922	53 416
Goods and services	21 435	31 988	23 159	40 789	41 145	39 617	42 484
Depreciation	3 036	1 442	1 109	832	973	944	915
Interest, dividends and rent on land	–	113	89	–	–	–	–
Transfers and subsidies	905	328	336	280	262	283	302
Total expenses	49 792	60 250	53 805	84 815	89 035	90 766	97 117
Surplus / (Deficit)	5 122	(258)	9 990	(31 171)	(27 069)	(25 309)	(27 934)

Source: Competition Commission

Competition Tribunal

The Competition Tribunal was established in 1999 terms of the Competition Act (1998) and has jurisdiction throughout South Africa. It adjudicates cases referred to it by the Competition Commission.

The Competition Tribunal received a government grant in 1999 and from 2004/05. However annual merger filing fees (large and intermediate mergers) from the Competition Commission are its main income generator. The tribunal's estimated expenditure over the MTEF period is around R53 million spread. It is estimated that the Department of Trade and Industry will fund 55 per cent of this, with the remainder coming from filing fees. Expenditure increased by 18 per cent from 2004/05 to 2005/06, mostly due to the increased number of large mergers heard by the tribunal in 2005/06. The tribunal's allocations over the MTEF period increase from R8 million in 2006/07 to R10,9 million in 2009/10.

In 2004/05, the Competition Tribunal heard 97 cases over 118 days, in 2005/06 it heard 136 cases over 195 days, an increase of 40,2 per cent in the volume of cases and 65,3 per cent in the number of hearing days. The tribunal has seen an increase in restrictive practice matters, which by their nature are lengthy and consume considerable time and resources. The tribunal continues to play a leading role in relevant international bodies such as the International Competition Network, the OECD and the UN Council for Trade and Development. The chair of the Competition Tribunal currently serves as vice chair of the International Competition Network.

The Competition Tribunal's expenditure grows steadily from R8,8 million in 2003/04 to R18,6 million in 2009/10, primarily for compensation of employees. Spending is in line with projected revenue.

Table 32.12 Financial summary for the Competition Tribunal

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Revenue							
Non-tax revenue	5 914	6 633	8 740	7 082	9 058	8 988	8 988
Admin fees	5 202	6 265	8 454	6 767	8 988	8 988	8 988
Other non-tax revenue	712	368	286	315	70	–	–
Transfers received	–	1 400	5 000	8 000	8 670	9 909	10 850
Total revenue	5 914	8 033	13 740	15 082	17 728	18 897	19 838
Expenses							
Current expense	8 772	8 833	10 384	14 052	16 263	17 645	18 539
Compensation of employees	4 781	4 953	5 876	6 971	8 259	8 839	9 458
Goods and services	3 677	3 640	4 289	6 977	7 842	8 690	8 977
Depreciation	315	240	219	104	162	116	104
Transfers and subsidies	108	111	126	89	114	122	130
Total expenses	8 880	8 944	10 510	14 141	16 377	17 767	18 669
Surplus / (Deficit)	(2 966)	(911)	3 230	941	1 351	1 130	1 169

Source: Competition Tribunal

The Estate Agency Affairs Board

The Estate Agency Affairs Board was established in terms of the Estate Agency Affairs Act (1976). The board's object is to maintain and promote the standard of conduct of estate agents and regulate the activities of estate agents in the public interest. The Estate Agency Affairs Board is responsible for estate agents' examinations. It is empowered to regulate the entry of disqualified individuals into the estate agency business through issuing fidelity fund certificates. It can also bring and investigate a charge of misconduct against any estate agent, appoint committees of inquiry if necessary. The board is also empowered to collect an annual levy and a contribution to the fidelity fund from each estate agent. The board controls the fidelity fund, the purpose of which is to reimburse members of the public who have suffered a financial loss as a result of their dealings with an estate agent.

The income of the Estate Agency Affairs Board will be around 18 per cent (R6 million) higher than budgeted, due to an increase in fidelity fund certificate fees. Expenditure will be 15 per cent (R5,5 million) less than budgeted, mainly because no members of the board have been appointed yet. No allocations are received from the fiscus.

Discussions have taken place with the National Prosecuting Authority about a court to prosecute Estate Agency Affairs Board compliance matters. The board is aiming to improve investigation results, partly through the established court procedures. A further output is the baseline report of unregistered estate agencies or agents. The board's website lists registered members, and unregistered estate agencies or agents are monitored through verifying those listed in advertisements against the board's list.

