

Vote 35

Trade and Industry

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	448.5	433.2	2.8	12.5	476.8	497.7
International Trade and Economic Development	131.1	98.9	31.8	0.5	130.6	133.5
Empowerment and Enterprise Development	777.8	85.0	692.8	–	835.7	865.0
Industrial Development	1 052.1	105.4	946.3	0.5	1 222.5	1 362.8
Consumer and Corporate Regulation	191.5	64.1	126.8	0.6	218.0	229.4
The Enterprise Organisation	3 175.3	119.8	3 055.5	–	3 484.5	3 773.6
Trade and Investment South Africa	291.4	154.9	136.6	–	309.5	317.8
Communication and Marketing	82.2	81.7	–	0.5	79.9	84.2
Total expenditure estimates	6 150.1	1 142.9	4 992.6	14.7	6 757.4	7 264.0
Executive authority	Minister of Trade and Industry					
Accounting officer	Director-General of Trade and Industry					
Website address	www.thedti.gov.za					

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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: 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.

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: 2006/07 – 2012/13

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, meeting these objectives involves: coordinating the implementation of government priorities; 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; and contributing to the development and regional integration of Africa within the New Partnership for Africa's Development (NEPAD) framework.

Strategic focus

Broadening participation

In order to promote economic growth, the department is committed to broadening participation, equity and access for previously disadvantaged citizens. The department will thus ensure the integration and alignment of the broad based black economic empowerment (BEE) policy with the industrial policy and legislative frameworks. The department is developing a reporting framework, a reliable database of BEE compliance, and strategically focused advocacy and communication initiatives. The department will upscale and accelerate the delivery of programmes for the economic empowerment of women and the youth.

The department will continue to broaden participation in the economy through supporting small, micro and medium enterprise (SMME) programmes, which include entrepreneurship development, financial support models and non-financial support programmes. To ensure sustainable SMME development, the department is planning to monitor the business environment and undertake regulatory reviews. The department will also work

with other spheres of government to ensure the coordination of SMME support services and to establish effective networks for these services. Key SMME support programmes will be accelerated, including the 10 products set aside for the SMME procurement programme. The department is still maintaining the focus on ensuring that government departments pay SMME service providers within 30 days.

Industrial development

To improve the economy's performance, investment, employment, and competitiveness the department shall implement appropriate policies and strategies. The automotive and clothing and textiles sectors have been identified as key strategic sectors for which the department will develop new support packages, in order to boost manufacturing capacity and support job creation. Additional funds allocated over the MTEF period for these industries will assist in creating sustainable employment in these sectors. The details of the schemes will be announced in the course of 2010.

Industrial policy interventions to support developmental objectives will be reviewed. The national industrial policy framework and the industrial policy action plan have gone far in determining a comprehensive industrial policy. However, to reach higher levels of growth and reduce the current account deficit, significant progress is still required in achieving actual and substantial increases in productive employment and structurally transforming key sectors. The challenge going forward is to substantially raise the level of industrial policy interventions in a range of sectors and at the same time building the necessary capacity in the department for this upscaling.

In relation to incentives for industries and enterprises, further work is required to align the industrial financing regime with industrial policy objectives. Production incentives will be increasingly grant based, reducing reliance on tax incentives, a major policy shift from 2009.

Over the medium term, the department will also focus on improving the efficiency of the incentive administration system to record applications and deal with claims, verify information and document all correspondence.

Trade, investment and exports

Increasing the level of international trade is critical to domestic economic growth and development. The department provides leadership on trade policy, and is in the process of reviewing South Africa's trade policy to strengthen its alignment with government priorities, including the revised industrial policy action plan. The trade policy and strategy framework submitted to Cabinet in 2009 has been circulated to stakeholders as a discussion document. The aim of the framework, in line with the department's trade policy strategy, is to promote the development of higher value added, labour absorbing production. The department's export strategy consists of seven strategic themes: global competitiveness, market access, prioritisation of markets, a national trade information system, exporter development, export mechanisms, and export incentives and financing.

At the multilateral level, South Africa continues to play a prominent and active role in the World Trade Organisation, as an important developing country member pursuing the objective of establishing a favourable developmental outcome for South Africa and other developing countries. The department will also support the consolidation of the G20 group of developing countries, which continuously seeks to ensure a developmental outcome in the industrial tariff negotiations.

Progress has been made in trade integration in the Southern African Development Community (SADC). Over the medium term, SADC will focus on addressing rules of origin, trade facilitation, and non-tariff barriers. The key policy issue that arises in both SADC and the Southern African Customs Union is underdeveloped production structures limit the potential benefits of a more open regional trading environment. The department will work on them to promote deeper regional economic integration.

Transfer of entities

In 2009, the department entered into a memorandum of understanding with the Department of Economic Development about transferring the oversight and coordination functions of three development finance institutions to the newly created Department of Economic Development: the Industrial Development Corporation of South Africa, Khula Enterprise Finance and the South African Micro-Finance Apex Fund. The oversight and coordination functions of three economic regulatory bodies are also moving to the Department of

Economic Development: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission of South Africa. The transfers will happen in April 2010. The department is assessing the impact of these transfers on its strategies and, with the Department of Economic Development, is busy determining the specific roles and responsibilities of each department.

New public entities

Legislation to protect consumers and to reduce the regulatory burden on businesses, especially small businesses, was passed in 2009. In 2008, the department enacted the Companies Act (2008) and the Consumer Protection Act (2008), and is currently establishing the National Consumer Commission and the Companies and Intellectual Property Commission. Both will be established in 2010.

Savings and cost effective service delivery

A number of cost saving initiatives were implemented in 2009: all local and international trips of less than 5 hours will be booked in economy class; venues on the department campus will be used for meetings and workshops, rather than outside venues; and advertising, catering services and contractor costs will be reduced. The department has reprioritised budget items by identifying savings and shifting funds to other priority items. R202.8 million was shifted between economic classification items. The net effect between programmes was a reduction of R33.9 million. The affected expenditure items were mainly compensation of employees and goods and services.

Selected performance indicators

Table 35.1 Trade and Industry

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Total number of projects implemented under the national industrial participation programme since inception of the programme	Industrial Development	173	200	225	250	275	290	290
Total value of investment and export credits under the national industrial participation programme	Industrial Development	US\$8bn	US\$9bn	US\$13bn	US\$14bn	US\$15bn	US\$16bn	US\$16bn
Total number of direct jobs created through the national industrial participation programme	Industrial Development	15 000	16 500	17 500	18 500	19 000	20 000	20 000
Number of companies implementing cleaner production activities including energy efficiency per year	Industrial Development	3	18	6	20	26	32	32
Number of new companies receiving cleaner production audits, including energy efficiency, per year	Industrial Development	12	55	24	80	105	130	130
Number of new projects receiving grants per year under the support programme for industrial innovation	Empowerment and Enterprise Development	84	75	85	100	80	85	85
Value of the support programme for industrial innovation projects per year	Empowerment and Enterprise Development	R250.5m	R100m	R120m	R160m	R100m	R110m	R120m

Table 35.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Number of students supported under the technology and human resources for industry programme	Empowerment and Enterprise Development	3 014	2 500	2 500	2 500	2 000	2 100	2 200
Number of researchers supported per year under the technology and human resources for industry programme	Empowerment and Enterprise Development	744	700	730	750	650	700	700
Number of companies assisted with:	The Enterprise Organisation							
- export market and investment assistance		1 434	1 693	1 203	1 500	1 600	1 700	1 800
- business process outsourcing and off-shoring		-	-	10	12	15	5	7
- black business supplier development programme		950	1 200	1 320	1 600	1 830	3 800	4 200
- enterprise development programme		3 600	3 500	3 200	1 800	600	300	250
- enterprise investment programme		-	-	50	300	500	650	750
- cooperatives incentive scheme		-	-	150	220	280	350	450
Number of film and television productions assisted per year	The Enterprise Organisation	35	40	60	80	55	60	70
Number of new bilateral and regional trade and investment agreements signed	International Trade and Economic Development	10	12	12	12	10	8	6
Number of successful technical and business trips to foreign countries and companies undertaken per year	International Trade and Economic Development	16	15	15	15	12	10	8
Key performance indicators for Coega industrial development zone:	The Enterprise Organisation							
- number of new investors per year		9 R20.4bn	4 R5.9bn	9 R22.07bn**	10 R5bn	15 R7.5bn	18 R9bn	18 R9bn
- value of new investments per year		10 700	4 867	4 906**	2 000	3 000	3 600	3 600
- number of new jobs created per year								
Key performance indicators for East London industrial development zone:	The Enterprise Organisation							
- number of new investors per year		5 R308m	6 R271m	7 R347m	5 R250m	6 R300m	7 R350m	7 R350m
- value of new investments per year		196	649	525	360	432	504	504
- number of jobs created per year								
Key performance indicators for Richards Bay industrial development zone:	The Enterprise Organisation							
- number of new investors per year		-	1 R650m	-	4 R1.9bn	5 R2bn	4 R2.2bn	4 R2.2bn
- value of new investments per year		-	1 200	140	375	400	500	500
- number of jobs created per year								
Value of investment generated through enterprise investment programme per year	The Enterprise Organisation	-	-	-	R6.8bn	R13.9bn	R14.9bn	R14.9bn
Key performance indicators for the critical infrastructure programme:	The Enterprise Organisation							
- number of new projects		6	7	5	12	14	16	16
- value of new investments per year		R17.5bn	R9.5bn	R12bn	R6bn	7bn	8bn	8bn
- number of jobs created per year		18 405	6 387	3 910	2 510	2 820	3 520	3 520

Table 35.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Number of direct jobs created per year:	The Enterprise Organisation							
- enterprise investment programme		-	-	-	1 025	17 775	19 000	20 100
- business process outsourcing and off-shoring		-	-	5 950	2 340	8 925	2 975	3 150

* As a result of the recession most investment numbers and businesses were affected in 2009/10 and 2010/11.

** Reduction in 2009/10 due to the withdrawal of the Alcan investment

Expenditure estimates

Table 35.2 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	278.9	310.7	345.5	468.1	415.6	448.5	476.8	497.7
2. International Trade and Economic Development	74.6	77.8	108.6	130.4	125.6	131.1	130.6	133.5
3. Empowerment and Enterprise Development	1 163.9	1 314.6	1 091.1	1 173.9	1 157.1	777.8	835.7	865.0
4. Industrial Development	245.2	331.8	392.7	426.9	410.3	1 052.1	1 222.5	1 362.8
5. Consumer and Corporate Regulation	105.9	106.0	111.6	165.5	148.6	191.5	218.0	229.4
6. The Enterprise Organisation	1 434.3	2 563.1	2 400.7	3 356.9	3 382.9	3 175.3	3 484.5	3 773.6
7. Trade and Investment South Africa	197.4	284.5	310.2	294.1	295.9	291.4	309.5	317.8
8. Communication and Marketing	65.8	61.5	76.1	70.1	52.8	82.2	79.9	84.2
Total	3 566.1	5 050.2	4 836.6	6 085.9	5 988.8	6 150.1	6 757.4	7 264.0
Change to 2009 Budget estimate				(258.3)	(355.4)	397.1	753.6	1 095.9

Economic classification

Current payments	650.9	721.0	908.1	1 132.1	1 006.4	1 142.9	1 190.8	1 232.4
Compensation of employees	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
Goods and services	367.3	393.5	525.0	619.1	537.4	585.0	600.4	604.0
<i>of which:</i>								
<i>Consultants and professional services:</i>								
<i>Business and advisory services</i>	67.8	29.2	56.5	91.3	57.5	92.3	88.8	82.8
<i>Lease payments</i>	23.4	14.6	157.9	185.2	188.2	168.4	178.9	182.1
<i>Travel and subsistence</i>	66.3	75.9	98.9	102.1	93.1	93.8	94.0	97.5
<i>Venues and facilities</i>	129.1	163.5	61.5	41.1	29.4	48.4	49.6	50.7
Transfers and subsidies	2 879.7	4 279.2	3 903.5	4 916.8	4 950.4	4 992.6	5 552.0	6 015.6
Provinces and municipalities	58.4	0.0	-	-	-	-	-	-
Departmental agencies and accounts	1 197.2	1 329.4	1 117.2	1 197.3	1 187.4	844.1	925.1	951.9
Universities and technikons	6.0	-	10.5	3.0	3.0	0.0	0.0	0.0
Foreign governments and international organisations	20.1	30.6	34.2	34.0	28.8	37.6	32.5	34.8
Public corporations and private enterprises	1 582.7	2 912.6	2 730.4	3 671.9	3 720.7	4 095.9	4 577.1	5 008.2
Non-profit institutions	14.7	5.0	6.1	7.6	7.6	12.5	14.7	17.9
Households	0.6	1.6	5.2	2.9	2.9	2.4	2.6	2.8
Payments for capital assets	27.3	24.1	21.1	37.0	32.0	14.7	14.5	16.0
Buildings and other fixed structures	4.0	-	-	-	-	-	-	-
Machinery and equipment	15.8	20.5	14.8	32.5	27.5	10.7	10.4	11.6
Software and other intangible assets	7.5	3.6	6.2	4.5	4.5	4.0	4.1	4.4
Payments for financial assets	8.1	25.9	3.9	-	-	-	-	-
Total	3 566.1	5 050.2	4 836.6	6 085.9	5 988.8	6 150.1	6 757.4	7 264.0

Expenditure trends

Expenditure increased from R3.57 billion in 2006/07 to R6.1 billion in 2009/10, at an average annual rate of 19.5 per cent. The increase is mainly due to significant increases in the contribution to industrial development zones, and the small and medium enterprise (SME) development programme. Increases in the number of posts and compensation of employees also contributed to the increase.

Over the medium term, expenditure is expected to increase to R7.26 billion, at an average annual rate of 6.1 per cent. In 2010/11, expenditure is expected to remain unchanged, mainly as a result of the transfer of functions to the Department of Economic Development. The increases in expenditure in 2011/12 and 2012/13 are due to the introduction of new incentive schemes.

Expenditure in the *Empowerment and Enterprise Development* programme remained constant at approximately R1.2 billion between 2006/07 and 2009/10. *The Enterprise Organisation* programme is the largest in terms of the budget and provides funding for incentive schemes. Expenditure increases from R1.4 billion in 2006/07 to R3.8 billion in 2012/13, an average annual rate of 17.5 per cent. The strong increase is due to the introduction of new incentive schemes for the automotives and clothing and textiles sectors, and to address backlogs in settling claims from the SME development programme.

