

VOTE 28 *Economic Development*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspending on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Economic Development

**National Treasury
Republic of South Africa**



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Vote 28

Economic Development

Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	60 065	52 559	–	7 506	63 342	67 247
Economic Policy Development	29 056	29 056	–	–	30 657	32 554
Economic Planning and Coordination	565 462	42 005	523 457	–	598 209	519 287
Economic Development and Dialogue	18 149	18 149	–	–	19 137	20 324
Total expenditure estimates	672 732	141 769	523 457	7 506	711 345	639 412
Executive authority	Minister of Economic Development					
Accounting officer	Director General of Economic Development					
Website address	www.economic.gov.za					

Aim

Promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Coordinate and render an effective, efficient, strategic support and administrative service to the minister, deputy minister, director general, the department and its agencies.

Programme 2: Economic Policy Development

Purpose: Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Programme 3: Economic Planning and Coordination

Purpose: Promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

Programme 4: Economic Development and Dialogue

Purpose: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

Strategic overview: 2010/11 – 2014/15

The Economic Development Department was established as part of the macro reorganisation of the state in 2009. The department is responsible for: coordinating the contributions of government departments, state entities and civil society to economic development; ensuring alignment between economic policies and government's political and economic objectives and mandate; and promoting government's goals of advancing economic development and opportunities for decent work.

The department has assumed responsibility for key outputs relating to the creation of decent work through inclusive economic growth (outcome 4). This includes the implementation of the New Growth Path; analysis of income distribution; concluding social pacts on decent work; strengthening the implementation of the framework for South Africa's response to the international economic crisis; developing spatial programmes; developing the green economy; implementing a multipronged strategy to reduce youth unemployment; an improved cost structure in the economy; and better integration of second economy activities into the mainstream economy, to achieve inclusive growth.

The New Growth Path

In 2011/12, the department focused on the implementation of the New Growth Path, adopted by Cabinet in October 2010, through the implementation of 12 action plans approved by Cabinet, and through the negotiation and signing of various national accords on elements of the New Growth Path. The department engaged with provincial and local government, state owned companies and development finance institutions to ensure alignment of their strategies with the New Growth Path. The following national accords were signed in 2011/12: skills development; basic education; local procurement; and the green economy. The department led an initiative to accelerate the rollout of solar water heaters to meet a target of 1 million by 2014.

Framework for South Africa's response to the international economic crisis

The department leads the implementation of the measures in the framework for South Africa's response to the international economic crisis. In 2008, a R6.1 billion fund was established in the Industrial Development Corporation of South Africa, a state owned development finance institution, to assist distressed companies. The jobs initiative was financed through the issuing of a R2 billion development bond purchased by the Unemployment Insurance Fund. In 2009, the department facilitated the establishment of a R2.9 billion training layoff scheme for workers, as an alternative to retrenchment. This scheme is managed by the Commission for Conciliation, Mediation and Arbitration.

Oversight functions of other entities

The department has policy oversight over three development finance institutions: the Industrial Development Corporation of South Africa, Khula Enterprise Finance and the South African Micro-Finance Apex Fund. The department also promotes competitiveness and decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission. In 2011/12, the priorities of all of these institutions were aligned with the New Growth Path.

New policy development

In his 2011 State of the Nation Address, the president announced that consideration was being given to merging the development finance institutions. A review of the small business sector was undertaken and in 2011, Cabinet approved the merger of Khula Enterprise Finance and the South African Micro-Finance Apex Fund with the Industrial Development Corporation of South Africa's small business unit. The merger is scheduled for implementation on 1 April 2012. The new entity will be a wholly owned subsidiary of the Industrial Development Corporation of South Africa.

There is evidence to suggest a need for a more coherent, scaled-up government intervention to address key small, medium and micro enterprise (SMME) market segments, as well as greater institutional variety, for increased innovation and a greater emphasis on mentoring. The integrated strategy on the promotion of entrepreneurship and small enterprises being developed by the Department of Trade and Industry has identified increasing the supply of financial support as a major output of the national strategy. The policy context, sector review, international practice, as well as a development finance institution review process, all indicate that the formation of a single institution dedicated to the provision of small business financial services is desirable. The proposed merger of the development finance institutions to form the Small Business Finance Entity will go toward improving the efficiency, product synergies, product enhancement and development, and market visibility of the small business sector.

Selected performance indicators

Table 28.1 Economic Development

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of regulatory impact assessments on key New Growth Path outcomes per year	Economic Policy Development	–	–	–	–	1	1	1
Number of sector strategies produced, reviewed or monitored per year	Economic Policy Development	–	–	5	2	2	2	2
Number of interventions promoting economic development through leveraging off state expenditure and procurement per year	Economic Planning and Coordination	–	–	6	7	12	15	15
Total value of special financing facilitated for small businesses, targeted growth sectors and companies in distress	Economic Planning and Coordination	–	–	R3bn	R5bn	R5bn	R5bn	R5bn
Number of spatial plans produced or reviewed per year	Economic Planning and Coordination	–	–	9	12	15	15	17
Number of reports on the implementation of the green economy strategy per year	Economic Planning and Coordination	–	–	2	2	2	2	2
Number of interventions to save or create new jobs per year	Economic Development and Dialogue	–	–	–	4	4	4	4
Number of social dialogue and capacity building engagements per year	Economic Development and Dialogue	–	–	20	15	10	10	10
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue	–	–	6	10	10	10	10

Expenditure estimates

Table 28.2 Economic Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	–	16 653	35 044	56 331	57 394	60 065	63 342	67 247
Economic Policy Development	–	–	6 647	23 500	15 865	29 056	30 657	32 554
Economic Planning and Coordination	220 361	297 992	358 527	502 071	486 778	565 462	598 209	519 287
Economic Development and Dialogue	–	–	456	16 457	7 560	18 149	19 137	20 324
Total	220 361	314 645	400 674	598 359	567 597	672 732	711 345	639 412
Change to 2011 Budget estimate				3 819	(26 943)	(1 973)	(1 989)	(2 241)

Economic classification

Current payments	–	14 214	39 881	125 041	94 569	141 769	149 511	158 768
Compensation of employees	–	7 865	25 156	79 719	63 990	91 616	96 550	102 579
Goods and services	–	6 349	14 725	45 322	30 579	50 153	52 961	56 189
<i>of which:</i>								
Administrative fees	–	–	112	473	375	555	586	619
Advertising	–	152	403	1 620	195	1 556	1 657	1 773
Assets less than the capitalisation threshold	–	9	172	435	78	493	522	553
Audit cost: External	–	–	236	195	195	221	232	246
Bursaries: Employees	–	–	–	130	1 216	147	156	165
Catering: Departmental activities	–	109	460	516	391	607	642	679
Communication	–	193	802	471	442	556	585	619
Computer services	–	–	180	84	736	96	101	107
Consultants and professional services: Business and advisory services	–	109	700	5 971	1 986	6 554	6 949	7 397
Consultants and professional services: Infrastructure and planning	–	–	–	–	891	–	–	–

Table 28.2 Economic Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Consultants and professional services:	–	–	–	1 560	1 560	295	311	330
Legal costs								
Contractors	–	2	221	481	5 655	455	486	520
Agency and support / outsourced services	–	30	98	130	(230)	147	156	165
Entertainment	–	2	1	110	(8)	125	131	139
Fleet services (including government motor transport)	–	–	68	–	170	–	–	–
Inventory: Materials and supplies	–	–	47	–	1	–	–	–
Inventory: Medical supplies	–	–	–	–	2	–	–	–
Inventory: Medicine	–	–	–	–	2	–	–	–
Inventory: Other consumables	–	8	64	13	30	15	16	17
Inventory: Stationery and printing	–	268	1 008	931	1 542	1 083	1 140	1 208
Lease payments	–	1 636	972	6 641	2 953	7 530	7 944	8 421
Property payments	–	–	17	–	–	–	–	–
Transport provided: Departmental activity	–	–	–	–	29	–	–	–
Travel and subsistence	–	3 640	7 752	14 101	8 216	16 424	17 325	18 368
Training and development	–	–	–	–	(370)	–	–	–
Operating expenditure	–	191	670	3 535	2 247	4 090	4 315	4 574
Venues and facilities	–	–	742	7 925	2 261	9 204	9 707	10 289
Rental and hiring	–	–	–	–	14	–	–	–
Transfers and subsidies	220 361	297 992	356 460	466 823	466 533	523 457	553 915	472 251
Departmental agencies and accounts	150 429	232 011	278 461	301 911	301 911	339 549	365 832	387 363
Higher education institutions	–	–	4 820	2 000	1 710	–	–	–
Public corporations and private enterprises	69 932	65 981	73 179	162 912	162 912	183 908	188 083	84 888
Payments for capital assets	–	2 439	4 333	6 495	6 495	7 506	7 919	8 393
Machinery and equipment	–	2 439	4 332	5 196	5 196	6 005	6 335	6 715
Software and other intangible assets	–	–	1	1 299	1 299	1 501	1 584	1 678
Total	220 361	314 645	400 674	598 359	567 597	672 732	711 345	639 412

Expenditure trends

The spending focus over the medium term will be on promoting investment for economic development and trade competitiveness by increasing the provision of developmental finance, the effective implementation and adjudication of competition policy, and the creation of an efficient system of international trade administration.

Expenditure increased from R220.4 million in 2008/09 to R598.4 million in 2011/12, at an average annual rate of 39.5 per cent. The increase is mainly due to transfers to entities and building personnel capacity within the department. Over the medium term, expenditure is expected to increase to R639.4 million, at an average annual rate of 2.2 per cent. The increased spending is mainly reflected in the *Economic Planning and Coordination* programme, which makes transfers and provides subsidies to entities and corporations.

The 49.3 per cent increase in spending between 2010/11 and 2011/12 was due to the appointment of consultants who provided expertise in strategy and organisational development. Transfers to the Industrial Development Corporation of South Africa for the capitalisation of the Agro-processing Competitiveness Fund also contributed to this increase.

The 2012 Budget sets out additional funding of R7.8 million in 2012/13, R8.4 million in 2013/14 and R9 million in 2014/15 as follows:

- R1.8 million, R2 million and R2.3 million for improvement in conditions of service to be included in compensation of employees expenditure for the department
- R1 million, R1.1 million and R1.1 million to finance improvement of conditions of service in the International Trade Administration Commission of South Africa
- R5 million, R5.3 million and R5.6 million to be reprioritised to the *Economic Planning and Coordination* programme.

A Cabinet approved baseline cut of R9.8 million in 2012/13, R10.4 million in 2013/14, and R125.7 million in 2014/15 was also made.