Export Credit Insurance Corporation of South Africa

The Export Credit Insurance Corporation of South Africa (ECIC) was established in terms of the Export Credit and Foreign Investments Insurance Act (1957) as amended, to facilitate and encourage South African export trade by underwriting export credit loans and investments outside South Africa to enable foreign buyers to buy capital goods and services from South Africa. This is achieved through formulating export credit and underwriting policy, evaluating potential export projects, assessing export risks, structuring appropriate securities to mitigate risks, and administering the payment of the interest make up payable in terms of the South Africa Export Credit Support Agreement.

Key service delivery objectives for MTEF period are: to increase support for projects that will enable South African entities to participate internationally and globally; to increase the provision of credit and investment insurance for South African companies; to make a measurable impact on the GDP through supporting the export of capital goods and services; and to enable exporters to comply with local content requirements.

ECIC's operating expenditure has increased in line with its business over the past two years.

Contributions to the export credit reinsurance interest make up scheme paid from the Budget over the MTEF period are R120,6 million in 2007/08, R123,6 million in 2008/09 and R143,4 million in 2009/10.

International Trade Administration Commission

The International Trade Administration Commission (ITAC) was established in terms of the International Trade Administration Act (2002) and focuses on improving administration and decision making processes to maintain South Africa's policy and legislative framework for tariff and trade remedy investigations. ITAC got approval from National Treasury to retain its accumulated surplus of R8,9 million in 2005/06, which will be used for the implementation of the SACU agreement, core business software development, and employee initiated severance packages.

ITAC proposed changes that were designed to embed clarity, fairness and effectiveness into the trade administration system and to bring the act and regulations into alignment with its strategic objectives and those of the DTI, in full compliance with WTO principles and procedures. Through trade negotiations between South Africa and China, a quota system on the importation of certain new clothing and textiles was agreed upon. In conjunction with the Department of Trade and Industry, ITAC will be implementing these restrictions, which may require additional resources. Although ITAC was mandated to capacitate SACU member countries, the agreement was not implemented due to administrative delays. The training of delegates from member countries is expected to be complete by December 2007.

ITAC received R49,2 million in 2006/07 which will increase over the MTEF period to R61,3 million in 2009/10.

Table 32.13 Financial summary for the International Trade Administration Commission

R thousand	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	-	266	558	482	300	100	50
Sales by market establishments	-	-	-	20	-	-	-
Other non-tax revenue	-	266	558	462	300	100	50
Transfers received	40 377	43 828	46 458	49 246	55 707	58 427	61 314
Total revenue	40 377	44 094	47 016	49 728	56 007	58 527	61 364
Expenses							
Current expense	41 248	37 174	44 074	47 606	55 699	58 427	61 314
Compensation of employees	23 507	23 619	26 770	32 289	37 778	39 668	41 650
Goods and services	16 284	11 612	15 885	14 549	17 022	17 816	18 673
Depreciation	1 457	1 943	1 372	768	899	943	991
Interest, dividends and rent on land	-	-	47	-	-	-	-
Transfers and subsidies	-	-	98	34	8	-	-
Total expenses	41 248	37 174	44 172	47 640	55 707	58 427	61 314
Surplus / (Deficit)	(871)	6 920	2 844	2 088	300	100	50

Source: International Trade Administration Commission

Industrial Development Corporation

The Industrial Development Corporation (IDC) was established in terms of the Industrial Development Corporation Act (1940). The IDC is a self-financing national development finance institution whose primary

objectives are to contribute to economic growth in Africa and the economic empowerment of the South African population by promoting entrepreneurship through building competitive industries and enterprises based on sound business principles.

In 2005/06, the IDC approved a net amount of R4,2 billion for investments. It significantly increased its impact through increased numbers of jobs created per million rand invested. The level of finance for large BEE acquisitions declined, as the IDC increasingly focused on expansionary transactions (investments in start ups and expansions by BEE companies); other financiers met an increasing proportion of the need for funding large acquisitions. In 2006/07, total capital allocated is R6,3 billion, with R4 billion of this for new South African companies, and expansions at existing companies. The total capital allocation is set to grow to R8,1 billion by 2008/09.

Some recent outputs for the IDC are:

- Through financing approved in 2005/06, the IDC expects to create a record number of more than 26 200 direct jobs, 22 000 of which are in South Africa.
- BEE acquisitions to the value of R295 million were approved.
- Investment in mining activities remains high.
- 14 sectoral studies were completed, forming the base for approved plans.
- The customer satisfaction rating improved.
- Numerical targets set out in the employment equity plan were exceeded.