Infrastructure spending

Infrastructure spending relates primarily to the critical infrastructure programme and the industrial development zones. Private sector investment in infrastructure and contributions through the critical infrastructure programme have generated about R48 billion worth of investments (after deducting the R14 billion Alcan investment, which was withdrawn) and contributed to creating more than 74 000 job opportunities during infrastructure construction and operations.

Plans to accelerate investments by industrial development zones over the medium term have been derailed by the adverse global economic conditions. However, efforts are being made to lure more investors to the industrial development zones. Between 2002 and 2009, the three industrial development zones (Coega, East London and Richards Bay) created over 38 000 jobs. Construction jobs accounted for about 58 per cent of the total.

Mega infrastructure projects and programmes (over R300 million)

Coega industrial development zone

The Coega industrial development zone was designated in 2002 and is a key project for the department and Eastern Cape. The site near Port Elizabeth, which was originally a greenfield area, includes 11 500ha of land and the adjacent Ngqura deepwater port. The Coega Development Corporation is responsible for the landside infrastructure development and has been prioritising projects according to demand from potential investors. To date, R2.8 billion of government funding has been spent, approximately 90 per cent of which is on infrastructure programmes such as road construction, earthworks, electricity, water and sewers, factory buildings and offices.

The Coega industrial development zone is designed to attract private sector investment in export orientated industries. It aims to create jobs within the industrial development zone, promote the use of domestic industries outside Coega, and boost growth through increased exports, technology transfer and increased employment. A number of private investments have already been secured. 24 private commitments of R49 billion have been finalised and 8 investors with R480 million invested are already operational.

Momentum has been building in Coega's development, and there has been some significant progress over the last year. The first ships docked at Ngqura in October 2009, construction was started on a large business process outsourcing park, and an agreement has been reached on the development of a crude oil refinery that will create an estimated 17 500 direct and indirect jobs. Coega has also initiated the process of securing an agreement to construct a combined cycle gas turbine, and is continuing the drive to attract investors.

The Coega Development Corporation's expenditure increased from R249.8 million in 2006/07 to R859.9 million in 2009/10, at an average annual rate of 51 per cent. Expenditure is expected to decline to R475 million in 2010/11, before increasing again in 2010/12 and 2012/13. The decrease in expenditure in 2010/11 is mainly due to concluded governmental investments for infrastructure development.

in chemicals, 11.1 per cent in manufacturing, 3.7 per cent in energy and 3.7 per cent in film. The provincial distribution is: 3 in Northern Cape, 3 in Gauteng, 4 in North West, 9 in Kwazulu-Natal, 3 in Mpumalanga, 8 in Eastern Cape, 1 in Western Cape and 3 in Limpopo of which 7 of the investments are in the Coega and East London industrial development zones.

A total of 62 097 jobs (34 183 operational and 27 914 construction) are expected to be created through the critical infrastructure programme. The programme's investments have committed to procure goods and services from local SMMEs. Their activities aim to support upstream and downstream industries to create positive spin-offs for the economy, such as smelting facilities to produce value added products. A study on the impact of the critical infrastructure programme on the economy revealed that its investments are most effective when compared to investments in other sectors such as agriculture, transport and government. The budget allocation for 2009/10 is R105.6 million. The baseline allocations for the programme increase to R115.6 million in 2010/2011, R118.5 million in 2011/12 and R181.7 in 2012/13.

Departmental receipts

Revenue is mainly generated from transactions in financial assets and liabilities, which increased from R34.3 million in 2006/07 to R62 million in 2009/10 at an average annual rate of 21.8 per cent, due to an increase in foreign exchange gains, liquor licence fees, and recovery of the previous year's expenditure. The revenue from transactions in financial assets and liabilities is expected to increase over the MTEF period to R90 million in 2012/13. Receipts from sales of goods and services are generated from house rentals every third year. The amounts received under interest reduced considerably due to the decrease in interest rates. The market is expected to recover, and the departmental projects generating revenue from interest on bank deposits and from debtors will increase again over the MTEF period.

Until 2009/10, the department received 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 of South Africa. These entities have been transferred to the Department of Economic Development from April 2010, and these receipts will be reflected there.

Table 35.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	66 647	94 217	64 931	66 718	66 960	108 260	114 926	120 200
Sales of goods and services produced by department	27 009	3 835	3 064	38 913	3 008	3 590	3 975	5 200
Transfers received	45	–	–	–	–	–	–	–
Interest, dividends and rent on land	5 230	11 315	1 912	16 000	1 950	22 260	23 596	25 000
Sales of capital assets	55	204	110	2	2	–	–	–
Transactions in financial assets and liabilities	34 308	78 863	59 845	11 803	62 000	82 410	87 355	90 000
Total	66 647	94 217	64 931	66 718	66 960	108 260	114 926	120 200

Programme 1: Administration

Table 35.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.8	0.9	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.7	1.3	1.4	1.5	1.6	1.7
Deputy Minister ¹	0.7	0.7	1.3	1.4	1.5	1.6	1.7
Ministry	21.9	21.2	25.7	27.8	33.8	31.2	32.7
Office of the Director-General	28.1	33.0	33.8	47.2	63.0	66.7	71.1
Corporate Services	221.1	248.1	275.4	381.5	339.1	365.6	379.9
Office Accommodation	5.5	6.0	6.5	7.1	7.8	8.3	8.7
Total	278.9	310.7	345.5	468.1	448.5	476.8	497.7
Change to 2009 Budget estimate				47.3	(1.0)	21.9	25.3

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 allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification

Current payments	257.9	285.7	330.7	439.8	433.2	461.0	481.0
Compensation of employees	62.0	69.4	87.3	124.2	144.4	152.6	162.1
Goods and services	196.0	216.3	243.5	315.6	288.8	308.4	318.8
<i>of which:</i>							
Consultants and professional services:	25.5	5.7	14.6	21.7	20.7	22.0	23.3
Business and advisory services							
Lease payments	8.8	–	146.6	180.4	162.9	172.4	175.2
Travel and subsistence	14.5	16.3	20.0	17.7	20.3	21.2	22.1
Venues and facilities	112.6	134.4	1.5	2.4	2.3	2.5	2.7
Transfers and subsidies	5.2	6.2	1.8	3.1	2.8	3.0	3.2
Public corporations and private enterprises	5.0	5.3	0.5	0.6	0.6	0.6	0.7
Households	0.2	0.9	1.3	2.5	2.2	2.4	2.5
Payments for capital assets	15.8	18.9	11.0	25.2	12.5	12.8	13.5
Buildings and other fixed structures	4.0	–	–	–	–	–	–
Machinery and equipment	4.2	15.3	7.6	20.8	8.7	8.8	9.3
Software and other intangible assets	7.5	3.6	3.4	4.4	3.9	4.0	4.2
Payments for financial assets	0.0	–	2.0	–	–	–	–
Total	278.9	310.7	345.5	468.1	448.5	476.8	497.7

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	5.0	5.3	0.5	0.6	0.6	0.6	0.7
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	5.0	5.3	0.5	0.6	0.6	0.6	0.7

Expenditure trends

Expenditure increased strongly from R278.9 million in 2006/07 to R468.1 million in 2009/10, at an average annual rate of 18.8 per cent due to the increase in the number of posts from 853 in 2006/07 to 1 140 in 2009/10. The number of posts will increase to 1 320 in 2012/13. Over the medium term, expenditure is expected to increase to R498 million, at an average annual rate of 2.1 per cent. This is due to operational costs associated with the public private partnership accommodation project, which provide head office accommodation and facilities management services to the department and some of its public entities.

Spending in the *Office of the Director-General* subprogramme increases from R28.1 million in 2006/07 to R71 million in 2010/13, at an average annual rate of 16.7 per cent. This is due to the expansion of the strategic planning unit and increase in the capacity of the Office of the Director-General. The largest allocation goes to the *Corporate Services* subprogramme, which amounts to R2.2 billion over the 7-year period. Expenditure increases from R221.1 million in 2006/07 to R379.9 million in 2012/13, an average annual rate of 9.4 per cent over the 7-year period. The main cost drivers of this subprogramme are compensation of employees (30 per cent), and goods and services (70 per cent).

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:
 - Organisation for the Prohibition of Chemical Weapons, 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 the regional spatial development initiatives aimed at accelerating sustainable socioeconomic development. Funding is disbursed on the basis of approved business and project plans.

Objectives and measures

- Promote South Africa's role in international trade while addressing economic development by:
 - managing the tariff regime and negotiating investment treaties
 - negotiating trade rules for global integration including market access (reciprocal and non reciprocal)
 - actively participating in international forums.
- Expand exports, attract investment and leverage technology transfer by consolidating trade relations with traditional markets in the north on an ongoing basis.
- Establish and strengthen economic relations with dynamic economies in the south through established intergovernmental platforms with trading partners on an ongoing basis.
- Assist South African companies to address non-tariff measures with trading partners through regular stakeholder interaction.
- Champion the NEPAD and contribute to advancing African peace, security and economic development and integration at continental, regional and bilateral levels through ongoing interactions with other African countries on an ongoing basis.
- Promote regional integration in the Southern African Customs Union and SADC as platforms for integration into the global economy through trade integration, policy coordination and sectoral cooperation on an ongoing basis.
- Promote intra-Africa trade, outward investment into Africa, cross border infrastructure and spatial development initiatives through intergovernmental platforms with African governments and ongoing capacity building programmes.

Service delivery focus

In 2009, 3 bilateral and regional trade agreements and 5 regional intra-Africa trade agreements were signed. 6 other regional intra-Africa trade agreements will be in the process of finalisation over the MTEF period.

8 technical missions are under review and were undertaken and International Trade and Economic Development division participation at the World Economic Forum, Ministerial forum for China-Africa cooperation, G8+5, G20, and the forum on cooperation between South Africa and Russia was facilitated.

In 2008/09, the department participated in conferences and reviews, such as the world trade ministerial conference, the Doha round ministerial meeting, the Southern African Customs Union, World Trade Organisation trade policy review and the G20 process addressing the global economic downturn. In the same year, economic cooperation agreements were signed with Angola, Nigeria, Zambia and Egypt, and work has continued in enhancing integration and building regional capacity in the SADC free trade area and the Eastern and Southern African free trade area. Further afield, a preferential trade agreement was signed with Mercosur, and a Southern African Customs Union-India preferential trade agreement is on course for conclusion by the end of 2010.

In 2008/09, South Africa prepared position papers for the Doha round negotiations on all key issues, including non-agricultural market access, trade related aspects of intellectual property rights services, agriculture and remedies. In an attempt to conclude the negotiations, the department led South Africa's participation in the Doha round ministerial meeting in December 2009.

In 2009, the Non-Proliferation Council was established and the minister appointed members for 3 years. Discussions with the United States on a training programme for customs officials at borders, resulted in hosting an instructors' training session in November 2009. In 2009, declarations were submitted to the Organisation for the Prohibition of Chemical Weapons on South Africa's anticipated activities for 2010. The fifth assistance and protection course for African states parties to the chemical weapons convention was also hosted in 2009.

Expenditure estimates

Table 35.5 International Trade and Economic Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
International Trade Development	42.3	43.0	68.8	86.0	83.3	81.9	86.9
African Economic Development	32.3	34.8	39.7	44.4	47.8	48.6	46.6
Total	74.6	77.8	108.6	130.4	131.1	130.6	133.5
Change to 2009 Budget estimate				(43.1)	(61.0)	(59.9)	(58.0)
Economic classification							
Current payments	45.3	51.0	80.2	100.4	98.9	96.1	97.4
Compensation of employees	28.3	32.1	40.3	55.4	64.5	68.3	73.1
Goods and services	17.0	18.9	39.9	45.1	34.4	27.7	24.3
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>0.7</i>	<i>0.4</i>	<i>0.6</i>	<i>4.8</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	13.3	14.7	18.4	16.9	16.5	11.8	12.4
<i>Venues and facilities</i>	1.0	1.5	3.0	3.9	3.0	4.0	4.5
Transfers and subsidies	28.9	26.2	28.0	29.5	31.8	33.9	35.4
Foreign governments and international organisations	10.8	9.7	10.6	11.5	12.0	13.0	13.5
Public corporations and private enterprises	18.0	16.5	17.1	18.0	19.8	20.9	21.9
Households	0.0	0.0	0.2	–	–	–	–
Payments for capital assets	0.4	0.6	0.4	0.5	0.5	0.6	0.7
Machinery and equipment	0.4	0.6	0.4	0.4	0.5	0.6	0.7
Total	74.6	77.8	108.6	130.4	131.1	130.6	133.5

Table 35.5 International Trade and Economic Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	15.4	16.1	16.8	18.0	18.8	19.9	20.9
Development Bank of Southern Africa:	13.8	14.5	15.2	15.9	16.5	17.5	18.5
Regional Spatial Development Initiatives							
ProTechnik Laboratories	1.5	1.5	1.6	2.1	2.3	2.4	2.4
Capital	2.7	0.4	0.3	–	1.0	1.0	1.0
ProTechnik Laboratories	2.7	0.4	0.3	–	1.0	1.0	1.0
Foreign governments and international organisations							
Current	10.8	9.7	10.6	11.5	12.0	13.0	13.5
Organisation for the Prohibition of Chemical Weapons	1.6	2.2	2.3	3.0	3.4	4.0	4.0
World Trade Organisation	9.2	7.5	8.3	8.5	8.6	9.0	9.5

Expenditure trends

Expenditure increased from R74.6 million in 2006/07 to R130.4 million in 2009/10, at an average annual rate of 20.4 per cent. The increase relates mainly to expenditure in goods and services and compensation of employees, due to expanded capacity. Together, expenditure in compensation of employees, and on goods and services increased current payments from R45.3 million in 2006/07 to R100.5 million in 2009/10.

Expenditure is expected to increase to R133.5 million in 2012/13, at an average annual rate of 0.8 per cent over the medium term.

Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperative enterprises, and provides them with innovation and technology support. Under this subprogramme, provision is made for the following transfer payments and subsidies:
 - Small Enterprise Development Agency, which 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 which channels the South African contribution towards sustainable global industrial development. The amounts payable are based on the fees determined by member states, including South Africa.
- *Equity and Empowerment* implements BEE and gender policies, including:
 - National Empowerment Fund, which 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, which 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, which provides financial support to women entrepreneurs to grow their businesses. The amounts payable are based on approved projects.
- *Regional Economic Development* enhances the competitiveness of local and provincial economies for sustained economic growth by developing policies, strategies and programmes that focus on

underdeveloped regions. Under this subprogramme, provision is made for the following transfer payments and subsidies:

- National Research Foundation’s technology and human resources for industry programme, which supports research and technology development by strengthening the number and skills of appropriately trained people. The amounts payable are based on qualifying scientific, technological, engineering research projects.
- Productivity South Africa’s workplace challenge programme, which 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, which enables private sector enterprises to develop new products and services. The amounts payable are based on matching grants to contributions by such enterprises.
- Small Enterprise Development Agency’s technology programme, which finances and supports early, seed and start up technology ventures aimed at increasing South Africa’s competitiveness. The amounts payable are based on approved business plans and technology incubators.

