

Vote 32

Trade and Industry

Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	420.9	407.2	2.0	11.7	444.5	449.9
International Trade and Economic Development	173.5	83.0	90.1	0.5	183.3	182.4
Empowerment and Enterprise Development	1 307.9	82.1	1 225.3	0.4	979.7	1 050.1
Industrial Development	414.6	77.5	325.5	11.6	634.1	597.4
Consumer and Corporate Regulation	238.6	62.4	175.2	0.9	265.0	287.8
The Enterprise Organisation	3 440.0	80.3	3 358.9	0.8	2 868.8	3 034.0
Trade and Investment South Africa	283.1	128.3	152.9	1.9	302.7	323.1
Communications and Marketing	65.7	59.0	–	6.7	74.8	79.0
Total expenditure estimates	6 344.2	979.8	5 329.9	34.5	5 753.0	6 003.8
Executive authority	Minister of Trade and Industry					
Accounting officer	Director-General Trade and Industry					
Website address	www.thedti.gov.za					

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 future economic trends. 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

Purpose: Provide strategic leadership for the department and its agencies, to ensure the successful implementation of the department's mandate through sustainable and integrated resource solutions and services that are customer centric.

Programme 2: International Trade and Economic Development

Purpose: Build an equitable global trading system that facilitates development, by strengthening trade and investment links with key economies and by fostering African development including through regional and continental integration and development cooperation in line with the New Partnership for Africa's Development (NEPAD).

Programme 3: Empowerment and Enterprise Development

Purpose: Lead the development of policies and strategies that create an enabling environment for small, micro and medium enterprises, and enhance the competitiveness of local and provincial economies, to achieve inclusive shared equity, growth and job creation.

Programme 4: Industrial Development

Purpose: Facilitate industrial development supported by government procurement that creates an enabling environment for competitiveness, growth and job creation.

Programme 5: Consumer and Corporate Regulation

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

Programme 6: The Enterprise Organisation

Purpose: Stimulate and facilitate the development of enterprises through providing incentive measures that support investment, job creation and regional economic development, such as through industrial development zones.

Programme 7: Trade and Investment South Africa

Purpose: Increase export capacity and support direct investment flows through strategies for targeted markets and an effectively managed network of foreign trade offices.

Programme 8: Communication and Marketing

Purpose: Facilitate greater awareness of the department's role and increase the uptake of its products and services.

Strategic overview: 2005/06 – 2011/12

The Department of Trade and Industry's medium term strategy is informed by three key objectives: increased investment levels; increased labour absorption and competitiveness; and broader participation in the economy. Concretely, these objectives relate to:

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

Industrial policy and development

To improve the performance of the real economy's investment and employment, the department is committed to implementing policy initiatives and strategies that will enable the economy to adapt and adjust to emerging challenges. The national industrial policy framework and the 2007/08 industrial policy action plan have resulted in a more rigorous and comprehensive industrial policy.

The national industrial policy framework sets out government's broad approach to industrialisation in the context of the Accelerated and Shared Growth Initiative for South Africa and key identified sectors. The

industrial policy action plan facilitates the implementation of the national industrial policy framework, setting out actions for immediate implementation in the key sectors, and cross-cutting actions such as industrial financing and measures to improve government's capacity to implement industrial policy. The department's industrial policy is aimed at structurally transforming some key sectors and simultaneously building the necessary capacity for higher levels of growth and employment.

Substantial work has been done to align industrial financing with industrial policy objectives. Incentives will be developed to promote investment and industrial competitiveness in the key sectors prioritised in the Accelerated and Shared Growth Initiative for South Africa and the national industrial policy framework, as well as in the small and medium enterprise sector.

Broadening participation

The codes of good practice for broad based black economic empowerment (BEE) were gazetted in February 2007 to provide an implementation framework for BEE policy and legislation. Institutional mechanisms for monitoring and evaluating BEE are being established.

A key focus of the economic cluster has been to strengthen financial and business development support for small enterprises by improving the services offered by the Small Enterprise Development Agency and other similar agencies. A delivery network integrating both financial and non-financial support for small enterprises now covers all provinces. The Isivande Women's Fund, established in 2008, aims specifically to provide financial and business development support services to enterprises owned by women. Cabinet has approved 10 products for preferential procurement from small enterprises, and implemented measures to ensure that payments to small medium and micro enterprises (SMMEs) are processed within 30 days.

The department will accelerate the implementation of the national cooperatives strategy over the next three years to provide additional and focused support for this sector. Initiatives will include incentives for capacity building and improving competitiveness at the national, provincial and local level for registered cooperatives operating in the emerging economy.

The department will continue to partner with the Department of Provincial and Local Government and other role players, including the private sector, to provide support for spatial economic planning, local economic development and regional industrial development.

Trade, investment and exports

South Africa's trade policy is being reviewed to align it more closely with the priorities set by the Accelerated and Shared Growth Initiative for South Africa and the national industrial policy framework. A key focus is on increasing the level of exports, which is critical to domestic economic growth and development, and the department will provide leadership on trade policy to support fair trade. The main objective is to increase South African exports, specifically to higher value added exports, by implementing the export strategy. The export strategy includes interventions such as providing financial assistance to exporters through export marketing and investment advice, matchmaking strategies that link local exporters with retail and trade opportunities, and market intelligence services.

The department plays a prominent and active role in the World Trade Organisation, particularly by supporting the consolidation of the G20 group of developing countries, to ensure that the interests of developing countries are represented in the industrial tariff negotiations.

Progress has been made on trade integration in the Southern African Development Community (SADC). South Africa's view is that the SADC free trade area should be consolidated by improving the rules of origin, enhancing trade facilitation, and addressing non-tariff barriers. The key policy issue arising in both the Southern Africa Customs Union and SADC is that the region's underdeveloped production structures limit the potential benefits of a more open regional trading environment.

Regulation

Corporate, consumer and credit laws have been reformed, and competition policies and laws have been reviewed. The new Companies Act (2008) will encourage improved corporate governance and transparency, while the Consumer Protection Amendment Bill, enacted in 2008, aims to create and promote an economic environment that actively supports consumers.

The Competition Amendment Bill was also enacted in 2008, and will promote both economic growth and the competitiveness of local industry by strengthening law enforcement capacity to investigate cartels and deal with complex monopolies in a highly concentrated market. The act will be implemented with an initial focus on the four industrial policy action plan lead sectors: capital, transport equipment and metals; automotives and components; chemicals, plastic fabrication and pharmaceuticals; and forestry, pulp and paper, and furniture.

Strategic partnerships are crucial to the department's success in delivering on these strategies, and coordination with other government departments through the economic cluster, other tiers of government, and the National Economic Development and Labour Council, will continue.

Selected performance and operations indicators

Table 32.1 Trade and Industry

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of new projects implemented under the national industrial participation programme	Industrial Development	150	173	200	225	250	275	290
Total value of investment and export credits under the national industrial participation programme	Industrial Development	US\$5bn	US\$8bn	US\$9bn	US\$13bn	US\$14bn	US\$15bn	US\$16bn
Total number of direct jobs created through the national industrial participation programme	Industrial Development	12 000	15 000	16 500	17 500	18 500	19 000	20 000
Number of new companies implementing cleaner production activities, including energy efficiency each year	Industrial Development	5	3	18	6	20	26	32
Number of new companies receiving cleaner production audits, including energy efficiency each year	Industrial Development	11	12	55	24	80	105	130
Number of new projects receiving grants through the support programme for industrial innovation each year	Empowerment and Enterprise Development	71	84	75	85	100	110	110
Value of support programme for industrial innovation projects	Empowerment and Enterprise Development	R137m	R250.5m	R100m	R120m	R160m	R170m	R170m
Number of new projects receiving funding through the technology and human resources for industry programme each year	Empowerment and Enterprise Development	333	338	297	310	330	350	350
Number of additional students supported under the technology and human resources for industry programme each year	Empowerment and Enterprise Development	2 619	3 014	2 500	2 500	2 500	2 650	2 650
Number of additional researchers supported under the technology and human resources for industry programme each year	Empowerment and Enterprise Development	786	744	700	730	750	795	795
Number of companies assisted each year with:	The Enterprise Organisation							
- export market and investment assistance programme		1 733	1 434	1 693	1 203	1 500	1 600	1 700
- business process outsourcing and off-shoring		–	–	–	10	12	15	5
- black business supplier development programme		650	950	1 200	1 320	1 600	1 830	3 800
- enterprise development programme		3 500	3 600	3 500	3 200	1 800	600	300
- enterprise investment programme		–	–	–	50	300	500	650
- cooperatives incentive scheme		–	–	–	150	220	280	350

Table 32.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new film and television productions assisted each year	The Enterprise Organisation	20	35	40	60	80	90	100
Number of new bilateral and regional trade and investment agreements signed each year	International Trade and Economic Development	12	10	12	12	12	12	12
Number of successful technical and business trips to foreign countries and companies undertaken each year	International Trade and Economic Development	12	16	15	15	15	15	15
Key performance indicators for Coega industrial development zone:	The Enterprise Organisation							
- Number of new foreign investors each year		–	9	4	9	10	15	18
- Value of new investments each year		–	R20.4bn	R5.9bn	R22.07bn	R5bn	R7.5bn	R9bn
- Number of new jobs created each year		–	10 700	4 867	4 906	2 000	3 000	3 600
Key performance indicators for East London industrial development zone:	The Enterprise Organisation							
- Number of new foreign investors each year		3	5	6	7	5	6	7
- Value of new investments each year		R144m	R308m	R271m	R347m	R250m	R300m	R350m
- Number of new jobs created each year		200	196	649	525	360	432	504
Key performance indicators for Richards Bay industrial development zone:	The Enterprise Organisation							
- Number of new foreign investors each year		–	–	1	–	4	5	4
- Value of new investments each year		–	–	R650m	–	R1.9bn	R2bn	R2.2bn
- Number of new jobs created each year		–	–	1 200	140	375	400	500
Value of investment generated through enterprise investment programme each year	The Enterprise Organisation	–	–	–	–	R68bn	R139.6bn	R149.6bn
Key performance indicators for the critical infrastructure programme:	The Enterprise Organisation							
- Number of new projects each year		10	6	7	5	12	14	16
- Value of new investments each year		R11.1bn	R17.5bn	R9.5bn	R12bn	R6bn	R7bn	R8bn
- Number of new jobs created each year		–	18 405	6 387	910	2 510	2 820	3 520
Number of new direct jobs created each year through:	The Enterprise Organisation							
- enterprise investment programme		–	–	–	–	1 025	17 775	19 000
- business process outsourcing and off-shoring		–	–	–	5 950	2 340	8 925	2 975

Expenditure estimates

Table 32.2 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	257.6	278.9	310.8	395.2	395.2	420.9	444.5	449.9
2. International Trade and Economic Development	106.9	123.9	133.5	151.3	151.3	173.5	183.3	182.4
3. Empowerment and Enterprise Development	1 004.1	1 320.0	1 472.1	1 177.5	1 177.5	1 307.9	979.7	1 050.1
4. Industrial Development	210.6	253.2	331.8	443.6	443.6	414.6	634.1	597.4
5. Consumer and Corporate Regulation	93.6	131.2	137.9	173.2	173.2	238.6	265.0	287.8
6. The Enterprise Organisation	1 026.7	1 434.3	2 563.1	2 416.6	2 366.6	3 440.0	2 868.8	3 034.0
7. Trade and Investment South Africa	284.3	197.4	284.5	297.8	297.8	283.1	302.7	323.1
8. Communications and Marketing	72.7	65.8	61.5	71.7	71.7	65.7	74.8	79.0
Total	3 056.4	3 804.7	5 295.4	5 126.9	5 076.9	6 344.2	5 753.0	6 003.8
Change to 2008 Budget estimate				24.3	(25.7)	286.8	545.4	501.8

Table 32.2 Trade and Industry (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
Economic classification								
Current payments	585.3	659.0	746.9	969.8	969.8	979.8	1 048.1	1 093.1
Compensation of employees	230.6	283.6	327.5	412.0	412.0	450.5	476.2	486.1
Goods and services	333.9	367.3	393.6	557.8	557.8	529.3	571.9	607.0
of which:								
Administrative fees	2.1	2.5	4.1	–	–	5.4	3.3	3.5
Advertising	7.8	11.5	12.8	24.6	24.6	22.1	19.0	20.8
Assets less than R5 000	0.4	0.3	0.2	–	–	1.9	1.8	2.0
Audit costs: External	4.3	4.0	3.9	–	–	5.9	6.4	6.7
Bursaries (employees)	0.5	0.5	0.4	–	–	2.2	1.8	2.0
Catering: Departmental activities	0.7	1.1	2.2	–	–	2.8	4.3	2.7
Communication	13.7	12.4	16.0	14.3	14.3	12.4	13.1	14.2
Computer services	11.5	4.9	10.1	10.8	10.8	11.3	11.9	12.7
Consultants and professional services:	84.3	67.8	29.2	100.1	100.1	80.2	92.4	94.2
Business and advisory services								
Consultants and professional services:	–	1.0	0.0	6.4	6.4	–	0.0	0.0
Infrastructure and planning								
Consultants and professional services:	3.3	4.3	5.0	–	–	0.2	0.2	1.1
Legal costs								
Contractors	0.8	10.5	12.2	–	–	20.3	21.1	22.9
Agency and support / outsourced services	5.0	0.4	8.6	–	–	3.1	3.3	3.5
Entertainment	0.6	1.3	1.7	–	–	1.2	1.3	1.6
Inventory: Stationery and printing	9.1	8.0	7.5	10.3	10.3	10.6	13.7	15.6
Lease payments	17.1	23.4	14.6	158.4	158.4	162.0	172.1	162.5
Owned and leasehold property expenditure	10.6	2.6	9.4	6.5	6.5	7.2	7.7	8.1
Travel and subsistence	40.1	66.3	75.9	93.4	93.4	85.8	86.7	97.3
Training and development	0.9	0.6	1.6	–	–	8.8	7.6	9.0
Operating expenditure	16.8	14.7	14.7	17.7	17.7	36.7	44.2	53.0
Venues and facilities	104.2	129.1	163.6	115.3	115.3	49.2	59.9	73.4
Financial transactions in assets and liabilities	20.8	8.1	25.9	–	–	–	–	–
Transfers and subsidies	2 465.3	3 118.4	4 524.3	4 124.8	4 074.8	5 329.9	4 674.2	4 879.4
Provinces and municipalities	0.6	58.4	0.0	–	–	–	–	–
Departmental agencies and accounts	947.9	1 406.0	1 503.0	1 259.1	1 259.1	1 407.3	1 103.3	1 191.7
Universities and technikons	–	6.0	–	10.5	10.5	–	–	–
Public corporations and private enterprises	1 498.3	1 612.6	2 984.2	2 815.2	2 765.2	3 881.0	3 527.3	3 636.2
Foreign governments and international organisations	13.7	20.1	30.6	28.8	28.8	37.6	39.3	47.1
Non-profit institutions	4.1	14.7	5.0	6.1	6.1	2.6	2.8	2.9
Households	0.7	0.6	1.6	5.1	5.1	1.4	1.5	1.6
Payments for capital assets	5.8	27.3	24.1	32.3	32.3	34.5	30.8	31.3
Buildings and other fixed structures	–	4.0	–	–	–	–	–	–
Machinery and equipment	5.8	15.8	20.5	26.1	26.1	33.9	30.1	30.6
Software and other intangible assets	–	7.5	3.6	6.2	6.2	0.7	0.7	0.7
Total	3 056.4	3 804.7	5 295.4	5 126.9	5 076.9	6 344.2	5 753.0	6 003.8

Expenditure trends

Expenditure increased from R3.1 billion in 2005/06 to R5.1 billion in 2008/09 at an average annual rate of 18.8 per cent. Expenditure is expected to rise to R6.3 billion in 2009/10, then decline to R5.8 billion in 2010/11, before increasing again to R6 billion in 2011/12. The increase in expenditure in 2009/10 is mainly due to additional funding allocated as transfers and subsidies to various regulatory institutions for capacity building, the business process outsourcing programme, the automotive production and development programme, the Coega industrial development zone, and the critical infrastructure programme for capital infrastructure.

