

# **Estimates of Public Expenditure**

**2009**

**Trade and Industry**

**National Treasury  
Republic of South Africa**



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# Vote 32

## Trade and Industry

### Budget summary

R thousand	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	420 858	407 151	2 021	11 686	444 514	449 925
International Trade and Economic Development	173 541	82 974	90 111	456	183 288	182 355
Empowerment and Enterprise Development	1 307 854	82 090	1 225 319	445	979 723	1 050 146
Industrial Development	414 586	77 538	325 464	11 584	634 069	597 448
Consumer and Corporate Regulation	238 595	62 412	175 236	947	264 990	287 773
The Enterprise Organisation	3 439 983	80 290	3 358 851	842	2 868 845	3 034 008
Trade and Investment South Africa	283 051	128 303	152 856	1 892	302 726	323 068
Communications and Marketing	65 724	59 034	–	6 690	74 832	79 046
<b>Total expenditure estimates</b>	<b>6 344 192</b>	<b>979 792</b>	<b>5 329 858</b>	<b>34 542</b>	<b>5 752 987</b>	<b>6 003 769</b>
Executive authority	Minister of Trade and Industry					
Accounting officer	Director-General of Trade and Industry					
Website address	<a href="http://www.thedti.gov.za">www.thedti.gov.za</a>					

### Aim

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

### Programme purposes

#### Programme 1: Administration

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

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

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

### **Programme 3: Empowerment and Enterprise Development**

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

### **Programme 4: Industrial Development**

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

### **Programme 5: Consumer and Corporate Regulation**

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

### **Programme 6: The Enterprise Organisation**

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

### **Programme 7: Trade and Investment South Africa**

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

### **Programme 8: Communication and Marketing**

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

## **Strategic overview: 2005/06 – 2011/12**

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

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

### **Industrial policy and development**

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

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

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

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

### **Broadening participation**

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

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

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

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

### **Trade, investment and exports**

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

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

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

### **Regulation**

Corporate, consumer and credit laws have been reformed, and competition policies and laws have been reviewed. The new Companies Act (2008) will encourage improved corporate governance and transparency,

while the Consumer Protection Amendment Bill, enacted in 2008, aims to create and promote an economic environment that actively supports consumers.

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

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

## Selected performance and operations indicators

**Table 32.1 Trade and Industry**

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

**Table 32.1 Trade and Industry (continued)**

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

## Expenditure estimates

**Table 32.2 Trade and Industry**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration	257 550	278 914	310 843	395 201	395 201	420 858	444 514	449 925
2. International Trade and Economic Development	106 947	123 872	133 522	151 343	151 343	173 541	183 288	182 355
3. Empowerment and Enterprise Development	1 004 056	1 319 997	1 472 062	1 177 485	1 177 485	1 307 854	979 723	1 050 146
4. Industrial Development	210 639	253 187	331 849	443 590	443 590	414 586	634 069	597 448
5. Consumer and Corporate Regulation	93 592	131 202	137 906	173 186	173 186	238 595	264 990	287 773
6. The Enterprise Organisation	1 026 717	1 434 265	2 563 105	2 416 557	2 366 557	3 439 983	2 868 845	3 034 008
7. Trade and Investment South Africa	284 282	197 441	284 547	297 813	297 813	283 051	302 726	323 068
8. Communications and Marketing	72 657	65 842	61 517	71 718	71 718	65 724	74 832	79 046
<b>Total</b>	<b>3 056 440</b>	<b>3 804 720</b>	<b>5 295 351</b>	<b>5 126 893</b>	<b>5 076 893</b>	<b>6 344 192</b>	<b>5 752 987</b>	<b>6 003 769</b>
Change to 2008 Budget estimate				24 288	(25 712)	286 823	545 435	501 782