Objectives and measures

- Foster the growth of SMMEs and cooperatives by:
 - overseeing the support provided by the Small Enterprise Development Agency to increase the number of SMMEs (currently 2 million) and cooperatives by 2014
 - ensuring that SMME and cooperative contributions to GDP increase from the current 40 per cent to 45 per cent by 2014.
- Facilitate access to procurement opportunities for SMMEs and cooperatives by overseeing the implementation of the 10 products strategy, so that government promotes the participation of SMMEs and cooperatives when procuring the identified products over the next 3 years.
- Implement empowerment and equity policies, thus ensuring the increased economic participation of historically disadvantaged people by gazetting BEE charters under sections 12 and 9 of the Broad Based Black Economic Empowerment Act (2003).
- Deepen technology support in the region through the technology incubator programme by providing access to technology incentives and coordinating regional stakeholder participation in employment creation opportunities, thus forming partnerships that will create at least 4 000 jobs by 2013.

Service delivery focus

To date, 4 charters were gazetted under section 9 and 4 under section 12 of the Broad Based Black Economic Empowerment Act (2003). In 2010, up to 5 new charters (including those gazetted under section 12) will be considered for gazetting under section 9.

The support programme for industrial innovation recorded sales of R237 million, of which R103 million were export sales for new products and processes. In 2008/09, the programme created 877 shop floor jobs, and 70 new projects were supported against a targeted 85. The technology and human resources for industry programme leveraged R227 million from the private sector for new technology development and supported 207 SMMEs in 2009.

In 2008/09, the Small Enterprise Development Agency’s technology programme created 224 SMMEs and supported 46 (47 per cent women owned) with technology transfer interventions. The turnover of these enterprises increased by 23 per cent. 28 quality and standards workshops for SMMEs were hosted countrywide, 103 SMMEs were supported with quality health checks, and 34 products were tested for compliance with international production specifications. 1 158 small business owners were trained in business excellence and on the International Organisation for Standardisation 9000 requirements.

The following initiatives were completed in 2008/09: the 10 product procurement policy framework aimed at increasing access to markets for SMMEs through government procurement; the one stop shop framework for co-locating SMME support services in relevant agencies; the framework for the regulatory review of municipal

by-laws to promote SMME development; the national cooperative mega exhibition and the celebration of the international day for cooperatives held in partnership with KwaZulu-Natal economic development department; the construction, tourism, forestry and transport sector charters were gazetted as sector codes in terms of section 9(1) of the Broad Based Black Economic Empowerment Act (2003), while the chartered accountancy charter was gazetted for public comment under section 9 (5) of the act; the BEE Advisory Council for monitoring and evaluating BEE has been approved and established; the draft preferential procurement regulations was published in partnership with National Treasury to align the Preferential Procurement Policy Framework Act (2000) with the Broad Based Black Economic Empowerment Act (2003); and 17 local economic development strategies for district municipalities were completed.

Expenditure estimates

Table 35.6 Empowerment and Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Enterprise Development	577.4	575.1	455.1	392.6	422.2	430.7	448.8
Equity and Empowerment	586.5	739.5	353.9	472.3	42.4	49.6	52.1
Regional Economic Development	–	–	282.2	308.9	313.3	355.3	364.1
Total	1 163.9	1 314.6	1 091.1	1 173.9	777.8	835.7	865.0
Change to 2009 Budget estimate				(134.0)	(194.4)	(208.1)	(185.1)

Economic classification

Current payments	26.1	31.0	43.9	94.9	85.0	85.9	89.6
Compensation of employees	11.0	13.2	29.2	45.3	45.3	48.0	51.4
Goods and services	15.1	17.8	14.7	49.6	39.7	38.0	38.2
<i>of which:</i>							
<i>Consultants and professional services:</i>	4.7	6.4	4.2	21.0	17.0	13.0	12.0
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	5.0	5.7	4.0	11.7	8.0	9.0	10.0
<i>Venues and facilities</i>	2.3	3.4	4.9	3.9	4.0	4.4	4.8
Transfers and subsidies	1 137.6	1 283.3	1 047.1	1 078.2	692.8	749.7	774.9
Departmental agencies and accounts	1 092.3	1 205.9	973.9	999.0	620.1	667.3	683.8
Universities and technikons	6.0	–	10.5	3.0	0.0	0.0	0.0
Foreign governments and international organisations	2.9	4.9	3.5	4.3	4.5	4.8	5.0
Public corporations and private enterprises	31.7	67.5	53.1	64.1	60.5	69.7	77.9
Non-profit institutions	4.7	5.0	6.1	7.6	7.5	7.7	7.9
Households	0.0	0.1	–	0.3	0.2	0.2	0.2
Payments for capital assets	0.2	0.3	0.1	0.8	–	–	0.6
Machinery and equipment	0.2	0.3	0.1	0.8	–	–	0.6
Total	1 163.9	1 314.6	1 091.1	1 173.9	777.8	835.7	865.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	597.2	595.9	661.0	687.4	620.1	667.3	683.8
National Empowerment Fund	66.0	100.0	–	116.0	–	–	–
National Productivity Institute: Workplace Challenge	7.9	8.3	8.7	8.0	8.0	8.0	8.2
Small Enterprise Development Agency	311.4	258.8	413.6	331.2	385.1	394.3	405.6
Small Enterprise Development Agency Technology Programme	62.7	73.4	76.7	68.3	76.0	110.0	113.0
National Research Foundation: Technology and Human Resources for Industry Programme	149.1	155.5	162.0	163.8	151.0	155.0	157.0
Capital	495.1	610.0	312.9	311.6	–	–	–
National Empowerment Fund	495.1	610.0	312.9	311.6	–	–	–

Table 35.6 Empowerment and Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Universities and technikons							
Current	6.0	–	10.5	3.0	0.0	0.0	0.0
Witwatersrand Business School: Centre for Entrepreneurship	3.0	–	2.0	1.5	0.0	0.0	0.0
University of the Witwatersrand: National Aerospace Skills Sector Support Centre	–	–	3.0	1.5	0.0	0.0	0.0
North-West University: Advanced Manufacturing	–	–	3.0	–	0.0	0.0	0.0
University of Pretoria: Advanced Engineering Centre of Excellence	3.0	–	2.5	–	0.0	0.0	0.0
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	20.3	10.6	14.1	1.0	0.0	0.0	0.0
South African Bureau of Standards: Trade Metrology	18.3	10.6	11.1	–	–	–	–
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	2.0	–	3.0	1.0	0.0	0.0	0.0
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	6.4	10.0	19.0	15.4	10.5	10.7	10.9
Council for Scientific and Industrial Research: Technology for Women in Business	6.4	–	–	–	–	–	–
Industrial Development Corporation: Isivande Women's Fund	–	10.0	19.0	9.9	10.5	10.7	10.9
Council for Scientific and Industrial Research: Technology Venture Capital	–	–	–	5.5	0.0	0.0	0.0
Capital	5.0	46.9	–	47.7	45.0	49.0	52.0
Industrial Development Corporation: Support Programme for Industrial Innovation	5.0	46.9	–	47.7	45.0	49.0	52.0
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Capital	–	–	20.0	–	5.0	10.0	15.0
Centurion Aerospace Village	–	–	20.0	–	5.0	10.0	15.0
Foreign governments and international organisations							
Current	2.9	4.9	3.5	4.3	4.5	4.8	5.0
United Nations Industrial Development Organisation	2.9	4.9	3.5	4.3	4.5	4.8	5.0
Non-profit institutions							
Current	4.7	5.0	6.1	7.6	7.5	7.7	7.9
South African Women Entrepreneurs' Network	4.7	5.0	6.1	7.6	7.5	7.7	7.9

Expenditure trends

The Empowerment and Enterprise Development programme became effective on 1 April 2009, and previously formed part of the *Enterprise and Industry Development* programme, which was closed on the same date. The expenditure trends are therefore based and projected on the funding and expenditure of the corresponding subprogrammes.

Between 2006/07 and 2009/10, expenditure remained unchanged at approximately R1.2 billion. Over the medium term, expenditure is expected to decline to R865 million. In 2010/11, expenditure is expected to decrease by 33.7 per cent from R1.2 billion to R777.8 million due the phasing out of funding to the National Empowerment Fund, which became fully capitalised in 2009/10, and the transfer of Khula Enterprise Finance

and the South African Micro-Finance Apex Fund to the Department of Economic Development from 2010/11. Transfer payments to these entities are no longer provided for on this programme.

Spending over the medium term will focus mainly on transfer payments to the Small Enterprise Development Agency and the technology for human resources for industry programme.

Public entities

National Empowerment Fund

Strategic overview: 2006/07 – 2012/13

The National Empowerment Fund was established by the National Empowerment Fund Act (1998) to promote and facilitate black economic equality and transformation. It provides finance and financial solutions to black business across a range of sectors, and structures accessible retail savings products for black people based on state owned equity investments.

The National Empowerment Fund complements other development finance institutions, and often provides funding in collaboration with these development finance institutions.

Since 2008/09, the main challenge for the National Empowerment Fund's business has been the impact of the global economic downturn on its target market and investment portfolio. The fund has had to be more proactive and innovative in managing its investments, structuring its deals, and managing its investment portfolio. For example, in an effort to encourage SMME sustainability, the fund has implemented various measures to assist black SMMEs in distress. Some of these measures include restructuring debt, which has provided immediate cash flow relief to investees, establishing new processes to evaluate and approve SMME applications, and providing non-financial support in the form of mentorship and a business planning toolkit.

The National Empowerment Fund's focus over the medium term will be to continue its work in supporting BEE through supporting black business ventures, providing share ownership opportunities, and the general encouragement of meaningful economic participation by black people. In addition, the fund will have an increasing focus on rural empowerment initiatives, and will dedicate more resources to this area over the MTEF period.

The current capitalisation size of the National Empowerment Fund allows it to move forward and make a contribution to its mandate through advancing funding to the transactions currently under consideration. This is undertaken with the appropriate appetite for risk to make an impact in the targeted sector of establishing and promoting black empowered businesses, at all stages and in all sectors, but with a special emphasis on sectors targeted to contribute to economic growth.

Savings and cost effective service delivery

The National Empowerment Fund's recent recruitment drive reduced the current vacancy rate to 18 per cent, decreasing spending on professional fees. Support costs have been targeted for reduction, with a specific focus on travel, subsistence, temporary staffing, printing, and staff refreshments.

Selected performance indicators

Table 35.7 National Empowerment Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of transactions between R5m and R100m per year	Corporate fund	5	8	10	14	25	30	35
Value of transactions between R5m and R100m approved	Corporate fund	R186m	R218m	R219m	R370m	R450m	R600m	R600m
Number of transactions from R250 000 to R10m per year	Imbewu fund	18	23	31	50	90	165	220
Value of transactions between R250 000 and R10m approved	Imbewu fund	R40m	R80m	R78m	R125m	R170m	R300m	R400m

Table 35.7 National Empowerment Fund (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of transactions for funding small projects in rural areas	Rural and community development unit		1	3	4	5	7	9
Value of transactions for funding small projects in rural areas approved	Rural and community development unit	-	R2m	R9m	R90m	R60m	R120m	R150m
Number of transactions for funding strategic projects	Funding of strategic projects			1	2	3	3	3
Value of transactions for funding strategic projects approved	Funding of strategic projects	-		R5m	R30m	R200m	R200m	R200m

Service delivery focus

The fund's disbursed portfolio had grown from R36.5 million in June 2005 to R1 billion by March 2009, and interim results show that the total disbursed investment portfolio had grown to R1.2 billion by December 2009. It is projected that deals in the disbursed portfolio will reach R1.6 billion by March 2010. The investment (disbursement) targets for the fund management division were arrived at after accounting for the fund's performance against historical targets. Challenges related to consistent investment discipline and criteria were established in terms of the nature of transactions that would qualify for funding.

In 2009, the fund's Asonge share scheme matured fully and awarded bonus shares. The conclusion of the lock in period in 2008/09 to September 2008 saw limited trading in the following year, with only 5 per cent of shares issued initially in 2007 (12 million shares to 84 000 investors) having been sold. The bonus shares were awarded in 2009 on the basis of 1 share for every 10 shares, and a total of 1.1 million shares were issued with an equivalent market value of R139 million.

The fund's asset management division continued to focus on investor education and will roll out a countrywide investor education programme in early 2010. The division also continued identifying opportunities to create new savings and investment vehicles to encourage a savings culture among black people.

The aim of the strategic projects fund is to acquire equity in national strategic projects which are co-financed with other development finance institutions and commercial investors. The fund will warehouse equity and help drive transformation in the project. Once initial project risks are reduced, the fund will transfer its shareholding to BEE groups through a transparent process or by developing further retail products. The fund is building a strategic projects fund portfolio from its zero base, and has dedicated capacity to administer it as a separate division within the fund.

By the end of March 2010, the fund aims to achieve: cumulative investment approvals of R1.6 billion to black empowered businesses and black entrepreneurs, with the target for 2009/10 set at R570 million; the continuation of the fund as the key financier in implementing BEE in the economy, business and projects of national strategic importance; and securing at least another 2 state owned enterprise equity allocations to start developing the next retail product offer.