Personnel information

Table 28.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			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		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	265	129	-	-	-	64	96	142	142	142
Salary level 1 – 6	20	13	-	-	-	9	19	14	14	14
Salary level 7 – 10	52	24	-	-	-	18	31	30	30	30
Salary level 11 – 12	41	27	-	-	-	13	20	29	29	29
Salary level 13 – 16	152	65	-	-	-	24	26	69	69	69
Administration	86	62	-	-	-	29	64	62	62	62
Salary level 1 – 6	20	13	-	-	-	9	19	14	14	14
Salary level 7 – 10	24	17	-	-	-	12	22	17	17	17
Salary level 11 – 12	21	18	-	-	-	4	11	17	17	17
Salary level 13 – 16	21	14	-	-	-	4	12	14	14	14
Economic Policy Development	59	18	-	-	-	15	9	21	21	21
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	10	3	-	-	-	4	3	4	4	4
Salary level 11 – 12	6	2	-	-	-	6	4	3	3	3
Salary level 13 – 16	43	13	-	-	-	5	2	14	14	14
Economic Planning and Coordination	54	24	-	-	-	13	15	28	28	28
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	8	3	-	-	-	1	4	4	4	4
Salary level 11 – 12	5	3	-	-	-	2	3	4	4	4
Salary level 13 – 16	41	18	-	-	-	10	8	20	20	20
Economic Development and Dialogue	66	25	-	-	-	7	8	31	31	31
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	10	1	-	-	-	1	2	5	5	5
Salary level 11 – 12	9	4	-	-	-	1	2	5	5	5
Salary level 13 – 16	47	20	-	-	-	5	4	21	21	21

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

2. As at 30 September 2011.

The department had an approved establishment of 265 posts as at 30 September 2011, of which 129 posts were funded. The number of filled posts has increased from 64 in 2010/11 to the 96 as at 30 September 2011. Over the medium term, the establishment is expected to grow to 142 as the department intensifies its human capital strategies to ensure optimal capacity for the implementation of its policies and programmes. The department

will place emphasis on the recruitment of appropriately skilled and experienced individuals at senior and middle management levels of the organisation.

As at 30 September 2011, there were 33 funded vacancies and 136 unfunded vacancies within the department, mostly in the *Economic Development and Dialogue* and *Economic Policy Development* programmes. The ratio of support staff to line function staff was 1:0.9.

Departmental receipts

Table 28.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	244 395	456 000	547 237	243 800	500 486	631 493	669 382	709 544
Sales of goods and services produced by department	-	-	3	-	-	-	-	-
Sales by market establishments	-	-	2	-	-	-	-	-
of which:								
Rental: Parking	-	-	2	-	-	-	-	-
Other sales	-	-	1	-	-	-	-	-
of which:								
Commission on insurance and garnishees	-	-	1	-	-	-	-	-
Fines, penalties and forfeits	144 395	336 000	489 337	148 400	500 348	530 369	562 191	595 922
Interest, dividends and rent on land	100 000	120 000	57 897	95 400	138	101 124	107 191	113 622
Interest	-	-	7 897	-	138	-	-	-
Dividends	100 000	120 000	50 000	95 400	-	101 124	107 191	113 622
of which:								
Industrial Development Corporation dividends	100 000	120 000	50 000	95 400	-	101 124	107 191	113 622
Total	244 395	456 000	547 237	243 800	500 486	631 493	669 382	709 544

Revenue is generated mostly from fines and penalties imposed by the Competition Commission and the Competition Tribunal. These fines and penalties are imposed on companies found guilty of violating competition laws. The department also generates revenue in dividends received from the Industrial Development Corporation of South Africa. Over the medium term, total revenue is expected to increase from R500.5 million to R709.5 million, at an average annual rate of 12.3 per cent.

Programme 1: Administration

Expenditure estimates

Table 28.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	-	16 653	23 947	19 595	21 000	22 135	23 510
Office of the Director-General	-	-	4 265	7 146	6 285	6 625	7 037
General Management Services	-	-	6 832	29 590	32 780	34 582	36 700
Total	-	16 653	35 044	56 331	60 065	63 342	67 247
Change to 2011 Budget estimate				1 300	(465)	(399)	(318)
Economic classification							
Current payments	-	14 214	30 711	49 836	52 559	55 423	58 854
Compensation of employees	-	7 865	16 839	30 237	32 088	33 804	35 918
Goods and services	-	6 349	13 872	19 599	20 471	21 619	22 936
of which:							
Administrative fees	-	-	112	176	199	210	222
Advertising	-	152	357	1 620	1 556	1 657	1 773

Table 28.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Assets less than the capitalisation threshold	–	9	172	410	464	490	519
Audit cost: External	–	–	236	195	221	232	246
Bursaries: Employees	–	–	–	130	147	156	165
Catering: Departmental activities	–	109	459	253	288	304	322
Communication	–	193	802	156	177	187	198
Computer services	–	–	180	84	96	101	107
Consultants and professional services: Business and advisory services	–	109	408	162	270	287	306
Consultants and professional services: Legal costs	–	–	–	1 560	295	311	330
Contractors	–	2	221	481	455	486	520
Agency and support / outsourced services	–	30	98	130	147	156	165
Entertainment	–	2	1	110	125	131	139
Fleet services (including government motor transport)	–	–	68	–	–	–	–
Inventory: Materials and supplies	–	–	47	–	–	–	–
Inventory: Other consumables	–	8	64	13	15	16	17
Inventory: Stationery and printing	–	268	1 005	390	443	466	494
Lease payments	–	1 636	972	6 641	7 530	7 944	8 421
Property payments	–	–	17	–	–	–	–
Travel and subsistence	–	3 640	7 392	4 495	5 101	5 380	5 702
Operating expenditure	–	191	670	1 117	1 268	1 338	1 418
Venues and facilities	–	–	591	1 476	1 674	1 767	1 872
Payments for capital assets	–	2 439	4 333	6 495	7 506	7 919	8 393
Machinery and equipment	–	2 439	4 332	5 196	6 005	6 335	6 715
Software and other intangible assets	–	–	1	1 299	1 501	1 584	1 678
Total	–	16 653	35 044	56 331	60 065	63 342	67 247

Expenditure trends

Expenditure increased from R16.7 million in 2009/10 to R56.3 million in 2011/12, at an average annual rate of 83.9 per cent, mainly to fund greater capacity in the administrative functions after the department was formed in 2009. The 67.5 per cent increase in expenditure in the *Office of the Director-General* subprogramme in 2011/12 can be attributed mainly to a once-off payment for legal services rendered in the Massmart/Walmart takeover case.

Over the medium term, expenditure is expected to increase to R67.2 million, at an average annual rate of 6.1 per cent. The majority of this increased spending will be on compensation of employees and goods and services as the programme builds capacity in support functions such as human resources management, internal audits and IT.

Programme 2: Economic Policy Development

Objectives and measures

- Assess trends in employment, inequality and growth, the impact of the state on employment and equity, and key outcomes for the New Growth Path by conducting biannual surveys on an ongoing basis.
- Disseminate knowledge of policy options and challenges by convening 12 policy platforms from 2012/13 to 2014/15.
- Provide analytical data on the real economy by establishing an economic database or knowledge repository by March 2013.

- Improve the measurement of economic development over time by establishing a new economic development index by March 2013.
- Support higher rates of employment and equity by developing 6 sector strategies between 2012/13 and 2014/15.
- Enhance economic policy development and coordination by establishing an economic development institute by March 2015, which will draw on the skills and talents of various stakeholders.
- Address youth unemployment, gender and economic development with a particular focus on inclusive growth by developing, implementing, monitoring and evaluating 10 policies between 2012/13 and 2014/15.

Subprogrammes

- *Growth Path and Creation of Decent Work* focuses on the implementation of the New Growth Path together with other subprogrammes within the department, other government departments, provincial administrations, municipalities, state owned enterprises and entities. This subprogramme had a staff complement of 4 and a total budget of R6.2 million in 2011/12, of which 71.8 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Economic Policy* evaluates macro and microeconomic policy tools used by government to promote its developmental agenda and improve the alignment, efficiency and impact of policy tools. This subprogramme had a staff complement of 4 and a total budget of R8.4 million, of which 71 per cent was used for compensation of employees. A policy has been developed using a formal and quantified framework to establish synergy between various policies. No significant savings in 2012/13 have been identified in this subprogramme.
- *Broad Based Black Economic Empowerment* aims to enable the meaningful participation of citizens in the economy by focusing on employment equity, staff training, preferential procurement, enterprise development and the advancement of cooperatives. This subprogramme had a staff complement of 1 and a total budget of R6.2 million in 2011/12, of which 76.1 per cent was used for goods and services, such as venues and facilities. No significant savings in 2012/13 have been identified in this subprogramme.
- *Second Economy* develops policies that will create and sustain livelihoods and transform second economy activities into dynamic, competitive activities that are part of the economic mainstream and are included in the country's tax and other regulatory arrangements. It also ensures decent incomes for entrepreneurs and workers. Strategies are also being developed for youth unemployment and the second economy. This subprogramme had a staff complement of 1 and a total budget of R2.7 million in 2011/12, of which 55.3 per cent was used for goods and services such as travel and subsistence. No significant savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 28.6 Economic Policy Development

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Growth Path and Creation of Decent Work	-	-	833	6 182	7 848	8 279	8 793
Economic Policy	-	-	5 814	8 443	10 732	11 319	12 021
Broad Based Black Economic Empowerment	-	-	-	6 173	7 229	7 633	8 102
Second Economy	-	-	-	2 702	3 247	3 426	3 638
Total	-	-	6 647	23 500	29 056	30 657	32 554
Change to 2011 Budget estimate				173	(266)	(229)	(185)

Table 28.6 Economic Policy Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	–	–	6 647	23 500	29 056	30 657	32 554
Compensation of employees	–	–	6 502	13 113	17 303	18 247	19 385
Goods and services	–	–	145	10 387	11 753	12 410	13 169
<i>of which:</i>							
Administrative fees	–	–	–	78	90	95	100
Advertising	–	–	46	–	–	–	–
Assets less than the capitalisation threshold	–	–	–	7	7	8	9
Catering: Departmental activities	–	–	1	74	90	96	101
Communication	–	–	–	91	106	111	118
Consultants and professional services:	–	–	–	2 470	2 616	2 772	2 953
Business and advisory services	–	–	–	–	–	–	–
Inventory: Stationery and printing	–	–	3	107	121	127	134
Travel and subsistence	–	–	95	3 510	4 050	4 273	4 530
Operating expenditure	–	–	–	1 164	1 343	1 417	1 502
Venues and facilities	–	–	–	2 886	3 330	3 511	3 722
Total	–	–	6 647	23 500	29 056	30 657	32 554

Expenditure trends

Expenditure increased from R6.6 million in 2010/11 to R23.5 million in 2011/12 due to the activities undertaken for the implementation of key economic policies and strategies, as well as the facilitation of key stakeholder engagement platforms.

Over the medium term, expenditure is expected to increase from R23.5 million in 2011/12 to R32.6 million, at an average annual rate of 11.5 per cent. The bulk of the increase in spending is on compensation of employees and goods and services as the programme builds capacity.

Programme 3: Economic Planning and Coordination

Objectives and measures

- Promote economic planning and coordination over the MTEF period by:
 - periodically submitting economic planning proposals to the National Planning Commission, Cabinet and the provinces
 - coordinating and developing sector plans for key sectors
 - developing proposals for harmonising national, provincial and local economic development plans
 - developing spatial economic development action plans
 - exercising policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies
 - developing a strategy to enhance investment for economic development
 - periodically disseminating research papers on government's developmental priorities and the ways in which measures such as procurement and expenditure can enhance these priorities.
- Promote South Africa's international relations strategy and economic development by engaging with regional and international agencies and multilateral institutions over the MTEF period.
- Grow the green economy sector through coordinating government and private sector players, including by establishing a dedicated fund over the MTEF period.
- Grow the agro-processing sector by coordinating government and private sector players, including by establishing a dedicated fund to support enhanced competitiveness over the MTEF period.