Expenditure in the *Empowerment and Enterprise Development* programme increased from R1 billion in 2005/06 to R1.5 billion in 2007/08, and declines to R1.2 billion in 2008/09. The peak in 2007/08 was due to

increased transfers and subsidies to the Small Enterprise Development Agency, the support programme for industrial innovation, the South African Micro Finance Apex Fund, the National Empowerment Fund, and Khula Enterprise Finance. With the exception of the Small Enterprise Development Agency, these entities are intended to be self funding over the medium term, so the allocation declines from R1.3 billion in 2009/10 to R1 billion in 2011/12.

The Enterprise Organisation is the largest programme in terms of budget. Expenditure increases from R1 billion in 2005/06 to R3 billion in 2011/12, an average annual increase of 20.1 per cent. This is due to higher spending on incentive schemes aimed at small and medium business enterprises, infrastructure development in the various industrial development zones (Coega, East London and Richards Bay). In particular, increased allocations for to address backlogs in settling claims from the small medium enterprise development programme and for the enterprise investment programme result in a peak in transfers and subsidies of R5.3 billion in 2009/10.

Savings and reprioritisation

Savings of R1107.8 million, R132 million and R157.7 million have been identified over the medium term. The bulk of the amount is from Administration and The Enterprise Organisation programmes and have been effected in goods and services and transfer payments to departmental agencies and public entities.

The department reprioritised its budget over the MTEF period in line with the latest policy requirements and strategic objectives. Funding has also been redirected towards small enterprise development support.

Infrastructure spending

Infrastructure spending relates primarily to the critical infrastructure programme and the industrial development zones. Private sector investments in infrastructure and contributions through the critical infrastructure programme have generated about R62 billion worth of investment in South Africa and contributed to the creation of more than 44 953 jobs (directly and indirectly) during infrastructure construction and operations. Government investment in infrastructure development in the industrial development zones has captured the interest of major investors, especially in Eastern Cape where the Coega and East London zones are located. These two zones are expected to raise over R22 billion in investments over the medium term. The positive spin-offs of infrastructure investment should boost Eastern Cape's economy and improve South Africa's competitiveness in manufacturing and exports, in line with the objectives of the Accelerated and Shared Growth Initiative for South Africa.

Mega infrastructure projects and programmes (over R300 million)

The Coega industrial development zone covers 11 500 hectares of industrial land located adjacent to the new deepwater port of Ngqura. The Coega Development Corporation is responsible for developing the entire landside infrastructure, with the National Ports Authority overseeing the development of the modern deepwater port facility. More than 50 infrastructure projects have been completed, and over R2.7 billion has been invested by both Eastern Cape province (R1.3 billion) and the Department of Trade and Industry (R1.4 billion). These investments are for facilities and infrastructure development, such as roads, bulk electricity power lines, water and sewers, new factory buildings, a residential village, a multi-tenant office building, and bulk earthworks. Through this initiative, the Coega Development Corporation created more than 16 000 jobs (direct and indirect).

Large infrastructure projects and programmes (between R50 million and R300 million)

Since its inception, the East London industrial development zone has managed to facilitate investment commitments from 17 manufacturers. The total infrastructure investment value is R920 million and 1 313 direct manufacturing jobs have been created. Since 2004/05, government has transferred approximately 90 per cent (R990 million) of the total funding allocation of R1.1 billion for infrastructure and facilities development.

The Richards Bay industrial development zone was designated in 2002, and operates on a provisional operator permit. Compared with the other industrial development zones, the Richards Bay zone requires minimal infrastructure as bulk infrastructure already exists. Two key investors have been secured. The estimated combined investment value is R2.3 billion.

Since its inception in 2002, the critical infrastructure programme has committed R1.9 billion in funding and paid R687 million, and has R1.2 billion in outstanding claims. Capital grants have been paid for 36 approved infrastructure projects across the provinces. Three projects are in Northern Cape, three in Gauteng, four in North West, nine in KwaZulu-Natal, three in Mpumalanga, nine in Eastern Cape (seven of which are in the Coega and East London industrial development zones), one in Free State, one in Western Cape, and three in Limpopo. These infrastructure projects are predominantly in the mining sector, comprising 41.4 per cent of the value of critical infrastructure programme grant funding, but grants have also been made for tourism infrastructure and the chemical and manufacturing sectors.

Over 44 953 jobs have been created during the construction phase of these projects. Projections show that approximately 19 000 permanent jobs will be created between 2008 and 2012 as part of the operational phase of the critical infrastructure supported investments. 6 490 permanent jobs have been created in the operational phase.

The approved projects have committed to spend over R3.8 billion on associated industries, such as smelting facilities, to produce value added products, thus creating positive spin-offs for the economy. The budget allocation for 2008/09 is R107 million, and is expected to increase to R120.8 million in 2009/10, R125.6 million in 2010/11 and R133.1 million in 2011/12.

Departmental receipts

Revenue is mainly generated from fines and penalties imposed by the Competition Tribunal for contraventions of competitive practices, as well as dividends paid out once a year by the Industrial Development Corporation for the department's 100 per cent shareholding.

Table 32.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Departmental receipts	203 288	244 137	323 508	289 858	286 909	311 540	338 420	358 726
Sales of goods and services produced by department	3 566	27 009	3 835	3 597	2 940	3 540	3 750	3 975
Sales of scrap, waste, arms and other used current goods	–	–	–	–	1	–	–	–
Transfers received	38 767	45	–	–	–	–	–	–
Fines, penalties and forfeits	47 543	107 483	154 291	110 000	142 357	125 000	140 000	148 400
Interest, dividends and rent on land	75 017	75 237	86 315	95 947	40 237	101 000	112 260	118 996
Sales of capital assets	–	55	204	64	65	–	–	–
Financial transactions in assets and liabilities	38 395	34 308	78 863	80 250	101 309	82 000	82 410	87 355
Total	203 288	244 137	323 508	289 858	286 909	311 540	338 420	358 726

Programme 1: Administration

The *Office of the Director-General* subprogramme provides for a transfer payment to the Industrial Development Corporation's fund for research into industrial development, growth and equity. The fund is responsible for research on economic and industrial policy developments and tendencies and their possible impact on growth and equity. The amounts payable are determined according to the cost estimates and anticipated deliverables of each approved research project.

Expenditure estimates

Table 32.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister ¹	0.8	0.8	0.9	1.6	1.7	1.8	1.9
Deputy Minister ¹	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Deputy Minister ¹	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Ministry	19.6	21.9	21.2	23.8	22.6	24.4	25.7
Office of the Director-General	28.3	28.1	33.0	43.5	68.0	69.9	77.4
Corporate Services	201.3	221.1	248.2	317.2	318.7	337.6	333.5
Government Motor Transport	1.3	–	–	–	–	–	–
Property Management	5.1	5.5	6.0	6.5	7.1	7.8	8.3
Total	257.6	278.9	310.8	395.2	420.9	444.5	449.9
Change to 2008 Budget estimate				(2.9)	(3.7)	(6.5)	(21.2)

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this only salary and car allowances are included. Administrative and other subprogramme expenditure may in addition include payments for capital as well as transfers and subsidies.

Economic classification

Current payments	248.9	258.0	285.8	368.6	407.2	430.0	434.6
Compensation of employees	56.9	62.0	69.4	100.1	120.0	127.1	133.4
Goods and services	192.0	196.0	216.4	268.5	287.2	302.9	301.2
of which:							
Administrative fees	0.9	0.7	1.4	–	2.5	2.6	2.8
Advertising	0.7	1.6	0.7	1.3	1.1	1.2	1.2
Assets less than R5 000	0.2	0.1	0.1	–	0.6	0.6	0.6
Audit costs: External	4.2	4.0	3.7	–	5.8	6.2	6.5
Bursaries (employees)	0.4	0.5	0.1	–	2.2	1.8	2.0
Catering: Departmental activities	0.2	0.3	0.4	–	0.9	1.0	1.0
Communication	10.4	8.4	11.2	9.8	7.7	8.2	8.6
Computer services	10.3	3.7	8.4	8.3	8.3	8.8	9.3
Consultants and professional services: Business and advisory services	33.1	25.5	5.7	35.5	35.2	37.4	39.3
Consultants and professional services: Infrastructure and planning	–	–	–	6.2	–	–	–
Consultants and professional services: Legal costs	0.2	2.6	4.1	–	–	–	–
Contractors	0.6	5.0	6.5	–	8.1	8.6	9.1
Agency and support / outsourced services	3.6	–	8.3	–	3.1	3.3	3.5
Inventory: Stationery and printing	3.7	3.0	3.2	4.1	4.0	4.2	4.4
Lease payments	8.0	8.8	–	151.9	156.8	166.6	156.0
Owned and leasehold property expenditure	0.1	1.0	6.8	6.5	6.8	7.2	7.6
Travel and subsistence	14.7	14.5	16.3	19.3	20.5	21.7	22.9
Training and development	0.8	0.6	1.5	–	8.8	7.6	9.0
Operating expenditure	2.6	2.8	3.4	–	11.2	11.9	13.5
Venues and facilities	97.1	112.6	134.5	25.6	3.4	3.6	3.6
Financial transactions in assets and liabilities	–	0.0	–	–	–	–	–
Transfers and subsidies	5.3	5.2	6.2	2.1	2.0	2.1	2.3
Provinces and municipalities	0.2	0.0	0.0	–	–	–	–
Departmental agencies and accounts	0.0	–	–	–	–	–	–
Public corporations and private enterprises	5.0	5.0	5.3	0.6	0.6	0.6	0.7
Households	0.1	0.2	0.9	1.5	1.4	1.5	1.6
Payments for capital assets	3.3	15.8	18.9	24.6	11.7	12.4	13.0
Buildings and other fixed structures	–	4.0	–	–	–	–	–
Machinery and equipment	3.3	4.2	15.3	18.4	11.2	11.9	12.5
Software and other intangible assets	–	7.5	3.6	6.2	0.5	0.5	0.6
Total	257.6	278.9	310.8	395.2	420.9	444.5	449.9

Table 32.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	5.0	5.0	5.3	0.6	0.6	0.6	0.7
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	5.0	5.0	5.3	0.6	0.6	0.6	0.7

Expenditure trends

Expenditure increased steadily between 2005/06 and 2008/09, rising from R257.6 million to R395.2 million at an average annual rate of 15.3 per cent. Over the medium term, expenditure is set to increase to R449.9 million in 2011/12, an average annual rate of 4.4 per cent. The largest allocation goes to the *Corporate Services* subprogramme, which increases from R201.3 million in 2005/06 to R333.5 million in 2011/12, an average annual increase of 8.8 per cent over the seven-year period, accounting for an average of 77.3 per cent of expenditure in the *Administration* programme.

Growth relates to operational costs associated with the public private partnership accommodation project, through which head office accommodation and facilities management services are being provided to the department and its public entities. This results in a new allocation for lease payments under current payments from 2008/09. Expenditure growth is due to accommodation costs for public entities located at the department's premise. These costs were previously recovered by the department from the entities.

Spending in the *Office of the Director-General* subprogramme increases at an average annual rate of 18.3 per cent between 2005/06 and 2011/12, rising from R28.3 million to R77.4 million. This is due to the expansion of the strategic planning unit and the increase in the office's general capacity. The larger budget is also a result of anticipated increased expenditure on industrial policy research.

Programme 2: International Trade and Economic Development

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. Provision is made under this subprogramme for the following transfers and subsidies:
 - International Trade Administration Commission to create an enabling environment for fair trade for South Africa through custom tariff investigations, trade remedies and import and export control. The amounts payable are based on the approved business plan of the entity and supporting memorandums of understanding.
 - Organisation for the Prohibition of Chemical Weapon as the South African contribution to the convention against the use of chemical weapons. The amounts payable are based on the annual fees determined by this organisation.
 - ProTechnik Laboratories as the South African contribution to international non-proliferation treaties and regimes. The amounts payable are based on the annual fees determined by this organisation.
 - World Trade Organisation as the South African membership fee to this global organisation dealing with rules of trade between countries. The amounts payable are based on the annual fees determined by this organisation.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. Provision is made under this subprogramme for a transfer payment to the Development Bank of Southern Africa for regional spatial development initiatives aimed at accelerating sustainable socioeconomic development in the region. Funding is disbursed on the basis of approved business and project plans.

- *International Trade Administration* oversees South Africa's system for international trade administration and its compliance with international non-proliferation treaties. Funding is disbursed on the basis of annual business plans approved for the International Trade Administration Commission, and is used mainly for salaries and membership fees for international organisations.

Objectives and measures

- Expand market access for South Africa's exports and strengthen trade and investment links by continuing to participate in government-to-government platforms, and concluding three memorandums of understanding per year over the MTEF period.
- Foster regional integration and economic development in Africa by facilitating:
 - investments and increased intra-Africa trade through bilateral and multilateral meetings with trade partners
 - the consolidation of the Southern Africa Customs Union by providing technical assistance to the secretariat and leading negotiations on free trade terms, the SADC and the African Union (AU) by providing technical assistance to the AU secretariat
 - institutional capacity building within the NEPAD framework by providing representatives to the secretariat.
- Promote South Africa's interests in the multilateral trade system through ongoing engagement in the negotiating process and associated projects (such as research on international trade) based on ongoing national consultations with relevant government departments and stakeholders.
- Encourage economic growth and development by managing South Africa's tariff regime in collaboration with the International Trade Administration Commission, which entails managing customs tariffs, import and export control permits, and duty credit certificates.
- Ensure compliance with international non-proliferation treaties by monitoring production and trade in relevant industries.

Service delivery and spending focus

At the multilateral level, South Africa continues to play a leading role. The department participated in the Doha Round negotiations coordinated by the World Trade Organisation, and the twelfth ministerial meeting of the United Nations (UN) Conference on Trade and Development. The department engaged in regional trade consultations, such as the India-Africa Summit, the Forum on China-Africa Cooperation, and the India-Brazil-South Africa Dialogue Forum. India and Brazil have been identified as important new growth markets. The department signed 12 bilateral and regional trade investment agreements and undertook 15 technical and business missions to negotiate the terms of bilateral and multilateral trade agreements.

The department continues to participate in institutional processes aimed at deepening regional integration in SADC and the Southern Africa Customs Union. SADC launched a free trade agreement in August 2008 that will reduce the barriers to trade between countries in the region. The department is a central player in building new regional institutions as provided for in the Southern Africa Customs Union agreement, and continues to review the union's functions and effectiveness. In June 2008, the Southern Africa Customs Union signed a trade investment and development cooperation agreement with the United States of America and subsequently undertook a review of the Africa Growth and Opportunity Act (2004), as part of a broader market access strategy to expand exports to the US. Following the conclusion of the Southern Africa Customs Union-Mercusor preferential trade agreement in May 2008, the Southern Africa Customs Union-India preferential trade agreement negotiations were launched in September 2007. Three rounds of negotiations have been completed.