Expenditure estimates

Table 35.8 National Empowerment Fund: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	133.1	1 019.1	432.9	405.0	490.0	641.0	830.0
<i>Other non-tax revenue</i>	133.1	1 019.1	432.9	405.0	490.0	641.0	830.0
Transfers received	66.0	100.0	-	116.0	-	-	-
Total revenue	199.2	1 119.1	432.9	521.0	490.0	641.0	830.0

Table 35.8 National Empowerment Fund: Financial information (continued)

Statement of financial performance R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Expenses							
Current expense	88.9	167.3	328.9	298.2	215.4	370.5	366.1
Compensation of employees	37.1	48.1	60.4	83.0	90.0	98.0	107.0
Goods and services	50.8	116.9	264.7	210.5	121.1	268.3	254.9
Depreciation	1.0	2.3	3.8	4.7	4.3	4.3	4.3
Total expenses	88.9	167.3	328.9	298.2	215.4	370.5	366.1
Surplus / (Deficit)	110.3	951.8	104.0	222.8	274.6	270.5	463.9
Capital Transfers received	495 104.0	609 954.0	312 932.0	311 642.0			
Statement of financial position							
Carrying value of assets	2.4	7.7	11.5	15.5	13.4	10.4	7.9
<i>of which: Acquisition of assets</i>	0.5	7.6	7.5	8.8	2.2	1.3	1.8
Investments	2 407.4	1 957.9	1 998.5	2 456.5	3 317.5	4 375.5	5 582.5
Loans	338.7	–	–	–	–	–	–
Receivables and prepayments	24.3	16.9	24.0	20.0	–	–	–
Cash and cash equivalents	793.0	2 317.8	2 604.2	2 577.3	2 003.0	1 218.5	477.9
Total assets	3 565.8	4 300.3	4 638.2	5 069.4	5 334.0	5 604.4	6 068.3
Accumulated surplus/deficit	185.3	1 137.1	1 241.2	1 464.0	1 738.6	2 009.1	2 472.9
Capital and reserves	2 129.9	1 289.4	1 088.6	1 092.0	1 092.0	1 092.0	1 092.0
Borrowings	1.9	0.8	0.2	–	–	–	–
Trade and other payables	14.7	24.3	29.5	30.0	20.0	20.0	20.0
Provisions	–	4.8	122.0	15.0	15.0	15.0	15.0
Liabilities not classified elsewhere	1 233.9	1 843.9	2 156.8	2 468.4	2 468.4	2 468.4	2 468.4
Total equity and liabilities	3 565.8	4 300.3	4 638.2	5 069.4	5 334.0	5 604.4	6 068.3

Expenditure trends

The net asset value of the National Empowerment Fund has increased from R3.57 billion in 2006/07 to R4.64 billion in 2008/09. This has largely been due to the capitalisation of the National Empowerment Fund by the Department of Trade and Industry and some appreciation in fair value of the asset management portfolio. Between 2006/07 and 2009/10, the National Empowerment Fund received R1.7 billion for capitalisation and R282 million in current transfers. The capitalisation payments ended in 2009/10 and from 2010/11 the National Empowerment Fund will not receive further funding from the department.

Expenditure in goods and services is expected to decrease by 42.5 per cent in 2010/11 then increase in 2011/12 by 121.6 per cent. This is due to retail product expenses, which are project specific, and the impairment provision movements. Capital and reserves represent the fair value of listed investments. Due to the unpredictability of the share price movement, the current fair value was left static for the future periods. Liabilities, not classified elsewhere, represent trust capital transfers received from government. As no further transfers have been provided for the future, numbers are static.

Small Enterprise Development Agency

Strategic overview: 2006/07 – 2012/13

The Small Enterprise Development Agency provides non-financial business development and support services for small enterprises in partnership with other role players. Its mission is to develop, support and promote small enterprises to ensure their growth and sustainability. It aims to enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and projects and to ensure equitable access to business support services through partnerships. The agency's expected impact is the increased contribution of small enterprises to the South African economy, and the promotion of economic growth, job creation and equity. This impact will be measured through periodic evaluations every three to five years.

Savings and cost effective service delivery

The following measures were put in place to ensure savings and cost effective service delivery: budgets are now linked to performance management; the importance of budget planning has been highlighted to prevent fiscal dumping; and critical percentages are monitored, such as compensation of employees as percentage of total expenditure and rand per client served. Catering, telephone, travelling, accommodation, internet and other operational costs are now monitored monthly, and preventative spending measures have been put in place.

Selected performance indicators

Table 35.9 Small Enterprise Development Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of clients accessing agency services per year*	Support services	140 779	186 195	199 830	120 000	60 000	65 000	70 000
Number of existing and prospective entrepreneurs trained per year**	Training	1 539	22 893	15 000	18 700	13 265	14 000	14 500
Number of unique website visits per year	Information	349 406	514 594	300 000	460 000	475 000	500 000	525 000
Number of clients assisted in business plan development per year	Support services	-	3 661	1 638	8 800	9 680	10 650	11 717
Number of clients trained in starting a business per year	Training	-	8 271	7 059	18 700	20 570	22 630	24 896
Number of business registrations per year***	Support services	-	10 635	5 643	8 800	9 680	10 650	11 717
Number of clients assisted with technology interventions per year	Support services	-	-	-	4 400	4 840	5 320	5 848
Number of clients assisted with access to finance per year	Access to finance	-	1 761	800	2 952	3 250	3 575	3 933
Number of clients assisted with mentoring per year*	Support services	-	-	-	7 380	8 120	8 930	9 821

*2006/07 to 2009/10: all clients accessing Small Enterprise Development Agency services; 2010/11 to 2012/13: only new clients

** Revised targets were introduced in 2008/09 with the introduction of outsourced training.

***Target decreased in 2008/09 as the agency changed its focus to working over a longer period with clients

Service delivery focus

The agency's infrastructure now consists of 8 provincial offices, 42 district branches, 4 mobile units, 58 enterprise information centres and a staff complement of 534. The agency served 199 830 clients in 2008/09 compared to 186 195 in 2007/08. In the 2008/09, the agency's technology programme supported 835 clients, created 1 318 jobs and 5 461 indirect jobs, and established 224 new SMMEs.

In 2008/09, 199 830 people accessed the agency's network points. Of these, 46 695 were assessed and registered and 14 373 received agency services in areas such as business registration (5 643 clients), business planning (1 638 clients), cooperative support (2 502 clients) and access to markets (730 clients), thus exceeding service targets. However, targets were not met in programmes from national office, including sector programmes where the budget was frozen and, in some instances, contracts were cancelled. Achieving targets for 2009/10 is well on track.

Expenditure estimates

Table 35.10 Small Enterprise Development Agency: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	26.0	36.1	74.6	77.1	48.6	27.2	18.9
Other non-tax revenue	26.0	36.1	74.6	77.1	48.6	27.2	18.9
Transfers received	416.0	348.8	484.8	458.1	471.1	514.3	528.6
Total revenue	442.0	384.8	559.4	535.2	519.7	541.5	547.5
Expenses							
Current expense	405.1	448.2	482.2	535.2	519.7	541.5	547.5
Compensation of employees	123.6	148.5	165.9	181.8	205.8	227.1	247.5
Goods and services	272.8	286.8	302.5	343.7	304.6	304.6	289.9
Depreciation	6.2	9.5	9.6	9.7	9.4	9.8	10.2
Interest, dividends and rent on land	2.4	2.7	4.2	-	-	-	-
Total expenses	405.1	448.2	482.2	535.2	519.7	541.5	547.5
Surplus / (Deficit)	36.9	(63.4)	77.2	-	-	-	-

Expenditure trends

Revenue is dominated by transfers from the Department of Trade and Industry, local government, and local and international donors. Transfers received increased from R416 million in 2006/07 to R458.1 million in 2009/10, at an average annual rate of 3.3 per cent. Over the MTEF period, departmental transfers to the agency and the technology programme are expected to stabilise, reaching R528.6 million by 2012/13.

Total expenditure is expected to increase from R535.2 million in 2009/10 to R547.5 million in 2012/13, at an average annual rate of 0.8 per cent. This is mainly due to increases in compensation of employees spending, which increases substantially from R181.8 million in 2009/10 to R247.5 million in 2012/13 at an average annual rate of 4.3 per cent. Expenditure on goods and services is expected to decrease from R343.7 million in 2009/10 to R289.9 million in 2012/13 at an average annual rate of 8.3 per cent.

Programme 4: Industrial Development

- *Industrial Competitiveness* does advocacy work and develops policies and interventions related to: infrastructural support diversification; 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 the:
 - Industrial Development Corporation for services rendered for the clothing and textiles programme to provide a production allowance to firms under certain conditions. This programme is still under development and guidelines will be published when funding is provided in 2010/11.
 - South African Bureau of Standards, which 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, which provides for the use of 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.
 - National Regulator for Compulsory Specifications, which 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, which creates an industry supplier base that is firmly integrated in global supply chains. One of its aims is to stimulate small business and BEE 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, which undertakes specific cleaner production projects in the chemicals, agro-processing, clothing, textile and automotive sectors. Funds are distributed to qualifying projects.
 - South African Bureau of Standard's plant infrastructure. which upgrades infrastructure and laboratories. Funding is based on the project plan.
 - South African Bureau of Standards' small business technical consulting programme, which 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 that are crucial for economic growth and employment creation. Funding in this subprogramme is mainly for support services such as compensation of employees and staff related costs.

Objectives and measures

- Contribute to the direct and indirect creation of decent jobs, added value and competitiveness in both domestic and export markets by developing policies, strategies and programmes for the manufacturing sector and related sectors.
- Ensure, through regulatory institutions, that technical infrastructure policies and institutions (including standards, quality assurance, accreditation and metrology institutions) play a strategic role in industrial policy, particularly to deal with unsafe and poor quality imports and promote access to high value export markets on an ongoing basis.
- Upscale industrial policy by developing and implementing an annual 3-year rolling industrial policy action plan.
- Support industrial upgrading through:
 - specific incentives schemes that support capital investment over the MTEF period
 - developing and implementing an industrial climate change response plan and cleaner production initiatives in at least 200 companies from 2009/10 to 2012/13.
- Leverage the economic benefits and development support of South African industries through government procurement, thus creating or retaining 20 000 direct jobs by 2013.

Service delivery focus

The programme participated in and achieved the following in 2009/10: the process to formulate an up scaled industrial policy action plan for the next 3 years was initiated and presented at the Cabinet lekgotla in January 2010. An agreement on the scope of work of the industrial policy support fund has been reached with the Industrial Development Corporation and the project charter has been developed. An upgrading programme for the foundry and tooling industries was initiated, benchmarking was undertaken in the industries, and work around development programmes covering skills development, process and technology upgrading also started.

The national industrial participation programme, designed to leverage economic benefits and support the development of South African industry through effective government procurement, has created or retained more than 18 500 direct jobs since its inception. Progress by the industrial development division to create an enabling environment for industrial upgrading includes providing assistance to firms in meeting the quality standards necessary for accessing demanding foreign markets and ensuring that low quality imports do not undercut the productive base of the manufacturing sector.

The National Cleaner Production Centre continued to promote water and energy efficiency in business and industry by conducting audits and making recommendations on new more efficient equipment. Since 2005, the centre has audited 102 firms with about 25 per cent implementing its recommendations.

The department provided support to accelerate afforestation in Eastern Cape and KwaZulu-Natal and a draft memorandum of understanding was compiled to facilitate the importing of timber from Mozambique by South African small businesses to promote forestry investment in that country.

The programme also carried out the following in 2009/10. An agreement was reached with the furniture industry national task team on key programmes that must be developed to sustain the sector and propel it for future growth. Progress was made jointly by government, labour and business in supporting the automotives and components sector in response to the global economic downturn, a key component being the agreement reached by all parties on the conditionalities included in the rescue package. The automotive investment scheme guidelines were finalised and will be released for public comment in 2010/11. The Handmade Collection brand of environmentally friendly South African craft products that conform to fair trade practices, was promoted and well received in Germany and Portugal. A price monitoring system for carbon steel was developed and is updated monthly and a cost benefit analysis for the introduction of an export duty on scrap metal was completed.

A total number of 1 307 learners were trained to be work ready for the business process outsourcing sector.

Renewed focus was placed on support measures to the clothing, textiles, footwear and leather sector, with challenges in this sector identified as cheap imports, lack of skilled local technical labour, high training costs,

outdated technology and the lack of required investment and initiatives to advance the competitiveness of the local industry.

The interim textile and clothing industry development programme replaced the duty credit certificate scheme, which failed to boost export performance. Both schemes contravene the World Trade Organisation's agreement on subsidies and countervailing measures. The interim programme will be discontinued by the end of March 2010 and a new production incentive scheme is under development to be implemented in the latter part of 2010.

Expenditure estimates

Table 35.11 Industrial Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Industrial Competitiveness	220.9	300.8	318.1	328.9	935.8	1 087.4	1 215.8
Customised Sector Programmes	24.3	31.1	74.6	98.0	116.3	135.1	147.0
Total	245.2	331.8	392.7	426.9	1 052.1	1 222.5	1 362.8
Change to 2009 Budget estimate				12.3	415.3	622.7	818.7

Economic classification

Current payments	59.3	80.5	89.0	83.0	105.4	108.5	106.7
Compensation of employees	37.8	47.6	43.0	48.5	61.1	64.8	69.3
Goods and services	21.5	33.0	46.1	34.6	44.3	43.8	37.4
<i>of which:</i>							
<i>Consultants and professional services:</i>	4.0	12.3	12.6	16.1	17.0	17.0	12.0
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	10.7	11.6	18.3	11.4	11.0	11.5	12.0
<i>Venues and facilities</i>	3.6	4.8	12.5	1.9	9.2	7.5	6.0
Transfers and subsidies	185.6	250.8	300.2	343.3	946.3	1 113.5	1 255.5
Departmental agencies and accounts	47.0	59.3	80.5	105.4	100.1	109.4	112.8
Foreign governments and international organisations	–	–	7.1	5.0	7.0	–	–
Public corporations and private enterprises	138.5	191.2	209.2	232.7	839.1	1 004.1	1 142.7
Households	0.1	0.3	3.3	0.1	–	–	–
Payments for capital assets	0.3	0.6	3.5	0.6	0.5	0.5	0.6
Machinery and equipment	0.3	0.6	0.7	0.6	0.5	0.5	0.6
Software and other intangible assets	–	–	2.8	–	–	–	–
Total	245.2	331.8	392.7	426.9	1 052.1	1 222.5	1 362.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	47.0	59.3	80.5	105.4	100.1	109.4	112.8
South African National Accreditation System	10.0	12.5	13.8	14.7	17.7	18.6	22.4
National Metrology Institute of South Africa	36.9	46.8	55.0	54.8	55.3	58.6	60.2
National Regulator for Compulsory Specifications	–	–	11.8	35.9	27.1	32.2	30.2
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	1.0	–	–	–	–	–	–
National Automotive Industrial Development Centre	1.0	–	–	–	–	–	–

Table 35.11 Industrial Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	131.7	175.4	193.2	222.8	249.0	280.1	285.2
Council for Scientific and Industrial Research: National Cleaner Production Centre	4.1	4.5	9.8	19.0	32.1	40.1	41.2
Industrial Development Corporation: Regional Industrial Development	–	30.0	–	–	–	–	–
South African Bureau of Standards: Research Contribution	126.4	138.6	142.1	153.7	167.4	181.5	186.4
South African Bureau of Standards: Small Business Technical Consulting	0.6	0.7	1.3	1.4	1.0	1.1	1.1
Council for Mineral Technology and Research: Customised Sector Programmes	0.5	1.5	1.0	–	–	–	–
Industrial Development Corporation: Customised Sector Programmes	–	–	39.0	48.7	48.5	57.4	56.4
Capital	5.7	15.8	16.0	9.9	184.1	114.0	69.4
Council for Scientific and Industrial Research: Aerospace Industry	5.7	10.0	10.0	9.9	9.9	20.8	21.4
Council for Scientific and Industrial Research: Technology Venture Capital	–	5.8	6.0	–	–	–	–
South African Bureau of Standards-Plant infrastructure	–	–	–	–	174.2	93.2	48.0
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	–	–	–	–	403.0	605.0	764.0
National Foundry Technology Network: Metals	–	–	–	–	3.0	5.0	14.0
Industrial Development Corporation: Clothing and Textile Production Incentive	–	–	–	–	400.0	600.0	750.0
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	–	–	–	–	3.0	5.0	24.2
Intsimbi National Tooling Initiative	–	–	–	–	3.0	5.0	24.2
Foreign governments and international organisations							
Current	–	–	7.1	5.0	7.0	–	–
French Institute of South Africa: African Programme on Rethinking Development Economics	–	–	2.5	–	2.0	–	–
United Nations Industrial Development Organisation: Automotive Component Supplier Development Programme	–	–	4.6	5.0	5.0	–	–
Households							
Other transfers to households							
Current	–	–	3.0	–	–	–	–
Umsobomvu Youth Fund: Sponsorship	–	–	3.0	–	–	–	–

Expenditure trends

This programme started to operate with effect from the beginning of April 2009 and previously formed part of the *Enterprise and Industry Development* programme, which was closed on the same date. The expenditure trends are therefore based and projected on the funding and expenditure of the corresponding subprogrammes.