- Make 42 interventions promoting economic development through leveraging state expenditure and procurement over the MTEF period.
- Provide special financing of R15 billion for small businesses, targeted growth sectors and companies in distress over the MTEF period.
- Exercise policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies over the MTEF period.
- Produce or review 47 spatial economic plans over the MTEF period.
- Prepare six reports on the implementation of the green economic strategy over the MTEF period.
- Grow the green economy sector through coordinating government and private sector players, including by establishing a dedicated fund over the MTEF period.
- Grow the agro-processing sector by coordinating government and private sector players, including by establishing a dedicated fund to support enhanced competitiveness over the MTEF period.

Subprogrammes

- *Spatial, Sector and Planning* focuses on developing and coordinating economic plans for South Africa that help to realise government's broader goals. This entails identifying distressed regions and labour absorbing sectors, and monitoring the impact of government's work. In addition, economic plans will be prepared for submission to the National Planning Commission, Cabinet and provinces. This subprogramme had a staff complement of 11 and a total budget of R18.9 million in 2011/12, of which 62.5 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Economic Development, Financing and Procurement* undertakes research and analysis on development programmes and processes, and budgeting and procurement; and identifies opportunities to improve local procurement and production to meet broader economic development goals. This subprogramme had a staff complement of 2 and a total budget of R5.2 million in 2011/12, of which 71.1 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Investment for Economic Development* provides policy oversight and strategic direction to the Industrial Development Corporation of South Africa, Khula Enterprise Finance, and the South African Micro-Finance Apex Fund and also to provincial agencies. This entails transfers to these entities to facilitate the provision of development finance at concessionary rates. This subprogramme had a staff complement of 3 and a total budget of R260.1 million in 2011/12, of which 97.4 per cent was used for transfers and subsidies. In 2010/11, the department, along with the Industrial Development Corporation of South Africa, established the Agro-Processing Competitiveness Fund to boost competitiveness by encouraging new entrants into the agro-processing sector. The fund had a favourable uptake in 2011/12, with over R65 million committed for disbursement to small businesses. It is expected that the investments finance will contribute to the creation of 375 jobs. No significant savings in 2012/13 have been identified in this subprogramme.
- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and the International Trade Administration Commission. This entails reducing anti-competitive practices in the economy through investigation and prosecution of offenders in key sectors. The subprogramme exercises oversight over the implementation of the competition and trade measures to promote economic development goals. This subprogramme had a staff complement of 2 and a total budget of R217.9 million in 2011/12, of which 97 per cent was used for transfers and subsidies. It also develops proposals to promote economic goals through regional, continental and international economic engagement. No significant savings in 2012/13 have been identified in this subprogramme.
- *Green Economy* identifies, develops and supports projects, incentives and other measures; and engages with government and non-governmental stakeholders to maximise the job creation potential of green economic activities. This subprogramme had a staff complement of 2 in 2011/12 and relies on the transfer of funds from other subprogrammes to implement its activities. No significant savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 28.7 Economic Planning and Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Spatial, Sector and Planning	–	–	1 630	18 853	20 127	21 226	22 541
Economic Development, Financing and Procurement	–	–	172	5 208	6 185	6 522	6 926
Investment for Economic Development	108 025	143 328	161 096	260 140	284 948	294 674	197 893
Competitiveness and Trade for Decent Work	112 336	154 664	195 629	217 870	254 202	275 787	291 927
Total	220 361	297 992	358 527	502 071	565 462	598 209	519 287
Change to 2011 Budget estimate				2 173	(1 097)	(1 241)	(1 650)

Economic classification

Current payments	–	–	2 067	35 248	42 005	44 294	47 036
Compensation of employees	–	–	1 367	25 379	30 260	31 892	33 882
Goods and services	–	–	700	9 869	11 745	12 402	13 154
<i>of which:</i>							
Administration fees	–	–	–	199	244	257	272
Assets less than the capitalisation threshold	–	–	–	18	22	24	25
Catering: Departmental activities	–	–	–	176	214	226	239
Communication	–	–	–	224	273	287	303
Consultants and professional services:	–	–	292	2 624	2 947	3 124	3 320
Business and advisory services	–	–	–	304	369	389	412
Inventory: Stationery and printing	–	–	–	–	–	–	–
Travel and subsistence	–	–	257	4 341	5 267	5 555	5 889
Operating expenditure	–	–	–	565	684	722	766
Venues and facilities	–	–	151	1 418	1 725	1 818	1 928
Transfers and subsidies	220 361	297 992	356 460	466 823	523 457	553 915	472 251
Departmental agencies and accounts	150 429	232 011	278 461	301 911	339 549	365 832	387 363
Higher education institutions	–	–	4 820	2 000	–	–	–
Public corporations and private enterprises	69 932	65 981	73 179	162 912	183 908	188 083	84 888
Total	220 361	297 992	358 527	502 071	565 462	598 209	519 287

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	150 429	232 011	278 461	301 911	339 549	365 832	387 363
South African Micro-Finance Apex Fund	38 093	77 347	82 832	90 537	93 072	98 191	104 082
Competition Commission	44 000	80 739	117 661	126 595	157 211	173 225	183 207
Competition Tribunal	9 909	13 040	13 625	15 175	15 600	16 458	17 446
International Trade Administration Commission	58 427	60 885	64 343	69 604	73 666	77 958	82 628
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	69 932	65 981	73 179	67 912	143 908	148 083	42 488
Industrial Development Corporation of South Africa: Agro-processing Competitiveness Fund	–	–	–	34 000	108 000	108 000	–
Khula Enterprise Finance Limited	69 932	65 981	73 179	33 912	35 908	40 083	42 488
Capital	–	–	–	95 000	40 000	40 000	42 400
Khula Enterprise Finance Limited	–	–	–	40 000	40 000	40 000	42 400
Khula direct pilot	–	–	–	55 000	–	–	–

Table 28.7 Economic Planning and Coordination (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Higher education institutions							
Current	-	-	4 820	2 000	-	-	-
Wits University: Economic Development Capacity Building Course	-	-	-	2 000	-	-	-
University of Johannesburg: Academy for Social Economy	-	-	4 820	-	-	-	-

Expenditure trends

Expenditure increased from R220.4 million in 2008/09 to R502.1 million in 2011/12, at an average annual rate of 31.6 per cent, and is expected to increase to R519.3 million over the medium term, at an average annual rate of 1.1 per cent. The majority of these increases are concentrated in expenditure on the *Investment for Economic Development and Competitiveness and Trade for Decent Work* subprogrammes, and will be used for transfers and subsidies to departmental agencies and accounts. Key activities include merging Khula Enterprise Finance, the South African Micro-Finance Apex Fund and the small business finance activities of the Industrial Development Corporation of South Africa. The merged entity shall be incorporated as a subsidiary of the Industrial Development Corporation of South Africa.

The department, in collaboration with the Department of Performance Monitoring and Evaluation and the International Labour Organisation, developed a template for employment reporting for state departments and agencies, and generated reports for clusters and provinces. The department also developed and reviewed spatial plans for impoverished areas and developed interventions to create and save jobs in the garment industry in KwaZulu-Natal, and the non-auto manufacturing sector in Eastern Cape. The department established a partnership with the University of Johannesburg on the social economy and held engagements with social partners with the object of finalising a national productivity accord.

Programme 4: Economic Development and Dialogue

Objectives and measures

- Promote dialogue among social partners by convening and participating in national social dialogue forums on economic development on an ongoing basis.
- Promote productivity and equity by facilitating ongoing social pacts in the workplace, and at sector and national levels.
- Alleviate hardship as a result of the economic downturn, and mobilise society behind common socioeconomic goals by facilitating, monitoring and reporting on an ongoing basis on the implementation of framework agreements and social pacts.
- Enhance the understanding of the challenges and opportunities of economic development by hosting annual learning events for economic development knowledge networks over the MTEF period.
- Secure stakeholder partnerships for major government initiatives such as the New Growth Path, by hosting an annual economic development conference over the MTEF period.

Subprogrammes

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic development issues and policy development; and coordinates, monitors and ensures the development and implementation of action plans and framework agreements on the global economic crisis, as well as those that are envisaged, such as the national economic development and decent work pacts. This subprogramme had a staff complement of 4 and a total budget of R11 million in 2011/12, of which 58 per cent was used for compensation of employees. The subprogramme promotes dialogue with social partners and implements

framework agreements in collaboration with these partners. 10 such dialogues are planned per year over the medium term. No significant savings in 2012/13 have been identified in this subprogramme.

- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address challenges of growth and development, job creation and retention, and productivity and innovation. This subprogramme had a staff complement of 1 and a total budget of R563 000 in 2011/12, of which 92.4 per cent was used for goods and services such as travel and subsistence. No significant savings in 2012/13 have been identified in this subprogramme.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge base of social partners in economic development sectors, and issues relating to equity and productivity. This is done by implementing appropriate empowering mechanisms. This subprogramme had a staff complement of 2 and a total budget of R2.7 million in 2011/12, which was used in full for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.
- *Productivity, Entrepreneurship, Innovation* develops a policy framework for increasing productivity and enhancing entrepreneurship and innovation. This subprogramme had a staff complement of 2 and a total budget of R2.2 million in 2011/12, of which 85.3 per cent was used for compensation of employees. No significant savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 28.8 Economic Development and Dialogue

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
National Social Dialogue and Strategic Frameworks	–	–	16	11 008	12 244	12 913	13 712
Sector and Workplace Social Dialogue	–	–	440	563	588	621	659
Capacity Building for Economic Development	–	–	–	2 671	2 907	3 063	3 255
Productivity, Entrepreneurship, Innovation	–	–	–	2 215	2 410	2 540	2 698
Total	–	–	456	16 457	18 149	19 137	20 324
Change to 2011 Budget estimate				173	(145)	(120)	(88)

Economic classification

Current payments	–	–	456	16 457	18 149	19 137	20 324
Compensation of employees	–	–	448	10 990	11 965	12 607	13 394
Goods and services	–	–	8	5 467	6 184	6 530	6 930
<i>of which:</i>							
<i>Administrative fees</i>	–	–	–	20	22	24	25
<i>Catering: Departmental activities</i>	–	–	–	13	15	16	17
<i>Consultants and professional services: Business and advisory services</i>	–	–	–	715	721	766	818
<i>Inventory: Stationery and printing</i>	–	–	–	130	150	158	168
<i>Travel and subsistence</i>	–	–	8	1 755	2 006	2 117	2 247
<i>Operating expenditure</i>	–	–	–	689	795	838	888
<i>Venues and facilities</i>	–	–	–	2 145	2 475	2 611	2 767
Total	–	–	456	16 457	18 149	19 137	20 324

Expenditure trends

Expenditure increased from R456 000 in 2010/11 to R16.5 million in 2011/12 due to the department's hosting of 20 policy platforms, social dialogue and capacity building engagements. The number of hosted events was twice that originally anticipated.

Over the medium term, spending is expected to increase to R20.3 million, at an average annual rate of 7.3 per cent. The increase is largely concentrated in the *National Social Dialogue and Strategic Frameworks* and *Capacity Building for Economic Development* subprogrammes and will be used for spending on compensation of employees.

Public entities and other agencies

Competition Commission

Overview: 2008/09 – 2014/15

The Competition Commission was established in terms of the Competition Act (1998), and is responsible for promoting competitive market conditions. The commission's strategic focus over the medium term will be on achieving demonstrable competitive outcomes in the economy, increasing stakeholder engagements to improve the competitive environment for economic activity, and building a high performance competition regulatory authority.