Table 32.2 Trade and Industry (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>585 293</b>	<b>659 021</b>	<b>746 948</b>	<b>969 838</b>	<b>969 838</b>	<b>979 792</b>	<b>1 048 062</b>	<b>1 093 061</b>
Compensation of employees	230 555	283 591	327 488	411 993	411 993	450 481	476 165	486 086
Goods and services	333 911	367 290	393 588	557 845	557 845	529 311	571 897	606 975
<i>of which:</i>								
Administrative fees	2 092	2 530	4 143	–	–	5 416	3 293	3 547
Advertising	7 781	11 481	12 825	24 633	24 633	22 123	18 967	20 766
Assets less than R5 000	446	324	167	–	–	1 863	1 830	2 047
Audit costs: External	4 253	4 015	3 867	–	–	5 937	6 388	6 748
Bursaries: Employees	531	519	404	–	–	2 150	1 757	2 030
Catering: Departmental activities	692	1 081	2 178	–	–	2 760	4 343	2 701
Communication	13 682	12 406	15 973	14 272	14 272	12 427	13 098	14 223
Computer services	11 492	4 855	10 101	10 840	10 840	11 275	11 901	12 696
Consultants and professional services:	84 271	67 768	29 245	100 112	100 112	80 190	92 445	94 199
Business and advisory services								
Consultants and professional services: Infrastructure and planning	–	1 042	14	6 374	6 374	–	2	2
Consultants and professional services: Legal costs	3 340	4 308	4 974	–	–	199	207	1 118
Contractors	818	10 532	12 187	–	–	20 254	21 070	22 876
Agency and support / outsourced services	5 015	351	8 569	–	–	3 138	3 313	3 479
Entertainment	596	1 296	1 650	–	–	1 164	1 329	1 592
Inventory: Materials and supplies	10	–	–	–	–	–	–	–
Inventory: Medical supplies	23	17	20	–	–	–	–	–
Inventory: Other consumables	37	68	4	–	–	21	22	25
Inventory: Stationery and printing	9 058	7 995	7 530	10 336	10 336	10 614	13 710	15 596
Lease payments	17 066	23 443	14 632	158 414	158 414	161 976	172 114	162 514
Owned and leasehold property expenditure	10 594	2 567	9 381	6 462	6 462	7 210	7 650	8 097
Transport provided: Departmental activities	5	–	–	–	–	–	–	–
Travel and subsistence	40 145	66 286	75 874	93 410	93 410	85 849	86 729	97 313
Training and development	947	590	1 640	–	–	8 831	7 634	9 015
Operating expenditure	16 816	14 686	14 658	17 675	17 675	36 682	44 227	53 006
Venues and facilities	104 201	129 130	163 552	115 317	115 317	49 232	59 868	73 385
Financial transactions in assets and liabilities	20 827	8 140	25 872	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 465 329</b>	<b>3 118 381</b>	<b>4 524 285</b>	<b>4 124 765</b>	<b>4 074 765</b>	<b>5 329 858</b>	<b>4 674 158</b>	<b>4 879 396</b>
Provinces and municipalities	578	58 361	8	–	–	–	–	–
Departmental agencies and accounts	947 919	1 405 999	1 502 959	1 259 110	1 259 110	1 407 268	1 103 306	1 191 657
Universities and technikons	–	6 000	–	10 500	10 500	–	–	–
Public corporations and private enterprises	1 498 286	1 612 607	2 984 171	2 815 185	2 765 185	3 880 979	3 527 273	3 636 170
Foreign governments and international organisations	13 721	20 082	30 596	28 839	28 839	37 589	39 312	47 061
Non-profit institutions	4 120	14 747	5 000	6 075	6 075	2 597	2 753	2 918
Households	705	585	1 551	5 056	5 056	1 425	1 514	1 590
<b>Payments for capital assets</b>	<b>5 818</b>	<b>27 318</b>	<b>24 118</b>	<b>32 290</b>	<b>32 290</b>	<b>34 542</b>	<b>30 767</b>	<b>31 312</b>
Buildings and other fixed structures	–	4 005	–	–	–	–	–	–
Machinery and equipment	5 818	15 807	20 537	26 066	26 066	33 885	30 069	30 578
Software and other intangible assets	–	7 506	3 581	6 224	6 224	657	698	734
<b>Total</b>	<b>3 056 440</b>	<b>3 804 720</b>	<b>5 295 351</b>	<b>5 126 893</b>	<b>5 076 893</b>	<b>6 344 192</b>	<b>5 752 987</b>	<b>6 003 769</b>

## Expenditure trends

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

Expenditure in the *Empowerment and Enterprise Development* programme increased from R1 billion in 2005/06 to R1.5 billion in 2007/08, and declines to R1.2 billion in 2008/09. The peak in 2007/08 was due to increased transfers and subsidies to the Small Enterprise Development Agency, the support programme for industrial innovation, the South African Micro Finance Apex Fund, the National Empowerment Fund, and Khula Enterprise Finance. With the exception of the Small Enterprise Development Agency, these entities are intended to be self funding over the medium term, so the allocation declines from R1.3 billion in 2009/10 to R1 billion in 2011/12.

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

## Savings and reprioritisation

Savings of R1 107.8 million, R132 million and R157.7 million have been identified over the medium term. The bulk of the amount is from Administration and The Enterprise Organisation programmes and have been effected in goods and services and transfer payments to departmental agencies and public entities.

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

## Infrastructure spending

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

### *Mega infrastructure projects and programmes (over R300 million)*

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

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

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

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

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

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

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

## Departmental receipts

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

**Table 32.3 Departmental receipts**

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

## Programme 1: Administration

The *Office of the Director-General* subprogramme provides for a transfer payment to the Industrial Development Corporation's fund for research into industrial development, growth and equity. The fund is responsible for research on economic and industrial policy developments and tendencies and their possible

impact on growth and equity. The amounts payable are determined according to the cost estimates and anticipated deliverables of each approved research project.

## Expenditure estimates

**Table 32.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Minister <sup>1</sup>	799	845	908	1 612	1 709	1 811	1 913
Deputy Minister <sup>1</sup>	609	690	738	1 328	1 407	1 492	1 575
Deputy Minister <sup>1</sup>	608	690	738	1 328	1 407	1 492	1 575
Ministry	19 603	21 944	21 180	23 797	22 554	24 404	25 728
Office of the Director-General	28 251	28 066	33 044	43 512	67 972	69 925	77 389
Corporate Services	201 276	221 130	248 235	317 162	318 699	337 569	333 455
Government Motor Transport	1 268	–	–	–	–	–	–
Property Management	5 136	5 549	6 000	6 462	7 110	7 821	8 290
<b>Total</b>	<b>257 550</b>	<b>278 914</b>	<b>310 843</b>	<b>395 201</b>	<b>420 858</b>	<b>444 514</b>	<b>449 925</b>
Change to 2008 Budget estimate				(2 893)	(3 729)	(6 461)	(21 193)