Khula Enterprise Finance

Khula Enterprise Finance Limited was established in 1996 as a specialised agency in the Department of Trade and Industry to promote the development of South African small and medium enterprises (SMEs). It is also registered as an insurer under the Insurance Amendment Act (2003), and is governed by the regulations of the Financial Services Board. It is an independent, limited liability company with its own board of directors.

Khula's primary role is to facilitate access to finance by small entrepreneurs. Khula has developed various delivery mechanisms in the public and private sectors. It has strong relationships with commercial banks, the public and corporate sectors through which it delivers a variety of financial products. In addition to facilitating access to finance, Khula provided mentorship services through Khula Institutional Support Services. KIS provide mentorship to entrepreneurs to whom it provides counselling and practical support in the establishment and management of businesses. Khula Institutional Support Services was incorporated in 1997 and has always been fully dependent on donor funding.

Over the last three years, Khula has grown its disbursements and approvals to SMMEs by 60 per cent. Loans and advances have increased from R34 million in 2002 to R137 million in 2006. Three new funds were launched and capitalised at close to R300 million in order to reach the SMME target market.

Khula's budget allocations over the MTEF period increased from R34,1 million in 2006/07 to R66,4 million in 2009/10, mainly due to the recapitalisation of the institution.

National Credit Regulator

The National Credit Regulator (NCR) is enabled by the National Credit Act (2005), which replaced the Usury Act (1968) and the Credit Agreements Act (1980). The purpose of the NCR is to improve the regulation of the consumer credit market to improve consumer protection and the efficiency and fairness of the end user credit market.

The Department of Trade and Industry contributed R37,8 million to the NCR in 2006/07, of which R22,8 million was allocated in the 2006 Adjusted Estimates from reserves of the Micro Finance Regulatory Council. R38,5 million, R41,5 million, and R44,8 million have been allocated over the MTEF period.

The operations of the National Credit Regulator will focus on the following deliverables:

- extensive communication with credit providers and credit bureaus to facilitate commitment to and compliance with the regulatory mechanisms and approach and legislation
- agreement with professional bodies and firms on outsourced inspections
- a consumer awareness and education programme about the regulator and what it does
- the establishment of the debt counseling infrastructure, with enough capacity to perform the functions defined in the legislation
- the completion of the design phase (year 1) of the national credit register and the establishment of models to ascertain levels of debt among consumers and the amount of credit extended to them
- the establishment of redress mechanisms for consumers.

National Consumer Tribunal

The National Consumer Tribunal was established by the National Credit Act (2005) as an independent adjudicating body on consumer and credit matters.

The tribunal will focus on the following goals and objectives over the MTEF period:

- establish the institution, including getting offices and setting up systems
- ensure that the tribunal provides fair, well founded and independent decisions in line with international best practices
- build capacity by developing and training staff and tribunal members, benchmark international standards in the area of consumer and credit matters, and promote continuous learning in the organisation
- ensure that the entity becomes well known by all stakeholders, through a proactive communication strategy, including publishing adjudications on time
- contribute to the development of credit and consumer jurisprudence and support institutional arrangements in SADC and the AU, through establishing and maintaining networks and setting up knowledge, information sharing and capacity building platforms.

National Empowerment Fund

The National Empowerment Fund (NEF) was formed as a trust under the National Empowerment Fund Act (1998). Operating expenditure has shown year on year growth in line with the increasing size of the fund's investment portfolio, and the ongoing demand for funding. The increased capitalisation of the NEF by the Department of Trade and Industry has also led to the expansion of the organisation, especially in the need for additional staff resources which has doubled each year over the last three years, and led to increases in administration costs and professional fees for the execution of the investment portfolio.

The NEF received transfers of R561,1 million from the department for 2006/07. The allocations for the MTEF period are R710 million, R470 million and R481 million, mostly for further capitalisation.

The disbursed portfolio of investments under the fund management division will exceed R500 million in 2006/7, with approved transactions scheduled for disbursement further increasing the value of this committed capital. An emphasis on non-financial support at both the pre- and post investment stages in 2006/07 aims to increase the likelihood of applications for funding being approved and to reduce the turnaround time. Extending post-investment support will reduce the likelihood of transactions failing at an early stage, especially for SMEs, as well as facilitate close monitoring of the overall performance of the portfolio.