These strategic priorities will contribute to government's goal of achieving decent employment through inclusive economic growth (outcome 4), as competition policy can play a meaningful role in improving competitiveness and removing obstacles to growth. The commission also contributes to an efficient, competitive and responsive economic infrastructure network (outcome 6). The demands placed on the authority to realise these objectives as well as the growing caseload, has resulted in an expansion of operational resources to ensure that targeted outcomes are effectively achieved. This has resulted in an increase in the grant allocation over the medium term.

The commission's core activities include: the investigation, prevention and prosecution of horizontal or vertical restrictive practices that are prohibited in terms of the act such as cartels, and the administration of the corporate leniency policy; the investigation and prosecution of the abuse of dominance, which includes price discrimination, exclusionary acts and excessive pricing; merger review and analysis to determine whether a proposed merger might prevent or lessen competition, as well as its impact on public interest issues such as employment and broad based black economic empowerment; the analysis of exemption applications in terms of section 10 and schedule 1 of the act; economic analysis and research; and advocating for key stakeholders to make competition sensitive decisions, either in formulating policy and legislation, or in conducting their daily business; and litigation before the Competition Tribunal.

In line with its strategic objectives set in 2010, the commission continued with its proactive focus on enforcement work. Over the medium term, the commission will continue its efforts in priority sectors such as food and agro-processing, banking and financial services, the intermediate industrial products sector, and construction and infrastructure.

Performance

The economic downturn has had an adverse effect on merger activity, with number of merger cases registered per year declining from 414 in 2008/09 to 180 in 2009/10. The decrease is also as a result of increases in merger thresholds from 1 April 2009, which resulted in fewer mergers being registered with the commission. However, after 2009/10, there has been a steady increase, which is projected to continue over the MTEF period.

The policy and research indicator includes the review of priority sectors and policy comments, and 2 research projects will be performed over the MTEF period. Previously this included conference papers, policy comments, impact assessments and other research.

Selected performance indicators

Table 28.9 Competition Commission

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of merger cases registered per year	Mergers and acquisitions	414	180	216	228	287	313	341
Number of complaints received about prohibited practices per year	Enforcement and exemptions	210	172	127	152	- ¹	- ¹	- ¹
Number of prohibited vertical practices cases initiated per year	Enforcement and exemptions	23	31	31	12	20	21	22
Number of prohibited horizontal practices cases initiated per year	Cartels	- ²	- ²	- ²	10	10	11	12
Number of prohibited practices cases referred to the Competition Tribunal per year	Legal services	22	13	20	8	18	19	20
Number of research projects per year on specific sectors and topics related to industrial organisation	Policy and research	5	29	8	3	2	2	2
Number of exemption evaluations completed per year	Enforcement and exemptions	- ²	- ²	- ²	2	3	1	1
Number of corporate leniency applications completed per year ³	Cartels	- ²	- ²	- ²	12	18	13	13
Value of income from merger fees per year	Mergers and acquisitions	- ²	- ²	R37.3m	R38.3m	R48.5m	R52.8m	R57m
Number of guidelines issued to stakeholders per year	Legal services	- ²	- ²	2	2	2	2	2
Number of case reports produced per year	Legal services	- ²	- ²	- ²	2	2	2	2
Number of employment equity plans submitted per year	Corporate services	- ²	- ²	- ²	1	1	1	1

¹ This indicator will be discontinued after the current year.

² The commission has adopted a new approach in the setting of targets, which has led to the change.

³ The output is based on trends which depend on information taken or needed for the corporate leniency applications to be investigated.

Programmes/activities/objectives

Table 28.10 Competition Commission

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Mergers and acquisitions	9 533	12 043	13 043	12 224	13 198	14 368	15 351
Enforcements and exemptions	19 097	22 171	23 271	23 229	24 602	28 094	28 199
Cartel unit	–	6 176	6 806	18 682	22 426	20 827	27 610
Policy and research	14 020	17 278	18 678	19 862	24 895	28 684	30 489
Legal service	15 878	19 594	22 012	33 998	39 563	44 217	46 985
Advocacy and stakeholder relations	8 102	11 848	12 188	7 767	8 532	10 917	10 473
Other objectives	44 008	39 564	45 106	64 173	77 758	84 298	86 793
Total expense	110 638	128 673	141 103	179 935	210 974	231 405	245 901

The Competition Commission had a total budget of R179.9 million in 2011/12, of which 67.5 per cent was used for enforcements and exemptions, legal services and administrative functions.

Savings and cost effectiveness measures

The commission consciously works to inculcate a savings culture and continuously seeks ways to use scarce resources more effectively. It has matched equally its expenditure to the grant allocations over the medium term by performing a cost analysis, implementing internal budget review processes, and prioritising cases with a significant impact on the economy. Cabinet approved cuts of R6.5 million over the MTEF period were made on consultancy and travel costs.

Expenditure estimates

Table 28.11 Competition Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	55 245	32 553	40 338	48 340	53 762	58 181	62 694
Sale of goods and services other than capital assets	50 506	30 380	37 955	45 940	50 445	54 916	59 246
<i>of which:</i>							
Administration fees	50 506	30 380	37 955	45 940	50 445	54 916	59 246
Other non-tax revenue	4 739	2 173	2 384	2 400	3 317	3 265	3 448
Transfers received	44 000	80 739	122 531	131 595	157 211	173 225	183 207
Total revenue	99 245	113 292	162 869	179 935	210 973	231 406	245 901
Expenses							
Current expenses	101 823	123 470	134 153	171 695	201 909	221 526	235 231
Compensation of employees	54 938	71 557	80 792	104 915	122 872	137 979	149 501
Goods and services	46 053	49 253	50 320	61 877	74 900	79 172	81 160
Depreciation	807	2 432	2 886	4 813	4 058	4 295	4 489
Interest, dividends and rent on land	25	228	156	90	80	80	80
Transfers and subsidies	8 814	5 203	6 950	8 240	9 064	9 880	10 670
Total expenses	110 637	128 673	141 103	179 935	210 973	231 406	245 901
Surplus / (Deficit)	(11 392)	(15 381)	21 766	-	-	-	-
Statement of financial position							
Carrying value of assets	4 993	6 837	7 518	3 341	14 692	11 539	8 011
<i>of which:</i>							
Acquisition of assets	3 166	4 275	3 577	636	15 409	1 142	961
Inventory	55	165	276	200	200	200	200
Receivables and prepayments	119	652	323	918	1 009	1 100	1 188
Cash and cash equivalents	32 659	18 855	42 873	54 129	43 671	48 252	52 800
Total assets	37 826	26 509	50 990	58 588	59 573	61 091	62 199
Accumulated surplus / (deficit)	21 217	5 451	27 217	27 217	27 217	27 217	27 217
Finance lease	23	2 036	1 526	437	2 000	1 000	-
Deferred income	-	5	150	-	-	-	-
Trade and other payables	14 474	18 863	21 970	30 784	30 206	32 724	34 832
Provisions	2 112	154	127	150	150	150	150
Total equity and liabilities	37 826	26 509	50 990	58 588	59 573	61 091	62 199

Expenditure trends

The spending focus over the MTEF period will be on building capacity for the recently established cartels unit, case related costs of litigation, and addressing the spatial constraints that hamper the effective and efficient delivery of service.

Revenue is generated mostly from transfers from the department and filing fees paid by external parties, mainly for merger and acquisition transactions. Revenue increased from R99.2 million in 2008/09 to R179.9 million in 2011/12, at an average annual rate of 21.9 per cent, and is expected to increase to R245.9 million over the medium term, at an average annual rate of 11 per cent. The historical increase was mainly due to increased transfers from the department, while the increase between 2011/12 and 2014/15 are due to an anticipated increase in merger activity resulting from favourable investment conditions.

Expenditure increased from R110.6 million in 2008/09 to R179.9 million in 2011/12, at an average annual rate of 17.6 per cent, and is expected to increase to R245.9 million, at an average annual rate of 11 per cent. The growth in both periods is due to an increase in investigations arising from the commission's proactive approach to enforcement activities as a result of improved planning and prioritisation of its corporate leniency policy. The number of cases before the Competition Tribunal also increased as a result of contraventions of the Competition Act (1998) and related investigations, thus adding to the growth in case related costs for litigation and economic experts. This trend is expected to continue over the medium term with the criminalisation of cartels and envisaged market enquiries. Cartels were criminalised in terms of the Competition Act (1998), which is expected to come into effect over the MTEF period. Market enquiries are defined in the amendment to the act, which is yet to be promulgated, as a means of formal inquiry in respect of the general state of competition in a market for particular goods or services.

The commission recorded successive deficits in 2008/09 and 2009/10 as a result of a decline in merger filing fees, arising from an earlier decision to collapse the merger thresholds. The deficits were also attributed to increased expenditure on case related litigation costs. In 2010/11, the commission recorded an operational surplus, mainly as a result of prevailing spatial constraints that have delayed the intended expansion of establishment and subsequent recruitment processes. Other savings were derived from legal fees and economic experts, due to delays of hearings at the Competition Tribunal and the courts.

Personnel information

Table 28.12 Competition Commission

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	9	9	–	7	7	9	9	8	8	8
Senior management	15	23	3	16	18	26	23	27	27	27
Middle management	6	19	6	10	11	25	23	23	23	23
Professionals	43	81	15	52	63	96	78	79	79	79
Skilled	24	27	1	23	23	28	28	28	28	28
Semi-skilled	–	5	–	24	16	5	5	21	21	21
Total	97	164	25	132	138	189	166	186	186	186
Compensation (R thousand)				54 938	71 557	80 791	104 915	122 872	137 979	149 501
Unit cost (R thousand)				416	519	427	632	661	742	804

1. As at 30 September 2011.

The commission had an approved establishment of 97 posts as at 30 September 2011, of which 164 were funded and 92 were additional to the establishment. The number of filled posts increased from 132 in 2008/09 to 166 in 2011/12 and is expected to grow to 186 over the medium term, as the commission implements its expansion.

There were 75 vacancies within the commission, of which 3 were at senior management level, 6 at middle management level, 15 at the professional level and 1 at the skilled level.

Competition Tribunal

Overview: 2008/09 – 2014/15

The Competition Act (1998) is administered by three autonomous agencies: the Competition Commission, the Competition Tribunal and the Competition Appeal Court. All large corporate mergers and alleged restrictive practices are brought before the tribunal by the Competition Commission and interested parties for adjudication. The tribunal may also hear appeals arising from certain decisions which the commission is empowered to make.

The tribunal is an adjudicative agency and its quasi-judicial nature precludes it from setting proactive objectives, or embarking on focused interventions that target any particular sector or emphasise any specific criteria in its decision-making. The tribunal's caseload is determined entirely by complaint referrals and notified mergers and each case is adjudicated on its own merits.

The tribunal's work relates directly to an efficient, competitive and responsive economic infrastructure network (outcome 6), and the related output of improving competition and regulation (output 1), and an efficient, effective and development orientated public service to an empowered, fair and inclusive citizenship (outcome 12). The tribunal also supports decent employment through inclusive growth (outcome 4), including improved support to small business and cooperatives, promoting more labour absorbing growth, and raising competitiveness and net exports.

To give effect to the objectives of the relevant acts governing its operations, the tribunal has set itself four strategic outcomes. These are to: promote and maintain competition within South Africa by holding hearings and adjudicating matters; educate and create awareness of competition matters to its stakeholders; develop the expertise of tribunal members and staff; and improve the tribunal's service to its customers.