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

### Economic classification

	248 927	257 953	285 798	368 570	407 151	429 954	434 638
<b>Current payments</b>							
Compensation of employees	56 947	61 952	69 402	100 061	119 978	127 096	133 444
Goods and services	191 980	195 994	216 396	268 509	287 173	302 858	301 194
of which:							
Administrative fees	894	727	1 403	–	2 466	2 620	2 751
Advertising	654	1 556	676	1 317	1 099	1 167	1 226
Assets less than R5 000	239	148	103	–	570	605	636
Audit costs: External	4 237	4 015	3 742	–	5 824	6 188	6 498
Bursaries: Employees	386	519	95	–	2 150	1 757	2 030
Catering: Departmental activities	194	293	353	–	923	981	1 031
Communication	10 418	8 397	11 172	9 821	7 706	8 187	8 598
Computer services	10 332	3 717	8 443	8 349	8 327	8 848	9 291
Consultants and professional services:	33 082	25 497	5 668	35 468	35 239	37 441	39 317
Business and advisory services							
Consultants and professional services:	–	–	–	6 242	–	–	–
Infrastructure and planning							
Consultants and professional services:	233	2 627	4 062	–	–	–	–
Legal costs							
Contractors	572	5 049	6 527	–	8 126	8 634	9 066
Agency and support / outsourced services	3 591	–	8 339	–	3 118	3 313	3 479
Entertainment	21	74	101	–	227	241	254
Inventory: Materials and supplies	6	–	–	–	–	–	–
Inventory: Medical supplies	23	17	20	–	–	–	–
Inventory: Other consumables	15	60	(20)	–	–	–	–
Inventory: Stationery and printing	3 737	2 972	3 246	4 077	3 965	4 212	4 423
Lease payments	8 024	8 786	–	151 897	156 844	166 644	155 991
Owned and leasehold property expenditure	70	1 021	6 783	6 462	6 772	7 195	7 556
Transport provided: Departmental activities	5	–	–	–	–	–	–
Travel and subsistence	14 678	14 549	16 331	19 290	20 469	21 748	22 938
Training and development	817	571	1 486	–	8 831	7 634	9 015
Operating expenditure	2 631	2 805	3 377	–	11 166	11 881	13 457
Venues and facilities	97 121	112 594	134 489	25 586	3 351	3 562	3 637
Financial transactions in assets and liabilities	–	7	–	–	–	–	–

Table 32.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Transfers and subsidies</b>	<b>5 349</b>	<b>5 204</b>	<b>6 169</b>	<b>2 070</b>	<b>2 021</b>	<b>2 145</b>	<b>2 252</b>
Provinces and municipalities	166	44	8	–	–	–	–
Departmental agencies and accounts	41	–	–	–	–	–	–
Public corporations and private enterprises	5 000	5 000	5 250	600	596	631	662
Households	142	160	911	1 470	1 425	1 514	1 590
<b>Payments for capital assets</b>	<b>3 274</b>	<b>15 757</b>	<b>18 876</b>	<b>24 561</b>	<b>11 686</b>	<b>12 415</b>	<b>13 035</b>
Buildings and other fixed structures	–	4 005	–	–	–	–	–
Machinery and equipment	3 274	4 246	15 295	18 357	11 173	11 870	12 463
Software and other intangible assets	–	7 506	3 581	6 204	513	545	572
<b>Total</b>	<b>257 550</b>	<b>278 914</b>	<b>310 843</b>	<b>395 201</b>	<b>420 858</b>	<b>444 514</b>	<b>449 925</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>166</b>	<b>44</b>	<b>8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	166	44	8	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>41</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Diplomacy, Intelligence, Defence and Trade Education Training Authority	41	–	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>5 000</b>	<b>5 000</b>	<b>5 250</b>	<b>600</b>	<b>596</b>	<b>631</b>	<b>662</b>
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	5 000	5 000	5 250	600	596	631	662
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>270</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee leave gratuity	–	–	–	270	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>142</b>	<b>160</b>	<b>911</b>	<b>1 200</b>	<b>1 425</b>	<b>1 514</b>	<b>1 590</b>
Gifts, donations and Sponsorships	142	160	911	–	–	–	–
Bursaries: Non government employees	–	–	–	1 200	1 425	1 514	1 590

## Expenditure trends

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

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

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

## Programme 2: International Trade and Economic Development

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

### Objectives and measures

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

## Service delivery and spending focus

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

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

The department provides technical support to the NEPAD secretariat in implementing spatial development initiatives across Africa, and continues to participate in AU efforts to rationalise integration processes and develop a continental model for business law. The department also provides institutional and technical support to key countries in Africa, including Nigeria, Ghana, Zimbabwe, Egypt, Mali, Senegal, Uganda, Ethiopia and Zambia, and technical economic support for South Africa's post-conflict reconstruction and development programmes in the Democratic Republic of Congo, Sudan, Angola and Rwanda. In 2007, the department published South Africa in Africa – A Business Guide to provide potential investors and traders with information about the South African market and business environment.

## Expenditure estimates

**Table 32.5 International Trade and Economic Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
International Trade Development	29 375	42 345	43 013	112 374	130 100	135 533	137 696
African Economic Development	31 114	32 282	34 802	38 969	43 441	47 755	44 659
International Trade Administration	46 458	49 245	55 707	–	–	–	–
<b>Total</b>	<b>106 947</b>	<b>123 872</b>	<b>133 522</b>	<b>151 343</b>	<b>173 541</b>	<b>183 288</b>	<b>182 355</b>
Change to 2008 Budget estimate				2 576	17 418	18 296	(2 606)
<b>Economic classification</b>							
<b>Current payments</b>	<b>36 124</b>	<b>45 344</b>	<b>51 009</b>	<b>68 067</b>	<b>82 974</b>	<b>87 490</b>	<b>80 715</b>
Compensation of employees	22 049	28 336	32 125	41 435	53 374	56 003	56 109
Goods and services	14 075	17 008	18 884	26 632	29 600	31 487	24 606
<i>of which:</i>							
Administrative fees	10	66	162	–	–	–	–
Advertising	290	305	184	504	1 204	1 819	1 928
Assets less than R5 000	9	9	11	–	33	42	53
Bursaries: Employees	–	–	56	–	–	–	–
Catering: Departmental activities	55	90	170	–	1 027	2 500	700
Communication	705	749	886	879	1 327	1 407	1 491
Computer services	5	–	20	–	–	–	–
Consultants and professional services: Business and advisory services	194	740	368	1 724	2 036	2 158	2 287
Consultants and professional services: Infrastructure and planning	–	–	14	–	–	–	–