The department provides technical support to the NEPAD secretariat in implementing spatial development initiatives across Africa, and continues to participate in AU efforts to rationalise integration processes and develop a continental model for business law. The department also provides institutional and technical support to key countries in Africa, including Nigeria, Ghana, Zimbabwe, Egypt, Mali, Senegal, Uganda, Ethiopia and Zambia, and technical economic support for South Africa's post-conflict reconstruction and development

programmes in the Democratic Republic of Congo, Sudan, Angola and Rwanda. In 2007, the department published South Africa in Africa – A Business Guide to provide potential investors and traders with information about the South African market and business environment.

Expenditure estimates

Table 32.5 International Trade and Economic Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Trade Development	29.4	42.3	43.0	112.4	130.1	135.5	137.7
African Economic Development	31.1	32.3	34.8	39.0	43.4	47.8	44.7
International Trade Administration	46.5	49.2	55.7	–	–	–	–
Total	106.9	123.9	133.5	151.3	173.5	183.3	182.4
Change to 2008 Budget estimate				2.6	17.4	18.3	(2.6)

Economic classification							
Current payments	36.1	45.3	51.0	68.1	83.0	87.5	80.7
Compensation of employees	22.0	28.3	32.1	41.4	53.4	56.0	56.1
Goods and services	14.1	17.0	18.9	26.6	29.6	31.5	24.6
<i>of which:</i>							
Administrative fees	0.0	0.1	0.2	–	–	–	–
Advertising	0.3	0.3	0.2	0.5	1.2	1.8	1.9
Catering: Departmental activities	0.1	0.1	0.2	–	1.0	2.5	0.7
Communication	0.7	0.7	0.9	0.9	1.3	1.4	1.5
Consultants and professional services: Business and advisory services	0.2	0.7	0.4	1.7	2.0	2.2	2.3
Inventory: Stationery and printing	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Owned and leasehold property expenditure	10.5	–	–	–	–	–	–
Travel and subsistence	–	13.3	14.7	17.6	11.5	11.8	12.3
Operating expenditure	0.4	0.2	0.4	–	0.9	0.1	0.2
Venues and facilities	1.3	1.0	1.5	5.4	10.9	10.9	4.9
Transfers and subsidies	70.5	78.1	81.9	83.0	90.1	95.3	101.0
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	50.6	53.4	57.6	60.5	63.0	66.6	70.6
Public corporations and private enterprises	18.4	13.8	14.5	15.2	15.9	16.8	17.8
Foreign governments and international organisations	1.3	10.8	9.7	7.3	11.2	11.9	12.6
Households	0.1	0.0	0.0	0.0	–	–	–
Payments for capital assets	0.3	0.4	0.6	0.3	0.5	0.5	0.7
Machinery and equipment	0.3	0.4	0.6	0.3	0.4	0.5	0.6
Software and other intangible assets	–	–	–	0.0	0.0	0.0	0.0
Total	106.9	123.9	133.5	151.3	173.5	183.3	182.4

Table 32.5 International Trade and Economic Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	47.8	50.8	57.2	60.2	63.0	66.6	70.6
International Trade Administration Commission	46.5	49.2	55.7	58.4	60.9	64.3	68.2
ProTechnik Laboratories	1.4	1.5	1.5	1.8	2.1	2.3	2.4
Capital	2.8	2.7	0.4	0.3	–	–	–
ProTechnik Laboratories	2.8	2.7	0.4	0.3	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	18.4	13.8	14.5	15.2	15.9	16.8	17.8
Development Bank of Southern Africa: Regional spatial development initiatives	18.4	13.8	14.5	15.2	15.9	16.8	17.8
Foreign governments and international organisations							
Current	1.3	10.8	9.7	7.3	11.2	11.9	12.6
Organisation for the Prohibition of Chemical Weapons	1.3	1.6	2.2	2.3	6.0	6.4	6.8
World Trade Organisation	–	9.2	7.5	5.0	5.2	5.5	5.8

Expenditure trends

Expenditure increased consistently between 2005/06 and 2008/09, rising from R106.9 million to R151.3 million at an average annual rate of 12.3 per cent. Expenditure is expected to rise to R182.4 million in 2011/12 at an average annual rate of 6.4 per cent over the medium term.

Expenditure in the *International Trade Development* subprogramme increased significantly between 2007/08 and 2008/09, rising from R43 million to R112.4 million. This was due to the consolidation of the two subprogrammes dealing with international trade in 2008/09, and does not reflect an increase in activities or expenditure.

Expenditure in transfer payments over the medium term increases from R83 million in 2008/09 to R101 million in 2011/12 at an average annual rate of 6.8 per cent. This is partly due to the increase in the transfer to the Development Bank of Southern Africa to fund regional spatial development initiatives, which aim to create conditions and opportunities for successful new fixed investment within specific areas of the region. The department is also strengthening its human resources capacity to deliver on its mandate and expanded work programme. Transfers to international organisations make up an increasingly important component of this expenditure, rising from R7.3 million in 2008/09 to R12.6 million in 2011/12.

Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperatives enterprises, and provides innovation and technology support to these entities. All efforts are aimed at increasing the contribution of SMMEs and cooperatives to South Africa's GDP, and improving the lives of all South Africans. Under this subprogramme, provision is made for the following transfer payments and subsidies:
 - Khula Enterprise Finance provides wholesale finance to promote and facilitate access to finance for small and medium enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.

- South African Micro Finance Apex Fund provides sustainable access to affordable financial services for the poor. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
- Small Enterprise Development Agency provides non-financial business development and support services for small enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
- United Nations Industrial Development Organisation channels the South African contribution towards achieving sustainable global industrial development. The amounts payable are based on the fees determined by member states, including South Africa.
- Small Enterprise Development Agency's technology programme is managed by the agency, and finances and supports early, seed and start-up technology ventures aimed at increasing the competitiveness of South Africa. The amounts payable are based on qualifying projects.
- National Research Foundation's technology and human resources for industry programme supports research and technology development by strengthening the numbers and skills of appropriately trained people. The amounts payable are based on the approved business plans and qualifying projects.
- Productivity Institute of South Africa's workplace challenge programme finances and supports world class manufacturing and value chain efficiency improvements in South African companies. The amounts payable are based on qualifying projects.
- Industrial Development Corporation's support programme for industrial innovation enables private sector enterprises to develop new products and services. The amounts payable are based on matching grants to contributions by such enterprises.
- *Equity and Empowerment* implements BEE and gender policies. Provision is made under this subprogramme for the following transfers and subsidies:
 - National Empowerment Fund facilitates funding for BEE transactions by providing innovative investment solutions to black people. The amounts payable are based on the approved business plans of the entity, and supporting memorandums of understanding.
 - South African Women Entrepreneurs' Network, housed at Khula Enterprise Finance, supports and grows women entrepreneurship through networking facilities. The amounts payable are based on the approved business plans.
 - Industrial Development Corporation's Isivande Women's Fund provides financial support to women entrepreneurs to grow their businesses. The amounts payable are based on the approved projects.
- *Regional Economic Development* enhances the competitiveness of local and provincial economies for sustained economic growth. Funding will mainly be for salaries and related personnel expenditure.

Objectives and measures

- Foster the growth of SMMEs and cooperatives by creating an enabling environment and overseeing the support provided by agencies such as Khula, the Small Enterprise Development Agency and the South African Micro-finance Apex Fund to increase the number of SMMEs (currently 2 million) and cooperatives, (17 000 registered, but many more informal, including an estimated 800 000 stokvels) and their contribution to GDP from 40 per cent to 45 per cent over the next 5 years.
- Facilitate access to government procurement opportunities by SMMEs and cooperatives through overseeing the implementation of the 10 approved products over the MTEF period, thereby increasing the number of SMMEs and cooperatives from which government procures, subject to a minimum of 85 per cent of their procurement expenditure benefiting SMMEs and cooperatives through the 10 products.
- Facilitate the increased participation of black people in business and business transactions through promoting empowerment and equity policies by facilitating and gazetting BEE charters under sections 9 and 12 of the Broad-Based Black Economic Empowerment Act (2003).
- Expand support for hi-tech industries operating in the region by providing access to incentives and coordinating regional stakeholder participation by forming partnerships aimed at creating at least 4 000 jobs by 2012.

Service delivery and spending focus

The Cooperatives Act (2005) came into effect in 2007/08. Regulations were approved for the full establishment and implementation of new registration systems for cooperatives at the Companies and Intellectual Property Registration Office, resulting in the legalisation of the registration of cooperatives in South Africa.

August 2008 marked the end of the transitional period during which the economy could convert from narrow based to broad based BEE and establish institutional systems for BEE. This also applied to the unconditional application of the codes of good practice. In 2008/09, a BEE verification manual was completed, a BEE IT portal was launched, and BEE sector charters for tourism, construction, forestry, and transport were gazetted. The department provided technical support for the drafting and negotiation of 7 BEE sector charters.

The Isivande Women's Fund was launched in 2008 to promote women's access to finance. Isivande will be capitalised with R100 million by both the department and Masisizane (Old Mutual). This fund will provide women with accessible and affordable loans of between R30 000 and R2 million for growing their enterprises.

The support programme for industrial innovation recorded total sales of R309 million, of which R150 million were export sales of new products. 1 220 shop floor jobs were created. The technology and human resources for industry programme leveraged R163 million from the private sector for new technology development, and supported 264 SMMEs in 2008/09. The Small Enterprise Development Agency technology programme created 126 new SMMEs and supported 34 technology transfers to SMMEs to the value of R12 million.

Expenditure estimates

Table 32.6 Empowerment and Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Enterprise Development	578.6	733.5	732.6	827.9	526.0	349.0	389.9
Equity and Empowerment	425.5	586.5	739.5	349.6	475.1	278.0	294.7
Regional Economic Development	–	–	–	–	306.8	352.7	365.6
Total	1 004.1	1 320.0	1 472.1	1 177.5	1 307.9	979.7	1 050.1
Change to 2008 Budget estimate				(60.9))	16.3	42.6	88.5

Economic classification

	15.9	26.1	31.0	35.6	82.1	82.1	94.5
Current payments							
Compensation of employees	7.7	11.0	13.2	20.9	36.8	38.1	39.8
Goods and services	8.2	15.1	17.8	14.7	45.3	44.1	54.7
<i>of which:</i>							
Administrative fees	0.0	0.1	0.0	–	1.0	–	–
Advertising	0.2	0.2	0.4	0.5	2.7	2.5	2.6
Communication	0.2	0.3	0.2	0.6	0.5	0.6	0.6
Consultants and professional services: Business and advisory services	3.0	4.7	6.4	4.2	13.3	20.8	14.0
Contractors	–	0.9	0.3	–	0.4	–	–
Inventory: Stationery and printing	0.5	0.4	0.3	0.6	1.4	2.5	2.6
Lease payments	0.1	0.1	0.0	–	0.1	0.2	0.3
Travel and subsistence	2.5	5.0	5.7	4.0	10.8	8.0	9.7
Operating expenditure	0.5	1.0	0.6	–	7.8	5.9	12.7
Venues and facilities	0.9	2.3	3.4	4.9	7.3	3.5	12.2

Table 32.6 Empowerment and Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Transfers and subsidies	988.1	1 293.7	1 440.8	1 141.8	1 225.3	897.1	955.1
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	789.3	1 222.3	1 289.9	1 006.4	1 083.8	747.8	796.8
Public corporations and private enterprises	192.3	63.8	141.0	120.1	125.6	133.0	135.7
Foreign governments and international organisations	2.4	2.9	4.9	9.2	13.3	13.6	19.8
Non-profit institutions	4.1	4.7	5.0	6.1	2.6	2.8	2.9
Households	0.0	0.0	0.1	–	–	–	–
Payments for capital assets	0.1	0.2	0.3	0.1	0.4	0.5	0.5
Machinery and equipment	0.1	0.2	0.3	0.1	0.4	0.5	0.5
Total	1 004.1	1 320.0	1 472.1	1 177.5	1 307.9	979.7	1 050.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	275.6	578.1	524.5	531.5	608.4	574.3	617.9
Godisa Trust	40.6	–	–	–	–	–	–
National Empowerment Fund	40.0	66.0	100.0	–	116.0	22.7	24.1
National Productivity Institute: Workplace Challenge	7.4	7.9	8.3	8.7	8.0	8.5	8.1
Small Enterprise Development Agency	187.6	311.4	258.8	408.0	331.2	376.7	384.7
Small Enterprise Development Agency technology programme	–	62.7	73.4	76.7	68.3	76.3	110.5
South African Micro Finance Apex Fund	–	130.0	84.0	38.1	84.8	90.1	90.5
Capital	513.7	644.2	765.4	474.9	475.5	173.4	178.9
National Empowerment Fund	370.6	495.1	610.0	312.9	311.6	–	–
National Research Foundation: Technology and human resources for industry programme	143.1	149.1	155.5	162.0	163.8	173.4	178.9
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	9.5	18.3	10.6	11.1	–	–	–
South African Bureau of Standards: Trade metrology	9.5	18.3	10.6	11.1	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	101.7	40.5	83.5	88.9	75.9	80.2	85.0
Council for Scientific and Industrial Research: Technology for women in business	1.9	6.4	–	–	–	–	–
Khula Enterprise Finance	99.9	34.1	73.5	69.9	66.0	69.7	73.9
Industrial Development Corporation: Isivande Women's Fund	–	–	10.0	19.0	9.9	10.5	11.1
Capital	81.0	5.0	46.9	–	49.7	52.8	50.6
Industrial Development Corporation: Support programme for industrial innovation	81.0	5.0	46.9	–	49.7	52.8	50.6
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Capital	–	–	–	20.0	–	–	–
Centurion Aerospace Village	–	–	–	20.0	–	–	–
Foreign governments and international organisations							
Current	2.4	2.9	4.9	9.2	13.3	13.6	19.8
United Nations Industrial Development Organisation	2.4	2.9	4.9	9.2	13.3	13.6	19.8
Non-profit institutions							
Current	4.1	4.7	5.0	6.1	2.6	2.8	2.9
South African Women Entrepreneurs' Network	4.1	4.7	5.0	6.1	2.6	2.8	2.9

Expenditure trends

This programme, which previously formed part of the *Enterprise and Industry Development* programme, will become effective from April 2009. Between 2005/06 and 2008/09, expenditure increased rapidly at an average annual rate of 21.1 per cent, rising from R1 billion in 2005/06 to R1.5 billion in 2007/08. This was driven by transfers to departmental agencies, such as the National Empowerment Fund and the Small Enterprise Development Agency, for recapitalisation. In 2008/09, expenditure declined to R1.2 billion as these transfers were reduced, and is expected to decline again in 2010/11 to under R1 billion for the same reason. These decreases relate mainly to expenditure decreases in the *Equity and Empowerment* subprogramme over the medium term. This largely reflects the phasing out of capital allocations to the National Empowerment Fund, which decrease from R610 million in 2007/08 to R311.6 million in 2009/10, and then cease.