Performance

The tribunal has identified three strategic outcomes: promote and maintain competition within South Africa through the Competition Act (1998); educate and create awareness of competition matters to the tribunal's stakeholders; and strengthen the tribunal's organisational capability and performance to deliver on its legislative mandate. Strategic objectives are categorised into specific focus areas with specific outputs, performance indicators and targets assigned for the MTEF period. Between 2008/09 and 2010/11, there were 170 large matters referred by the Competition Commission to the tribunal. In the same time period, there were 831 media reports on cases provided by the tribunal. Over the MTEF period, percentage of merger orders published in the Government Gazette within 20 days of final decision will be 100 per cent as per legal requirements.

Selected performance indicators

Table 28.13 Competition Tribunal

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Percentage of mergers set down within 10 business days	Adjudication	-1	-1	-1	75%	75%	75%	75%
Percentage of merger orders issued within 10 business days	Adjudication	-1	-1	-1	98%	98%	98%	98%
Percentage of merger reasons issued within 20 business days	Adjudication	-1	-1	-1	56%	56%	57%	58%
Percentage of opposed prohibited practices: Prehearing invite sent within 20 business days of close of pleadings	Adjudication	-1	-1	-1	90%	90%	90%	90%
Percentage of opposed prohibited practices: Orders and reasons issued within 60 business days of close of pleadings	Adjudication	-1	-1	-1	80%	80%	80%	80%
Percentage of consent orders issued within 20 business days	Adjudication	-1	-1	-1	75%	75%	75%	75%
Percentage of procedural matters: Orders issued within 20 business days	Adjudication	-1	-1	-1	85%	85%	85%	85%
Percentage of interim relief cases: Reasons issued within 20 business days	Adjudication	-1	-1	-1	85%	85%	85%	85%
Percentage of turnaround time for all reasons for decisions to be posted on website within 24 hours after release	Adjudication	-1	-1	-1	97%	97%	97%	97%
Number of Tribunal Tribunes distributed per year	Education	-1	-1	-1	3	3	3	3
Percentage of merger orders published in the Government Gazette within 20 days of final decision	Education	-1	-1	-1	100%	100%	100%	100%
Percentage of press releases of all final merger decisions issued to the media or final prohibited practice cases issued to the media	Education	-1	-1	-1	75%/100%	75%/100%	75%/100%	75%/100%

Table 28.13 Competition Tribunal (continued)

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of conferences and training courses attended by tribunal staff and tribunal members	Organisational capability	– ¹	– ¹	– ¹	75%	75%	75%	75%
Percentage of satisfied customers from biannual survey results	Organisational capability	– ¹	– ¹	– ¹	75%	– ²	76%	– ²

1. New indicator so no performance information for these years.

2. No information for these years as survey is conducted every two years.

Programmes/activities/objectives

Table 28.14 Competition Tribunal

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Personnel	9 433	10 009	11 056	–	–	–	–
Training	1 306	1 408	1 222	–	–	–	–
Professional services	4 759	4 706	5 438	–	–	–	–
Recruitment costs	71	–	–	–	–	–	–
Administrative expenses	1 724	1 819	1 799	–	–	–	–
Other objectives	300	359	444	23 514	30 288	31 741	33 376
Total expense	17 593	18 301	19 959	23 514	30 288	31 741	33 376

Tribunal had a total budget of R23.5 million in 2011/12, of which 58.7 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The tribunal has limited ability to identify line items where savings can be applied. It has, however, continued to implement initiatives that contain spending on training, conferences and travel.

Expenditure estimates

Table 28.15 Competition Tribunal

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Revenue							
Non-tax revenue	10 688	6 790	8 188	8 795	14 688	15 283	15 930
Sale of goods and services other than capital assets	8 816	5 204	6 951	7 840	9 075	9 910	10 634
<i>of which:</i>							
Administration fees	8 816	5 204	6 951	7 840	9 075	9 910	10 634
Other non-tax revenue	1 872	1 586	1 237	955	5 613	5 373	5 296
Transfers received	9 909	13 040	13 625	15 175	15 600	16 458	17 446
Total revenue	20 597	19 830	21 813	23 970	30 288	31 741	33 376
Expenses							
Current expenses	17 593	18 302	19 959	23 514	30 288	31 741	33 376
Compensation of employees	9 433	10 009	11 056	13 754	18 323	19 422	20 490
Goods and services	7 801	7 884	8 416	9 302	11 123	11 414	11 985
Depreciation	300	360	444	458	842	905	901
Interest, dividends and rent on land	59	49	43	–	–	–	–
Total expenses	17 593	18 302	19 959	23 514	30 288	31 741	33 376
Surplus / (Deficit)	3 004	1 529	1 854	456	–	–	–

Table 28.15 Competition Tribunal (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	904	1 147	2 870	3 554	3 536	2 969	2 379
<i>of which:</i>							
Acquisition of assets	396	689	2 279	1 139	824	338	311
Inventory	26	14	15	18	19	15	10
Receivables and prepayments	77	897	1 038	900	800	800	800
Cash and cash equivalents	20 839	21 301	21 264	21 349	16 456	12 246	8 034
Total assets	21 846	23 359	25 187	25 821	20 811	16 029	11 223
Accumulated surplus/(deficit)	19 778	21 307	23 161	23 617	18 604	13 831	9 035
Finance lease	327	370	181	222	226	216	205
Trade and other payables	1 313	1 338	1 384	1 320	1 330	1 331	1 331
Provisions	428	344	461	662	651	651	652
Total equity and liabilities	21 846	23 359	25 187	25 821	20 811	16 029	11 223

Expenditure trends

Spending over the MTEF period will continue to focus on adjudication of cases brought before the tribunal.

Revenue is generated from transfers from the department and the tribunal's own income, which is generated from filing fees charged for merger applications. Revenue increased from R20.6 million in 2008/09 to R24 million in 2011/12, at an average annual rate of 5.2 per cent, and is expected to increase to R33.3 million over the medium term, at an average annual rate of 11.6 per cent. The increases in both periods are mainly the result of inflation adjustments and merger activity.

Expenditure increased from R17.6 million in 2008/09 to R23.5 million in 2011/12, at an average annual rate of 10.2 per cent, and is expected to increase further to R33.4 million over the medium term, at an average annual rate of 12.4 per cent. The increase in both periods is mainly due to increases in compensation of employees and corresponding increases in the use of goods and services.

Personnel information

Table 28.16 Competition Tribunal

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	3	–	–	3	3	3	3	4	4	4
Executive management	3	–	–	3	3	3	3	3	3	3
Senior management	1	–	–	–	1	1	1	1	1	1
Middle management	2	–	–	1	2	2	2	2	2	2
Professionals	5	–	–	4	4	5	5	5	5	5
Semi-skilled	3	–	1	2	2	2	2	3	3	3
Very low skilled	2	–	–	2	2	2	2	2	2	2
Part - time Tribunal members	8	–	1	8.0	8.0	7.0	7.0	7.0	7.0	7.0
Total	27	–	2	23	25	25	25	27	27	27
Compensation (R thousand)				9 433	10 009	11 056	13 754	18 323	19 422	20 490
Unit cost (R thousand)				410	400	442	550	679	719	759

1. As at 30 September 2011.

The tribunal had an establishment of 27 posts as at 30 September 2011, of which 25 were filled. Of the 25 filled positions, 7 were part time tribunal members. The number of posts filled increases from 23 in 2008/09 to 27 over the medium term. The tribunal consists of 10 panel members, appointed by the president, 3 of whom are full time and 7 part time. The members are supported by a secretariat with staff of 14, and 5 of whom are case managers.

Since 2008/09, there has been an increase in the number of restrictive practice cases, particularly cartel cases, being referred to the tribunal, several of which have come in the form of consent orders. To deal with the increasing caseload, the tribunal has requested the appointment of an additional full time member with effect from 2011/12.

Industrial Development Corporation of South Africa

Overview: 2008/09 – 2014/15

The Industrial Development Corporation of South Africa is a national development finance institution and has been reporting to the Economic Development Department since 1 April 2010.

The primary objective of the corporation is to support industrial capacity development in line with the New Growth Path and the industrial policy action plan 2. The main outcome that the corporation aims to achieve is to facilitate the creation of sustainable employment opportunities. Secondary outcomes include regional equity, a more vibrant SMME sector, broad based black economic empowerment, the introduction of new entrepreneurs in the economy, and environmentally sustainable growth. These outcomes can only be achieved if the corporation remains financially sustainable. In terms of government's 12 outcomes, the corporation contributes directly to creating decent employment through inclusive economic growth (outcome 4), and to creating a better South Africa and contributing to a better and safer Africa and world (outcome 11).

To act as a catalyst for investment and to allow for the new industrial development, the corporation aims to more than double its funding over the next five years to R100 billion, compared to the R39 billion over the five years to 2009/10.

To more effectively support the New Growth Path and the industrial policy action plan 2, the corporation is restructuring its operations to increase its focus on the priority sectors and ending activities in sectors not aligned to these policies. This means, for example, establishing a business unit to focus on green industries. Other sector priorities in the New Growth Path and the industrial policy action plan 2 are covered sufficiently in the corporation's existing business units and do not require any changes in the organisation. The corporation is terminating activities in franchising and construction so that it can better concentrate on the priority sectors.

To increase its development activities, there will be more reliance on early stage project development, funding and implementation, and the corporation will continue to fund entrepreneurs who are establishing and expanding businesses in the priority sectors. To create an environment conducive to the development of these industries, the corporation will also provide policy makers with industrial and other economic research and analysis, to inform industrial policy development, and highlight areas that are hampering industrial development.

Performance

As part of the framework for South Africa's response to the international economic crisis, the following were established during 2008 and implemented by the corporation: a R6.1 billion fund to assist distressed companies. Since the fund's establishment on 31 December 2011, R4.2 billion has been committed, saving or creating 30 797 jobs. The Jobs Fund was financed through the issuance of a R2 billion development bond that was purchased by the Unemployment Insurance Fund. The departments of economic development and higher education and training along with the corporation and the Commission for Conciliation, Mediation and Arbitration, jointly established a R2.9 billion training layoff scheme to provide for the training of workers as an alternative to retrenchment. As of the end of January 2012, 8 772 workers had benefited from the scheme.

Selected performance indicators

Table 28.17 Industrial Development Corporation of South Africa

Indicator	Programme/Activity/Objective	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of jobs expected to be created and saved in South Africa per year through funding proposals	Job creation	26 761	39 836	50 113 ¹	39 069	41 227	41 227	41 227
Total value of funding approvals per year	Development financing	R10.8bn	R12.6bn	R14.3bn ¹	R14.1bn	R14.9bn	R14.9bn	R14.9bn
Value of funding approvals to the rest of Africa per year	Africa unit	R2.9bn	R1.8bn	R1.9bn ¹	R3.7bn	R3.9bn	R3.9bn	R3.9bn
Total funding approvals to distressed companies per year	Distressed companies	–	R2.9bn	R3.2bn ¹	– ²	– ²	– ²	– ²
Value of dividends received from unlisted investments per year	Development financing	R2.2bn	R530m	R530m ¹	R530m	R530m	R530m	R530m

1. These figures are not actuals as updated information is not available yet.

2. There are no figures here as the fund was limited to R6.1 billion and this was approved by 2010/11. Disbursements will continue until March 2012.