Expenditure between 2006/07 and 2009/10 increased significantly, at an average annual rate of 20.3 per cent, from R245.2 million in 2006/07 to R426.9 million in 2009/10. Much of this is accounted for by the introduction

of the customised sector programmes in 2008/09, of which some of the interventions will be administered by the Industrial Development Corporation. Other transfers to various regulatory bodies also increased over the same period. Over the medium term, expenditure in the *Customised Sector Programmes* subprogramme rises strongly from R98 million in 2009/10 to R147 million in 2012/13, at an average annual rate of 14.5 per cent. Funding was provided for plant infrastructure of the South African Bureau of Standards over the MTEF period. In total, expenditure in the programme increased significantly from R426.9 million to R1.4 billion as a result of the provision for the production incentive for the clothing and textile industry.

Public entities

South African Bureau of Standards

Strategic overview: 2006/07 – 2012/13

The South African Bureau of Standards provides standardisation and conformity assessment services aimed at protecting the integrity of the South African market, protecting consumers, creating a competitive advantage for South African industry, and facilitating access by South Africans to local and international markets. Regulatory functions have been transferred to the National Regulator for Compulsory Specifications. The bureau's work forms part of South Africa's standardisation, quality assurance, accreditation and metrology technical infrastructure.

The Department of Trade and Industry has identified several key action programmes under the industrial policy action plan, which are supported by the bureau: strengthening the enforcement of technical regulations to exclude unsafe products from the South African economy; developing industrial capacity in South Africa; and promoting exports from South Africa and the SADC region.

Over the medium term, the bureau will focus on: reviewing the SADC and African standards strategies to harmonise them with the World Trade Organisation; partnering with national higher education bodies to promote the uptake of standards into the industrial sector; and providing services that will enable the development of industrial capacity in South Africa (or reindustrialisation), including increased support to SMMEs.

Savings and cost effective service delivery

The South African Bureau of Standards has embarked on a major review of its human capital following the transfer of regulatory functions to the National Regulator for Compulsory Specifications. In addition, bureau auditors now travel on low cost airlines, where possible, and book trips in advance, resulting in savings of around 60 per cent on published airfares. The procurement process has been streamlined and enhanced to ensure favourable prices and terms from suppliers.

Selected performance indicators

Table 35.12 South African Bureau of Standards

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of South African national standards developed per year	Development of South African national standards	558	611	634	550	650	700	750
Number of days taken to produce a standard	Development of South African national standards	177	220	330	300	300	300	300
Number of requests for information on standards per year	Development of South African national standards	36 724	34 303	37 208	40 000	40 000	40 000	40 000
Sales of standards per year	Development of South African national standards	R12.3m	R13.9m	R15.3m	R16.9m	R19.3m	R21m	R22.9m
Tests and services revenue per year	Testing and conformity assessments	R194.5m	R174.6m	R189.8m	R199.9m	R218.8m	R231.8m	R248m
Products and systems certification revenue per year	Testing and conformity assessments	R105.6m	R134.6m	R156.1m	R173.8m	R188.3m	R205.2m	R225.8m
Total number of accredited laboratories	Testing and conformity assessments	56	56	67	67	67	67	67
Total number of certification schemes	Testing and conformity assessments	18	16	18	20	20	22	22

Table 35.12 South African Bureau of Standards (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of test reports per year	Testing and conformity assessments	429 219	376 823	391 886	500 000	575 000	625 000	700 000
Number of clients per year with annual fees less than R10 000	Testing and conformity assessments	10 400	10 800	10 700	10800	11 000	12 000	13 000
Percentage of South African national standards harmonised with international standards	Development of South African national standards	56%	68%	71%	70%	75%	75%	75%
Number of private specifications developed for the government sector per year	Development of South African national standards	217	171	141	130	130	130	130

Service delivery focus

The organisation produced 634 standards in 2008/09 with almost 3 quarters of them harmonised with international standards and by September 2009, 311 South African national standards had been developed with at least 77 per cent of them aligned with international standards. Acceptance by peer organisations and trading partners of the organisation's conformity testing and assessment services is reflected in accreditations that the organisation maintains with both local and international bodies. In 2008/09 and 2009/10, the organisation produced 391 886 and 272 005 test reports.

The condom testing facility is the sole service provider for testing condoms supplied to the Department of Health's HIV and AIDS programme. The Pesticide Residue Laboratory revalidates the maximum residue levels of pesticide used on South African crops to ensure that South African farmers can export to Europe.

The organisation's Shanghai representative office in China became operational in April 2009.

In 2009, the organisation finalised the energy efficiency standard, to ultimately develop a related certification scheme, which will help address issues of energy efficiency.

Expenditure estimates

Table 35.13 South African Bureau of Standards: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	363.2	352.7	397.5	408.4	438.4	471.1	512.7
Sale of goods and services other than capital assets	304.1	318.4	358.5	384.1	416.9	448.1	486.1
<i>of which:</i>							
<i>Sales by market establishments</i>	304.1	318.4	358.5	384.1	416.9	448.1	486.1
<i>Other non-tax revenue</i>	59.0	34.4	39.0	24.3	21.5	22.9	26.6
Transfers received	109.5	119.3	126.1	156.9	170.4	184.5	193.3
Total revenue	472.6	472.1	523.6	565.3	608.8	655.6	706.0
Expenses							
Current expense	400.8	430.7	485.7	596.3	597.6	638.3	687.8
Compensation of employees	244.7	260.5	272.4	322.3	326.4	345.9	366.7
Goods and services	134.8	140.2	183.6	241.9	227.0	243.7	263.7
Depreciation	18.8	24.6	25.3	30.2	44.2	48.6	57.4
Interest, dividends and rent on land	2.5	2.5	2.7	1.8	-	-	-
Transfers and subsidies	5.2	6.3	7.2	7.1	7.5	8.0	8.5
Total expenses	406.0	437.0	492.9	603.4	605.1	646.2	696.3
Surplus / (Deficit)	66.6	35.0	30.7	(38.1)	3.7	9.3	9.8

Table 35.13 South African Bureau of Standards: Financial information (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	157.3	178.3	200.7	194.2	352.5	421.0	433.8
of which: Acquisition of assets	37.6	48.8	50.7	26.9	202.6	117.1	70.3
Investments	237.6	289.1	250.1	256.8	285.0	313.5	344.9
Inventory	0.5	0.4	0.8	0.6	0.5	0.4	0.4
Receivables and prepayments	54.6	63.8	66.6	70.6	74.9	79.4	85.7
Cash and cash equivalents	31.4	2.5	7.6	1.9	6.9	8.8	27.5
Assets not classified elsewhere	32.7	37.8	26.1	25.6	26.9	28.3	29.7
Total assets	514.1	571.9	551.9	549.6	746.7	851.3	922.0
Accumulated surplus/deficit	196.1	246.0	276.7	238.6	242.3	251.6	261.4
Capital and reserves	96.2	93.9	70.6	78.3	84.3	87.3	90.6
Borrowings	27.9	28.3	18.4	17.0	17.5	2.5	0.5
Post-retirement benefits	94.6	90.8	93.4	99.2	109.1	120.0	132.0
Trade and other payables	64.2	69.7	66.9	80.2	85.1	90.2	95.6
Provisions	2.9	–	–	–	–	–	–
Liabilities not classified elsewhere	32.2	43.3	25.8	36.3	208.5	299.7	341.9
Total equity and liabilities	514.1	571.9	551.9	549.6	746.7	851.3	922.0

Expenditure trends

Between 2006/07 and 2009/10, revenue increased from R472.6 million to R565.3 million, at an average rate of 6.2 per cent. Revenue is derived mainly from fees for services provided, such as certification fees and is expected to grow at an average annual rate of 7.7 per cent, from R565.3 million in 2009/10 to R706 million in 2012/13. This is driven mainly by growth in the certification business as improvements in the economic outlook should reduce the number of customers cancelling their listing or permits. No significant growth in test volumes is expected in the laboratories. The webstore upgrade project will be completed in 2009/10 and should lead to improvements in revenue generated from the sale of standards. The research grant from the Department of Trade and Industry amounts to R156.9 million in 2009/10, R170.4 million in 2010/11, R184.5 million in 2011/12 and R193.3 million in 2012/13.

Expenses are projected to increase at an average annual rate of 4.9 per cent, from R603.4 million in 2009/10 to R696.3 million in 2012/13. A net loss of R38 million in 2009/10 is projected due to the transfer of some assets to the National Regulator for Compulsory Specifications as part of the split. The projected increase in expenses over the medium term will be less than the projected increase in revenue, which should improve profitability. The increase in costs will be driven mainly by cost of living adjustments for staff, the impact of expected increases in electricity tariffs and additional depreciation charges associated with the new laboratory buildings. The growth in all other expenses will reflect price adjustments due to inflation as well as currency fluctuations for cost items denominated in foreign currency or linked to exchange rate movements.

Capital amounts of R174 million, R93 million and R48 million will be spent on a major infrastructure project in 2010/11, 2011/12 and 2012/13. The aim of the project is to relocate approximately 6 000 m² of chemical, biological and physical testing laboratories into newly built laboratories, and if possible refurbish the vacated laboratory space.

Programme 5: Consumer and Corporate Regulation

- *Policy and Legislative Development* develops coherent, predictable and transparent regulatory solutions. Funding is mostly used for salaries and related personnel costs.
- *Enforcement and Compliance* ensures that participants in economic activities comply with consumer and corporate rules. Funding is mostly used for inspectors' salaries.
- *Regulatory Services* monitors and funds a number of regulatory agencies, including the:
 - National Gambling Board, which 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 Tribunal which 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, which 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 Consumer Commission, which 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.
- Companies and Intellectual Property Commission, which regulates the enforcement of intellectual property and company laws including the registration of companies. It also aims to improve the regulatory framework affecting the development of small and medium enterprises.
- National Lotteries Board, which is responsible for regulating the National Lottery and all other lotteries in the country.
- Estate Agency Affairs Board, which is responsible for regulating the activities of estate agents and for protecting consumers.
- Companies and Intellectual Property Tribunal, which is responsible for adjudicating matters arising from the provisions in the Companies Act (1973).
- Takeover Regulation Panel and the Financial Reporting Standards Council, which will also be established pursuant to the Companies Act (1973) and will be responsible for regulating affected transactions and the issuing of standards.
- World Intellectual Property Organisation, which facilitates South African contributions to an international regime for intellectual properties. Regulatory Services is responsible for paying the membership fee.

Objectives and measures

- Facilitate easy access to economic participation by:
 - providing economic opportunities for historically disadvantaged citizens
 - enhancing business confidence and certainty in South African business regulation
 - overseeing the department's regulating entities and developing legislation
 - enhancing capacity to monitor the effectiveness of the regulatory agencies and to assess their impact on the economy.
- Ensure consumer protection by:
 - aligning the Alienation of Lands Act (1981) with the Estate Agency Affairs Act (1976) over the MTEF period
 - comprehensively reviewing various intellectual property laws and policies on an ongoing basis.
- Improve efficiency in the governance structures on lottery matters and ensure the optimal distribution of lottery funds for developmental purposes by ensuring harmonisation, avoiding fragmentation, promoting economic development and encouraging innovation.
- Increase public knowledge on the socioeconomic impact of drinking by providing ongoing consumer education.
- Assess the socioeconomic impact of gambling by reviewing the proliferation of gambling.

Service delivery focus

In 2009, the Competition Amendment Act (2009) was passed to strengthen the provisions of the Competition Act (1998) to deal effectively with cartels that engage in price fixing, and collusion. Oversight of entities that are responsible for overseeing competition legislation will be transferred to the Department of Economic Development in 2010/11. Legislation was also passed to protect consumers and reduce regulatory burdens on businesses. Law reform was conducted on the Intellectual Property Amendment Bill, which was resubmitted to Cabinet and approved. A regulatory impact assessment was done on the bill and a report was produced which

deals with intellectual property in relation to access to medicine, education, exceptions, and the interface between competition and intellectual property and between consumers and intellectual property.

In the first quarter of 2009, a policy framework was completed for the National Lottery to address gaps in the area of lottery operations and the distribution of funds to good causes. The department participated in constructive consultations with other government departments on the National Lottery distribution fund to improve the disbursement of funds. The estate agents policy framework document was finalised and published for comment in January 2010, with the objective of drafting a bill. In 2009, 126 company complaints were received, 106 finalised, and 77 search and seizure operations were conducted by Companies and Intellectual Property Registration Office. The Office of Consumer Protection received 368 consumer complaints and recovered R386 717 for consumers. The National Liquor Authority received 59 liquor licence applications and finalised 50, and conducted 75 inspections, of which 25 were conducted with the South African Police Services.

In 2009, the process to establish the National Consumer Commission and the Companies and Intellectual Property Commission progressed. Steering committees were established and funds were secured to carry out the projects. The business case and implementation plans for both entities have been finalised. Awareness campaigns were initiated to inform companies about the Companies Act (2008). Campaigns on consumer protection were conducted and World Intellectual Property Day was celebrated. The minister launched a campaign on the impact of liquor on communities to be rolled out countrywide. The regulatory agencies under the department continued performing satisfactorily and increased their drive to ensure compliance with regulations.