The asset management division is set to release its first BEE retail product, having obtained the necessary regulatory approvals. The division will also facilitate the transfer of state allocated investments in 2006/07 for further BEE retail product launches in 2007/08. The appointment of a marketing and communication agency early in 2007 will bring strategy and structure to the fund's marketing plan. Targeted marketing and communication campaigns have been undertaken, with emphasis on the preferential procurement funding product and on the role and products of the NEF at the provincial level.

Table 32.14 Financial summary for the National Empowerment Fund

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Revenue							
Non-tax revenue	10 634	24 423	65 369	78 082	130 668	204 885	209 999
Interest	1 634	6 183	26 964	60 037	99 281	177 580	174 320
Dividends	9 000	18 214	38 405	18 046	31 387	27 305	35 679
Other non-tax revenue	–	26	–	–	–	–	–
Transfers received	9 878	24 622	40 000	66 024	101 921	108 857	116 899
Total revenue	20 512	49 045	105 369	144 106	232 589	313 742	326 898
Expenses							
Current expense	16 458	25 037	61 496	110 519	420 938	770 210	1 166 103
Compensation of employees	11 600	13 282	24 937	42 595	60 116	64 323	69 469
Goods and services	6 845	10 255	14 466	28 327	38 591	41 292	44 597
Impairments and adjustments to fair value	(3 428)	86	21 269	38 830	319 607	661 986	1 049 886
Depreciation	1 441	1 414	827	767	2 624	2 609	2 151
Interest, dividends and rent on land	–	–	(3)	–	–	–	–
Transfers and subsidies	356	1 122	393	541	591	633	682
Total expenses	16 814	26 159	61 889	111 060	421 529	770 843	1 166 785
Surplus / (Deficit)	3 698	22 886	43 480	33 046	(188 939)	(457 102)	(839 888)
Balance sheet data							
Carrying value of assets	2 192	1 780	2 969	3 937	6 944	4 334	2 183
Investments	782 161	1 051 751	1 679 250	2 738 891	3 769 610	4 881 771	5 943 369
Receivables and prepayments	1 337	1 474	19 139	720	720	720	720
Cash and cash equivalents	69 167	217 416	400 122	374 792	448 062	763 185	1 086 075
Total assets	854 857	1 272 421	2 101 480	3 118 341	4 225 336	5 650 010	7 032 347
Capital and reserves	836 161	1 268 704	2 087 332	3 106 513	4 205 462	5 625 508	7 002 705
<i>Of which:</i>							
<i>Deferred government grant</i>	<i>49 622</i>	<i>135 378</i>	<i>370 600</i>	<i>495 103</i>	<i>608 033</i>	<i>361 075</i>	<i>363 758</i>
Trade and other payables	15 779	920	13 253	–	–	–	–
Provisions	2 917	2 797	895	11 827	19 874	24 502	29 642
Total equity and liabilities	854 857	1 272 421	2 101 480	3 118 341	4 225 336	5 650 010	7 032 347

Source: National Empowerment Fund

National Gambling Board of South Africa

The National Gambling Board of South Africa was established in terms of the National Gambling Act (2004) to provide a regulatory framework for the gambling and gaming industry. The board ensures the uniformity, harmonisation and integrity of the gambling industry by enforcing compliance with act and ensuring compliance with other legislation.

In December 2006, Cabinet approved the publication of the draft national Gambling Amendment Bill (2006) for broader consultation. The bill establishes the legislative basis for gambling in South Africa. Due to the borderless nature of interactive gambling, licensing, monitoring and enforcement functions will be provided by the board.

For the years under review, expenditure has been noticeably high on two budget items: consultants and human resources. A central electronic monitoring system software programme, costing R1,6 million, was developed as required by law. A database on probity required funding of R1,4 million. The development of a database connecting to all provinces requires high level expertise and technical knowledge.

The current output for the National Gambling Board entails:

- eliminating illegal gambling premises in North West in partnership with the SAPS, the National Intelligence Agency and the provincial licensing authority
- completing the two national databases and linking them to the provincial licensing authorities
- providing a legal framework to the Department of Trade and Industry to ensure that horseracing and betting are regulated within the National Gambling Act.

Future outputs include promulgating a legislative framework for internet gambling.

The allocations for the National Gambling Board over the MTEF period are R18,9 million, R17,3 million and R18,4 million.