Programmes/activities/objectives

Table 28.18 Industrial Development Corporation of South Africa

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration/Operations	11 514 000	7 370 000	7 492 000	7 452 250	8 191 720	9 040 892	9 962 431
Total expense	11 514 000	7 370 000	7 492 000	7 452 250	8 191 720	9 040 892	9 962 431

The Industrial Development Corporation of South Africa had a total budget of R7.5 billion in 2011/12, of which 64 per cent was used for goods and services.

Savings and cost effectiveness measures

The corporation continues to implement cost curtailment measures, especially in areas that will not directly impact service delivery, such as event sponsorships. At the end of September 2011, administration expenses were reduced by 6 per cent compared to the same period in the previous year. The corporation is alleviating increased capacity demands by improving efficiencies, and exiting activities that are not core to the implementation of the New Growth Path and the industrial policy action plan.

Expenditure estimates

Table 28.19 Industrial Development Corporation of South Africa

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	17 135 000	9 418 000	10 204 000	11 607 500	11 815 295	12 022 560	12 240 188
Sale of goods and services other than capital assets	9 480 000	3 959 000	5 100 000	7 500 000	7 500 000	7 500 000	7 500 000
of which:							
Other sales	9 480 000	3 959 000	5 100 000	7 500 000	7 500 000	7 500 000	7 500 000
Other non-tax revenue	7 655 000	5 459 000	5 104 000	4 107 500	4 315 295	4 522 560	4 740 188
Transfers received	–	–	–	34 000	108 000	108 000	–
Total revenue	17 135 000	9 599 000	10 204 000	11 641 500	11 923 295	12 130 560	12 240 188

Table 28.19 Industrial Development Corporation of South Africa (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Expenses							
Current expenses	10 420 000	7 355 000	7 275 000	7 203 600	7 912 460	8 734 206	9 625 827
Compensation of employees	898 000	1 465 000	1 449 000	1 594 099	1 753 509	1 928 860	2 121 746
Goods and services	8 752 000	5 126 000	5 207 000	4 769 501	5 208 951	5 712 346	6 244 081
Depreciation	200 000	236 000	273 000	340 000	350 000	373 000	396 000
Interest, dividends and rent on land	570 000	528 000	346 000	500 000	600 000	720 000	864 000
Total expenses	11 514 000	7 370 000	7 492 000	7 452 250	8 191 720	9 040 892	9 962 431
Surplus / (Deficit)	5 621 000	2 229 000	2 712 000	4 189 250	3 731 575	3 089 668	2 277 757
Statement of financial position							
Carrying value of assets	3 091 000	4 248 000	4 696 000	4 801 000	4 730 000	4 636 000	4 519 000
<i>of which:</i>							
<i>Acquisition of assets</i>	742 000	1 230 000	1 200 000	925 000	704 000	704 000	704 000
Investments	53 059 000	68 891 000	81 971 000	80 646 000	79 411 000	78 275 000	77 247 900
Inventory	816 000	876 000	1 251 000	1 300 000	1 300 000	1 400 000	1 500 000
Loans	8 820 000	10 374 000	12 053 000	20 007 000	26 297 000	31 385 000	37 955 000
Receivables and prepayments	1 796 000	873 000	907 000	1 000 000	1 200 000	1 500 000	1 800 000
Cash and cash equivalents	5 607 000	2 866 000	5 828 000	1 509 150	878 315	858 169	493 408
Non-current assets held for sale	–	15 000	15 000	–	–	–	–
Taxation	146 000	484 000	75 000	–	–	–	–
Derivatives financial instruments	132 000	468 000	55 000	–	–	–	–
Total assets	73 467 000	89 095 000	106 851 000	109 263 150	113 816 315	118 054 169	123 515 308
Accumulated surplus / (deficit)	–	28 352 000	31 003 000	26 847 750	23 116 175	20 026 507	17 748 751
Capital and reserves	65 045 000	51 203 000	62 065 000	68 782 000	79 000 000	82 500 000	90 300 000
Borrowings	5 179 000	3 530 000	6 691 000	5 891 000	6 500 000	8 000 000	10 000 000
Trade and other payables	1 339 000	1 268 000	1 592 000	2 100 000	2 200 000	2 800 000	3 000 000
Taxation	1 279 000	3 803 000	5 029 000	–	–	–	–
Provisions	434 000	405 000	415 000	378 000	313 000	298 000	283 000
Managed funds (e.g. Poverty alleviation fund)	–	–	–	5 364 400	2 942 140	4 729 662	2 483 557
Derivatives financial instruments	101 000	70 000	11 000	–	–	–	–
Total equity and liabilities	73 377 000	88 631 000	106 806 000	109 363 150	114 071 315	118 354 169	123 815 308

Expenditure trends

The corporation's spending over the MTEF period will focus on green industries, mining and minerals beneficiation, and industrial infrastructure and cross-sectoral projects.

Revenue is generated mainly from sales, interest and dividends. Between 2008/09 and 2011/12, revenue decreased from R17.1 billion to R11.6 billion, at an average annual rate of 12.1 per cent, due to fluctuations in the volume of sales, interest and dividends paid. Over the medium term, revenue is expected to increase to R12.2 billion, at an average annual rate of 1.7 per cent due to growth in interest and dividend revenue as the corporation implements expansion of its developmental activities.

Expenditure decreased from R11.5 billion in 2008/09 to R7.5 billion between in 2011/12, at an average annual rate of 13.3 per cent, and is expected to increase to R10 billion over the medium term, at an average annual rate of 10.1 per cent. Funding approvals over the medium term are projected to increase exponentially, resulting in a reduction of the unit cost of developmental services. Sectors with the largest budgeted amounts for investment are green industries (25 per cent), mining and minerals beneficiation (23 per cent), industrial infrastructure and cross-sectoral projects (11 per cent), chemicals and allied industries (10 per cent), metal products (5 per cent) and agro-industries (5 per cent).

A large portion of the cost increases between 2011/12 and 2014/15 relate to additional interest expenses, which is expected to increase from R500 million to R864 million, due to increased borrowing. Other cost drivers

include compensation of employees and goods and services, which is expected to grow from R6.4 billion in 2011/12 to R8.4 billion in 2014/15, at an average annual rate of 9.5 per cent.

Personnel information

Table 28.20 Industrial Development Corporation of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	2	–	–	2	2	2	2	2	2	2
Executive management	8	–	–	8	7	8	8	8	8	8
Senior management	42	–	2	44	43	42	40	42	42	42
Middle management	205	–	8	173	178	180	197	200	205	205
Professionals	325	–	11	246	284	300	315	320	325	350
Skilled	225	–	8	153	169	175	195	205	225	230
Semi-skilled	13	–	1	8	8	10	12	13	13	13
Total	820	–	30	634	691	717	769	790	820	850
Compensation (R thousand)				898 000	1 465 000	1 449 000	1 594 099	1 753 509	1 928 860	2 121 746
Unit cost (R thousand)				1 416	2 120	2 021	2 073	2 220	2 352	2 496

1. As at 30 September 2011.

The corporation had an establishment of 820 posts as at 30 September 2011, and expects this to grow to 850 over the medium term, as it increases its funding activities and its involvement in early stage project development. Filled posts increased from 634 in 2008/09 to 769 in 2011/12 and are expected to grow to 850 over the medium term. This is as a result of business growth and is linked to the strategic plans service delivery.

As at 30 September 2011, 30 vacancies within the corporation were 2 at senior management level, 8 at middle management, 11 at the professional level and 9 are at the administrative level. Vacancies resulted from staff turnover and the length of time required to fill highly skilled positions. The ratio of support staff to line function staff is 1:1.5.

International Trade Administration Commission of South Africa

Overview: 2008/09 – 2014/15

The International Trade Administration Commission of South Africa was established through the International Trade Administration Act (2002). The aim of the commission is to foster economic growth and development, raise income levels, and promote investment and employment in South Africa and the Southern African Customs Union area, by establishing an administration system for international trade. The commission's core functions are: customs tariff investigations, trade remedies, and import and export control. Oversight of the commission was transferred from the Department of Trade and Industry to the newly established Economic Development Department in April 2010.

The commission is mandated to manage an efficient and effective trade administration system. 40 per cent of the commission's medium term budget, which is expected to increase from R68.4 million in 2010/11 to R82.6 million in 2014/15, will go towards executive management and business support, with the remainder being used for the commission's core activities. The largest budget segment for an ongoing core activity is for tariff investigations, which receives R28 million over the medium term. R42 million will be used for trade remedies and R25 million (11 per cent) will be used for import and export control.

The commission's key strategic objectives over the medium term are to ensure: appropriate contribution to growth that creates employment and development; strategic alignment and continued relevance within the

department and national agenda; and organisational efficiency and effectiveness through business support services.

Given its expertise in trade instruments, product specific investigations and the administration of the motor industry development programme, the commission is positioned to make a valuable contribution to the implementation of trade and industrial policy. In relation to the New Growth Path, the commission will build capacity to monitor trade flows and to identify opportunities and threats over the medium term. Tariff recommendations will be carefully designed to promote domestic manufacturing, job retention and creation, and international competitiveness. The recommendations will be made conditional on a commitment by beneficiaries on performance measured against government's set policy objectives.

Performance

From 2008/09 to 2010/11, the total number of import control permits issued was 38 582. There was a slight decrease in 2010/11 due to the adverse economic climate, however, a steady increase is projected over the MTEF period as the economy gets stronger. 16 611 export control permits were issued until 2009/10, and the number issued is projected to grow steadily over the MTEF period.

Selected performance indicators

Table 28.21 International Trade Administration Commission of South Africa

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of import rebates and drawback permits issued per year	Import and export control	872	766	880	860	650	750	800
Number of enforcement container inspections conducted per year	Import and export control	508	1 221	1 200	1 200	1 200	1 200	1 200
Number of import control permits issued per year	Import and export control	12 100	14 482	12 000	13 000	13 500	13 500	14 000
Number of export control permits issued per year	Import and export control	3 800	6 811	6 000	7 000	7 500	7 500	8 000
Number of duty credit certificates issued per year	Import and export control	1 675	1 427	740	600	400	- ¹	- ¹
Number of on site verifications per year for the motor industry development programme	Tariff investigations	58	227	100	100	128	160	240
Number of motor industry development programme certificates and permits per year	Import and export control	3 531	2 960	2 520	2 440	2 990	3 620	2 620
Number of tariff Investigations and reviews per year	Tariff investigations	65	60	45	43	42	41	48
Number of trade remedy investigations and reviews initiated per year	Trade remedies	6	14	15	15	15	15	15

1. Programme will be discontinued.

Programmes/activities/objectives

Table 28.22 International Trade Administration Commission of South Africa

	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Tariff investigations	11 542	12 531	18 159	17 258	18 253	19 341	20 397
Trade remedies	9 927	8 957	13 717	12 631	13 359	14 155	14 927
Import and export control	4 647	5 166	9 188	8 192	8 663	9 178	9 678
Business support	29 660	38 439	23 243	34 261	36 168	38 254	40 757
Total expense	55 776	65 093	64 307	72 342	76 443	80 928	85 759

The International Trade Administration Commission of South Africa had a total budget of R72.3 million in 2011/12, of which 89 per cent was used for tariff investigations, trade remedies and general business support.