Expenditure estimates

Table 35.14 Consumer and Corporate Regulation

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Policy and Legislative Development	8.6	8.7	12.2	15.9	20.9	16.7	26.5
Enforcement and Compliance	31.2	27.7	29.8	47.4	38.0	51.9	37.4
Regulatory Services	66.1	69.6	69.6	102.2	132.7	149.4	165.5
Total	105.9	106.0	111.6	165.5	191.5	218.0	229.4
Change to 2009 Budget estimate				(73.1)	(73.5)	(69.8)	(72.8)
Economic classification							
Current payments	45.9	39.1	44.9	69.1	64.1	66.6	70.2
Compensation of employees	29.0	29.7	31.7	44.3	44.4	47.1	50.4
Goods and services	16.9	9.4	13.1	24.8	19.7	19.5	19.8
<i>of which:</i>							
<i>Consultants and professional services:</i>	7.5	2.2	4.6	9.6	6.5	7.2	7.9
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	4.2	3.4	4.1	5.9	6.0	5.0	4.0
<i>Venues and facilities</i>	1.9	0.4	1.6	2.0	2.0	2.0	2.0
Transfers and subsidies	59.7	66.6	66.1	95.6	126.8	151.4	159.2
Departmental agencies and accounts	57.5	64.3	62.7	92.9	123.8	148.5	155.2
Foreign governments and international organisations	2.0	2.3	3.1	2.8	3.0	2.9	4.0
Households	0.2	0.0	0.3	–	–	–	–
Payments for capital assets	0.3	0.3	0.6	0.8	0.6	–	–
Machinery and equipment	0.3	0.3	0.6	0.8	0.6	–	–
Total	105.9	106.0	111.6	165.5	191.5	218.0	229.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	57.5	64.3	62.7	92.9	123.8	148.5	155.2
Companies and Intellectual Property Commission	–	–	–	–	9.0	14.0	4.2
National Credit Regulator	37.9	44.5	34.1	43.9	46.0	51.0	53.0
National Gambling Board	19.6	19.8	17.3	21.6	22.0	23.6	25.0
National Consumer Tribunal	–	–	11.4	17.5	22.1	26.8	31.5
National Consumer Commission	–	–	–	9.9	24.8	33.0	41.6
Foreign governments and international organisations							
Current	2.0	2.3	3.1	2.8	3.0	2.9	4.0
World Intellectual Property Organisation	2.0	2.3	3.1	2.8	3.0	2.9	4.0

Expenditure trends

Expenditure increased strongly from R105.9 million in 2006/07 to R165.5 million in 2009/10, at an average annual rate of 16 per cent as a result of an increase in transfers to departmental agencies and accounts, which includes funding for newly established entities. Spending on transfers to departmental agencies and accounts rose particularly markedly in 2009/10, by 48.2 per cent, mainly due to the establishment of the National Credit Regulator, into which the Micro-Finance Regulatory Council was incorporated.

Spending is projected to grow at an average annual rate of 11.5 per cent over the medium term to reach an expected R229.4 million in 2012/13. This increase reflects policy and legislative developments for: the enactment of the companies and consumer protection bills in 2008/09; the anticipated establishment of the National Consumer Commission and the Companies and Intellectual Property Commission in 2009/10; and various planned legislative developments in intellectual property over the MTEF period. Increased spending over the medium term reflects the department's drive to improve regulatory oversight, consumer awareness and law enforcement as indicated by the increasing allocations for all three subprogrammes. The increase over the medium term is, however, concentrated in the *Regulatory Services* subprogramme. This subprogramme accounts for the majority of spending on consumer and corporate regulation, and its share of total programme expenditure rises over the MTEF period, from R102.2 million in 2009/10 to R165.5 million in 2011/12, at an average annual rate of 17.4 per cent. This subprogramme is expected to utilise 68.3 per cent of the programme budget over the medium term.

Over the MTEF period, expenditure in the *Policy and Legislative Development* subprogramme is expected to grow at an average annual rate of 18.5 per cent to R26.4 million.

Between 2006/07 and 2009/10 expenditure under the subprogramme *Enforcement and Compliance* increased from R31.2 million to R47.4 million at an annual average rate of 14.9 per cent. Over the medium term, expenditure will decrease from R47.4 million in 2009/10 to R37.4 million at an average annual rate of 7.8 per cent.

Programme 6: The Enterprise Organisation

- *Incentive Administration* manages and implements existing incentive schemes. Provision is made under this subprogramme for the following transfers to public entities and incentive schemes:
 - Coega Development Corporation for bulk infrastructure development at the industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the corporation.
 - East London Industrial Development Zone Corporation for bulk infrastructure development at this industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the corporation.
 - Richards Bay Industrial Development Zone Company for bulk infrastructure development at this industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the company.
 - critical infrastructure programme for bulk infrastructure development. The grants payable are based on qualifying projects.
 - black business supplier development programme for incentives to qualifying companies through which black business suppliers are being supported. The grants payable are based on approved applications.
 - business process outsourcing programme for incentives to qualifying companies through which support is provided to establishing call centres in South Africa. The grants payable are based on approved applications.

- cooperatives incentive scheme for incentives to qualifying companies through which cooperative enterprises in the emerging economy acquire business development services. The grants payable are based on approved applications.
- enterprise development for the small and medium enterprise development programme for incentives to qualifying companies through which a grant is payable to local and foreign investors starting or expanding current operations. The grants payable are based on qualifying assets and projects.
- small and medium manufacturing development programme for incentives to qualifying companies through which grants are payable to local and foreign investors starting or expanding current operations. The grants payable are based on qualifying assets and projects.
- export marketing and investment assistance programme for incentives to qualifying companies through which costs of developing export markets are partially compensated. The grants payable are based on approved applications.
- film and television production incentive scheme for incentives to qualifying companies through which film and television productions in South Africa are supported. The grants payable are based on approved applications.
- staple food fortification programme for incentives in support of the graining milling industry for buying and installing capital equipment for staple food fortification. The amount payable is based on the calculation in terms 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 for incentives to qualifying motor vehicle manufacturers in South Africa. The grants payable are based on approved applications.
- *New Incentive Development* develops packages of incentives to support the national industrial development policy and sector strategies. Funding in this subprogramme will provide for human capacity in terms of research and policy development.
- *Business Development and After-Care* facilitates access to targeted enterprises. Funding in this subprogramme will provide for human resources to do reviews on incentive schemes in order to determine the impact of those schemes and how the lessons learned can contribute to the improvement of new schemes being developed.

Objectives and measures

- Develop and promote incentive schemes with the aim of promoting investment, job creation and exports.
- Improve the administrative requirements for incentives to make them more user-friendly with an electronic online application and claim system by July 2010.
- Annually achieve a measurable improvement in identified customer focus indicators for incentive administration by developing measurable indicators.
- Improve administrative efficiency by implementing a new management information system by March 2010 (including the IT system by 2011) to improve the turnaround times on applications and claims for incentive administration.
- Improve the impact of incentive programmes by implementing a monitoring and evaluation system by 2010/11.
- Promote coordination between the different spheres of government and other state institutions by developing a new institutional and governance framework for the programme in 2010/11. This is critical for the success of the industrial development zones programme.
- Reduce reliance on government grants by developing a financing model for the industrial development zones programme in 2010/11.

Service delivery focus

The automotive production and development programme was approved by Cabinet in October 2008 and replaced the motor industry development programme. The automotive investment scheme is now part of the automotive production and development programme and replaces and expands the productive assets allowance scheme, which was terminated in December 2009. The scheme will focus on increasing plant volumes and achieving better economies of scale, and provides for a taxable cash grant based on the amount of the investment.

In 2008/09, 2 new investors, with an estimated investment value of R37 million and an estimated 396 direct jobs, were located at the Coega industrial development zone and in 2009/10, an additional 3 investors with an estimated investment value of R760 million and 370 job opportunities were located with exports projected at approximately R146.4 million. In 2008/09, 4 investors were located in the Nelson Mandela Bay logistics park with a combined estimated investment value of R135 million and in 2009/10, an additional 3 investors with an estimated combined investment value of R481 million were located. In September 2009, 9 projects worth R38 billion were evaluated in the critical infrastructure programme, but they were not approved due to budgetary constraints in the programme. Performance targets over the past 3 years have not been met due to the global economic downturn and the resulting low investment.

The enterprise investment programme was launched in July 2008 to provide grants to support new sector investment projects and their expansion through the manufacturing investment programme and in the tourism sector through the tourism support programme. The manufacturing investment programme is projected to leverage R4.3 billion in investments from the 152 applications approved in 2009 and these projects are expected to create 8 060 jobs with R629 million in grant commitments. The majority of these approvals are made in lead sectors such as transport equipment and metals. 181 projects were adjudicated and 102 approved in the tourism support programme with a total investment value of R1.8 million in tourism establishments around the country. These investments are projected to create 1 819 jobs in the hospitality industry and the cumulative grant for the approved projects is R247 million.

A film and television production rebate programme was introduced in 2004 to attract large foreign and local productions to South Africa. To date, the large budget film production incentive programme has approved 49 productions for a total rebate of R370 million. In February 2008, this programme was replaced with a new incentive scheme with a budget of R666 million over 3 years. By October 2009, the new film production incentive programme had approved 94 productions for a total rebate of R434 million. 53 South African productions, 15 co-productions and 26 foreign productions were approved. The projects supported are expected to have spent R2.4 billion in South Africa on goods and services at their completion. Of this, R1.3 billion is direct foreign expenditure. The success of District 9 increased awareness of South Africa's potential for filmmaking. The department also supported the making of *Invictus*, a co-production with the United States. The department also recently introduced payments to film and production companies according to milestones that will assist South African and co-productions in terms of their cash flow needs.

In March 2007, the fiscus allocated R680 million for business process outsourcing and offshoring incentives over 3 years. By October 2009, 27 applications had been approved, representing a total investment of R1.6 billion. These businesses will create 24 000 jobs over the next 3 years against a targeted 25 000. The largest companies to invest thus far have been Teletech, a multinational from the United States, which also operates a call centre in the Philippines, and Teleperformance, a French company that employs 100 000 workers worldwide. Cape Town, Gauteng and KwaZulu-Natal have been the major beneficiaries of these investments.

Expenditure estimates

Table 35.15 The Enterprise Organisation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Incentive Administration	1 425.3	2 552.2	2 388.4	3 342.6	3 152.4	3 460.8	3 749.1
New Incentive Development	2.8	3.1	3.2	5.3	9.7	10.0	10.5
Business Development and After-Care	6.1	7.7	9.1	8.9	13.2	13.6	14.0
Total	1 434.3	2 563.1	2 400.7	3 356.9	3 175.3	3 484.5	3 773.6
Change to 2009 Budget estimate				(83.1)	306.5	450.5	587.9
Economic classification							
Current payments	41.8	50.7	71.4	121.7	119.8	124.2	132.4
Compensation of employees	32.3	38.9	49.1	90.4	87.4	90.2	96.5
Goods and services	9.5	11.8	22.3	31.3	32.4	33.9	35.9
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>2.0</i>	<i>1.8</i>	<i>5.1</i>	<i>11.9</i>	<i>12.5</i>	<i>13.0</i>	<i>14.0</i>
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	<i>3.2</i>	<i>5.0</i>	<i>9.1</i>	<i>13.6</i>	<i>14.0</i>	<i>14.5</i>	<i>15.0</i>
<i>Venues and facilities</i>	<i>0.3</i>	<i>0.8</i>	<i>1.6</i>	<i>1.5</i>	<i>1.6</i>	<i>1.7</i>	<i>1.7</i>
Transfers and subsidies	1 391.9	2 511.8	2 326.7	3 234.1	3 055.5	3 360.3	3 641.2
Provinces and municipalities	58.2	–	–	–	–	–	–
Public corporations and private enterprises	1 333.7	2 511.6	2 326.7	3 234.1	3 055.5	3 360.3	3 641.2
Households	–	0.2	0.0	–	–	–	–
Payments for capital assets	0.6	0.7	0.8	1.0	–	–	–
Machinery and equipment	0.6	0.7	0.8	1.0	–	–	–
Payments for financial assets	–	–	1.8	–	–	–	–
Total	1 434.3	2 563.1	2 400.7	3 356.9	3 175.3	3 484.5	3 773.6
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	379.8	850.8	872.5	1 177.7	475.0	499.7	513.9
Coega Development Corporation	249.8	726.0	718.4	859.9	475.0	499.7	513.9
East London Industrial Development Zone (Pty) Limited	130.0	124.9	154.0	249.4	–	–	–
Richards Bay Industrial Development Zone Company	–	–	–	68.4	–	–	–
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	759.9	1 177.4	1 230.4	1 728.0	2 271.6	2 541.3	2 739.5
Business Process Outsourcing	–	35.6	105.0	130.0	223.1	233.1	224.0
Small and Medium Enterprise Development Programme	676.6	1 040.2	1 014.8	1 348.5	697.2	591.2	594.2
Film and Television Production Incentive	72.4	96.0	105.5	196.9	245.9	270.3	286.6
Sector Development Programme	–	–	–	–	4.8	3.1	3.2
Small and Medium Manufacturing Development Programme	11.0	5.6	4.7	3.4	1.2	1.3	1.3
Staple Food Fortification Programme	–	–	0.5	0.8	0.0	–	–
Industrial Development Zones-Other	–	–	–	4.5	5.6	1.0	1.0
Enterprise Investment Programme	–	–	–	29.0	346.7	524.5	603.9
Automotive Production and Development Programme: Production Allowance	–	–	–	15.0	747.0	916.8	1 025.4

Table 35.15 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	105.7	123.2	148.8	222.9	193.2	200.7	206.2
Black Business Supplier Development Programme	25.0	28.5	27.3	73.9	40.6	43.1	44.2
Co-operatives Incentive Scheme	3.8	–	9.3	34.5	41.6	39.4	40.5
Export Market and Investment Assistance	75.7	89.8	112.1	114.4	111.0	118.3	121.5
South African Capital Goods Feasibility Study Fund	1.3	4.9	–	–	–	–	–
Capital	88.2	360.2	75.1	105.6	115.7	118.5	181.7
Critical Infrastructure Programme	88.2	60.2	75.1	105.6	115.7	118.5	181.7
Critical Infrastructure Programme: ALCAN Aluminium Smelter	–	300.0	–	–	–	–	–

Expenditure trends

Between 2006/07 and 2009/10, expenditure grew significantly at an average annual rate of 32.8 per cent, from R1.43 billion to R3.37 billion. Current expenditure increased mainly due to the appointment of additional staff and related expenditure to deal with the implementation and administration of various new incentive schemes over this period, such as: the production allowance for the automotive production and development programme, the enterprise investment programme, the business process outsourcing programme and the film and television production incentive. Capital injections to the industrial development zones between 2006/07 and 2009/10 amounted to R3.3 billion. From 2006/07 to 2009/10, additional allocations were also made to various incentive schemes, such as the business process outsourcing programme, which began in 2007/08, as well as increased spending on the small and medium enterprise development programme and the film and television production incentive from 2007/08 to 2009/10. In 2007/08, R300 million was allocated to the critical infrastructure programme for the Alcan aluminium smelter.