Public entities

National Empowerment Fund

Strategic overview: 2005/06 - 2011/12

The National Empowerment Fund is a catalyst for BEE and is the development funding institution mandated by government to champion economic transformation in South Africa by providing innovative finance and investment solutions to black people. The fund's role is to support and invest in BEE as defined by the codes of good practice. This will include a focus on preferential procurement, broadening the reach of black equity ownership, transformation in management and staff, and preventing the dilution of black shareholding. The work of the National Empowerment Fund straddles and complements other development finance institutions, and the fund is able to enhance other development finance institutions and their mandates by sharing its specialist sector expertise and knowledge of BEE.

Selected performance and operations indicators

Table 32.7 National Empowerment Fund

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of transactions of between R5m and R100m each year	Corporate Fund	201	170	72	300	375	450	350
Number of transactions from R250 000 to R10m each year	Imbewu Fund	50	49	73	160m	200	240	150
Value of funding of community development projects each year	Rural and Community Development/Project Unit	R1.5m	–	R57.5m	R65m	R110m	R175m	R100m
Value of funding of sourced strategic projects each year	Strategic Projects Fund	–	–	–	R40m	R190m	–	R150m
Value of loans disbursed	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	R182m	R152m	R380m	R500m	R600m	R600m	R400m
Total value of loan book	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	–	–	R714m	R1.2bn	R1.8bn	2.4bn	R2.8bn
Total value of approved loans	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	–	–	–	R1.3bn	R1.9bn	R2.5bn	R2.9bn
Number of loans, quasi-equity and equity finance deals granted to BEE businesses	Corporate Fund/Imbewu Fund/Rural and Community Development/Project Unit/Strategic Projects Fund	52	23	31	63	88	104	90

Service delivery and spending focus

In 2007, the National Empowerment Fund launched a retail product known as the National Empowerment Fund Asonge Share Scheme. The results have exceeded expectations, with over 86 000 investors buying more than 12 million shares worth in excess of a cumulative R1.5 billion at year end. The board of trustees has approved the allocation of a further 1.4 million shares, worth R147 million, to provide for the oversubscription and ensure a full allocation of shares to qualifying applicants.

By March 2008, the National Empowerment Fund had approved 124 transactions at an investment cost of R932 million, of which 117 transactions totalling R699 million were disbursed. 74 per cent is invested in deals below R5 million, and 26 per cent in deals above R5 million.

As a direct result of funding from the National Empowerment Fund, 4 693 jobs have been created, while more than 15 300 indirect jobs have been sustained. 31 per cent of the fund's investment portfolio comprises businesses owned and managed by black women entrepreneurs. By value, construction continues to take the lead as the highest funded sector at 23.5 per cent, followed by ICT and media at 12.9 per cent, as illustrated in the trustees' report.

Expenditure estimates

Table 32.8 National Empowerment Fund: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	65.4	133.1	1 019.1	370.0	471.9	554.4	654.4
<i>Other non-tax revenue</i>	65.4	133.1	1 019.1	370.0	471.9	554.4	654.4
Transfers received	40.0	66.0	100.0	–	116.0	22.7	24.1
Total revenue	105.4	199.2	1 119.1	370.0	587.9	577.1	678.4
Expenses							
Current expense	61.9	88.9	167.3	255.3	321.4	339.1	343.2
Compensation of employees	25.1	37.1	48.1	69.4	84.4	97.5	112.7
Goods and services	35.9	50.8	116.9	183.6	233.6	238.5	227.3
Depreciation	0.8	1.0	2.3	2.3	3.4	3.1	3.1
Interest, dividends and rent on land	0.0	–	–	–	–	–	–
Total expenses	61.9	88.9	167.3	255.3	321.4	339.1	343.2
Surplus / (Deficit)	43.5	110.3	951.8	114.7	266.5	238.0	335.3
Statement of financial position							
Carrying value of assets	3.0	2.4	7.7	10.4	10.6	8.4	6.0
<i>of which: Acquisition of assets</i>	2.0	0.5	7.6	4.9	3.6	1.0	0.7
Investments	1 526.2	2 407.4	1 957.9	2 336.4	3 036.4	3 736.4	4 336.4
Loans	153.0	338.7	–	–	–	–	–
Receivables and prepayments	19.1	24.3	16.9	15.0	15.0	15.0	15.0
Cash and cash equivalents	400.1	793.0	2 317.8	2 490.0	2 546.3	1 804.6	1 381.3
Total assets	2 101.5	3 565.8	4 300.3	4 851.8	5 608.3	5 564.4	5 738.6
Accumulated surplus/deficit	76.7	187.2	1 137.1	1 381.5	1 823.3	1 779.4	1 953.7
Capital and reserves	2 010.6	3 363.8	3 133.3	3 445.3	3 759.9	3 759.9	3 759.9
Borrowings	3.0	–	0.8	–	–	–	–
Trade and other payables	11.2	14.7	24.3	25.0	25.0	25.0	25.0
Provisions	–	–	4.8	–	–	–	–
Total equity and liabilities	2 101.5	3 565.8	4 300.3	4 851.8	5 608.3	5 564.4	5 738.6

Expenditure trends

The net asset value of the National Empowerment Fund has increased from R2.1 billion in 2005/06 to R4.3 billion in 2007/08. This has largely been due to appreciation in fair value of the asset management portfolio, as well as the capitalisation of the fund by the department. Expenditure also increased from R61.9 million in 2005/06 to R167.3 million in 2007/08, and is expected to rise to R343.2 million by 2011/12. The expenditure trend is monitored as a ratio of net asset value and is currently standing at 1.9 per cent of net asset value, well below that of other comparable development finance institutions and funds. The transfer payments received from the department for recapitalisation have allowed the National Empowerment Fund to increase its investments and loans for empowerment outcomes. These now exceed R1 billion.

Small Enterprise Development Agency

Strategic overview: 2005/06-2011/12

The Small Enterprise Development Agency was established at the end of 2004 through the merger of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre, and the Community Public Private Partnership Programme. The Godisa Trust and the National Technology Transfer Centre were integrated into the agency in April 2006, to become the Small Enterprise Development Agency's technology programme.

Through its national network, the Small Enterprise Development Agency provides non-financial business development and support services for small enterprises in partnership with other role players. The agency also implements business development programmes in government priority areas and for government target groups.

Selected performance and operations indicators

Table 32.9 Small Enterprise Development Agency

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of clients accessing agency services each year	32 796	140 779	186 195	200 000	200 000	210 000	220 500
Total number of branches established and operational	27	39	43	42	42	42	42
Number of existing and prospective entrepreneurs trained each year	893	1 539	22 893	15 000	20 000	25 000	30 000
Number of unique website visits each year	312 873	349 406	514 594	300 000	325 000	350 000	375 000
Number of clients assisted in business plan development each year	–	–	3 661	1 600	8 800	9 680	10 650
Number of clients trained in starting a business each year	25	–	8 271	7 059	18 700	20 570	22 630
Number of new business registrations	–	–	10 635	5 000	8 800	9 680	10 650
Number of clients assisted with access to local markets each year	–	–	4 642	800	7 380	8 120	8 930
Number of clients assisted with access to export markets each year	92	–	–	400	1 100	1 210	1 330
Number of clients assisted with technology interventions each year	–	–	–	–	4 400	4 840	5 320
Number of clients assisted with access to finance each year	–	–	1 761	800	2 952	3 250	3 575

Service delivery and spending focus

Between 2005/06 and 2007/08, the Small Enterprise Development Agency's infrastructure grew from 6 provincial offices and 27 district branches to 8 provincial offices, 43 district branches and 2 mobile units, and the staff complement grew from 351 to 530. The agency also introduced a complementary service delivery model to increase its reach. This involved setting up offices or desks at 37 local government locations on specific days, and in other organisations such as ABSA (nationally), the South African Women Entrepreneurs Network (Eastern Cape) and the Department of Economic Development (KwaZulu-Natal).

As a result of the expansion, the number of enterprises serviced increased from 32 796 in 2005/06 to 186 195 in 2007/08. In 2007/08, the technology programme supported 642 clients, creating 6 289 jobs. In partnership with 85 schools and 1 tertiary institution, the University of the Western Cape, the entrepreneurship awareness programme has reached 5 800 students. In April 2008, the agency launched its trade point programme, which will expose South African small enterprises to international markets and opportunities. This is a partnership with local business associations and the World Trade Point Federation, a programme of the UN Conference on Trade and Development.

Expenditure estimates

Table 32.10 Small Enterprise Development Agency: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	6.0	26.0	11.9	14.7	4.1	28.8	41.1
<i>Other non-tax revenue</i>	6.0	26.0	11.9	14.7	4.1	28.8	41.1
Transfers received	194.4	416.0	378.0	523.2	439.5	493.0	550.2
Total revenue	200.4	442.0	389.8	537.9	443.6	521.8	591.3
Expenses							
Current expense	171.9	405.1	453.2	522.6	443.6	521.8	591.3
Compensation of employees	51.7	123.6	148.5	187.0	210.9	232.7	268.2
Goods and services	117.8	272.8	292.6	325.0	216.8	268.9	306.4
Depreciation	2.0	6.2	9.5	10.5	15.7	20.0	16.4
Interest, dividends and rent on land	0.5	2.4	2.7	0.2	0.2	0.2	0.2
Total expenses	171.9	405.1	453.2	522.6	443.6	521.8	591.3
Surplus / (Deficit)	28.5	36.9	(63.4)	15.2	-	-	-
Statement of financial position							
Carrying value of assets	11.6	30.0	29.9	38.4	48.2	43.2	41.7
<i>of which: Acquisition of assets</i>	1.8	25.9	9.9	19.5	25.6	15.1	15.1
Inventory	0.5	0.4	0.4	0.4	0.5	0.5	0.6
Receivables and prepayments	3.8	17.8	45.9	40.9	36.4	32.4	28.8
Cash and cash equivalents	79.0	160.6	82.7	73.6	65.5	58.3	51.9
Total assets	94.8	208.8	158.9	153.2	150.5	134.3	122.9
Accumulated surplus/deficit	41.9	94.3	30.9	38.4	48.2	43.2	41.7
Borrowings	9.9	11.8	12.0	11.3	9.4	7.5	5.6
Trade and other payables	41.0	88.1	115.6	102.9	91.6	81.5	72.5
Provisions	2.0	14.6	0.4	0.7	1.3	2.2	3.1
Total equity and liabilities	94.8	208.8	158.9	153.2	150.5	134.3	122.9

Expenditure trends

Revenue is dominated by transfers received from the Department of Trade and Industry, local government, and local and international donors. Transfers increase from R194.4 million in 2005/06 to R523.2 million in 2008/09, of which the department transferred R187.6 million in 2005/06 and R484.7 million in 2008/09 to the Small Enterprise Development Agency and its technology programme. Departmental transfers to the agency and the technology programme are expected to stabilise over the MTEF period, reaching R495.2 million by 2011/12.

Total expenditure increases from R522.6 million in 2008/09 to R591.3 million in 2011/12. Expenditure is mainly on goods and services, which increases from R117.8 million in 2005/06 to R306.4 million in 2011/12, and on compensation of employees, which increases substantially from R51.7 million in 2005/06 to R268.2 million in 2011/12.

Programme 4: Industrial Development

- *Industrial Competitiveness* does advocacy work and develops policies and interventions related to: the diversifying of technical infrastructural support; eliminating intermediate barriers to entry; deepening domestic technology linkages; and participating in dynamic value chains to improve the industrial competitiveness of the South African economy. Provision is made under this subprogramme for transfers and subsidies to:
 - South African Bureau of Standards develops, promotes and maintains standardisation and quality in connection with commodities, and provides related conformity assessment services aimed at protecting

the integrity of the South African market and creating a competitive advantage for industry. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.

- National Metrology Institute of South Africa provides for the use of the international systems of units and certain other measurement units, and designates, maintains and keeps national measurement units and standards. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
- South African National Accreditation System provides an effective accreditation system for conformity assessment, calibration and compliance monitoring for good laboratory practice. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
- National Regulator for Compulsory Specifications administers and maintains compulsory specifications and regulations that may affect public health, safety or the environment, and has the legal metrology responsibility. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
- Council for Scientific and Industrial Research's aerospace industry programme creates an industry supplier base that is firmly integrated in global supply chains. One of its aims is to stimulate small business and BEE participation through various clustering initiatives. The amounts payable are based on identified industry needs, applications and qualifying projects.
- Council for Scientific and Industrial Research's National Cleaner Production Centre undertakes specific cleaner production projects in the chemicals, agro-processing, clothing, textiles and automotive sectors. Funds are distributed to qualifying projects.
- South African Bureau of Standards' plant infrastructure upgrades infrastructure and laboratories. Funding is based on the project plan.
- South African Bureau of Standards' small business technical consulting programme participates as a member of international organisations dealing with technical infrastructure and regulatory activities. Funding is distributed according to the membership fees of the various organisations.
- *Customised Sector Programmes* develops high impact sector specific strategies for economic growth and employment creation. Provision is made under this subprogramme for a transfer payment to the Industrial Development Corporation's customised sector programme to increase investment, competitiveness and exports in prioritised sectors. Funding is distributed to qualifying projects.

Objectives and measures

- Grow and diversify manufacturing and tradable services by facilitating and monitoring the implementation of the industrial policy action plan over the next 3 years.
- Foster an enabling environment for industrial upgrading and support for sustainable development by developing and implementing a technical infrastructure strategy (including standards, quality, assurance, accreditation and metrology) by 2009.
- Respond to the impact of climate change by developing and implementing an industrial climate change response plan and launching cleaner production initiatives in at least 110 companies by 2012.
- Support industrial development in South Africa and retain a total of 20 000 direct jobs by 2012 by leveraging government procurement through the national industrial participation programme.
- Strengthen regional industrial development and cooperation by collaborating with regional economic communities to harmonise business laws and develop strategies on continental norms for agricultural, industrial and environmental standards.

Service delivery and spending focus

The Department of Trade and Industry launched an automotive production and development programme as part of the process of implementing the national industrial policy framework and the industrial policy action plan. Measures were finalised to restructure the clothing and textiles sector, and investment and employment creation strategies were introduced in sectors such as business process outsourcing, tourism, crafts, and film and television production.

The department has provided support to accelerate reforestation in Eastern Cape and KwaZulu-Natal. A draft memorandum of understanding has been compiled to facilitate the import of timber from Mozambique by South African small businesses, and promote investment in forestry projects in Mozambique.

Since 2005, 102 firms have been audited by the National Cleaner Production Centre and about 25 per cent have implemented the recommendations of the audits.

The revised national industrial participation programme guidelines were released, providing a model for skills development and compulsory BEE requirements. The department provided technical and financial support for the development of an action plan for the accelerated industrial development of Africa, which was approved by the AU heads of state and government at the 2008 summit. The department similarly supported an implementation strategy for the action plan, which was approved by the eighteenth conference of African ministers of industry in October 2008.

The department has established craft hubs with rural satellites in Western Cape, Eastern Cape, KwaZulu-Natal and Gauteng. It is expected that some 20 000 new jobs will be created, contributing to South Africa's exports. The deputy president launched the pilot Mzansi collection store, an extension of the Gauteng hub, in Sandton Square in November 2008.