Savings and cost effectiveness measures

The commission will continue to implement interventions that ensure the organisation's financial sustainability. No new staff will be employed except in critical functions, and renewing the contracts of temporary employees will require strong motivation. Strict rules are in place regarding the use of consultants and foreign travel has been limited to travel necessary to fulfil the commission's strategic objectives. A focused programme to renegotiate rates with key service providers and suppliers is being introduced and the lifespan of capital assets has been expanded through the introduction of a critical evaluation procedure, which requires that assets be replaced only once the cost of maintenance exceeds the costs and benefits of replacement.

Expenditure estimates

Table 28.23 International Trade Administration Commission of South Africa

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	1 594	5 941	2 640	2 738	2 776	2 970	3 131
Sale of goods and services other than capital assets	8	–	–	20	21	22	23
<i>of which:</i>							
Other sales	8	–	–	20	21	22	23
Other non-tax revenue	1 586	5 941	2 640	2 718	2 755	2 948	3 108
Transfers received	58 427	60 885	64 343	69 604	73 666	77 958	82 628
Total revenue	60 021	66 826	66 983	72 342	76 442	80 928	85 759
Expenses							
Current expenses	55 776	61 483	60 300	72 342	76 443	80 928	85 759
Compensation of employees	35 678	39 040	43 691	53 276	56 366	59 747	63 334
Goods and services	18 097	21 045	14 861	16 916	17 813	18 792	19 915
Depreciation	1 843	1 343	1 703	2 000	2 106	2 222	2 333
Interest, dividends and rent on land	158	55	45	150	158	167	177
Transfers and subsidies	–	3 610	4 007	–	–	–	–
Total expenses	55 776	65 093	64 307	72 342	76 443	80 928	85 759
Surplus / (Deficit)	4 245	1 733	2 676	–	–	–	–
Statement of financial position							
Carrying value of assets	1 860	3 692	3 046	2 196	5 515	4 418	2 735
<i>of which:</i>							
Acquisition of assets	165	3 489	1 089	1 150	5 425	1 125	650
Inventory	57	51	48	130	120	110	110
Receivables and prepayments	134	97	332	252	247	242	237
Cash and cash equivalents	25 353	21 549	23 018	16 574	11 991	13 158	16 171
Total assets	27 404	25 389	26 444	19 152	17 873	17 928	19 253
Accumulated surplus / (deficit)	18 382	15 962	17 411	17 411	17 411	17 411	17 411
Capital and reserves	–	–	–	(9 530)	(11 589)	(12 121)	(10 640)
Finance lease	546	171	603	650	1 232	1 608	1 251
Trade and other payables	2 776	4 104	2 862	6 434	6 216	5 985	5 785
Provisions	5 700	5 152	5 568	4 187	4 603	5 046	5 446
Total equity and liabilities	27 404	25 389	26 444	19 152	17 873	17 929	19 253

Expenditure trends

Revenue is generated mainly from transfers from the department. Between 2008/09 and 2011/12, revenue increased from R60 million to R72.3 million, at an average annual rate of 6.4 per cent, and is expected to

increase to R85.8 million over the medium term, at an average annual rate of 5.8 per cent. The increase in both periods is mainly driven by transfers received.

Expenditure increased from R55.8 million in 2008/09 to R72.3 million in 2011/12, at an average annual rate of 9.1 per cent, and is expected to increase to R85.8 million, at an average annual rate of 5.8 per cent. The largest item of expenditure is on compensation of employees, which accounts for 73.8 per cent of total expenditure over the MTEF period. Spending on this item is expected to increase from R53.3 million in 2011/12 to R63.3 million in 2014/15, at an average annual rate of 5.9 per cent, due to additional funding of R3.2 million over the medium term for improved conditions of service.

Personnel information

Table 28.24 International Trade Administration Commission of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	3	3	–	2	3	3	3	3	3	3
Senior management	12	12	–	11	12	12	12	12	12	12
Middle management	32	32	1	26	31	31	32	32	32	32
Professionals	47	47	3	42	40	44	47	47	47	47
Skilled	35	35	1	31	32	34	35	35	35	35
Semi-skilled	1	1	–	1	1	1	1	1	1	1
Total	130	130	5	113	119	125	130	130	130	130
Compensation (R thousand)				35 678	39 040	43 691	53 276	56 366	59 747	63 334
Unit cost (R thousand)				316	328	350	410	434	460	487

1. As at 30 September 2011.

The commission had a funded establishment of 130 posts as at 30 September 2011, of which 5 were vacant and 3 were additional to the approved establishment. The number of posts filled increased from 113 in 2008/09 to 125 in 2010/11 and is expected to grow to 130 over the medium term. The vacancies were as a result of terminations. The commission policy is to fill vacancies within 3 months of termination to keep the vacancy rate lower than 5 per cent to ensure effective service delivery.

The ratio of executive and business support services staff to core business staff is 1:2.9 and that of temporary employees to department personnel is 1:64. There are currently 3 employees appointed on contract within the establishment.

Khula Enterprise Finance

Overview: 2008/09 – 2014/15

As a development finance institution focusing on small businesses, Khula Enterprise Finance has been a financial facilitator for the development of the rapidly growing small medium enterprises sector in South Africa for over 11 years. Over the years, it has adapted to market forces and changed its approach to meet the demands of an increasingly valuable sector in the development and growth of the South African economy. Its main activities are providing credit indemnities for retail finance institutions, wholesale lending and support services. The planned merger between the entity, the South African Micro-Finance Apex Fund and the Industrial Development Corporation of South Africa's small business unit has been approved by Cabinet for implementation on 1 April 2012. The departments of economic development and trade and industry, and National Treasury and Public Service and Administration, are addressing the implementation of the business plan. The new entity will be a wholly owned subsidiary of the Industrial Development Corporation of South Africa.

The entity is a wholesale financing institution that facilitates access to finance for SMMEs, and its three core activities are indemnities, wholesale lending and support services including a mentorship programme. The

wholesale loans are channelled through retail financial intermediaries and the credit indemnity scheme provides loan guarantees for lending by commercial banks. Currently, the entity targets the gap in enterprise finance in the range of R50 000 to R500 000 that is underserved by private capital markets, and which are reluctant to provide finance to entrepreneurs with little or no collateral or capital. The entity's strategic priorities in relation to these core activities are to improve access to finance, and provide retail financing through its Khula Direct pilot project, which provides direct lending to consumers, complementary to the rest of the entity's wholesale activities. Research has shown that there is a significant portion of the SMME market that is underserved by financial institutions, and the entity plans to correct this market failure by offering loans directly to SMMEs.

The pilot programme is implemented on two sites: Tshwane and East London. The entity has approved 49 loans valued at R11.5 million, of which R5.9 million has been disbursed. These funds have contributed to the creation of 272 jobs. The average loan amount is R244 000. Loans are mainly awarded to black owned businesses (88 per cent) and women owned businesses (57 per cent). The entity has a pipeline of funding applications valued at R30 million.

Performance

The entity's impact has been modest. Its quarterly dashboard report indicates 592 jobs created or saved. For the year ahead, it has set a target of 3 000 jobs created or saved. The cost per job created or saved is R31 895 per job. The institution's marginal impact in creating and savings jobs weakens institutional performance and thus provides justification for rationalisation. This entity will merge with the South African Micro-Finance Apex Fund. As a result, future performance indicator projections are likely to change over the MTEF period. The portfolio will expand as a result of the merger with Industrial Development Corporation of South Africa, and so this will affect all other indicators. This explains why a big increase is projected in most indicators in 2012/13.

Selected performance indicators

Table 28.25 Khula Enterprises Finance

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of loans approved per year	Maximise access to finance for SMMEs	R315m	R188m	R157m	R 70m	R 527m	R469m	R663m
Value of loans disbursed per year	Maximise access to finance for SMMEs	R281m	R237m	R272m	R157m	R498m	R526m	R596m
Net portfolio growth	Maximise access to finance for SMMEs	12%	1%	1%	5%	112%	47%	33%
Number of jobs created per year	Maximise development impact	12 865	15 465	2 000	3 509	33 373	33 577	51 199
Number of SMMEs financed by partners per year	Maximise development impact	2 573	6 073	400	267	28 115	28 179	45 943
Percentage of total loan values distributed to priority provinces	Maximise development impact	36% (R113m)	36% (R42m)	36% (R57m)	77% (R60m)	36% (R53m)	36% (R29m)	36% (R18m)
Percentage of loans made to black businesses per year	Maximise development impact	52% (R164m)	52% (R98m)	52% (R82m)	67% (R53m)	52% (R76m)	52% (R42m)	52% (R26m)
Percentage of loans made to woman owned businesses per year	Maximise development impact	34% (R107m)	34% (R64m)	34% (R53m)	16% (R12m)	34% (R50m)	34% (R27m)	34% (R17m)
Percentage of loans below R250 000 made to SMMEs	Maximise development impact	31% (R98m)	40% (R75m)	40% (R63m)	48% (R37.8m)	40% (R58m)	40% (R32m)	40% (R20m)

Programmes/activities/objectives

Table 28.26 Khula Enterprises Finance

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
SME wholesale product - decent employment through inclusive growth (KEF)	159 373	164 054	248 831	95 812	79 996	87 628	95 673
SME retail product - decent employment through inclusive growth (KDL)	-	-	179	9 364	62 236	78 417	76 727
SMME micro product - decent employment through inclusive growth (SAMAF)	-	-	-	-	68 312	70 582	86 963
Indemnities - decent employment through inclusive growth (KCG)	-	29 912	23 530	26 300	27 493	27 579	27 745
Business support - decent employment through inclusive growth (KIS)	25 712	23 435	16 720	28 696	73 281	83 467	83 811
Property rental - decent employment through inclusive growth (KBP)	-	(24 491)	2 205	(4 085)	3 256	(4 203)	(13 576)
Total expense	185 085	192 910	291 465	156 087	314 574	343 470	357 343

Khula Enterprise Finance had a total budget of R156.1 million in 2011/12, of which 97 per cent was used for wholesale financing, indemnities and business support.

Savings and cost effectiveness measures

The entity has implemented cost effectiveness measures to reduce operational expenditure over the medium term. The measures include: placing a moratorium on filling non-critical vacancies and creating new positions, reducing reliance on recruitment agencies to find candidates, strictly controlling expenditure and procurement to reduce overheads, eliminating wastage, postponing the acquisition of certain capital items and using assets over a longer period.

Expenditure estimates

Table 28.27 Khula Enterprises Finance

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	213 163	198 601	161 215	75 029	107 081	146 143	197 796
Sale of goods and services other than capital assets	101 773	95 574	95 777	22 149	46 605	88 012	141 342
<i>of which:</i>							
<i>Sales by market establishments</i>	101 773	95 574	95 777	22 149	46 605	88 012	141 342
<i>Other non-tax revenue</i>	111 390	103 027	65 438	52 880	60 476	58 131	56 454
Transfers received	–	–	–	38 912	168 980	178 274	188 970
Total revenue	213 163	203 672	207 955	113 941	276 061	324 417	386 766
Expenses							
Current expenses	180 224	192 910	291 465	156 087	314 574	343 470	357 343
Compensation of employees	31 176	33 629	33 949	55 802	81 077	90 590	97 937
Goods and services	147 958	158 452	256 719	98 525	228 891	247 028	250 683
Depreciation	1 090	829	797	1 760	4 606	5 852	8 723
Total expenses	185 085	192 910	291 465	156 087	314 574	343 470	357 343
Surplus / (Deficit)	28 078	10 762	(83 510)	(42 146)	(38 513)	(19 053)	29 423

Expenditure trends

The spending focus over the MTEF period will be on the provision of wholesale financing through retail finance and micro-finance intermediaries, as part of the process of consolidating the function that were formerly performed by the South African Micro-Finance Apex Fund.