Over the medium term, expenditure is expected to increase marginally to R3.77 billion in 2012/13, at an average annual rate of 4 per cent. A large portion of the increase is for the R2.6 billion transfer payments budgeted for the automotive production and development programme.

In 2009/10, expenditure on transfer payments increased significantly by 39 per cent due to payments to companies assisted through the small and medium enterprise development programme, the critical infrastructure programme, and companies located in the 3 industrial development zones of Coega, East London and Richards Bay. In addition, R1.9 billion was paid to cover incentive schemes and R1.2 billion went to the industrial development zones in 2009/10.

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.
- *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 penetrates 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) to undertake feasibility studies for capital goods and projects initiated by the World Bank. The amounts payable are based on approved projects of the World Bank.

- Export Consultancy Trust Fund: International Finance Corporation to assist South African businesses to do business successfully with the International Finance Corporation as an investment in building a long term sustainable export strategy for South African goods and services. The amounts payable are based on the diligence investigations and pre-feasibility studies.
- Export Credit Insurance Corporation to provide long term insurance and investment guarantees on behalf of government and to facilitate and encourage South African export trade by underwriting bank loans and investments outside the country to enable foreign buyers to purchase capital goods and services from South Africa. Funding is for the interest make-up scheme, which is administered by the Export Credit Insurance Corporation.
- *International Operations* is responsible for the effective management and administration of the department's foreign office network. Funding is provided for the remuneration of trade advisors and the costs of operating foreign trade offices.

Objectives and measures

- Increase exports by fully implementing the department's export strategy by March 2011.
- Promote trade in new or undeveloped markets through expanding trade mission offices by fully implementing the new foreign economic office strategy by March 2013.
- Promote South African products in targeted high growth markets through 6 international trade initiatives and 18 pavilions, and through funding 50 trade missions, among others, through the export council and provincial investment promotion agencies, by March 2011.
- Facilitate markets for Southern African products and services by promoting and implementing 8 export projects in high yield targeted countries by March 2011.
- Provide a support service for investors by establishing a one-stop facilitation centre for investors by July 2010.
- Enhance the promotion of exports and investment in targeted countries by providing a full suite of corporate services on an ongoing basis to the foreign economic offices.

Service delivery focus

In 2008/09, the executive board approved the export strategy that entered the implementation phase in 2009/10. Progress was made in defining new high growth markets that showed resilience amid the global economic downturn. National pavilions were successfully set up in China, India, Russia and the Democratic Republic of the Congo in 2009 and initial steps were taken to engage with the Brazilian market in 2010/11.

The direct support provided to industry through the export marketing and investment assistance scheme grew by 5 per cent in 2009/10 because the fund supported more national pavilions and trade missions than in previous years and the overall budget allocated to these events was higher, with a return on the department's investment at 1:22. In 2009, South African exports increased by 26 per cent to R637 billion, driven by growth in minerals, motor vehicles and components, and machinery and equipment. Imports increased by 22 per cent to R721 billion due to the growth in imports of machinery and equipment, basic chemicals and transport equipment.

Implementation of the investment promotion and facilitation strategy was furthered in 2009 through 6 themes: sectoral analysis and project packaging, investment climate and policy, investment marketing, investor servicing, effective investment incentives and effective institutional arrangements. Activities to attract investment moved from a generic to a more targeted approach, resulting in a R46.5 billion pipeline of investment projects by March 2010. Investors and exporters will in future be serviced through a one stop facilitation centre, including a support centre staffed by people with disabilities. The department currently has a network of 45 foreign economic offices in 38 countries to facilitate business on behalf of South African companies. In 2008/09, the department's executive board approved a new foreign economic office strategy, which will result in the department having a total of 56 offices in 44 countries including Iran, the Democratic Republic of the Congo and Zimbabwe.

The first graduates of the Canadian Trade Facilitation Office, Indian Foreign Training Institute and the Trade and Investment South Africa training exercise graduated in October 2008 and have been posted abroad. In 2009/10, Trade and Investment South Africa promoted awareness of investment opportunities in South Africa by conducting 3 international investment conferences, 95 investment presentations, 3 investment pavilions, 1 local international investment conference, 5 ministerial or presidential missions, 4 technical missions, 20 inbound missions and 12 outbound missions. It also trained 220 new small exporters and reached 2 200 customers by distributing 3 200 publications.

Expenditure estimates

Table 35.16 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Investment Promotion and Facilitation	28.4	24.6	33.7	44.9	42.3	45.5	49.7
Export Development and Promotion	169.1	153.4	172.7	158.7	157.1	163.7	149.9
International Operations	–	106.5	103.9	90.5	92.1	100.3	118.1
Total	197.4	284.5	310.2	294.1	291.4	309.5	317.8
Change to 2009 Budget estimate				11.0	(2.3)	(4.6)	(21.4)

Economic classification

Current payments	125.5	148.9	175.5	159.8	154.9	169.2	171.6
Compensation of employees	71.7	83.0	85.9	86.0	87.2	94.4	98.9
Goods and services	53.8	65.9	89.6	73.8	67.7	74.8	72.8
<i>of which:</i>							
<i>Consultants and professional services:</i>	3.1	–	8.8	1.7	7.5	7.5	4.8
<i>Business and advisory services</i>							
<i>Lease payments</i>	14.5	14.5	11.0	4.4	5.0	6.1	6.4
<i>Travel and subsistence</i>	14.1	17.6	22.3	21.2	15.0	17.5	18.0
<i>Venues and facilities</i>	5.6	13.3	22.2	21.0	21.3	22.0	23.0
Transfers and subsidies	60.8	134.3	133.6	132.9	136.6	140.3	146.2
Departmental agencies and accounts	0.5	–	–	–	–	–	–
Foreign governments and international organisations	4.5	13.7	9.9	10.5	11.1	11.8	12.3
Public corporations and private enterprises	55.9	120.6	123.6	122.4	120.5	121.5	123.8
Non-profit institutions	–	–	–	–	5.0	7.0	10.0
Payments for capital assets	3.0	1.4	1.1	1.4	–	–	–
Machinery and equipment	3.0	1.4	1.1	1.4	–	–	–
Payments for financial assets	8.1	0.0	0.0	–	–	–	–
Total	197.4	284.5	310.2	294.1	291.4	309.5	317.8

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	51.8	120.6	123.6	122.4	120.5	121.5	123.8
Export Credit Insurance Corporation	51.8	120.6	123.6	122.4	120.5	121.5	123.8
Foreign governments and international organisations							
Current	4.5	13.7	9.9	10.5	11.1	11.8	12.3
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	–	9.1	5.0	5.2	5.5	5.9	6.2
Export Consultancy Trust Fund: International Finance Corporation	4.5	4.7	5.0	5.2	5.5	5.9	6.2
Non-profit institutions							
Current	–	–	–	–	5.0	7.0	10.0
Proudly South African Campaign	–	–	–	–	5.0	7.0	10.0

Expenditure trends

Expenditure increased from R197.4 million in 2006/07 to R294.1 million in 2009/10 at an average annual rate of 14.2 per cent. The increase was mainly due to higher expenditure under the Export Credit Insurance Corporation, which increased from R52 million in 2006/07 to R122.4 million in 2009/10, due to increased spending for the provision of export credit and foreign investment insurance cover on behalf of the South African government. The Export Consultancy Trust Fund's expenditure increased from R5 million in 2006/07 to R11 million in 2009/10. Current expenditure also increased from R125.5 million in 2006/07 to R159.8 million in 2009/10 due to the filling of vacant positions over this period.

Over the MTEF period, the budget is expected to grow from R294.1 million to R317.8 million at a slower average annual rate of 2.6 per cent. The budget over the medium term has been reduced by approximately R23 million, R21 million and R32 million to accommodate the reduction in funding granted to the department for this cycle. The decrease from 2009/10 to 2010/11 mainly resulted from anticipated lower spending under current expenditure and the Export Credit Insurance Corporation.

Expenditure in compensation of employees over the MTEF period is R87.2 million, R94.4 million and R98.9 million, increasing at an average annual rate of 6.5 per cent. The reductions in the *Trade and Industry South Africa* programme's budget relate mainly to cutting down on consulting and entertainment for the Export Credit Insurance Corporation of South Africa.

Public entity

Export Credit Insurance Corporation of South Africa

Strategic overview: 2006/07 – 2012/13

The Export Credit Insurance Corporation was established in terms of the Export Credit and Foreign Investments Insurance Act (1957) as amended. It is a self-sustained, national export credit agency.

In line with its legal mandate, the corporation facilitates and encourages South African export trade by underwriting export credit loans and investments outside South Africa to enable South African contractors to win capital goods and services contracts in other countries. The corporation evaluates export credit and foreign investment risks and provides export credit and foreign investment insurance cover on behalf of the South African government. The corporation is responsible for formulating export credit and underwriting policy, evaluating potential export projects, assessing export risks, structuring appropriate securities to mitigate risks, and administering the payment of the interest makeup payable in terms of the South African export credit support agreement.

The corporation's focus over the medium is: to increase credit and investment insurance with a special focus on the African market; to develop new products to facilitate exports of South African goods and services; to manage the existing insurance portfolio efficiently and diversify sectorally and geographically; to prudently administer the interest makeup mechanism; and to ensure that the pricing of the corporation's products adequately reflect the corporations risks and costs. This will all require the development of the corporation's technical skills base, and over the next three years the corporation will be on a high recruitment drive.

Other medium term activities include: developing a minimum capital requirement model together with external actuaries as part of keeping up to date with technological developments in the industry; reviewing and developing its incurred but not reported reserves model; and reviewing its pricing methodology by benchmarking with other export credit agencies.

Savings and cost effective service delivery

The Export Credit Insurance Corporation has introduced stringent cost reduction measures on entertainment and travelling expenses by introducing assessments on travelling needs and also reviewing the business impact resulting from entertainment expenses.

Selected performance indicators

Table 35.17 Export Credit Insurance Corporation of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Value of insurance portfolio growth per year	Growth in value insurance policies underwritten by the corporation	R8.8bn	R11.5bn	R12.7bn	R13bn	R14bn	R14.5bn	R15bn
Value of premium income per year	Value of premium income earned on the projects and policies underwritten	R130.7m	R146.6m	R305.1m	R216.9m	R146.9m	R161.7m	R170.2m
Value of claims paid per year	Value of claims paid on insurance policies	R150m	R39.6m	R45.2m	R331.9m	R35.1m	R38.6m	R40m
Value of underwriting profit per year*	Value of profit excluding investment income	R104.2m	R228.1m	R82.9m	R41m	R105.3m	R118.9m	R124.4m
Percentage solvency margin	Percentage of gross premiums for the year in relation to insurance technical reserves	827%	143%	791%	478%	761%	700%	669%
Value of GDP contribution, South Africa, per year	Impact of projects underwritten on GDP of exporting country (South Africa)	R291m	R328m	R305m	R329m	R361m	R457m	R460m
Value of GDP contribution, host countries, per year	Impact of projects underwritten on GDP of importing country(host country)	R1.1bn	R1.3bn	R1bn	R1.1bn	R1.2bn	R1.3bn	R1.2bn
Number of jobs facilitated in South Africa per year	Jobs facilitated in exporting country resulting from project underwritten	1 478	1 670	1 432	1 541	1 683	1 767	1 770
Number of jobs facilitated in host country per year	Jobs facilitated in exporting country resulting from project underwritten	8 505	9 611	5 278	5 684	6 212	6 523	6 530

* Profit for 2008/09 and 2009/10 decreased substantially due to material claims paid out during the period

Service delivery focus

In 2008/09, the corporation conducted a comprehensive review of insurance policies and conditions which involved major and potential customers. It obtained approval from the insurance regulator for the unearned premium provision methodology. Methodologies for portfolio concentration risk and reserving for annualised premiums were reviewed and approved by the insurance regulator. The corporation actively participated in the Berne Union committee's dealing with investment insurance and medium to long term credit insurance. It also focused on the credit default risk in the wake of the global economic downturn with increased emphasis on credit default management and managed default risk through a process of evaluation, risk pricing, and reserving. It noted that Mozambique, the highest single exposure in the corporation's portfolio, declined by 6.4 per cent from 38.4 per cent at the beginning of 2009 to 32 per cent at the end of the year; and embarked on a continual legal review exercise of the laws in countries where it has incurred or may incur new exposure.

Expenditure estimates

Table 35.18 Export Credit Insurance Corporation of South Africa: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	499.0	688.6	574.2	563.9	391.7	414.3	439.0
Sale of goods and services other than capital assets	130.7	215.6	305.1	274.4	173.8	191.2	210.3
of which:							
Sales by market establishments	130.7	215.6	305.1	274.4	173.8	191.2	210.3
Other non-tax revenue	368.3	473.1	269.1	289.5	217.9	223.1	228.7

Table 35.18 Export Credit Insurance Corporation of South Africa Limited: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Transfers received	51.8	120.6	123.6	122.4	120.5	121.5	123.8
Total revenue	550.8	809.2	697.8	686.3	512.2	535.8	562.8
Expenses							
Current expense	378.4	462.2	623.3	646.2	310.4	330.0	352.8
Compensation of employees	14.0	16.6	19.9	18.4	19.5	20.7	21.9
Goods and services	292.4	302.9	574.5	541.2	201.4	215.2	234.3
Depreciation	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Interest, dividends and rent on land	0.0	0.9	0.0	0.3	–	–	–
Total expenses	378.4	462.2	623.3	646.2	310.4	330.0	352.8
Surplus / (Deficit)	172.4	347.0	74.5	40.1	201.8	205.8	210.0
Statement of financial position							
Carrying value of assets	0.2	0.1	0.3	0.5	0.5	0.4	0.4
<i>of which: Acquisition of assets</i>	0.1	0.0	0.3	0.3	0.2	0.1	0.1
Investments	1 579.3	1 545.8	1 604.3	1 783.9	1 863.5	1 905.2	1 946.0
Receivables and prepayments	83.4	237.1	191.6	203.1	215.3	228.2	241.9
Cash and cash equivalents	484.4	956.3	1 283.6	1 104.9	1 290.0	1 441.4	1 640.5
Assets not classified elsewhere	–	–	123.0	77.9	72.9	67.9	62.9
Total assets	2 147.3	2 739.2	3 202.8	3 170.2	3 442.1	3 643.1	3 891.6
Accumulated surplus/deficit	1 081.0	1 428.1	1 767.8	1 828.0	2 039.8	2 263.5	2 493.5
Trade and other payables	155.1	185.0	87.0	34.6	79.9	41.0	41.7
Provisions	911.1	1 126.2	1 348.0	1 307.7	1 322.4	1 338.6	1 356.4
Total equity and liabilities	2 147.3	2 739.2	3 202.8	3 170.2	3 442.1	3 643.1	3 891.6

Expenditure trends

The entity receives premium payments for reinsurance. Government transfers paid to the Export Credit Insurance Corporation of South Africa increased at an average annual rate of 33.2 per cent, from R51.8 million in 2006/07 to R122.4 million in 2009/10 due to an increase in the allocation for the interest makeup scheme. Over the MTEF period, transfers remain stable at around R120 million per year. Transfers over the medium term are expected to be R120.5 million in 2010/11, R121.5 million in 2011/12 and R123.8 million by 2012/13.