Expenditure estimates

Table 32.11 Industrial Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Industrial Competitiveness	185.8	228.9	300.8	352.3	288.9	504.5	449.1
Customised Sector Programmes	24.8	24.3	31.1	91.3	125.7	129.6	148.3
Total	210.6	253.2	331.8	443.6	414.6	634.1	597.4
Change to 2008 Budget estimate				84.3	40.9	239.7	146.9

Economic classification							
Current payments	54.0	59.3	80.5	141.3	77.5	88.3	99.7
Compensation of employees	31.9	37.8	47.6	58.0	43.8	45.8	47.9
Goods and services	22.2	21.5	33.0	83.4	33.8	42.5	51.8
of which:							
Administrative fees	0.4	0.3	0.7	–	1.3	–	–
Advertising	0.3	0.6	0.9	0.2	2.3	3.2	3.4
Communication	0.4	0.5	0.6	0.7	0.8	0.6	0.6
Consultants and professional services: Business and advisory services	10.4	4.0	12.3	36.7	9.4	11.9	12.6
Inventory: Stationery and printing	0.9	0.8	0.7	1.4	1.2	2.5	2.6
Travel and subsistence	7.1	10.7	11.6	18.3	10.8	12.0	12.7
Operating expenditure	0.8	0.6	0.9	–	0.9	–	–
Venues and facilities	1.4	3.6	4.8	25.7	6.8	12.2	19.7
Transfers and subsidies	156.2	193.6	250.8	301.4	325.5	533.0	485.3
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	44.4	47.0	59.3	75.5	87.8	94.1	103.0
Universities and technikons	–	6.0	–	10.5	–	–	–
Public corporations and private enterprises	111.5	140.5	191.2	211.8	237.7	438.9	382.2
Households	0.3	0.1	0.3	3.6	–	–	–
Payments for capital assets	0.4	0.3	0.6	0.8	11.6	12.7	12.5
Machinery and equipment	0.4	0.3	0.6	0.8	11.6	12.7	12.5
Total	210.6	253.2	331.8	443.6	414.6	634.1	597.4

Table 32.11 Industrial Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	44.4	47.0	59.3	75.5	87.8	94.1	103.0
South African national accreditation system	9.5	10.0	12.5	13.8	13.9	14.7	15.6
National Metrology Institute of South Africa	34.8	36.9	46.8	55.0	52.3	55.3	58.6
National Regulator for Compulsory Specifications	–	–	–	6.8	21.5	24.1	28.8
Universities and technikons							
Current	–	6.0	–	4.5	–	–	–
Witwatersrand Business School: Centre for Entrepreneurship	–	3.0	–	2.0	–	–	–
University of Pretoria: Advanced Engineering Centre of Excellence	–	3.0	–	2.5	–	–	–
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	–	2.0	–	3.0	–	–	–
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	–	2.0	–	3.0	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	104.6	131.2	173.9	152.8	173.6	200.5	222.7
Council for Scientific and Industrial Research: National Cleaner Production Centre	1.4	4.1	4.5	9.8	19.0	32.1	40.1
Industrial Development Corporation: regional industrial development	–	–	30.0	–	–	–	–
South African Bureau of Standards: Research contribution	102.7	126.4	138.6	142.1	153.7	167.4	181.5
South African Bureau of Standards: Small business technical consulting	0.5	0.6	0.7	0.9	0.9	1.0	1.1
Capital	3.8	5.7	15.8	16.0	15.4	189.9	108.1
Council for Scientific and Industrial Research: Aerospace Industry	3.8	5.7	10.0	10.0	9.9	9.9	20.8
Council for Scientific and Industrial Research: Technology venture capital	–	–	5.8	6.0	5.5	5.8	6.1
South African Bureau of Standards: Plant infrastructure	–	–	–	–	–	174.2	81.2

Expenditure trends

This programme, which previously formed part of the *Enterprise and Industry Development* programme, will become effective from April 2009. Past expenditure trends are based on expenditure in the relevant subprogrammes.

Expenditure between 2005/06 and 2008/09 increased significantly at an average annual rate of 28.2 per cent, rising from R210.6 million in 2005/06 to R443.6 million in 2008/09. Over the medium term, expenditure on the *Customised Sector Programmes* subprogramme increases rapidly, from R91.3 million in 2008/09 to R148.3 million in 2011/12, at an average annual rate of 17.6 per cent. Much of this is accounted for by the introduction of the customised sector programmes in 2008/09, which will be administered by the Industrial Development Corporation.

Between 2005/06 and 2011/12, the *Industrial Competitiveness* subprogramme is expected to increase at an average annual rate of 15.8 per cent, rising from R185.8 million in 2005/06 to R449.1 million in 2011/12. The increase is mainly due to the additional funding allocated as a transfer to the South African Bureau of Standards for plant infrastructure and capacity building over the MTEF period.

Public entity

South African Bureau of Standards

Strategic overview: 2005/06 – 2011/12

The Standards Act (1993) was repealed and replaced with two acts, the National Regulator for Compulsory Specifications Act (2008) and the Standards Act (2008), which came into effect in September 2008. These legislative changes are set to transform the previous regulatory division of the South African Bureau of Standards into a separate and independent regulatory body, the National Regulator for Compulsory Specifications, and refine the mandate of the bureau.

The South African Bureau of Standards aims to be the trusted third party for adjudicating and certifying standards for products and services. In this way, the bureau contributes to the economic growth of South Africa and Africa as a whole, promotes the protection of the integrity of the South African market and consumers, creates a competitive advantage for South African industry, and promotes access by South Africans to local and international markets.

Over the medium term, the bureau will focus on developing market relevant national standards in line with international standards. It will continue to offer testing services and conformity assessments to local and international customers, including opening a regional office in China. Central to this focus is the creation and maintenance of awareness of the South African Bureau of Standards brand, and maintaining accreditation with local and international bodies.

The bureau intends to upgrade and modernise laboratories and construct new laboratories to improve and expand test services. Increased profitability will be achieved through aggressive sales and marketing, recruiting and retaining critical skills, using technology enabled processes, and improving operational effectiveness.

Selected performance and operations indicators

Table 32.12 South African Bureau of Standards

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of South African national standards developed each year	Development of South African national standards	884	558	611	550	700	770	850
Number of days taken to produce a standard	Development of South African national standards	185	177	220	300	360	360	360
Number of requests for information on standards each year	Development of South African national standards	42 956	36 724	34 303	40 000	40 000	40 000	40 000
Number of private specifications developed for the government sector each year	Development of South African national standards	–	217	171	130	160	200	200
Sales of standards each year	Development of South African national standards	R10.6m	R12.3m	R13.9m	R15.7m	R19m	R21m	R23.1m
Investigation, tests and services revenue each year	Tests and conformity assessments	R176m	R194.5m	R174.6m	R218m	R234.3m	R250.7m	R270.7m
Product and service certification revenue each year	Tests and conformity assessments	R92.9m	R105.6m	R134.6m	R160.9m	R184.4m	R202.8m	R225.1m
Total number of accredited laboratories	Tests and conformity assessments	52	56	56	69	72	84	90
Total number of certification schemes	Tests and conformity assessments	18	18	18	18	19	20	22
Number of test reports each year	Tests and conformity assessments	400 465	429 219	376 823	516 129	541 935	569 032	625 935

Service delivery and spending focus

Following the split in 2008/09 with the National Regulator for Compulsory Specification, the South African Bureau of Standards reviewed its operating model.

The development of national standards is set to meet the annual target of 550 for 2008/09. Following the decision of the International Organisation for Standardisation to allow the bureau to reduce prices to match their own, sales of standards have increased.

Despite being slightly behind target, the product and system certification business has recorded notable growth since 2005/06. The number of certification schemes has increased to 18, providing avenues for further growth in the future. Test volumes have not reached the desired levels and are impacting on revenue growth.

Marketing efforts have been intensified to improve awareness of the South African Bureau of Standards and its services and alert consumers to issues of quality. To this end, in October 2008 the bureau organised its first expo.

The Design Institute promotes innovation and excellence in product design, organising events to promote the conversion of ideas into products.

Expenditure estimates

Table 32.13 South African Bureau of Standards (SABS): Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	381.8	363.2	352.7	433.7	452.1	489.8	540.5
Sale of goods and services other than capital assets	360.6	304.1	318.4	415.3	437.8	474.5	519.0
of which:							
Admin fees	81.2	—	—	—	—	—	—
Sales by market establishments	279.4	304.1	318.4	415.3	437.8	474.5	519.0
Other non-tax revenue	21.2	59.0	34.4	18.5	14.3	15.3	21.5
Transfers received	102.7	126.4	138.6	142.1	153.7	167.4	181.5
Total revenue	484.6	489.6	491.4	575.9	605.8	657.2	722.0
Expenses							
Current expense	458.7	417.8	450.2	541.8	549.3	594.7	654.0
Compensation of employees	262.8	244.7	260.5	344.8	350.5	378.5	408.8
Goods and services	177.9	151.7	162.5	169.6	168.1	178.1	194.5
Depreciation	16.2	18.8	24.6	25.3	29.0	36.3	48.8
Interest, dividends and rent on land	1.8	2.5	2.6	2.2	1.8	1.8	1.9
Transfers and subsidies	5.6	5.2	6.3	8.5	7.3	7.9	8.6
Total expenses	464.3	423.0	456.6	550.3	556.7	602.6	662.6
Surplus / (Deficit)	20.3	66.6	34.8	25.6	49.1	54.6	59.4
Statement of financial position							
Carrying value of assets	131.6	157.3	178.3	223.1	408.2	500.7	491.5
of which: Acquisition of assets	34.4	37.6	48.8	73.2	214.1	128.7	39.6
Investments	171.8	237.6	289.1	241.8	246.7	259.0	271.9
Inventory	0.7	0.5	0.4	0.7	0.5	0.4	0.4
Receivables and prepayments	82.0	73.9	85.9	135.3	148.8	163.7	180.0
Cash and cash equivalents	29.3	31.4	1.0	20.3	81.3	126.0	156.7
Assets not classified elsewhere	—	13.4	15.7	—	—	—	—
Total assets	415.4	514.1	570.5	621.2	885.5	1 049.7	1 100.5
Accumulated surplus/deficit	119.1	196.1	230.9	256.5	305.6	360.2	419.6
Capital and reserves	75.9	96.2	103.1	94.3	102.3	107.1	109.7
Borrowings	27.1	27.9	27.6	22.2	21.5	17.5	2.5
Post-retirement benefits	91.4	94.6	90.8	93.0	102.3	112.6	123.8
Trade and other payables	50.5	64.2	69.5	124.3	141.1	143.3	108.0
Provisions	2.9	2.9	—	—	—	—	—
Liabilities not classified elsewhere	48.6	32.2	48.5	30.9	212.6	309.1	336.9
Total equity and liabilities	415.4	514.1	570.5	621.2	885.5	1 049.7	1 100.5

Expenditure trends

While total revenue is expected to increase from R575.9 million in 2008/09 to R722 million in 2011/12, growth is projected to slow due to the global recession. The projected increase is driven by growth of 7 per cent in the areas of investigation, tests and services, and 10 per cent in both the product and system certification business, as well as by the sale of publications.

Expenditure is projected to increase at an average annual rate of 6.4 per cent to R662.6 million in 2011/12, compared to R550.3 million in 2008/09. The increase in expenditure is driven by the need to recruit and retain critical skills, invest in the development of human resources, create and entrench South African Bureau of Standards brand awareness, and maintain and improve infrastructure.

Capital amounts of R174.2 million in 2010/11 and R81.2 million in 2011/12 will be received from the Department of Trade and Industry for a major infrastructure project to relocate approximately 6 000 m² of chemical, biological and physical testing laboratories to newly built laboratories. The vacated laboratory space will be refurbished.

Programme 5: Consumer and Corporate Regulation

- *Policy and Legislative Development* develops coherent, predictable and transparent regulatory solutions. Funding is mainly used for salaries and related personnel costs.
- *Enforcement and Compliance* ensures that participants in economic activities comply with consumer and corporate rules. Funding is mainly used for inspectors' salaries.
- *Regulatory Services* monitors and funds number of regulatory agencies:
 - Competition Commission promotes competitive market conditions through investigating and prosecuting anti-competitive activities. Funding is based on the approved business plan of the commission and supporting memorandums of understanding.
 - Competition Tribunal adjudicates all major mergers and alleged restrictive practices. Funding is based on the approved business plan of the tribunal and supporting memorandums of understanding.
 - National Consumer Tribunal ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. Funding is based on the approved business plan of the tribunal and supporting memorandums of understanding.
 - National Credit Regulator regulates the consumer credit industry to improve consumer protection in the end user credit market. Funding is based on the approved business plan of the regulator and supporting memorandums of understanding.
 - National Gambling Board provides a regulatory framework for gambling practices. Funding is based on the approved business plan of the board and supporting memorandums of understanding.
 - National Consumer Commission ensures well functioning markets that are fair, competitive and responsible to consumers. Funding is based on the approved business plan of the commission and supporting memorandums of understanding.
 - World Intellectual Property Organisation facilitates a South African contribution to an international regime for intellectual properties. Funding is based on membership fees for the organisation.

Objectives and measures

- Increase access to economic opportunities for historically disadvantaged individuals by overseeing the department's 9 regulating entities.
- Improve investor confidence and certainty in South African business regulation by:
 - establishing the Companies Commission in 2009/10,
 - enacting the Consumer Protection Bill and establishing the Consumers Commission in 2009/10
 - introducing the Intellectual Property Laws Amendment Act and publishing a policy document on intellectual property law reform for public comment in 2009/10
- Promote competitive and socially responsible business by:
 - implementing amendments to the Competition Act (1998) in 2008/09
 - reviewing the Lotteries Act (1997) and the Estate Agency Affairs Act (1976).

Service delivery and spending focus

The Competition Amendment Act (2008) deals with price fixing cartels, market allocation, collusion and collusive tendering in highly concentrated markets. The Consumer Protection Act (2008) prevents consumers

from being harmed and strengthens their economic welfare by adopting consumer rights and responsibilities when transacting with suppliers and providing efficient redress. The new Companies Act (2008) reduces the regulatory burden on small businesses and simplifies the registration process, as well as promoting corporate governance and market transparency to encourage investor confidence. A research project on the effectiveness of the Estate Agency Affairs Act (1976) has been completed, and a policy framework for revising this legislation has been prepared. A similar review process was completed for the Lotteries Act (1997). The National Credit Act (2007) protects consumers against reckless lending and indebtedness, and prevents credit providers from harming consumers by placing the duty to determine what they can afford on the credit providers. Since the implementation of the act three years ago, reckless credit lending has decreased and household debt has been contained, assisting South African consumers to survive financially in the current global financial crisis.

In 2007/08, the department finalised 625 credit consumer complaints and R765 588 was recovered for consumers through alternative dispute resolution mechanisms. The average turnaround time was 20 days per complaint. 26 reactive investigations were received and finalised, and 20 new proactive investigations were conducted. 23 proactive investigations were concluded, of which 7 were carried over from the previous year. High profile investigations conducted in 2007/08 included reverse mortgage schemes, transport contracts, and mail order marketing scams. Several money making scams were referred to the commercial branch of the South African Police Service. In 2007/08, 161 company complaints were finalised, 65 search and seizure operations conducted, 7 inspection requests disposed of, and 3 comprehensive inspections finalised.

Over 10 000 students from further education and training colleges benefited from a financial literacy campaign.