As part of the merger agreement, the Industrial Development Corporation of South Africa will loan the merged entity which would be a subsidiary of the Industrial Development Corporation R921 million over the MTEF period (R251 million in 2012/13; R277 million in 2013/14 and R393 million in 2014/15), with a five-year holiday on the repayment of the principal. Together with the medium term allocation, the funds shall be used to expand the loan portfolio.

Personnel information

Table 28.28 Khula Enterprises Finance

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Executive board members	14	7	5	11	13	9	9	14	14	14
Executive management	8	8	5	3	6	3	3	5	5	5
Senior management	25	25	7	20	20	18	18	31	34	34
Middle management	20	20	6	15	16	12	12	25	28	32
Professionals	28	28	4	18	22	26	24	35	44	50
Skilled	10	10	1	9	8	10	9	23	30	35

Table 28.28 Khula Enterprises Finance (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment							
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate			
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
Semi-skilled	21	21	1	22	19	18	20	30	35	38	
Very low skilled	7	7	–	7	8	8	7	8	8	8	
Total	133	126	29	105	112	104	102	171	198	216	
Compensation (R thousand)				31 176	33 629	33 949	55 802	81 077	90 590	97 937	
Unit cost (R thousand)				297	300	326	547	474	458	453	

1. As at 30 September 2011.

The entity had an approved establishment of 133 posts as at 30 September 2011, of which 126 were funded. There were 29 vacancies as at the same date, 5 of which were at the executive board level, 5 at the executive management level, 7 at the senior management level, 6 at the middle management level, 4 at the professional level, 1 at skilled level and 1 at semi-skilled level. Vacancies, particularly at executive levels, pose an operational risk to the entity and therefore the effectiveness of service delivery. It is anticipated that the merger will improve the annual staff retention margins. The entity's establishment is expected to significantly increase as a result of absorbing 66 of South African Micro-Finance Apex Fund staff. The ratio of support staff to line function staff is 1:0.9.

South African Micro-Finance Apex Fund

Overview: 2008/09 – 2014/15

The South African Micro-Finance Apex Fund was transferred to the Economic Development Department in April 2010. The fund has been operational since 2006 and provides wholesale funding and capacity building support to on-lending financial intermediaries for the provision of affordable financial services to the enterprising poor in South Africa.

The fund is mandated with bridging the gap in the provision of finance to small, micro and survivalist businesses, by providing a range of affordable and appropriate financial services to this market segment, thus enabling growth in their income and asset bases. The South African Micro-finance Apex Fund uses financial intermediaries as a channel in the provision of financial access and disbursement of loans for on lending. The Fund targets two types of financial intermediaries: micro-finance institutions and financial services cooperatives. These financial intermediaries employ a group-lending methodology in their provision of loans to the end user.

The fund focuses on establishing a network of sustainable micro-finance institutions and will provide loans of R230 million over the medium term to financial intermediaries to lend on. This represents a substantial increase in the entity's operations, with a projected growth in disbursements from R36 million in 2011/12 to R60 million in 2014/15. The entity focuses on rural and semi-urban areas and contributes to the national priorities of the creation of decent work and rural development. The fund has implemented a major review and evaluation to assess the efficiencies and effectiveness of its operating model in achieving its mandate, and will continue to implement the recommendations of the review over the medium term.

Performance

The South African Micro-Finance Apex Fund supported community based funding institutions that lend funds on to the emerging poor entrepreneurs. To date, 50 community based financial institutions have been supported by the fund. Up to 2010/11, 61 000 South Africans have benefited from the fund. Of the R76 million that the fund has paid to community based financial institutions, R50 million has been provided in the form of loans and the balance of R26 million in equity grants. More than 90 per cent of the beneficiaries are women and 75 per cent are from rural communities.

Selected performance indicators

Table 28.29 South African Micro-Finance Apex Fund

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of poverty alleviation and enterprise development loans disbursed per year	Poverty alleviation and enterprise development	R9.1m	R33m	R36m	R28m	R36m	R50m	R60m
Number of members benefiting from loans per year	Poverty alleviation and enterprise development	29 714	15 040	- ¹	18 652	19 065	19 065	19 065
Number of members benefiting from savings per year	Poverty alleviation and enterprise development	17 255	12 527	- ¹	8 055	10 000	11 023	11 023
Value of capacity building grants disbursed per year	Poverty alleviation and enterprise development	R3.4m	R6.3m	R23.4m	R32m	R51m	R57m	R66m
Number of days taken to process an application	Poverty alleviation and enterprise development	120	90	- ¹	60	45	30	30
Number of days taken to process risk management reports	Poverty alleviation and enterprise development	60	45	- ¹	20	14	14	14
Number of days taken to disburse funds to financial intermediaries	Poverty alleviation and enterprise development	30	20	- ¹	10	7	7	7
Number of financial services cooperatives certified	Poverty alleviation and enterprise development	- ²	20	- ¹	25	40	40	40

1. No targets in this year as plans were being made for a merger with Khula Enterprises Finance Limited, so no performance targets were made.

2. This indicator was newly established in 2009/10. Therefore there is no performance information in this year.

Programmes/activities/objectives

Table 28.30 South African Micro-Finance Apex Fund

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Micro finance intermediary support	21 332	30 549	41 661	57 256	-	-	-
Support services	24 563	33 732	28 031	27 379	-	-	-
Total expense	45 895	64 281	69 692	84 635	-	-	-

The South African Micro-Finance Apex Fund had a total budget of R84.6 million in 2011/12, of which 67.7 per cent was used for micro finance intermediary support.

Savings and cost effectiveness measures

The entity has continued to implement controls on travel costs, consultants and communication budgets, and has also improved systems for financial management, risk management and internal control.

Expenditure estimates

Table 28.31 South African Micro-Finance Apex Fund

Statement of financial performance		Audited outcome			Revised estimate	Medium-term estimate		
R thousand		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue								
Non-tax revenue		15 732	16 599	23 856	17 773	-	-	-
<i>Other non-tax revenue</i>		15 732	16 599	23 856	17 773	-	-	-
Transfers received		45 732	74 230	80 767	90 537	-	-	-
Total revenue		61 464	90 829	104 623	108 310	-	-	-
Expenses								
Current expenses		42 497	57 981	51 303	52 222	-	-	-
Compensation of employees		23 610	28 945	30 569	29 816	-	-	-
Goods and services		17 795	27 222	19 403	20 835	-	-	-
Depreciation		1 091	1 814	1 331	1 571	-	-	-
Interest, dividends and rent on land		1	-	-	-	-	-	-

Table 28.31 South African Micro-Finance Apex Fund (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Transfers and subsidies	3 398	6 300	18 389	32 413	-	-	-
Total expenses	45 895	64 281	69 692	84 635	-	-	-
Surplus / (Deficit)	15 569	26 548	34 931	23 675	-	-	-
Statement of financial position							
Carrying value of assets	3 700	2 439	2 628	2 557	-	-	-
<i>of which:</i>							
Acquisition of assets	2 205	570	1 530	1 500	-	-	-
Inventory	-	-	180	185	-	-	-
Loans	14 329	18 553	41 919	60 067	-	-	-
Receivables and prepayments	4	156	88	88	-	-	-
Cash and cash equivalents	133 277	159 551	176 444	126 763	-	-	-
Total assets	151 310	180 699	221 259	189 660	-	-	-
Accumulated surplus / (deficit)	24 698	78 254	113 185	89 510	-	-	-
Capital and reserves	78 360	31 360	31 360	31 360	-	-	-
Borrowings	-	-	593	593	-	-	-
Deferred income	42 962	67 145	69 210	61 855	-	-	-
Trade and other payables	2 799	1 524	3 182	3 013	-	-	-
Provisions	2 491	2 416	3 729	3 329	-	-	-
Total equity and liabilities	151 310	180 699	221 259	189 660	-	-	-

Expenditure trends

The spending focus of South African Micro Finance-Apex Fund is discussed under Khula Enterprise Finance as the two entities will merge with effect from 1 April 2012.

Revenue is generated mainly from transfers and subsidies from the department. Revenue increased from R61.5 million in 2008/09 to R108.3 million in 2011/12, at an average annual rate of 20.8 per cent. The increases are driven mainly by transfers received for the provision of micro finance through the financial intermediaries and financial service cooperatives.

Expenditure increased from R45.9 million in 2008/09 to R84.6 million in 2011/12, at an average annual rate of 22.6 per cent.

Personnel information

Table 28.32 South African Micro-Finance Apex Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	4	4	4	4	4	4	-	-	-	-
Senior management	25	25	3	25	25	25	21	-	-	-
Middle management	19	19	-	19	19	19	19	-	-	-
Professionals	5	5	-	5	5	5	5	-	-	-
Skilled	13	13	-	13	13	13	13	-	-	-
Total	66	66	7	66	66	66	58	-	-	-
Compensation (R thousand)				23 610	28 945	30 569	29 816	-	-	-
Unit cost (R thousand)				358	439	463	514	-	-	-

1. As at 30 September 2011.

The entity had a funded establishment of 66 as at 30 September 2011. The number of posts filled decreased from 66 in 2008/09 to 58 in 2011/12. The future size of the establishment will be determined by the organisational structure proposed under the soon to be established Small Business Finance Entity. There are currently 7 vacancies within the entity, of which 4 are in executive management and 3 are in senior management.

Additional tables

Table 28.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2010/11		2010/11	2011/12			2011/12
Administration	418 597	449 840	400 674	55 031	1 300	56 331	57 394
Economic Policy Development	–	–	–	23 327	173	23 500	15 865
Economic Planning and Coordination	–	–	–	499 898	2 173	502 071	486 778
Economic Development and Dialogue	–	–	–	16 284	173	16 457	7 560
Total	418 597	449 840	400 674	594 540	3 819	598 359	567 597

Economic classification

Current payments	95 211	90 041	39 881	123 222	1 819	125 041	94 569
Compensation of employees	59 457	57 723	25 156	79 200	519	79 719	63 990
Goods and services	35 754	32 318	14 725	44 022	1 300	45 322	30 579
Transfers and subsidies	318 597	355 010	356 460	464 823	2 000	466 823	466 533
Departmental agencies and accounts	248 868	278 461	278 461	301 911	–	301 911	301 911
Higher education institutions	–	6 820	4 820	–	2 000	2 000	1 710
Public corporations and private enterprises	69 729	69 729	73 179	162 912	–	162 912	162 912
Payments for capital assets	4 789	4 789	4 333	6 495	–	6 495	6 495
Machinery and equipment	3 789	3 789	4 332	5 196	–	5 196	5 196
Software and other intangible assets	1 000	1 000	1	1 299	–	1 299	1 299
Total	418 597	449 840	400 674	594 540	3 819	598 359	567 597

Table 28.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	–	7 865	37 784	79 719	91 781	96 524	102 579
Training expenditure (R thousand)	–	–	–	797	918	965	1 026
Training as percentage of compensation				1.0%	1.0%	1.0%	1.0%

National Treasury
BUDGET 2012
ESTIMATES OF NATIONAL EXPENDITURE

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national treasury

Department:
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REPUBLIC OF SOUTH AFRICA