Table 32.5 International Trade and Economic Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>36 124</b>	<b>45 344</b>	<b>51 009</b>	<b>68 067</b>	<b>82 974</b>	<b>87 490</b>	<b>80 715</b>
<i>Consultants and professional services: Legal costs</i>	9	–	–	–	–	–	–
<i>Contractors</i>	3	4	3	–	–	–	–
<i>Entertainment</i>	6	1	2	–	133	125	130
<i>Inventory: Other consumables</i>	3	2	–	–	–	–	–
<i>Inventory: Stationery and printing</i>	490	507	369	435	478	507	537
<i>Lease payments</i>	49	–	77	30	64	68	72
<i>Owned and leasehold property expenditure</i>	10 517	–	–	–	–	–	–
<i>Travel and subsistence</i>	–	13 320	14 730	17 615	11 453	11 825	12 306
<i>Operating expenditure</i>	432	219	367	–	905	140	200
<i>Venues and facilities</i>	1 298	996	1 465	5 445	10 940	10 896	4 902
<b>Transfers and subsidies</b>	<b>70 508</b>	<b>78 131</b>	<b>81 898</b>	<b>82 958</b>	<b>90 111</b>	<b>95 266</b>	<b>100 981</b>
Provinces and municipalities	66	17	–	–	–	–	–
Departmental agencies and accounts	50 597	53 445	57 635	60 470	63 015	66 594	70 590
Public corporations and private enterprises	18 436	13 831	14 524	15 228	15 871	16 773	17 779
Foreign governments and international organisations	1 328	10 798	9 693	7 250	11 225	11 899	12 612
Households	81	40	46	10	–	–	–
<b>Payments for capital assets</b>	<b>315</b>	<b>397</b>	<b>615</b>	<b>318</b>	<b>456</b>	<b>532</b>	<b>659</b>
Machinery and equipment	315	397	615	298	425	499	624
Software and other intangible assets	–	–	–	20	31	33	35
<b>Total</b>	<b>106 947</b>	<b>123 872</b>	<b>133 522</b>	<b>151 343</b>	<b>173 541</b>	<b>183 288</b>	<b>182 355</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>66</b>	<b>17</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	66	17	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>47 837</b>	<b>50 772</b>	<b>57 235</b>	<b>60 209</b>	<b>63 015</b>	<b>66 594</b>	<b>70 590</b>
International Trade Administration Commission	46 458	49 245	55 707	58 427	60 885	64 343	68 204
ProTechnik Laboratories	1 379	1 527	1 528	1 782	2 130	2 251	2 386
<b>Capital</b>	<b>2 760</b>	<b>2 673</b>	<b>400</b>	<b>261</b>	<b>–</b>	<b>–</b>	<b>–</b>
ProTechnik Laboratories	2 760	2 673	400	261	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>18 436</b>	<b>13 831</b>	<b>14 524</b>	<b>15 228</b>	<b>15 871</b>	<b>16 773</b>	<b>17 779</b>
Development Bank of Southern Africa: Regional spatial development initiatives	18 436	13 831	14 524	15 228	15 871	16 773	17 779
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>1 328</b>	<b>10 798</b>	<b>9 693</b>	<b>7 250</b>	<b>11 225</b>	<b>11 899</b>	<b>12 612</b>
Organisation for the Prohibition of Chemical Weapons	1 328	1 560	2 198	2 300	6 032	6 394	6 777
World Trade Organisation	–	9 238	7 495	4 950	5 193	5 505	5 835
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>81</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee leave gratuity	81	–	–	10	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>–</b>	<b>40</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Gifts, donations and sponsorships	–	40	46	–	–	–	–

## Expenditure trends

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

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

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

## Public entity

### International Trade Administration Commission of South Africa

#### Strategic overview: 2005/06 - 2011/12

The International Trade Administration Commission of South Africa was established through the International Trade and Administration Act (2002) in 2002. The aim of the commission is to foster economic growth and development, raise incomes, and promote investment and employment in South Africa and within 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.

Its three key strategic objectives are to:

- ensure appropriate contribution to economic growth and development by applying international trade instruments
- ensure strategic alignment and continued relevance with the Department of Trade and Industry's agenda and the national agenda
- ensure organisational efficiency and effectiveness through business support services.

A new five-year strategy was completed in 2009 and approved by the Department of Trade and Industry for implementation from 2009/10.

The International Trade Administration Commission of South Africa will focus on aligning the application of trade instruments to the department's industrial and trade policy, and the impact of trade instruments will be monitored and assessed. The trade instruments will cover customs tariff investigations, trade remedies, and import and export control. The commission will become more proactive in providing technical inputs (in the form of trade analysis and advice) both to the trade and industrial policy processes of the department and to bilateral, regional and multilateral trade negotiations.

## Selected performance and operations indicators

**Table 32.6 International Trade Administration Commission of South Africa**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of permit applications adjudicated each year	Permits	13 620	7 234	7 668	8 692	9 300	9 858	10 549
Number of enforcement container inspections conducted each year	Enforcement inspections	160	447	474	508	543	576	622
Number of import control permits issued each year	Import control	17 738	14 789	13 500	12 100	11 500	10 300	11 021
Number of export control permits issued each year	Export control	3 895	5 008	4 500	3 800	4 200	3 950	4 227
Number of duty credit certificates issued each year	Duty credit certificates	3 473	1 400	1 500	1 675	1 775	1 847	1 979
Number of on site verifications each year	Site verifications	42	45	49	58	20	21	22

## Service delivery and spending focus

In 2008/09, were accepted by the department.

In 2007/08, the commission started to compile new anti-dumping regulations and this continued through 2008/09.

In 2008/09, proactive investigations were launched for the review of tariff structures for major industrial inputs. The department accepted inputs from the commission into tariff and trade policy.