Expenditure estimates

Table 32.14 Consumer and Corporate Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Policy and Legislative Development	5.8	8.6	8.7	18.1	14.8	15.9	16.7
Enforcement and Compliance	19.7	31.2	27.7	30.5	46.0	49.3	51.9
Regulatory Services	68.1	91.4	101.5	124.5	177.7	199.8	219.2
Total	93.6	131.2	137.9	173.2	238.6	265.0	287.8
Change to 2008 Budget estimate				(11.4)	36.0	43.1	66.1
Economic classification							
Current payments	30.8	45.9	39.1	53.3	62.4	66.4	62.5
Compensation of employees	18.7	29.0	29.7	33.8	38.7	40.5	38.8
Goods and services	12.1	16.9	9.4	19.5	23.7	25.9	23.7
of which:							
Administrative fees	0.1	0.1	0.3	–	0.5	0.5	0.6
Advertising	1.2	0.1	1.2	0.2	0.1	0.1	0.2
Assets less than R5 000	0.0	0.0	0.0	–	1.0	0.9	1.0
Communication	0.1	0.2	0.2	0.3	0.4	0.4	0.5
Computer services	–	–	0.1	–	0.6	0.6	0.7
Consultants and professional services: Business and advisory services	5.4	7.5	2.2	12.0	8.8	7.6	8.8
Consultants and professional services: Legal costs	0.9	0.8	0.4	–	–	–	–
Contractors	0.0	0.0	0.0	–	1.0	1.1	1.2
Inventory: Stationery and printing	0.5	0.7	0.3	0.9	0.9	1.0	1.2
Owned and leasehold property expenditure	–	–	0.6	–	–	–	–
Travel and subsistence	2.3	4.2	3.4	4.5	5.6	7.0	5.4
Operating expenditure	1.0	1.4	–	–	2.7	4.0	2.5
Venues and facilities	0.4	1.9	0.4	1.6	2.2	2.6	1.7

Table 32.14 Consumer and Corporate Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Transfers and subsidies	62.4	85.1	98.5	119.1	175.2	197.6	224.2
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	60.7	82.8	96.2	116.7	172.6	194.8	221.2
Foreign governments and international organisations	1.6	2.0	2.3	2.5	2.6	2.8	2.9
Households	0.1	0.2	0.0	–	–	–	–
Payments for capital assets	0.4	0.3	0.3	0.7	0.9	1.0	1.1
Machinery and equipment	0.4	0.3	0.3	0.7	0.9	1.0	1.1
Total	93.6	131.2	137.9	173.2	238.6	265.0	287.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	60.7	82.8	96.2	116.7	172.6	194.8	221.2
Companies and Intellectual Property Registration Office	4.3	–	–	–	–	–	–
Competition Commission	28.2	17.3	23.2	44.0	67.7	73.8	86.6
Competition Tribunal	–	8.0	8.7	9.9	13.0	13.6	15.2
Micro Finance Regulatory Council	15.9	–	–	–	–	–	–
National Credit Regulator	–	37.9	44.5	34.1	43.9	45.9	51.0
National Gambling Board	12.3	19.6	19.8	17.3	20.6	21.6	23.6
National Consumer Tribunal	–	–	–	11.4	17.5	20.1	23.8
National Consumer Commission	–	–	–	–	9.9	19.8	21.0
Foreign governments and international organisations							
Current	1.6	2.0	2.3	2.5	2.6	2.8	2.9
World Intellectual Property Organisation	1.6	2.0	2.3	2.5	2.6	2.8	2.9

Expenditure trends

Expenditure increased rapidly from R93.6 million in 2005/06 to R173.2 million in 2008/09 at an average annual rate of 22.8 per cent. Expenditure rose markedly in 2006/07, increasing by 40.2 per cent, mainly due to the establishment of the National Credit Regulator and the incorporation of the Micro Finance Regulatory Council into the regulator. Spending is projected to grow at an average annual rate of 18.4 per cent over the medium term to reach R287.8 million in 2011/12.

The increase of 108 per cent in the *Policy and Legislative Development* subprogramme in 2008/09 is mainly due to the revision and drafting of the new Companies Act (2008) and the introduction of the National Credit Act (2007). An increase in human resources was necessary to deal with the growing legislative workload in consumer and corporate regulation. Expenditure in the *Enforcement and Compliance* subprogramme rose by 58.4 per cent between 2005/06 and 2006/07, mainly due to the rapid increase in compensation of employees and associated goods and services expenditure. Increased funding over the medium term reflects the department's drive to improve regulatory oversight, consumer awareness and law enforcement, evident in the increasing allocations for compensation of employees in all three subprogrammes. The largest increase is concentrated in the *Regulatory Services* subprogramme, which accounts for the majority of spending on consumer and corporate regulation. Expenditure rises from R124.5 million in 2008/09 to R219.2 million in 2011/12 at an average annual rate of 20.8 per cent.

Transfers and subsidies also rise rapidly over the medium term, from R119.1 million in 2008/09 to R224.2 million in 2011/12. This is driven by the growth in transfers to the Competition Commission, the National Credit Regulator and the National Consumer Tribunal.

Programme 6: The Enterprise Organisation

- *Incentive Administration* manages and implements existing incentive schemes. Provision is made under this subprogramme for the following transfers and grants to public entities and incentive schemes:
 - Coega Development Corporation provides bulk infrastructure development at the Coega industrial development zone, encouraging companies to invest in South Africa and facilitating sustainable growth and employment. Funding is based on the approved business plans of the company.
 - East London Industrial Development Zone Company provides bulk infrastructure development at this industrial development zone, encouraging companies to invest in South Africa and facilitating sustainable growth and employment. Funding is based on the approved business plans of the company.
 - Richards Bay Industrial Development Zone Company provides bulk infrastructure development at this industrial development zone, encouraging companies to invest in South Africa and facilitating sustainable growth and employment. Funding is based on the approved business plans of the company.
 - Critical Infrastructure Programme provides bulk infrastructure development, assisting green or brown field companies to invest in South Africa. Grants are based on qualifying criteria and approved applications.
 - Black Business Supplier Development Programme provides incentives to qualifying companies, which support black business suppliers. Grants are based on qualifying criteria and approved applications.
 - Business Process Outsourcing Programme provides incentives to qualifying companies, which support the establishment of international call centres in South Africa. Grants are based on qualifying criteria and approved applications.
 - Cooperatives Incentive Scheme provides incentives to qualifying companies, through which cooperative enterprises in the emerging economy acquire business development services. Grants are based on qualifying criteria and approved applications.
 - Enterprise Development for the Small and Medium Enterprise Development Programme provides incentives to qualifying companies, through which a grant is payable to local and foreign investors starting or expanding current operations. Grants are based on qualifying assets and projects.
 - Small and Medium Manufacturing Development Programme provides incentives to qualifying companies, through which a grant is payable to local and foreign investors starting or expanding current operations. Grants are based on qualifying assets and projects.
 - Export Marketing and Investment Assistance Programme provides incentives to qualifying companies, through which the costs of developing export markets and recruiting foreign direct investments are partially compensated. Grants are based on qualifying criteria and approved applications.
 - Film and Television Production Incentive Scheme provides incentives to film and television production companies. Grants are based on qualifying criteria and approved applications.
 - Staple Food Fortification Programme provides incentives to the graining milling industry for buying and installing capital equipment for staple food fortification. Funding is based on the calculation of mill size as a percentage of the qualifying costs, to a maximum of R40 000 per complete fortification unit.
 - Automotive Production and Development Programme provides incentives to qualifying motor vehicle manufacturers, whereby motor vehicle assembling in South Africa is supported. Grants are based on qualifying criteria and approved applications.
- *New Incentive Development* develops packages of incentives to support the national industrial development policy and sector strategies. Funding is mainly used for salaries and other personnel related costs, especially research projects.
- *Business Development and After-Care* facilitates access to targeted enterprises. Funding is mainly used for salaries.

Objectives and measures:

- Support the national industrial policy framework by:
 - developing and implementing 4 packages of incentives relating to manufacturing, tourism, skills and competitiveness by February 2010

- monitoring the effectiveness of the 4 framework incentive schemes by developing indicators and targets by February 2010 and monitoring their performance on an ongoing basis
- developing administrative capacity in support of the framework by upgrading the IT system by 2009 to improve claims administration and reduce times for processing claims from 90 days to 30 days on average
- assessing the effectiveness of incentive schemes by reviewing the impact of at least 3 schemes by March 2010.

Service delivery and spending focus

The industrial development zones have secured further commitments to investment. In 2007/08, the Coega Development Corporation secured 9 investors with an estimated total investment value of R5.9 billion. The East London Industrial Development Zone Company finalised location agreements with 6 investors, 3 of which are for the automotive sector, with an estimated total investment value of R271 million. The Richards Bay Industrial Development Zone Company secured 2 key investors, a ferrochrome smelter and a pulp mill, with an estimated total investment value of R2.3 billion. Phase 1 of Tata Steel's ferrochrome smelter was completed in 2007/08 at a cost of R850 million. In the first half of 2008/09, the Coega industrial development zone exported biomass and frozen yoghurt products worth US\$14 million. The East London industrial development zone conceptualised and constructed a dedicated automotive supplier park as a flagship cluster development. 38 050 components are manufactured per day, equating to 1.2 million components in 2007/08, of which 948 000 (79 per cent) were exported and the remainder was sold to the local market.

The enterprise investment programme was launched in July 2008, and the small medium enterprise development programme was closed for applications in 2007/08. Subsequently, 4 510 projects were approved under the small medium enterprise development programme. The projected investment value of these projects over a 3-year period is R29.3 billion in productive capital assets, creating an estimated 106 440 jobs.

A film and television production rebate programme was introduced in 2004 to attract large foreign and local productions into South Africa. Having provided rebates for several successful productions, the department nevertheless realised that there should be more measures to support the local industry. In February 2008, this programme was replaced with a new incentive, with a budget of R806.1 million over the next 3 years. The new film production incentive programme has approved 31 productions: 17 South African, 12 foreign, and 2 co-productions. Together they qualify for a total rebate of R147 million. On completion, the projects are expected to have spent R1 billion in South Africa on goods and services. Of this, R789 million is direct foreign expenditure.

In March 2007, an incentive package for business process outsourcing and off-shoring investors was launched. R710.2 million is allocated for these incentives over the MTEF period. To date, 14 applications have been approved with 12 000 call operator seats, representing a total investment of R1.1 billion. These businesses are expected to create 15 000 jobs over the next 3 years, more than half of the 25 000 target.

Expenditure estimates

Table 32.15 The Enterprise Organisation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Incentive Administration	1 016.8	1 425.3	2 552.2	2 406.1	3 426.7	2 853.0	3 017.6
New Incentive Development	2.3	2.8	3.1	3.1	5.3	6.6	6.8
Business Development and After-Care	7.7	6.1	7.7	7.4	7.9	9.3	9.6
Total	1 026.7	1 434.3	2 563.1	2 416.6	3 440.0	2 868.8	3 034.0
Change to 2008 Budget estimate				14.3	208.5	235.4	232.1

Table 32.15 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	36.7	41.8	50.7	71.9	80.3	80.4	93.0
Compensation of employees	26.9	32.3	38.9	54.5	62.9	64.4	65.2
Goods and services	9.8	9.5	11.8	17.4	17.4	16.1	27.8
<i>of which:</i>							
Administrative fees	0.1	0.2	0.3	–	–	–	–
Advertising	0.1	0.2	0.1	0.2	0.4	0.4	0.9
Assets less than R5 000	0.0	0.0	0.0	–	0.0	0.0	0.1
Bursaries (employees)	0.0	–	0.1	–	–	–	–
Catering: Departmental activities	0.0	0.0	0.1	–	0.1	0.1	0.1
Communication	0.2	0.2	0.3	0.3	0.3	0.3	0.5
Computer services	0.9	0.8	1.1	1.1	1.2	1.2	1.2
Consultants and professional services: Business and advisory services	2.1	2.0	1.8	2.6	4.1	4.8	8.6
Consultants and professional services: Legal costs	2.2	0.9	0.5	–	0.1	0.1	1.0
Contractors	0.0	0.0	0.2	–	–	–	–
Agency and support / outsourced services	0.9	0.3	–	–	–	–	–
Entertainment	–	0.0	0.0	–	0.1	0.2	0.3
Inventory: Other consumables	0.0	0.0	0.0	–	0.0	0.0	0.0
Inventory: Stationery and printing	0.6	1.1	1.0	1.2	1.2	1.3	2.1
Owned and leasehold property expenditure	0.0	0.0	0.0	–	0.1	0.1	0.1
Travel and subsistence	2.1	3.2	5.0	9.0	8.6	6.0	10.9
Training and development	0.0	0.0	0.0	–	–	–	–
Operating expenditure	0.4	0.2	0.4	–	0.3	0.3	0.3
Venues and facilities	0.1	0.3	0.8	3.0	1.0	1.4	1.7
Transfers and subsidies	989.8	1 391.9	2 511.8	2 343.8	3 358.9	2 787.5	2 940.3
Provinces and municipalities	0.1	58.2	–	–	–	–	–
Public corporations and private enterprises	989.7	1 333.7	2 511.6	2 343.8	3 358.9	2 787.5	2 940.3
Households	0.0	–	0.2	–	–	–	–
Payments for capital assets	0.2	0.6	0.7	0.8	0.8	0.9	0.7
Machinery and equipment	0.2	0.6	0.7	0.8	0.8	0.9	0.7
Total	1 026.7	1 434.3	2 563.1	2 416.6	3 440.0	2 868.8	3 034.0
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	–	58.2	–	–	–	–	–
Industrial development zones grant	–	58.2	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	76.6	379.8	850.8	872.5	1 177.7	495.0	524.7
Coega Development Corporation	58.9	249.8	726.0	718.4	859.9	495.0	524.7
East London Industrial Development Zone (Pty) Limited	17.7	130.0	124.9	154.0	249.4	–	–
Richards Bay Industrial Development Zone Company	–	–	–	0.0	68.4	–	–

Table 32.15 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	789.6	759.9	1 177.4	1 249.7	1 639.4	1 686.6	1 779.5
Business Process Outsourcing	–	–	35.6	110.0	210.0	245.1	255.1
Enterprise Development	723.8	676.6	1 040.2	977.8	916.9	733.2	627.2
Film and Television Production Incentive	41.3	72.4	96.0	154.2	246.9	268.9	290.3
Sector Development Programme	–	–	–	0.0	10.0	1.8	3.1
Small and Medium Manufacturing Development Programme	24.6	11.0	5.6	4.7	1.2	1.2	1.3
Staple Food Fortification Programme	–	–	–	3.0	1.0	0.0	–
Industrial Development Zones-Other	–	–	–	0.0	4.5	5.6	1.0
Enterprise Investment Programme	–	–	–	0.0	249.0	430.7	601.5
Capital	–	–	–	–	248.3	297.0	316.8
Automotive Production and Development Programme	–	–	–	–	248.3	297.0	316.8
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	97.8	105.7	123.2	146.5	187.9	193.2	200.7
Black business supplier development programme	15.9	25.0	28.5	25.3	38.9	40.6	43.1
Co-operatives incentive scheme	–	3.8	–	9.3	34.5	41.6	39.4
Export market and investment assistance	81.8	75.7	89.8	111.9	114.4	111.0	118.3
South African Capital Goods Feasibility Study Fund	–	1.3	4.9	–	–	–	–
Capital	24.9	88.2	360.2	75.1	105.6	115.7	118.5
Critical infrastructure programme	24.9	88.2	60.2	75.1	105.6	115.7	118.5
Critical infrastructure programme: ALCAN aluminium smelter	–	–	300.0	–	–	–	–

Expenditure trends

Expenditure has increased consistently, rising from R1 billion in 2005/06 to an expected R3 billion in 2011/12. Between 2005/06 and 2008/09, expenditure increased rapidly, reaching R2.4 billion in 2008/09, at an average annual rate of 33.9 per cent. Much of the growth since 2007/08 was due to larger capital injections into the industrial development zones, including R300 million for infrastructure investment for the Alcan aluminium smelter, and R110 million to establish business process outsourcing.