National Lotteries Board

The National Lotteries Board (NLB) was established in terms of the National Lotteries Act (1997). It monitors and enforces the implementation of the national lottery, and private lotteries and promotional competitions to ensure that: the interests of all players are protected; the national lottery generates maximum revenues for good causes in a responsible way; and that national lottery revenues are disbursed expeditiously through the National Lotteries Distribution Trust Fund (NLDTF), which the board manages.

Previous years show a steady growth in retained income due to proceeds not distributed at the same pace as funds flowing in. This year and future years, however, show a negative bottom line due to more distributions being made using the retained income.

The board does not receive any allocations from the state.

Table 32.15 Financial summary for the National Lotteries Board

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R thousand	2003/04	2004/05	2005/06				
Revenue							
Non-tax revenue	1 303 325	1 319 539	1 529 545	1 591 535	1 636 137	1 687 732	1 714 958
Admin fees	228	280	-	42	1 470	1 470	1 470
Interest	302 175	265 203	257 550	283 090	300 096	325 000	325 000
Proceeds from lottery operator	1 000 922	1 054 056	1 246 098	1 308 403	1 334 571	1 361 262	1 388 488
Other non-tax revenue	-	-	25 897	-	-	-	-
Total revenue	1 303 325	1 319 539	1 529 545	1 591 535	1 636 137	1 687 732	1 714 958
Expenses							
Current expense	14 669	16 985	20 856	32 917	42 435	46 185	49 859
Compensation of employees	8 357	9 075	9 464	13 646	18 295	20 125	22 140
Goods and services	5 543	7 482	11 184	18 671	23 540	25 460	27 119
Depreciation	769	428	208	600	600	600	600
Transfers and subsidies	1 252 890	1 180 573	1 187 326	1 500 000	1 500 000	1 525 000	1 525 000
Total expenses	1 267 559	1 197 558	1 208 182	1 532 917	1 542 435	1 571 185	1 574 859
Surplus / (Deficit)	35 766	121 981	321 363	58 618	93 702	116 547	140 099

Source: National Lotteries Board

National Metrology Institute of South Africa

The CSIR's National Metrology Laboratory (NML) is to become the National Metrology Institute of South Africa (NMISA), a public entity independent of the CSIR, in 2007. The NMISA is mandated by the Measurement Unit and Measurement Standards Bill of 2006 to maintain the SI units and to maintain and develop primary scientific standards of physical quantities for South Africa and compare those standards with other national standards to ensure global measurement equivalence. The NMISA, as the cornerstone of all accurate measurement in South Africa, has as its purpose the acceptance of South African measurements

internationally, thus ensuring market access for South African (and regional) products. Locally, a sound measurement system is crucial for health, food safety, environmental monitoring and law enforcement.

In 2006/07, the NML will participate in more than 30 international comparisons to establish measurement equivalence in all important measurement areas. Another 55 calibration and measurement capabilities are expected to be accepted in the international database of measurement capabilities, bringing the total number of parameters officially accepted internationally to 380. Dissemination of measurement traceability to mostly accredited laboratories and industry will exceed 1 500 assignments a year. 16 of the 18 NML laboratories will also officially be accredited to ISO 17025 by the end of 2006/07.

In 2007/08, in accordance with the Department of Trade and Industry's expectations that the NMISA play an even more significant role in the region and Africa, the NMISA will increase assistance to regional national metrology institutes and train at least 30 African metrologists. An African umbrella organisation for metrology, called AFRIMETS, will be established, and the NMISA will host the secretariat. Dissemination of standards to measurement laboratories in South Africa and the SADC region is expected to exceed 1 600 assignments a year.

The viability of future industries depends on accurate measurements. From 2008 to 2010, assistance with measurements will be given to SMEs. Various awareness programmes are planned in partnership with the Small Enterprise Development Agency (SEDA) and direct assistance will be given to advance SMEs, especially to BEE automotive component manufacturing companies. Specialist measurement assistance will be given to downstream minerals beneficiation, clothing and textiles, aerospace, and science and technology projects. Traceability will be established for monitoring persistent organic pollutants. In the electromagnetic field, optical frequency standards will be established to aid optical data transmission, an optical time clock will be developed for South Africa, the primary irradiance scale will be realised, and further traceability will be established in medical diagnostics. The metrology in chemistry section will focus on traceability for the analysis of substances in food matrices, with a focus on overcoming technical barriers to trade and ensuring local capability to monitor harmful substances in the environment and in foodstuffs.