## Expenditure estimates

**Table 32.7 International Trade Administration Commission of South Africa: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>558</b>	<b>851</b>	<b>576</b>	<b>900</b>	<b>887</b>	<b>914</b>	<b>919</b>
Sale of goods and services other than capital assets	–	18	3	–	–	–	–
of which:							
Other sales	–	18	3	–	–	–	–
Other non-tax revenue	558	833	573	900	887	914	919
<b>Transfers received</b>	<b>46 458</b>	<b>49 245</b>	<b>55 707</b>	<b>58 427</b>	<b>60 885</b>	<b>64 343</b>	<b>68 204</b>
<b>Total revenue</b>	<b>47 016</b>	<b>50 096</b>	<b>56 283</b>	<b>59 327</b>	<b>61 772</b>	<b>65 257</b>	<b>69 123</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>44 172</b>	<b>48 406</b>	<b>52 809</b>	<b>58 766</b>	<b>61 981</b>	<b>65 782</b>	<b>68 988</b>
Compensation of employees	27 623	31 223	33 885	38 956	41 683	44 392	46 900
Goods and services	15 138	15 568	16 305	17 920	18 870	20 100	20 895
Depreciation	1 373	1 595	2 540	1 890	1 420	1 285	1 187
Interest, dividends and rent on land	38	20	79	–	8	5	6
<b>Total expenses</b>	<b>44 172</b>	<b>48 406</b>	<b>52 809</b>	<b>58 766</b>	<b>61 981</b>	<b>65 782</b>	<b>68 988</b>
<b>Surplus / (Deficit)</b>	<b>2 844</b>	<b>1 690</b>	<b>3 474</b>	<b>561</b>	<b>(209)</b>	<b>(525)</b>	<b>135</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 545	2 932	3 229	2 510	2 145	1 856	1 540
of which: Acquisition of assets	1 431	2 030	1 805	1 405	1 015	936	923
Inventory	33	42	75	70	58	62	67
Receivables and prepayments	505	531	279	150	620	659	658
Cash and cash equivalents	12 378	15 051	18 436	19 100	18 279	19 376	20 926
<b>Total assets</b>	<b>15 461</b>	<b>18 556</b>	<b>22 019</b>	<b>21 830</b>	<b>21 102</b>	<b>21 953</b>	<b>23 191</b>
Accumulated surplus / deficit	8 894	10 584	–	50	2 100	1 500	1 000
Borrowings	–	–	873	–	–	–	–
Trade and other payables	2 662	2 869	1 788	1 500	3 417	3 622	3 912
Provisions	3 905	5 103	5 300	4 700	4 648	4 583	4 820
Liabilities not classified elsewhere	–	–	14 058	15 580	10 937	12 248	13 459
<b>Total equity and liabilities</b>	<b>15 461</b>	<b>18 556</b>	<b>22 019</b>	<b>21 830</b>	<b>21 102</b>	<b>21 953</b>	<b>23 191</b>

## Expenditure trends

The International Trade Administration Commission of South Africa's main source of revenue is transfers received from the Department of Trade and Industry. These increased from R46.5 million in 2005/06 to R58.8 million in 2008/09, at an average annual rate of 7.9 per cent. Transfers received will increase to R68.2 million in 2011/12, average annual growth of 5.3 per cent over the MTEF period.

Expenditure has grown steadily in line with the business plan at an average annual rate of 10 per cent between 2005/06 and 2008/09, from R44.2 million to R58.8 million. It is expected to increase to R69 million in 2011/12, average annual growth of 5.5 per cent over the medium term. The bulk of expenditure is on compensation of employees and goods and services.

## Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperatives enterprises, and provides innovation and technology support to these entities. All efforts are aimed at increasing the contribution of SMMEs and cooperatives to South Africa's GDP, and improving the lives of all South Africans. Under this subprogramme, provision is made for the following transfer payments and subsidies:
  - Khula Enterprise Finance provides wholesale finance to promote and facilitate access to finance for small and medium enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
  - South African Micro Finance Apex Fund provides sustainable access to affordable financial services for the poor. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
  - Small Enterprise Development Agency provides non-financial business development and support services for small enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
  - United Nations Industrial Development Organisation channels the South African contribution towards achieving sustainable global industrial development. The amounts payable are based on the fees determined by member states, including South Africa.
  - Small Enterprise Development Agency's technology programme is managed by the agency, and finances and supports early, seed and start-up technology ventures aimed at increasing the competitiveness of South Africa. The amounts payable are based on qualifying projects.
  - National Research Foundation's technology and human resources for industry programme supports research and technology development by strengthening the numbers and skills of appropriately trained people. The amounts payable are based on the approved business plans and qualifying projects.
  - Productivity Institute of South Africa's workplace challenge programme finances and supports world class manufacturing and value chain efficiency improvements in South African companies. The amounts payable are based on qualifying projects.
  - Industrial Development Corporation's support programme for industrial innovation enables private sector enterprises to develop new products and services. The amounts payable are based on matching grants to contributions by such enterprises.
- *Equity and Empowerment* implements BEE and gender policies. Provision is made under this subprogramme for the following transfers and subsidies:
  - National Empowerment Fund facilitates funding for BEE transactions by providing innovative investment solutions to black people. The amounts payable are based on the approved business plans of the entity, and supporting memorandums of understanding.
  - South African Women Entrepreneurs' Network, housed at Khula Enterprise Finance, supports and grows women entrepreneurship through networking facilities. The amounts payable are based on the approved business plans.
  - Industrial Development Corporation's Isivande Women's Fund provides financial support to women entrepreneurs to grow their businesses. The amounts payable are based on the approved projects.

- *Regional Economic Development* enhances the competitiveness of local and provincial economies for sustained economic growth. Funding will mainly be for salaries and related personnel expenditure.