The increases of 40.1 per cent and 47.5 per cent on compensation of employees and goods and services in 2008/09 are mainly due to an increase in the number of new incentives schemes, which required more human resources capacity.

Over the medium term, expenditure growth stabilises, rising by an average annual rate of 7.9 per cent between 2008/09 and 2011/12. This disguises an expenditure peak at R3.4 billion in 2009/10 for transfer payments to companies assisted through the small medium enterprise development programme, the critical infrastructure programme, and the companies located in the three industrial development zones. In 2008/09, R1.5 billion was paid to cover incentive schemes, and R872.5 million was paid to the industrial development zones.

Programme 7: Trade and Investment South Africa

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing an investment recruitment, problem solving and information service to retain and expand investment in South Africa and into Africa. Funding is mainly for salaries for analysts and associated costs.
- *Export Development and Promotion* develops new and existing South African exporter capabilities to grow exports. It provides information, financial support and practical assistance to sustain organic growth in

traditional markets and penetrate new high growth markets. Provision is made under this subprogramme for the following transfers and subsidies:

- Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank) undertakes feasibility studies for capital goods and projects initiated by the World Bank. Funds are distributed based on approved World Bank projects.
- Export Consultancy Trust Fund: International Finance Corporation assists South African businesses to be successful in dealing with the International Finance Corporation as an investment in building a long term sustainable export strategy for South African goods and services. Funding is distributed based on diligence investigations and pre-feasibility studies.
- Export Credit Insurance Corporation provides long term insurance and investment guarantees on behalf of government, and facilitates and encourages South African export trade by underwriting foreign bank loans and investments to enable foreign buyers to purchase capital goods and services from South Africa. Funds are distributed based on approved projects.
- *International Operations* manages and administers the department's foreign office network. Funding is used for salaries, especially for trade advisors, and the costs of operating foreign trade offices.

Objectives and measures

- Promote awareness of investment opportunities in South Africa by conducting 3 international investment conferences, 95 investment presentations, 6 South African exhibitions (pavilions) and 5 ministerial or presidential missions by March 2010.
- Improve the capacity of new exporters by training 200 new small exporters, reaching 2 000 customers and distributing 3 000 publications by March 2010.
- Promote South African products in targeted high growth markets by conducting 6 international trade initiatives and 25 pavilions, and fund 50 trade missions through export council and provincial investment promotion agencies by March 2010.
- Facilitate markets for Southern African products and services by promoting and implementing 8 export projects in high yield targeted countries by March 2010.

Service delivery and spending focus

To implement the export strategy, approved in 2008, a national exporter database and an export portal were completed and 49 trade missions and 30 national pavilions supported. 225 companies underwent training and attended international events through the small exporters development programme. The Mzansi project, aimed at showcasing South African arts and crafts, will be launched in 2009.

Domestic and international investment was mobilised, generating a possible 74 projects worth R206 billion, with the potential of creating more than 30 000 jobs. Domestic investment projects are worth R153 billion and foreign investments R53 billion. Of the R206 billion, R171 billion is committed, or in progress. Manufacturing accounts for R19.7 billion, resources for R182.7 billion, and services for R3.6 billion. This has been achieved by focusing on customer needs, reducing lengthy administrative procedures, and providing an all encompassing service to investors.

Two presidential international investment conferences and one investor conference were facilitated in 2008.

Expenditure estimates

Table 32.16 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Investment Promotion and Facilitation	35.3	28.4	24.6	36.1	29.7	32.3	34.0
Export Development and Promotion	249.0	169.1	153.4	175.2	177.3	179.4	189.3
International Operations	–	–	106.5	86.5	76.1	91.0	99.8
Total	284.3	197.4	284.5	297.8	283.1	302.7	323.1
Change to 2008 Budget estimate				0.4	(15.4)	(11.7)	(4.7)

Economic classification

Current payments	90.2	133.6	148.9	163.2	128.3	139.1	149.6
Compensation of employees	56.3	71.7	83.0	86.3	80.4	86.0	85.8
Goods and services	34.0	53.8	65.9	76.9	47.9	53.1	63.8
<i>of which:</i>							
Administrative fees	0.6	1.0	1.2	–	0.2	0.2	0.2
Advertising	1.3	2.2	2.2	1.9	1.3	1.4	1.6
Communication	1.5	2.1	2.5	1.5	1.2	1.2	1.5
Computer services	0.2	0.3	0.4	1.1	1.2	1.2	1.5
Consultants and professional services: Business and advisory services	1.4	3.1	–	4.0	1.7	1.7	2.1
Consultants and professional services: Infrastructure and planning	–	1.0	–	–	–	–	–
Contractors	–	–	3.0	–	1.3	1.3	1.6
Entertainment	0.6	1.2	1.5	–	0.6	0.7	0.8
Inventory: Stationery and printing	1.7	1.1	1.2	1.4	1.1	1.1	1.3
Lease payments	8.6	14.5	14.5	6.2	4.8	5.0	6.0
Owned and leasehold property expenditure	–	1.5	2.0	–	0.4	0.4	0.5
Travel and subsistence	10.3	14.1	17.6	18.1	13.8	14.7	17.4
Operating expenditure	6.0	5.7	6.1	–	7.6	7.8	9.5
Venues and facilities	1.5	5.6	13.3	42.7	12.5	16.0	19.3
Financial transactions in assets and liabilities	–	8.1	0.0	–	–	–	–
Transfers and subsidies	192.9	60.8	134.3	133.6	152.9	161.6	171.3
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	3.0	0.5	–	–	–	–	–
Public corporations and private enterprises	181.4	55.9	120.6	123.6	142.4	150.5	159.5
Foreign governments and international organisations	8.4	4.5	13.7	9.9	10.5	11.1	11.8
Households	0.0	–	–	–	–	–	–
Payments for capital assets	1.1	3.0	1.4	1.1	1.9	2.1	2.2
Machinery and equipment	1.1	3.0	1.4	1.1	1.9	2.1	2.2
Total	284.3	197.4	284.5	297.8	283.1	302.7	323.1

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	25.2	4.0	–	–	–	–	–
Aichi exposition	25.2	4.0	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	155.6	51.8	120.6	123.6	142.4	150.5	159.5
Export Credit Insurance Corporation	155.6	51.8	120.6	123.6	142.4	150.5	159.5
Foreign governments and international organisations							
Current	8.4	4.5	13.7	9.9	10.5	11.1	11.8
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	4.2	–	9.1	5.0	5.2	5.5	5.9
Export Consultancy Trust Fund: International Finance Corporation	4.2	4.5	4.7	5.0	5.2	5.5	5.9

Expenditure trends

Expenditure increases moderately over the seven-year period, rising from R284.3 million in 2005/06 to an expected R323.1 million in 2011/12, at an average annual increase of 2.2 per cent. The increase is mainly due to increased funding of export and investment promotion. It is mostly for reviewing and developing export related policies and providing for the interest make-up scheme for export reinsurance. This also results in a rapid increase in transfers to the Export Credit Insurance Corporation, which rise from R123.6 million in 2008/09 to R159.5 million in 2011/12.

Expenditure in the *Investment Promotion and Facilitation* subprogramme reflected growth of 46.7 per cent in 2008/09, rising from R24.6 million in 2007/08 to R36.1 million in 2008/09. This considerable increase is due to an additional allocation for the development of an investment promotion and facilitation strategy and for research. The strategy aims to raise the level of South Africa's direct investment and the exports of its goods and services to and from priority markets.

Programme 8: Communication and Marketing

- *Brand Management* is responsible for managing the department's image and ensuring that excellent customer service standards are upheld by improving customer touch points and ensuring strong customer relationship management.
- *External Communications* is responsible for outreach programmes and educational campaigns to ensure a meaningful understanding of the department's offerings.
- *Media Relations and Public Relations* ensures that the department's image is visible by improving media relations management and public relations activities.

Objectives and measures

- Promote awareness of the department's impact on growth and development by increasing awareness campaigns on the department's programmes from 8 campaigns in 2009 (2 per quarter) to 12 in 2011 (3 per quarter).
- Improve communication about the department's role, products and services by:
 - increasing the frequency of media updates from an average of 8 per month currently (bi-weekly) to an average of 20 per month (daily) in 2009
 - increasing the number of media briefings from 8 per year (2 per quarter) to 16 per year (4 per quarter) by 2011.

Service delivery and spending focus

Over the past 18 months, the department held 149 events, exhibitions and imbizos. 103 print and electronic publications were produced, reaching 18 million people. The department also distributed 48 media releases, conducted 205 daily media monitors, forwarded 36 media reports to its management forum, and held 21 media briefings.

Expenditure estimates

Table 32.17 Communications and Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Brand Management	11.8	8.0	17.3	27.5	20.3	22.1	23.4
External Communications	18.9	12.0	14.0	25.2	30.1	33.0	34.9
Media Relations and Public Relations	42.0	45.9	30.2	19.1	15.4	19.8	20.8
Total	72.7	65.8	61.5	71.7	65.7	74.8	79.0
Change to 2008 Budget estimate				(2.1)	(13.1)	(15.5)	(3.3)

Table 32.17 Communications and Marketing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	72.6	49.0	60.0	67.9	59.0	74.3	78.5
Compensation of employees	10.1	11.5	13.6	17.0	14.6	18.3	19.2
Goods and services	41.6	37.5	20.5	50.8	44.4	56.0	59.3
<i>of which:</i>							
Advertising	3.7	6.4	7.1	19.9	13.1	8.5	9.0
Catering: Departmental activities	0.0	0.0	0.7	–	0.8	0.8	0.9
Consultants and professional services: Business and advisory services	28.8	20.3	0.5	3.5	5.6	6.0	6.5
Contractors	0.2	4.3	2.1	–	9.4	10.0	11.0
Inventory: Stationery and printing	0.7	0.4	0.4	0.3	0.4	0.7	0.7
Travel and subsistence	1.2	1.2	1.6	2.7	4.4	5.5	6.0
Operating expenditure	5.1	2.7	3.0	17.7	5.3	14.2	14.3
Venues and facilities	1.6	1.9	4.9	6.4	5.1	9.6	10.2
Financial transactions in assets and liabilities	20.8	–	25.9	–	–	–	–
Transfers and subsidies	0.0	10.0	0.1	–	–	–	–
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Non-profit institutions	–	10.0	–	–	–	–	–
Households	–	–	0.1	–	–	–	–
Payments for capital assets	0.0	6.8	1.5	3.9	6.7	0.5	0.6
Machinery and equipment	0.0	6.8	1.5	3.9	6.6	0.4	0.4
Software and other intangible assets	–	–	–	–	0.1	0.1	0.1
Total	72.7	65.8	61.5	71.7	65.7	74.8	79.0

Expenditure trends

In the *Communication and Marketing* programme, expenditure decreased from R72.7 million to R61.5 million between 2005/06 and 2007/08, mainly due to lower expenditure on consultancy services and financial transactions in assets and liabilities. Over the medium term, expenditure is expected to rise from R71.7 million in 2008/09 to R79 million in 2011/12 at an average annual rate of 3.3 per cent. This is mainly due to inflation related increases in marketing costs, including publications and other media related costs.

In the *Brand Management* subprogramme, expenditure increased from R8 million to R17.3 million between 2006/07 and 2007/08 mainly due to increased marketing costs.

Public entities and other agencies

Companies and Intellectual Property Registration Office

Strategic overview: 2005/06 – 2011/12

The Companies and Intellectual Property Registration Office was established in 2002 as a trading entity of the Department of Trade and Industry with the mandate to register and administer cooperatives, companies, close corporations and intellectual property rights, including patents, trademarks, copyrights and designs.

Between 2005/06 and 2008/09, the number of new companies registered was consistently over 36 000 per year, with a peak of over 48 000 in 2005/06. Close corporations reflected the largest increase in registrations, with 135 438 new close corporations registered in 2004/05, and a record number of 251 996 in 2007/08.

A number of interventions improved service delivery to the businesses served by the office. These include the conceptualisation of e-CIPRO, which aims to provide an online service to clients, as well as the decentralisation of the office's services through third party partners.

The Companies and Intellectual Property Registration Office is gearing itself to implement new legislative changes, such as the revision of the Companies Act (1973), to establish and entrench good corporate governance and broad geographical access to the office's services.

Selected performance and operations indicators

Table 32.18 Companies and Intellectual Property Registration Office

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of companies registered each year	48 900	42 090	33 269	38 513	40 438	48 416	57 970
Number of close corporations registered each year	197 307	243 557	251 996	250 000	200 000	180 000	170 000
Number of cooperatives registered each year	2 829	6 765	3 140	3 297	3 462	3 289	3 345
Number of trademark applications processed each year	28 331	30 149	32 717	34 353	36 071	34 267	35 100
Number of patent applications processed each year	10 460	10 753	10 667	11 200	11 760	11 712	10 820
Number of design applications processed each year	1 817	2 065	2 321	2 437	2 559	2 431	2 330
Number of enterprises that paid annual returns each year	62 664	146 504	162 553	178 809	196 690	216 358	237 990

Service delivery and spending focus

In 2007/08, the Companies and Intellectual Property Registration Office obtained an unqualified audit report from the auditor-general for the second consecutive year. It also obtained ISO 9001 accreditation. The office continued with the automation of most of its business processes and the electronic lodgement system.

The office also implemented annual returns for close corporations, and about 4 000 annual returns were lodged for public companies. More than 250 000 close corporations and 33 000 companies were registered, with a slower rate in the registration of cooperatives. The reason for the decline in cooperative registration figures could be the new requirements of the Cooperatives Act (2007).

The Companies and Intellectual Property Registration Office is still experiencing an increasing demand for its services, with 450 000 applications being filed for stakeholders' perusal.

The office conducted fraud awareness campaigns for staff and clients, and a people development strategy aiming to instil a high performance culture was adopted. A comprehensive enterprise wide risk register was compiled in 2008.