In 2006/07, the Department of Trade and Industry will transfer R36,9 million to the CSIR for the NML, and R46,8 million in 2007/08, R49,7 million in 2008/09 and R52,7 million in 2009/10. The increased allocations are mainly to make provision for the additional costs of the newly established NMISA.

Small Enterprise Development Agency

The strategic objectives of the Small Enterprise Development Agency (SEDA) are directly derived from its legislative objectives as set out in the National Small Business Amendment Act (2004): to design and implement development support programmes; to promote a service delivery network that increases the contribution of small enterprises to the economy to promote economic growth, job creation and equity; to strengthen the capacity of service providers to support small enterprises; and to small enterprises to compete successfully, domestically and internationally.

The following outcomes are expected from SEDA:

- Small enterprises are more competitive, more sustainable and growing, and have access to international and national markets.
- Service providers to small enterprises have more capacity.
- Small enterprises have better and more equitable access to support services.
- The public understands the role of small enterprises in the economy better.
- The policy and legislative environment for small enterprises is better.

Transfers from the Department of Trade and Industry are the minimum required to implement the act, and income from the provinces and from providing services to the private sector and government is not yet secured.

Over the MTEF period, SEDA will receive R253,8 million, R268 million and R283,5 million for rolling out its offices in the provinces.

South African Quality Institute

The South African Quality Institute (SAQI) is the national quality promotion agency. It promotes quality as a national imperative, and provides training programmes and tools for improving competitiveness. The Department of Trade and Industry is currently reviewing the place of SAQI in government. Promoting quality is seen not as a core technical infrastructure responsibility for government, but as relating more to enterprise development. Transferring SAQI to SEDA is being discussed. SAQI does not receive funding directly from the department's budget, but it will receive R2,3 million from the South African Bureau of Standards in 2007/08.

South African Micro Finance Apex Fund

The South African Micro Finance Apex Fund (SAMAF) is a trading entity of the Department of Trade and Industry which became operational in April 2006. SAMAF provides wholesale funding and capacity building support to on-lending financial intermediaries (partner organisations), ensuring the provision of affordable financial services to the enterprising poor.

SAMAF will provide loans amounting to a total of R100 million to on-lending financial intermediaries in 2006/07. SAMAF will also continue to build a vibrant micro-finance industry to ensure the growth of micro- and small businesses to reduce poverty and unemployment.

SAMAF received R130 million in 2006/07 for the establishment of the fund. Allocations over the MTEF period are R84 million, R88 million and R92,4 million.

South African Bureau of Standards

The South African Bureau of Standards (SABS) is a statutory authority formally recognised and enabled through the Standards Act (1993). The SABS offers value-added standardisation services that uplift the African standard and empower South African industry to compete for increased market access. The SABS thus contributes to the economic growth of South Africa and Africa as a whole, within a framework that protects consumers and the environment by promoting uncompromised products and services quality.

A strong and established standardisation quality assurance, accreditation and legal metrology (SQAM) infrastructure in Africa will ultimately benefit all, by increasing trade and preventing undesirable practices, such as dumping poor quality products in poorer African countries. The SABS has hosted SADCSTAN (SADC co-operation in standardisation) and SADCMEEL (legal metrology) since the inception of the SADC SQAM programme, and has taken the lead in driving the harmonisation of standards. The SABS currently holds the secretariat of five SADCSTAN technical committees. The SABS became a full member of the African Regional Standardisation Organisation (ARSO) in 2006, and will increase its efforts to play a leading role in standardisation in Africa.

The SABS aims to occupy management positions in international organisations to raise the level of participation by African countries in standardisation, and thus the level of knowledge and understanding. SABS staff members are on the technical management board of ISO, and SABS staff will be the SADCSTAN co-ordinator and the vice-president of the OIML in the coming year.

Almost the entire SABS services portfolio is internationally accredited, which guaranteed acceptance of certificates, inspections and test reports. There has been a shift in emphasis in the world of standards away from the manufacturing sector to the services sector, in which standards are increasingly employed to demonstrate health, safety, environmental and social compliance. Compliance with social imperatives, such as those expressed in the Department of Trade and Industry's broad based BEE scorecard, corporate social responsibility programmes and HIV and Aids issues, have become important. Service delivery improvement, sensitivity to market shifts, staying abreast of technology changes, responsiveness to client needs and improved customer relations were identified as important SABS business differentiators.

Priority programmes for 2007/08 include building youth design leadership. The SABS is celebrating 20 years of its Design Achiever Award with a Youth Design Week comprising design exhibitions throughout South Africa.