## Objectives and measures

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

## Service delivery and spending focus

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

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

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

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

## Expenditure estimates

**Table 32.8 Empowerment and Enterprise Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Enterprise Development	578 606	733 484	732 588	827 862	526 013	348 998	389 861
Equity and Empowerment	425 450	586 513	739 474	349 623	475 058	277 981	294 661
Regional Economic Development	-	-	-	-	306 783	352 744	365 624
<b>Total</b>	<b>1 004 056</b>	<b>1 319 997</b>	<b>1 472 062</b>	<b>1 177 485</b>	<b>1 307 854</b>	<b>979 723</b>	<b>1 050 146</b>
Change to 2008 Budget estimate				(60 882)	16 266	42 612	88 529

Table 32.8 Empowerment and Enterprise Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>15 865</b>	<b>26 137</b>	<b>30 960</b>	<b>35 621</b>	<b>82 090</b>	<b>82 115</b>	<b>94 480</b>
Compensation of employees	7 667	11 044	13 158	20 929	36 784	38 059	39 770
Goods and services	8 198	15 093	17 802	14 692	45 306	44 056	54 710
<i>of which:</i>							
Administrative fees	24	75	48	–	998	–	–
Advertising	172	245	415	512	2 698	2 492	2 641
Assets less than R5 000	3	1	4	–	17	–	–
Bursaries: Employees	2	–	–	–	–	–	–
Catering: Departmental activities	60	113	322	–	–	–	–
Communication	210	264	192	550	450	596	632
Consultants and professional services: Business and advisory services	2 968	4 729	6 404	4 151	13 321	20 796	13 994
Contractors	–	902	347	–	413	–	–
Agency and support / outsourced services	230	–	–	–	–	–	–
Entertainment	–	18	–	–	–	–	–
Inventory: Other consumables	4	–	2	–	–	–	–
Inventory: Stationery and printing	462	358	317	637	1 442	2 478	2 627
Lease payments	101	86	27	–	87	238	252
Travel and subsistence	2 491	4 988	5 662	3 967	10 800	7 971	9 686
Training and development	–	–	13	–	–	–	–
Operating expenditure	539	1 027	634	–	7 802	5 948	12 684
Venues and facilities	932	2 287	3 415	4 875	7 278	3 537	12 194
<b>Transfers and subsidies</b>	<b>988 054</b>	<b>1 293 691</b>	<b>1 440 843</b>	<b>1 141 784</b>	<b>1 225 319</b>	<b>897 118</b>	<b>955 147</b>
Provinces and municipalities	22	7	–	–	–	–	–
Departmental agencies and accounts	789 266	1 222 265	1 289 875	1 006 437	1 083 839	747 763	796 787
Public corporations and private enterprises	192 263	63 807	140 995	120 068	125 572	133 026	135 661
Foreign governments and international organisations	2 353	2 854	4 875	9 204	13 311	13 576	19 781
Non-profit institutions	4 120	4 747	5 000	6 075	2 597	2 753	2 918
Households	30	11	98	–	–	–	–
<b>Payments for capital assets</b>	<b>137</b>	<b>169</b>	<b>259</b>	<b>80</b>	<b>445</b>	<b>490</b>	<b>519</b>
Machinery and equipment	137	169	259	80	445	490	519
<b>Total</b>	<b>1 004 056</b>	<b>1 319 997</b>	<b>1 472 062</b>	<b>1 177 485</b>	<b>1 307 854</b>	<b>979 723</b>	<b>1 050 146</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>22</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	22	7	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>275 566</b>	<b>578 061</b>	<b>524 466</b>	<b>531 523</b>	<b>608 374</b>	<b>574 336</b>	<b>617 904</b>
Godisa Trust	40 573	–	–	–	–	–	–
National Empowerment Fund	40 000	66 023	100 000	–	116 000	22 730	24 096
National Productivity Institute: Workplace Challenge	7 420	7 865	8 258	8 660	8 030	8 546	8 068
Small Enterprise Development Agency	187 573	311 426	258 849	408 031	331 177	376 718	384 668
Small Enterprise Development Agency: Technology programme	–	62 747	73 360	76 739	68 320	76 260	110 535
South African Micro Finance Apex Fund	–	130 000	83 999	38 093	84 847	90 082	90 537

Table 32.8 Empowerment and Enterprise Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of transfers and subsidies</b>							
<b>Capital</b>	<b>513 700</b>	<b>644 204</b>	<b>765 409</b>	<b>474 914</b>	<b>475 465</b>	<b>173 427</b>	<b>178 883</b>
National Empowerment Fund	370 600	495 104	609 954	312 932	311 642	-	-
National Research Foundation: Technology and human resources for industry programme	143 100	149 100	155 455	161 982	163 823	173 427	178 883
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>9 540</b>	<b>18 313</b>	<b>10 619</b>	<b>11 136</b>	-	-	-
South African Bureau of Standards: Trade metrology	9 540	18 313	10 619	11 136	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>101 743</b>	<b>40 494</b>	<b>83 495</b>	<b>88 932</b>	<b>75 911</b>	<b>80 223</b>	<b>85 036</b>
Council for Scientific and Industrial Research: Technology for women in business	1 860	6 404	-	-	-	-	-
Khula Enterprise Finance	99 883	34 090	73 495	69 932	65 981	69 729	73 912
Industrial Development Corporation: Isivande Women's Fund	-	-	10 000	19 000	9 930	10 494	11 124
<b>Capital</b>	<b>80 980</b>	<b>5 000</b>	<b>46 881</b>	-	<b>49 661</b>	<b>52 803</b>	<b>50 625</b>
Industrial Development Corporation: Support programme for industrial innovation	80 980	5 000	46 881	-	49 661	52 803	50 625
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Capital</b>	-	-	-	<b>20 000</b>	-	-	-
Centurion Aerospace Village	-	-	-	20 000	-	-	-
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>2 353</b>	<b>2 854</b>	<b>4 875</b>	<b>9 204</b>	<b>13 311</b>	<b>13 576</b>	<b>19 781</b>
United Nations Industrial Development Organisation	2 353	2 854	4 875	9 204	13 311	13 576	19 781
<b>Non-profit institutions</b>							
<b>Current</b>	<b>4 120</b>	<b>4 747</b>	<b>5 000</b>	<b>6 075</b>	<b>2 597</b>	<b>2 753</b>	<b>2 918</b>
South African Women Entrepreneurs' Network	4 120	4 747	5 000	6 075	2 597	2 753	2 918
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>30</b>	<b>11</b>	<b>98</b>	-	-	-	-
Gifts, donations and sponsorships	30	11	98	-	-	-	-