Expenditure estimates

Table 32.19 Companies and Intellectual Properties Property Registration Office: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	208.9	252.5	308.1	308.6	324.5	346.7	352.1
Sale of goods and services other than capital assets	204.1	236.6	277.7	298.4	319.4	344.1	350.0
of which:							
Administration fees	204.1	236.6	277.7	298.4	319.4	344.1	350.0
Other non-tax revenue	4.7	16.0	30.3	10.2	5.2	2.6	2.1
Transfers received	4.5	3.5	–	–	–	–	–
Total revenue	213.4	256.0	308.1	308.6	324.5	346.7	352.1

Table 32.19 Companies and Intellectual Properties Property Registration Office: Financial information (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Expenses							
Current expense	125.3	133.7	181.6	278.0	315.8	351.2	337.7
Compensation of employees	52.6	54.5	71.1	103.1	113.4	124.7	137.2
Goods and services	65.8	71.8	103.4	152.2	171.1	190.5	159.5
Depreciation	6.4	7.1	7.0	14.1	17.1	21.0	24.5
Interest, dividends and rent on land	0.5	0.2	0.1	8.6	14.3	15.0	16.5
Transfers and subsidies	–	–	–	0.0	0.0	0.0	0.0
Total expenses	125.3	133.7	181.6	278.0	315.8	351.2	337.7
Surplus / (Deficit)	88.1	122.4	126.4	30.5	8.7	(4.5)	14.4
Statement of financial position							
Carrying value of assets	10.6	9.5	19.0	110.6	153.6	189.0	220.9
of which: Acquisition of assets	4.9	6.0	16.7	105.8	60.1	56.4	56.4
Inventory	1.3	1.0	0.7	0.7	0.7	0.7	0.7
Receivables and prepayments	0.9	1.8	5.4	1.8	0.4	0.6	0.8
Cash and cash equivalents	115.5	240.0	369.8	281.8	251.8	223.5	215.2
Total assets	128.4	252.3	394.9	395.0	406.6	413.8	437.5
Accumulated surplus/deficit	88.9	211.3	337.7	352.2	360.9	379.4	407.5
Borrowings	3.6	2.4	–	–	–	–	–
Trade and other payables	29.7	31.9	48.7	34.3	36.7	31.7	25.0
Provisions	6.1	6.7	8.5	8.5	9.0	2.7	5.0
Total equity and liabilities	128.4	252.3	394.9	395.0	406.6	413.8	437.5

Expenditure trends

The Companies and Intellectual Property Registration Office raises its revenue through registration fees. As a self-funding entity, no transfers have been made to the office since 2006/07. Annual returns for close corporations were introduced in 2008/09.

The Companies and Intellectual Property Registration Office has experienced a significant increase in expenditure, from R125.3 million in 2005/06 to R278 million in 2007/08, due to retained earnings approved by National Treasury. The retained earnings have been earmarked for acquiring capital assets and funding identified projects and programmes for service delivery improvement. The decline in expenditure from R351.2 million in 2010/11 to R337.7 million in 2011/12 is due to the completion of the capital acquisition phase of the service delivery improvement projects.

National Lotteries Board

Strategic overview: 2005/06 – 2011/12

The National Lotteries Board enforces and monitors the implementation of the national lottery, and the establishment of private lotteries and promotional competitions. The entity manages the National Lotteries Distribution Trust Fund, which distributes proceeds from its share of the lottery sales to worthy causes.

The board's budget is approved annually by the Minister of Trade and Industry, who takes into consideration available surpluses before approving funds to be drawn from the trust fund for operating expenses. The board's funding has been derived entirely from the trust fund. Interest revenue by the trust fund refers to interest earned on funds received from licence holders. These funds are invested until they are disbursed to worthy causes. Transfers and subsidies reflect payouts to charity, arts and culture, and sport organisations benefiting from the trust fund.

Objectives for the medium term include improving the regulation of the national lottery, increasing the capacity of the board, improving the trust fund's distributions, developing the stakeholder interface, assuming a greater grant making leadership role, improving legislation, and improving communications.

Selected performance and operations indicators

Table 32.20 National Lotteries Board

Indicators	Activity/ objective/ programme/ project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Value of operator ticket sales each year	National Lottery Regulation	R3.64bn	R3.83bn	R2.04bn	R4.12bn	R3.75bn	R3.82bn	R3.82bn
Value of contribution to the National Lotteries Distribution Trust Fund each year	National Lottery Regulation	R1.24bn	R1.30bn	R690m	R1.40bn	R1.28bn	R1.30bn	R1.30bn
Value of trust fund grant commitments each year	National Lottery Distribution	R1.20bn	R760m	R860m	R1.40bn	R1.49bn	R1.51bn	R1.50bn
Actual cash disbursed each year	National Lottery Distribution	R1.02bn	R800m	R630m	R1.00bn	R1.40bn	R1.43bn	R1.45bn
Number of site visits to grant beneficiaries each year	National Lottery Distribution	400	35	50	350	1200	1200	1800
Number of visits to retailers each year	National Lottery Regulation	60	20	–	500	2500	2500	2500

Service delivery and spending focus

Despite the initial setback in the awarding of the second lottery licence, the lottery is now fully operational. The distribution of proceeds from the lottery operator is also in line with past trends. Distributing agencies are fully operational, and site visits to beneficiaries are taking place in response to needs. The re-engineering exercise has been completed and staff capacity has been increased.

Expenditure estimates

Table 32.21 National Lotteries Board: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	1 541.3	1 649.2	1 316.1	1 981.1	1 840.3	1 870.6	1 876.7
<i>Other non-tax revenue</i>	1 541.3	1 649.2	1 316.1	1 981.1	1 840.3	1 870.6	1 876.7
Total revenue	1 541.3	1 649.2	1 316.1	1 981.1	1 840.3	1 870.6	1 876.7
Expenses							
Current expense	20.9	29.8	52.6	72.1	87.3	92.8	97.0
Compensation of employees	9.9	12.0	13.7	23.2	36.5	40.0	42.5
Goods and services	10.8	13.1	21.3	26.3	26.7	28.4	30.0
Depreciation	0.2	0.4	0.4	1.5	1.8	1.8	2.0
Interest, dividends and rent on land	–	4.3	17.2	21.0	22.3	22.6	22.5
Transfers and subsidies	1 199.1	764.3	863.3	1 400.0	1 488.6	1 508.9	1 500.0
Total expenses	1 219.9	794.2	915.9	1 472.1	1 576.0	1 601.7	1 597.0
Surplus / (Deficit)	321.4	855.0	400.2	509.0	264.4	268.9	279.8
Statement of financial position							
Carrying value of assets	0.9	0.7	5.2	6.0	5.6	4.4	3.0
<i>of which: Acquisition of assets</i>	0.6	0.1	4.9	2.4	1.4	0.6	0.6
Investments	2 587.4	3 338.1	3 706.0	4 541.5	4 822.9	5 056.6	5 275.1
Receivables and prepayments	35.9	112.7	67.9	35.0	35.0	37.5	37.5
Cash and cash equivalents	1 141.4	1 149.5	1 282.4	1 513.8	1 607.6	1 685.5	1 758.4
Total assets	3 765.7	4 601.0	5 061.4	6 096.3	6 471.1	6 784.0	7 074.0
Accumulated surplus/deficit	2 137.0	2 992.0	3 392.2	3 901.2	4 165.6	4 434.4	4 714.2
Trade and other payables	1 627.3	1 607.9	1 667.9	2 193.7	2 304.1	2 348.1	2 358.2
Provisions	1.3	1.2	1.4	1.4	1.4	1.5	1.5
Total equity and liabilities	3 765.7	4 601.0	5 061.4	6 096.3	6 471.1	6 784.0	7 074.0

Expenditure trends

Proceeds from the lottery operator decreased significantly in 2007/2008 due to operational delays in the national lottery in the early part of the year as a result of the change in the national lottery operator contract. Transfers and subsidies were also lower for 2006/07 and 2007/08 because of the late establishment of the new distributing agencies. The substantial increase in current expenses in 2007/08 and 2008/09 is due to improved organisational capacity and the re-engineering of systems and procedures to improve overall service delivery.

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 million	2007/08		2007/08	2008/09			2008/09
1. Administration	361.4	343.9	310.8	398.1	(2.9)	395.2	395.2
2. International Trade and Economic Development	140.7	140.7	133.5	148.8	2.6	151.3	151.3
3. Empowerment and Enterprise Development	1 769.2	1 808.0	1 472.1	1 220.9	(43.4)	1 177.5	1 177.5
4. Industrial Development	147.1	155.0	331.8	387.8	55.8	443.6	443.6
5. Consumer and Corporate Regulation	2 082.8	2 704.2	137.9	173.5	(0.3)	173.2	173.2
6. The Enterprise Organisation	260.1	258.5	2 563.1	2 402.3	14.3	2 416.6	2 366.6
7. Trade and Investment South Africa	84.3	69.2	284.5	297.4	0.4	297.8	297.8
8. Communications and Marketing	–	–	61.5	73.8	(2.1)	71.7	71.7
Total	4 845.6	5 479.4	5 295.4	5 102.6	24.3	5 126.9	5 076.9
Economic classification							
Current payments	871.8	795.1	746.9	984.3	(14.5)	969.8	969.8
Compensation of employees	323.5	310.7	327.5	375.4	36.6	412.0	412.0
Goods and services	548.4	484.3	393.6	608.9	(51.1)	557.8	557.8
Financial transactions in assets and liabilities	–	–	25.9	–	–	–	–
Transfers and subsidies	3 956.2	4 652.7	4 524.3	4 103.1	21.7	4 124.8	4 074.8
Provinces and municipalities	–	–	0.0	–	–	–	–
Departmental agencies and accounts	1 419.3	1 497.1	1 503.0	1 244.3	14.9	1 259.1	1 259.1
Universities and technikons	–	0.0	–	–	10.5	10.5	10.5
Public corporations and private enterprises	2 512.5	3 123.6	2 984.2	2 831.9	(16.8)	2 815.2	2 765.2
Foreign governments and international organisations	22.0	26.1	30.6	23.2	5.6	28.8	28.8
Non-profit institutions	2.4	5.0	5.0	2.5	3.6	6.1	6.1
Households	–	0.9	1.6	1.2	3.9	5.1	5.1
Payments for capital assets	17.6	31.7	24.1	15.2	17.1	32.3	32.3
Buildings and other fixed structures	–	4.5	–	–	–	–	–
Machinery and equipment	15.7	24.1	20.5	13.2	12.9	26.1	26.1
Software and intangible assets	1.9	3.0	3.6	2.0	4.3	6.2	6.2
Total	4 845.6	5 479.4	5 295.4	5 102.6	24.3	5 126.9	5 076.9

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Permanent and full time contract employees							
Compensation (R million)	228.4	277.1	320.7	404.9	443.0	468.5	478.4
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Personnel numbers (head count)	1 098	1 182	1 193	1 193	1 395	1 395	1 395
Part time and temporary contract employees							
Compensation (R million)	–	4.6	4.9	5.1	5.4	5.5	5.5
Unit cost (R million)	–	0.0	0.0	0.0	0.0	0.0	0.0
Personnel numbers (head count)	–	108	180	180	125	130	130
Interns							
Compensation of interns (R million)	2.1	1.8	1.9	2.0	2.1	2.2	2.2
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Number of interns	39	34	25	38	40	50	50
Total for department							
Compensation (R million)	230.6	283.6	327.5	412.0	450.5	476.2	486.1
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	1 137	1 324	1 398	1 411	1 560	1 575	1 575

Table 32.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	230.6	283.6	327.5	412.0	450.5	476.2	486.1
Training expenditure (R million)	12.2	3.2	1.0	2.5	9.3	8.0	9.5
Training as percentage of compensation	5.3%	1.1%	0.3%	0.6%	2.1%	1.7%	2.0%
Total number trained in department (head count)	790	450	545	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	117	74	105	–			
Learnerships trained (head count)	–	15	20	–			
Households receiving bursaries (R million)	–	0.3	0.8	1.2	1.4	1.5	1.6
Households receiving bursaries (head count)	–	5	13	–			

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Conditional grants to provinces							
Industrial development zones grant	–	58.2	–	–	–	–	–
Total	–	58.2	–	–	–	–	–

Table 32.E Summary of departmental public private partnership projects

Project description: Department of Trade and Industry campus project		Project annual unitary fee at time of contract	Budgeted expenditure 2008/09	Medium-term expenditure estimate		
R million				2009/10	2010/11	2011/12
Projects signed in terms of Treasury Regulation 16		99.5	138.0	152.9	162.8	169.5
PPP unitary charge		99.5	135.6	148.2	159.6	166.8
Advisory fees		–	2.4	4.5	3.0	2.5
Project monitoring cost		–	–	0.2	0.2	0.2
Total		99.5	138.0	152.9	162.8	169.5

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Department of Trade and Industry campus
Brief description	Department of Trade and Industry campus, Meintjie Street, Pretoria. Design, construct and facility management services over 25 years
Date public private partnership agreement was signed	1 August 2003
Duration of public private partnership agreement	25 years
Escalation index for unitary fee	CPIX linked - July every year on anniversary
Variations / amendments to public private partnership agreement	Variation orders as per allowed schedules - but no formal amendment to date was signed on the public private partnership agreement
Cost implications of variations/amendments	Costed per each variation order. Strategic pace strategy will inform, over the medium term, the quantum of variation orders to be executed
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	The outstanding debt amount as per financial model

Table 32.F Summary of departmental public private partnership projects

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure 2008/09	Medium-term expenditure estimate		
R million				2009/10	2010/11	2011/12
Projects signed in terms of Treasury Regulation 16		–	3.4	3.8	4.2	4.6
PPP unitary charge ¹		–	3.4	3.8	4.2	4.6
Total		–	3.4	3.8	4.2	4.6

1. Phavis fleet services PPP. Disclosure notes for this project can be viewed in the PPP annexure table of the Department of Transport.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Phavis fleet services
Brief description	Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport

Table 32. G Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12	
R million	Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
	Coega industrial development zone	Bulk infra-and top structures (providing roads, electricity, water, sewerage, and railroads, and bridges)	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Basic infrastructure and some of the top structures for Zone 1 completed	9 502.5	58.9	249.8	726.0	718.4	859.9	495.0	524.7
	East London industrial development zone	Bulk infra-and top structures (provisioning of roads, electricity, water, sewerage, and railroads, and bridges)	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Basic infrastructure and some of the top structures for Zone 1 completed	1 916.2	17.7	130.0	124.9	154.0	249.4	-	-
Critical infrastructure	Bulk Infrastructure	Infrastructure projects in support of a particular investment in the areas of mining, tourism, manufacturing, and the services industry. The expected outcomes are mainly contribution to economic growth, job creation, SMMEs, and BEE	Operational since 2001	1 819.7	24.9	88.2	60.2	75.1	105.6	115.7	118.5	
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)												
Richards Bay industrial development zone	Bulk infra- and top structures	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	721.7	-	34.8	-	0.0	68.4	-	-	-
Small projects or programmes (costing less than R50 million per annum)												
Centurion Aerospace Village	Building Centurion Aerospace Village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park. Situation of Aerosud and Denel in aerospace village.	Implementation phase	260.0	-	-	-	20.0	-	-	-	-
Total				14 220.0	101.5	502.8	911.0	967.6	1 283.3	610.7	643.2	

Table 32.H Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand Foreign In cash												
European Union	Sector wide enterprise employment and equity programme	Empowerment and Enterprise Development	450 000	Public corporations and private enterprises	Training and mentoring in export, entrepreneurship and other related fields. More than 36 projects funded since 2005	102 959	-	100 417	160 000	-	-	-
European Union	Risk capital facility programme	Empowerment and Enterprise Development	450 000	Public corporations and private enterprises	Facilitation of BEE in the small and medium size enterprises sector. 52 jobs created since 2008. 2 investments to the value of R47.5 million created	-	185 000	-	135 000	130 000	-	-
Finland	SMME development programme	Empowerment and Enterprise Development	26 124	Departmental agencies and accounts	Technical support for small enterprises development	-	16 062	10 062	-	-	-	-
Sweden	Economic development support	Empowerment and Enterprise Development	30 000	Departmental agencies and accounts	Business linkages training and skills development for BEE, women empowerment and trainee programmes	-	-	19 432	10 568	-	-	-
In kind												
United States Agency for International Development	Economic growth support	Empowerment and Enterprise Development	96 139	Goods and services	Technical support on regulatory policy, research and legislative review process on financial and private sector competitiveness and agriculture	-	-	54 139	42 000	-	-	-
Total			1 052 263			102 959	201 062	184 050	347 568	130 000	-	-