The SABS received a government contribution to research of R126,4 million in 2006/07. This is expected to increase to R143,7 million in 2009/10. The allocation for 2007/08 is R132 million and includes funding for SAQI and the national electrical test facility.

Table 32.16 Financial summary for the SA Bureau of Standards

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	336 700	339 474	200 377	193 774	215 407	232 027	251 557
Admin fees	253 845	266 522	108 610	100 942	111 605	119 921	129 361
Other non-tax revenue	82 855	72 952	91 767	92 832	103 802	112 106	122 196
Transfers received	92 622	99 242	99 862	123 811	129 846	142 830	157 116
Total revenue	429 322	438 716	300 239	317 585	345 253	374 857	408 673
Expenses							
Current expense	385 789	403 286	447 286	497 526	554 895	609 150	671 142
Compensation of employees	219 179	232 162	270 072	322 920	364 479	415 048	464 635
Goods and services	149 769	152 129	159 181	152 033	165 555	167 150	178 620
Depreciation	15 265	17 539	16 216	21 073	23 361	25 452	26 387
Interest, dividends and rent on land	1 576	1 456	1 817	1 500	1 500	1 500	1 500
Transfers and subsidies	13 543	12 785	8 001	8 035	8 534	8 970	9 420
Total expenses	399 332	427 333	456 213	505 561	563 429	618 120	680 562
Surplus / (Deficit)	29 990	11 383	(155 974)	(187 976)	(218 176)	(243 263)	(271 889)

Source: SA Bureau of Standards

South African National Accreditation System

The South African National Accreditation System (SANAS), as mandated by the Accreditation for Conformity Assessment, Calibration and Goods Laboratory Practice Bill of 2006, focuses on the following core functions:

- initiate, negotiate, conclude and maintain all international mutual recognition agreements and pursue international acceptance of all bodies accredited by SANAS
- accredit organisations in accordance with internationally accepted criteria, and itself comply to those criteria
- review and negotiate way to reduce the cost of international trade through accreditation
- advise national and international organisations on the conditions for accreditation and related issues
- promote SANAS as the national accreditation body, and encourage the accreditation of laboratories, inspection bodies, and certification bodies within the territory
- ensure consistency among laboratories and certification bodies in all activities and to embrace all appropriate fields of accreditation
- participate in the activities of international bodies representing the interests of accreditation, particularly the IAF and ILAC
- maintain observer status with other regional bodies, including the Asian Pacific Accreditation Co-operation (APLAC).

Substantial progress was made with identifying and training BEE assessors so that SANAS can accept applications for accrediting broad based BEE verification agencies. SANAS also plays an active role in the SADC region as part of the technical infrastructure required to make the SADC trade protocol a reality.

SANAS derives income from the Department of Trade and Industry via monthly transfers, and from fees paid by accredited facilities serving various industries. The monthly transfers also contribute to departmental projects that SANAS undertakes, and which change to support the strategic objectives of ASGISA. SANAS will receive allocations of R12,5 million in 2007/08, R13,3 million in 2008/09 and R14 million in 2009/10.

Trade and Investment South Africa

Trade and Investment South Africa (TISA) has been incorporated into the Department of Trade and Industry. All officials have been integrated into the government employees' pension fund and put on the department's payroll. Legal and financial matters are expected to have been wound up by the auditors by March 2007 and the last transfer payment of R500 000 was made for 2006/07.