## Expenditure trends

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

## Public entities

### National Empowerment Fund

#### Strategic overview: 2005/06 - 2011/12

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

#### Selected performance and operations indicators

**Table 32.9 National Empowerment Fund**

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

#### Service delivery and spending focus

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

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

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

## Expenditure estimates

**Table 32.10 National Empowerment Fund: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>65 376</b>	<b>133 141</b>	<b>1 019 113</b>	<b>370 000</b>	<b>471 850</b>	<b>554 350</b>	<b>654 350</b>
<i>Other non-tax revenue</i>	65 376	133 141	1 019 113	370 000	471 850	554 350	654 350
<b>Transfers received</b>	<b>40 000</b>	<b>66 023</b>	<b>100 000</b>	<b>-</b>	<b>116 000</b>	<b>22 730</b>	<b>24 096</b>
<b>Total revenue</b>	<b>105 376</b>	<b>199 164</b>	<b>1 119 113</b>	<b>370 000</b>	<b>587 850</b>	<b>577 080</b>	<b>678 446</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>61 902</b>	<b>88 876</b>	<b>167 299</b>	<b>255 343</b>	<b>321 360</b>	<b>339 128</b>	<b>343 183</b>
Compensation of employees	25 148	37 123	48 125	69 449	84 370	97 470	112 732
Goods and services	35 924	50 751	116 854	183 644	233 630	238 530	227 323
Depreciation	827	1 002	2 320	2 250	3 360	3 128	3 128
Interest, dividends and rent on land	3	-	-	-	-	-	-
<b>Total expenses</b>	<b>61 902</b>	<b>88 876</b>	<b>167 299</b>	<b>255 343</b>	<b>321 360</b>	<b>339 128</b>	<b>343 183</b>
<b>Surplus / (Deficit)</b>	<b>43 474</b>	<b>110 288</b>	<b>951 814</b>	<b>114 657</b>	<b>266 490</b>	<b>237 952</b>	<b>335 263</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 970	2 422	7 722	10 417	10 607	8 429	5 951
<i>of which: Acquisition of assets</i>	2 017	452	7 620	4 945	3 550	950	650
Investments	1 526 214	2 407 351	1 957 873	2 336 361	3 036 361	3 736 361	4 336 361
Loans	153 042	338 744	-	-	-	-	-
Receivables and prepayments	19 139	24 284	16 927	15 000	15 000	15 000	15 000
Cash and cash equivalents	400 122	792 958	2 317 757	2 490 024	2 546 326	1 804 589	1 381 323
<b>Total assets</b>	<b>2 101 487</b>	<b>3 565 759</b>	<b>4 300 279</b>	<b>4 851 802</b>	<b>5 608 294</b>	<b>5 564 379</b>	<b>5 738 635</b>
Accumulated surplus / deficit	76 732	187 207	1 137 116	1 381 511	1 823 346	1 779 431	1 953 687
Capital and reserves	2 010 607	3 363 811	3 133 291	3 445 291	3 759 948	3 759 948	3 759 948
Borrowings	2 964	-	769	-	-	-	-
Trade and other payables	11 184	14 741	24 327	25 000	25 000	25 000	25 000
Provisions	-	-	4 776	-	-	-	-
<b>Total equity and liabilities</b>	<b>2 101 487</b>	<b>3 565 759</b>	<b>4 300 279</b>	<b>4 851 802</b>	<b>5 608 294</b>	<b>5 564 379</b>	<b>5 738 635</b>

## Expenditure trends

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

**Small Enterprise Development Agency**

## Strategic overview: 2005/06 - 2011/12

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

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

### Selected performance and operations indicators

**Table 32.11 Small Enterprise Development Agency**

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

### Service delivery and spending focus

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

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

### Expenditure estimates

**Table 32.12 Small Enterprise Development Agency: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>6 023</b>	<b>25 988</b>	<b>11 853</b>	<b>14 687</b>	<b>4 082</b>	<b>28 778</b>	<b>41 067</b>
<i>Other non-tax revenue</i>	6 023	25 988	11 853	14 687	4 082	28 778	41 067
<b>Transfers received</b>	<b>194 387</b>	<b>416 033</b>	<b>377 993</b>	<b>523 180</b>	<b>439 497</b>	<b>492 978</b>	<b>550 203</b>
<b>Total revenue</b>	<b>200 410</b>	<b>442 021</b>	<b>389 846</b>	<b>537 867</b>	<b>443 579</b>	<b>521 756</b>	<b>591 270</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>171 948</b>	<b>405 082</b>	<b>453 226</b>	<b>522 619</b>	<b>443 579</b>	<b>521 756</b>	<b>591 270</b>
Compensation of employees	51 688	123 636	148 461	187 001	210 919	232 723	268 184
Goods and services	117 808	272 783	292 629	324 956	216 814	268 875	306 433
Depreciation	1 960	6 243	9 471	10 512	15 679	19 973	16 448
Interest, dividends and rent on land	492	2 420	2 665	150	167	185	205
<b>Total expenses</b>	<b>171 948</b>	<b>405 082</b>	<b>453 226</b>	<b>522 619</b>	<b>443 579</b>	<b>521 756</b>	<b>591 270</b>
<b>Surplus / (Deficit)</b>	<b>28 462</b>	<b>36 939</b>	<b>(63 380)</b>	<b>15 248</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Table 32.13 Small Enterprise Development Agency: Financial information (continued)**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	11 584	30 022	29 907	38 370	48 191	43 163	41 660
<i>of which: Acquisition of assets</i>	1 802	25 939	9 852	19 500	25 600	15 070	15 070
Inventory	453	350	383	425	472	524	581
Receivables and prepayments	3 758	17 763	45 910	40 860	36 365	32 365	28 805
Cash and cash equivalents	79 001	160 645	82 685	73 590	65 495	58 290	51 878
<b>Total assets</b>	<b>94 796</b>	<b>208 780</b>	<b>158 885</b>	<b>153 245</b>	<b>150 523</b>	<b>134 342</b>	<b>122 924</b>
Accumulated surplus / deficit	41 929	94 303	30 924	38 370	48 191	43 163	41 660
Borrowings	9 895	11 773	11 968	11 346	9 443	7 540	5 637
Trade and other payables	40 986	88 081	115 586	102 872	91 556	81 485	72 521
Provisions	1 986	14 623	407	657	1 333	2 154	3 106
<b>Total equity and liabilities</b>	<b>94 796</b>	<b>208 780</b>	<b>158 885</b>	<b>153 245</b>	<b>150 523</b>	<b>134 342</b>	<b>122 924</b>