Expenditure increased from R378.4 million in 2006/07 to R646.2 million in 2009/10, at an average annual rate of 19.5 per cent. The large increases in 2008/09 and 2009/10 were a result of claims paid out under the scheme. Expenditure is expected to decrease to R352.8 million over the medium term, at an average annual rate of 18.3 per cent. The significant decrease in 2010/11 by 52 per cent, from R646.2 million in 2009/10 to R310.4 million, is a result of a 62.8 per cent decrease in expenditure on goods and services, from R541.2 million to R201.4 million, due to once-off claims paid in 2009/10, which are not expected to recur over the medium term.

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. Funding in this subprogramme will mainly be used for salaries and related goods and services.
- *External Communications* is responsible for consumer awareness and educational campaigns to ensure a meaningful understanding of the department's offerings. Funding in this subprogramme will mainly be used for marketing costs of these outreach campaigns.

- *Media Relations and Public Relations* ensures that the department's image is visible by improving media relations management and public relations activities. Funding in this subprogramme will mainly be used for expenses related to media briefings, print and electronic publications.

Objectives and measures

- Promote awareness of the department's impact on growth and development by increasing awareness campaigns on the department's programmes from 2 campaigns per quarter in 2009 to 3 per quarter in 2011.
- Minimise negative press coverage of the department and assess performance against benchmarks on a quarterly basis.
- Improve communication about the department's role, products and services by:
 - increasing the frequency of media updates from biweekly to daily by July 2010
 - reaching at least 95 per cent of economic citizens through external events by March 2011
 - increasing the number of media briefings from 2 per quarter to 4 per quarter by March 2011.

Service delivery focus

In the first half of 2009/10, the division managed and supported 63 internal events and exhibitions and approximately 105 print copies of publications including brochures, booklets, leaflets and reports were produced and distributed. Media outputs comprised 58 media enquiries, 112 interviews, 61 media releases, 15 media advisories and 179 items that were covered in the media. An average of 60 000 contacts with economic citizens were handled monthly with economic citizens in the form of telephone calls, emails and faxes, and the department's website received 213 244 hits. Turnaround times in responding to media enquiries were reduced from over a week to a maximum of 2 days as a result of more active participation in engaging with media. Improved levels in the quality of publications both in content and design were achieved. In 2009, the customer contact centre achieved improved service levels and upgraded its systems, and a departmental public liaison officer was appointed.

Expenditure estimates

Table 35.19 Communication and Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Brand Management	8.0	17.3	30.6	26.2	41.3	40.7	43.0
External Communications	12.0	14.0	22.9	30.1	30.9	21.1	22.2
Media Relations and Public Relations	45.9	30.2	22.6	13.9	10.1	18.1	19.0
Total	65.8	61.5	76.1	70.1	82.2	79.9	84.2
Change to 2009 Budget estimate				4.4	7.4	0.8	1.2

Economic classification

Current payments	49.0	34.1	72.5	63.4	81.7	79.3	83.6
Compensation of employees	11.5	13.6	16.6	19.0	23.6	25.1	26.8
Goods and services	37.5	20.5	55.9	44.4	58.1	54.2	56.8
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	20.3	0.5	6.1	4.5	9.0	7.0	6.5
<i>Travel and subsistence</i>	1.2	1.6	2.6	3.9	3.0	3.5	4.0
<i>Venues and facilities</i>	1.9	4.9	14.2	4.6	5.0	5.5	6.0
Transfers and subsidies	10.0	0.1	0.0	-	-	-	-
Non-profit institutions	10.0	-	-	-	-	-	-
Households	-	0.1	0.0	-	-	-	-
Payments for capital assets	6.8	1.5	3.6	6.7	0.5	0.6	0.6
Machinery and equipment	6.8	1.5	3.6	6.6	0.4	0.4	0.5
Software and other intangible assets	-	-	-	0.1	0.1	0.1	0.1

Table 35.19 Communication and Marketing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Payments for financial assets	-	25.9	-	-	-	-	-
Total	65.8	61.5	76.1	70.1	82.2	79.9	84.2

Details of selected transfers and subsidies

Non-profit institutions							
Current	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Proudly South African Campaign	10.0	-	-	-	-	-	-

Expenditure trends

Expenditure in this programme increased from R65.8 million in 2006/07 to an expected R84.2 million in 2012/13 at an average annual rate of 4.2 per cent. Expenditure is expected to rise from R70.1 million in 2009/10 to R84.2 million in 2012/13 at an average annual increase of 6.3 per cent. The increase is mainly in expenditure in compensation of employees, which increases from R23.6 million in 2010/11 to R26.8 million in 2012/13, an average annual rate of 6.6 per cent, which mainly resulted from adjustments for inflation. Over the medium term, the increased costs of marketing and print and electronic publications will push spending up further.

Between 2006/07 and 2009/10, expenditure increased from R65.8 million to R70.1 million, at an average annual rate of 2.1 per cent. This increase is due to the escalation of the costs of advertising, printing and publications.

Additional tables

Table 35.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	2008/09		2008/09	2009/10			2009/10
1. Administration	398.1	395.2	345.5	420.9	47.3	468.1	415.6
2. International Trade and Economic Development	90.3	92.9	108.6	112.7	17.8	130.4	125.6
3. Empowerment and Enterprise Development	1 062.9	1 069.5	1 091.1	1 157.0	16.8	1 173.9	1 157.1
4. Industrial Development	376.7	443.6	392.7	414.6	12.3	426.9	410.3
5. Consumer and Corporate Regulation	130.7	119.3	111.6	157.8	7.7	165.5	148.6
6. The Enterprise Organisation	2 402.3	2 416.6	2 400.7	3 440.0	(83.1)	3 356.9	3 382.9
7. Trade and Investment South Africa	297.4	297.8	310.2	283.1	11.0	294.1	295.9
8. Communication and Marketing	73.8	71.7	76.1	65.7	4.4	70.1	52.8
Total	4 832.2	4 906.5	4 836.6	6 051.7	34.2	6 085.9	5 988.8

Economic classification

	984.3	969.8	908.1	979.8	152.4	1 132.1	1 006.4
Current payments							
Compensation of employees	375.4	412.0	383.1	450.5	62.5	513.0	469.0
Goods and services	608.9	557.8	525.0	529.3	89.8	619.1	537.4
Transfers and subsidies	3 832.7	3 904.4	3 903.5	5 037.4	(120.6)	4 916.8	4 950.4
Departmental agencies and accounts	1 043.8	1 108.7	1 117.2	1 178.6	18.7	1 197.3	1 187.4
Universities and technikons	–	10.5	10.5	–	3.0	3.0	3.0
Foreign governments and international organisations	23.2	28.8	34.2	37.6	(3.6)	34.0	28.8
Public corporations and private enterprises	2 762.0	2 745.3	2 730.4	3 817.1	(145.2)	3 671.9	3 720.7
Non-profit institutions	2.5	6.1	6.1	2.6	5.0	7.6	7.6
Households	1.2	5.1	5.2	1.4	1.5	2.9	2.9
Payments for capital assets	15.2	32.3	21.1	34.5	2.4	37.0	32.0
Machinery and equipment	13.2	26.1	14.8	33.9	(1.4)	32.5	27.5
Software and other intangible assets	2.0	6.2	6.2	0.7	3.9	4.5	4.5
Payments for financial assets	–	–	3.9	–	–	–	–
Total	4 832.2	4 906.5	4 836.6	6 051.7	34.2	6 085.9	5 988.8

Table 35.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	1 253	1 357	112	853	891	1 007	1 140	1 197	1 257	1 320
Salary level 1 – 6	161	218	63	106	105	168	207	216	227	240
Salary level 7 – 10	547	593	46	386	402	439	495	520	543	572
Salary level 11 – 12	330	333	3	202	217	227	271	288	303	317
Salary level 13 – 16	215	213	–	159	167	173	167	173	184	191
Administration	346	370	25	255	252	297	321	341	357	375
Salary level 1 – 6	79	99	21	70	69	92	95	100	104	110
Salary level 7 – 10	138	142	4	95	97	107	117	123	128	135
Salary level 11 – 12	85	85	–	55	53	64	76	84	88	92
Salary level 13 – 16	44	44	–	35	33	34	33	34	37	38

Table 35.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
International Trade and Economic Development	160	160	2	85	102	105	111	116	122	127
Salary level 1 – 6	2	4	2	1	1	1	3	3	3	3
Salary level 7 – 10	76	76	–	33	37	37	51	54	56	59
Salary level 11 – 12	46	46	–	25	35	36	28	29	31	32
Salary level 13 – 16	36	34	–	26	29	31	29	30	32	33
Empowerment and Enterprise Development	99	102	3	63	70	73	86	91	94	100
Salary level 1 – 6	1	4	3	2	2	2	4	4	4	4
Salary level 7 – 10	41	41	–	31	34	36	34	36	37	40
Salary level 11 – 12	28	28	–	11	13	13	22	24	24	26
Salary level 13 – 16	29	29	–	19	21	22	26	27	29	30
Industrial Development	137	147	10	89	100	109	107	112	118	123
Salary level 1 – 6	1	11	10	3	3	4	11	12	12	13
Salary level 7 – 10	54	54	–	40	46	49	39	41	43	45
Salary level 11 – 12	40	40	–	22	24	27	29	30	32	33
Salary level 13 – 16	42	42	–	24	27	29	28	29	31	32
Consumer and Corporate Regulation	111	111	4	98	89	90	96	101	103	110
Salary level 1 – 6	1	1	4	3	3	4	5	5	5	6
Salary level 7 – 10	55	55	–	48	40	40	47	50	51	54
Salary level 11 – 12	29	29	–	30	29	29	27	28	29	31
Salary level 13 – 16	26	26	–	17	17	17	17	18	18	19
The Enterprise Organisation	173	222	50	126	138	159	214	224	235	247
Salary level 1 – 6	17	23	7	5	5	5	22	22	24	25
Salary level 7 – 10	97	137	40	82	91	108	133	140	146	154
Salary level 11 – 12	41	44	3	20	22	24	41	43	45	47
Salary level 13 – 16	18	18	–	19	20	22	18	19	20	21
Trade and Investment South Africa	130	148	18	101	104	94	126	131	141	147
Salary level 1 – 6	16	32	16	7	7	6	27	28	31	32
Salary level 7 – 10	50	52	2	41	41	41	47	49	52	55
Salary level 11 – 12	50	50	–	36	38	31	41	43	46	48
Salary level 13 – 16	14	14	–	17	18	16	11	11	12	12
Communication and Marketing	97	97	–	36	36	80	79	81	87	91
Salary level 1 – 6	44	44	–	15	15	54	40	42	44	47
Salary level 7 – 10	36	36	–	16	16	21	27	27	30	30
Salary level 11 – 12	11	11	–	3	3	3	7	7	8	8
Salary level 13 – 16	6	6	–	2	2	2	5	5	5	6

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2009.

Table 35.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	283.6	327.5	383.1	525.7	557.8	590.4	628.5
Training expenditure (R million)	3.2	1.0	2.5	9.3	11.0	11.5	12.0
Training as percentage of compensation	1.1%	0.3%	0.7%	1.8%	2.0%	1.9%	1.9%
Total number trained in department (head count)	450	545	–	1 627			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	74	105	–	150			
<i>Learnerships trained (head count)</i>	15	20	–	10			
<i>Internships trained (head count)</i>	–	–	–	34			
Households receiving bursaries (R million)	0.3	0.8	1.2	1.4	1.5	1.6	1.6
Households receiving bursaries (head count)	5	13	–	42			

Table 35.D Summary of departmental public private partnership (PPP) projects

Project description: Department of Trade and Industry campus project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
Projects signed in terms of Treasury Regulation 16	99.5	152.9	167.2	159.7	168.9
PPP unitary charge	99.5	148.2	157.8	151.6	161.0
Advisory fees	–	4.5	9.2	7.6	7.5
Project monitoring cost	–	0.2	0.3	0.5	0.5
Total	99.5	152.9	167.2	159.7	168.9

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Department of Trade and Industry(DTI) Public Private Partnership(PPP) campus
Brief description	Department of Trade and Industry Public Private Partnership campus Meintjie Street, Pretoria. Design, Construct and Facility Management Services over period of 25 years
Date PPP agreement was signed	8/1/2003
Duration of PPP agreement	25 years
Escalation index for unitary fee	CPIX linked - July every year on anniversary
Variations / amendments to PPP 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 Space 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 35.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Infrastructure transfers to other spheres, agencies and departments										
Critical Infrastructure Programme	New economic infrastructure	Various	1 819.7	88.2	60.2	75.1	105.6	115.7	118.5	181.7
Coega Development Corporation	New foreign investors each year	Various	9 502.5	249.8	726.0	718.4	859.9	475.0	499.7	513.9
East London Industrial Development Zone (Pty) Limited	New foreign investors each year	Various	1 916.2	130.0	124.9	154.0	249.4	-	-	-
Richards Bay Industrial Development Zone Company	New foreign investors each year	Various	721.7	-	-	-	68.4	-	-	-
Centurion aerospace village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park.	Construction	260.0	-	-	20.0	-	5.0	10.0	15.0
South African Bureau of Standards plant infrastructure	Renovation of South African Bureau of Standards building	Construction	315.4	-	-	-	-	174.2	93.2	48.0
Maintenance										
Infrastructure transfers	Construction and refurbishment of laboratory buildings and plant room	Construction	318.0	-	-	-	-	-	-	-
Total			14 853.5	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6