Additional tables

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	2005/06		2005/06	2006/07			2006/07
1. Administration	250 225	301 371	257 550	326 802	(3 732)	323 070	313 070
2. International Trade and Economic Development	100 774	116 843	106 947	129 219	3 848	133 067	133 067
3. Enterprise and Industry Development	1 181 354	1 205 359	1 205 155	1 280 087	357 589	1 637 676	1 637 676
4. Consumer and Corporate Regulation	117 905	119 890	103 132	146 355	7 052	153 407	153 407
5. The Enterprise Organisation	986 659	1 170 659	1 026 717	1 424 101	46 000	1 470 101	1 380 101
6. Trade and Investment South Africa	358 086	336 799	284 282	273 161	(98 907)	174 254	174 254
7. Marketing	81 328	81 635	72 657	86 188	(30 850)	55 338	55 338
Total	3 076 331	3 332 556	3 056 440	3 665 912	281 000	3 946 912	3 846 912
Economic classification							
Current payments	640 454	700 189	585 293	769 869	25 690	795 559	795 559
Compensation of employees	268 369	269 147	230 555	300 929	4 199	305 128	305 128
Goods and services	372 085	431 042	333 911	468 940	21 491	490 431	490 431
Financial transactions in assets and liabilities	–	–	20 827	–	–	–	–
Transfers and subsidies	2 424 187	2 614 666	2 465 329	2 887 190	231 875	3 119 065	3 029 065
Provinces and municipalities	120 654	164 155	578	166	58 268	58 434	58 434
Departmental agencies and accounts	956 344	961 338	947 919	1 043 785	346 200	1 389 985	1 389 985
Public corporations and private enterprises	1 318 119	1 463 808	1 498 286	1 811 159	(172 060)	1 639 099	1 549 099
Foreign governments and international organisations	23 240	20 340	13 721	22 832	2 948	25 780	25 780
Non-profit institutions	5 830	4 121	4 120	9 248	(4 501)	4 747	4 747
Households	–	904	705	–	1 020	1 020	1 020
Payments for capital assets	11 690	17 701	5 818	8 853	23 435	32 288	22 288
Buildings and other fixed structures	–	–	–	–	6 006	6 006	6 006
Machinery and equipment	11 690	17 036	5 818	7 071	17 429	24 500	14 500
Software and intangible assets	–	665	–	1 782	–	1 782	1 782
Total	3 076 331	3 332 556	3 056 440	3 665 912	281 000	3 946 912	3 846 912

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
A. Permanent and full-time contract employees							
Compensation (R thousand)	200 071	202 920	228 449	298 653	316 659	336 084	351 060
Unit cost (R thousand)	214	217	208	254	256	260	258
Personnel numbers (head count)	934	934	1 098	1 176	1 235	1 295	1 360
B. Part-time and temporary contract employees							
Compensation (R thousand)	–	–	–	4 639	4 870	5 114	5 369
Unit cost (R thousand)	–	–	–	43	43	43	43
Personnel numbers (head count)	–	–	–	108	113	119	125
C. Interns							
Compensation of interns	90	1 026	2 106	1 836	1 928	2 025	2 126
Unit cost (R thousand)	23	54	54	54	54	53	53
Number of interns	4	19	39	34	36	38	40
Total for department							
Compensation (R thousand)	200 161	203 946	230 555	305 128	323 457	343 223	358 555
Unit cost (R thousand)	213	214	203	232	234	236	235
Personnel numbers (head count)	938	953	1 137	1 318	1 384	1 452	1 525

Table 32.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	9 841	3 668	12 183	10 227	10 689	11 080	12 188
Number of employees trained (head count)	1 017	1 267	790	262	272	274	301
Bursaries (employees)							
Expenditure per programme (R thousand)	961	650	700	1 540	2 320	2 380	2 960
Number of employees (head count)	70	121	117	130	104	82	100
Bursaries (non employees)							
Number of individuals (head count)	–	–	–	6	25	35	22
Total	10 802	4 318	12 883	11 767	13 009	13 460	15 148
Number of employees	1 087	1 388	907	398	401	391	423

Table 32.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Conditional grants to provinces							
5. The Enterprise Organisation							
Industrial Development Zones	–	–	–	58 200	–	–	–
Total	–	–	–	58 200	–	–	–

1. Detail provided in the Division of Revenue Act (2007).

Table 32.E Summary of expenditure on infrastructure

Description	Service delivery outputs	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand								
Infrastructure transfers to other spheres, agencies and departments								
Coega Development Corporation		122 567	55 375	58 873	215 012	510 263	635 636	865 951
East London Industrial Development Zone (Pty) Limited		38 098	37 668	17 682	130 000	88 610	154 030	251 131
Richards Bay Industrial Development Zone Company		–	–	–	34 800	29 240	44 690	68 905
Critical infrastructure programme		8 173	34 996	24 946	79 930	73 427	77 005	80 807
Total		168 838	128 039	101 501	459 742	1 001 540	911 361	1 266 794

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

R thousand	Project unitary Fee at time of Contract	Budgeted	Medium-term expenditure estimate		
		expenditure 2006/07	2007/08	2008/09	2009/10
Projects signed in terms of Treasury Regulation 16	118 147	140 000	141 817	152 501	161 767
PPP unitary charge	118 147	138 000	141 497	150 101	159 167
Advisory fees	–	2 000	320	2 400	2 600
Total	118 147	140 000	141 817	152 501	161 767