### Expenditure trends

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

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

### Khula Enterprise Finance

#### Strategic overview: 2005/06 - 2011/12

Khula Enterprise Finance has operated as the flagship financial facilitator for the development of the rapidly growing SMME sector for 12 years. It is a wholesale finance institution that complements the commercial finance sector, filling gaps in finance for SMMEs.

Khula Enterprise Finance's strategic objectives for 2009 to 2012 are:

- to grow the institution's outreach and impact
- to build an effective institution
- to invest in the human resource development and retain high performance staff
- to establish effective and efficient processes to support operational activities
- to increase awareness of Khula Enterprise Finance and its products within its target market
- to achieve high client satisfaction levels.

#### Selected performance and operations indicators

**Table 32.14 Khula Enterprise Finance**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of disbursements to SMMEs each year	1 859	3 558	3 550	3 905	4 296	4 725	5 198
Value of loan approvals each year	R462m	R757m	R607m	R810m	R890m	R980m	R1 078m
Value of disbursements each year	R316m	R343m	R443m	R551m	R605m	R666m	R733m
Percentage of small medium enterprise loan values made in priority provinces each year	-	-	-	45% (R248m)	45% (R272m)	45% (R300m)	45% (R330m)
Percentage of loans made to black owned small medium enterprises each year	1	1	1	70% (R386m)	70% (R424m)	70% (R466m)	70% (R513m)
Percentage of loans made to woman owned small medium enterprises each year	-	-	-	45% (R248m)	45% (R272m)	45% (R300m)	45% (R330m)

## Service delivery and spending focus

Between 2004/05 and 2007/08, Khula Enterprise Finance has grown its disbursements to SMMEs by 44 per cent, from R308 million to R443 million, and its approvals by 22 per cent, from R471 million to R607 million. The loan book has increased from R123 million in 2001/02 to R859 million in 2007/08. In 2007/08, 39 per cent of end-user loans were to women owned SMMEs, 72 per cent to black owned SMMEs, and 42 per cent to SMMEs in rural areas.

## Expenditure estimates

**Table 32.15 Khula Enterprise Finance: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>140 410</b>	<b>176 509</b>	<b>205 297</b>	<b>167 299</b>	<b>166 980</b>	<b>170 032</b>	<b>171 339</b>
Sale of goods and services other than capital assets	61 579	66 551	79 518	98 580	107 823	118 259	125 454
<i>of which:</i>							
<i>Sales by market establishments</i>	61 579	66 551	79 518	98 580	107 823	118 259	125 454
<i>Other non-tax revenue</i>	78 831	109 958	125 779	68 719	59 157	51 773	45 885
<b>Transfers received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69 932</b>	<b>65 981</b>	<b>69 729</b>	<b>73 912</b>
<b>Total revenue</b>	<b>140 410</b>	<b>176 509</b>	<b>205 297</b>	<b>237 231</b>	<b>232 961</b>	<b>239 761</b>	<b>245 251</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>111 999</b>	<b>138 207</b>	<b>135 241</b>	<b>178 625</b>	<b>192 037</b>	<b>207 074</b>	<b>223 076</b>
Compensation of employees	17 443	23 494	26 732	54 102	58 430	63 105	68 153
Goods and services	93 291	113 522	107 475	121 660	130 387	140 592	151 534
Depreciation	1 265	1 191	1 034	2 863	3 219	3 377	3 389
<b>Total expenses</b>	<b>118 409</b>	<b>145 486</b>	<b>151 976</b>	<b>184 438</b>	<b>198 603</b>	<b>213 676</b>	<b>228 425</b>
<b>Surplus / (Deficit)</b>	<b>22 001</b>	<b>31 023</b>	<b>53 321</b>	<b>52 793</b>	<b>34 359</b>	<b>26 085</b>	<b>16 826</b>
<b>Statement of financial position</b>							
Carrying value of assets	144 633	153 573	171 430	180 664	185 926	191 503	198 308
<i>of which: Acquisition of assets</i>	3 655	1 998	1 773	12 926	10 128	10 921	11 356
Investments	177 402	181 240	197 816	237 378	335 369	368 906	387 351
Loans	138 663	156 148	253 762	304 514	380 643	475 803	523 383
Receivables and prepayments	18 680	15 307	8 751	10 794	11 974	13 172	14 156
Cash and cash equivalents	633 844	661 431	614 932	628 400	461 916	372 613	324 231
<b>Total assets</b>	<b>1 113 222</b>	<b>1 167 699</b>	<b>1 246 691</b>	<b>1 361 750</b>	<b>1 375 828</b>	<b>1 421 997</b>	<b>1 447 429</b>
Accumulated surplus / deficit	174 233	216 236	278 072	333 113	328 178	356 084	371 338
Capital and reserves	336 489	338 281	321 765	620 635	542 560	617 922	608 368
Borrowings	541 183	540 381	580 380	332 843	421 178	356 085	371 338
Trade and other payables	22 042	28 110	22 278	27 428	31 408	34 151	35 742
Provisions	39 275	44 691	44 196	47 731	52 504	57 755	60 642
<b>Total equity and liabilities</b>	<b>1 113 222</b>	<b>1 167 699</b>	<b>1 246 691</b>	<b>1 361 750</b>	<b>1 375 828</b>	<b>1 421 997</b>	<b>1 447 429</b>

## Expenditure trends

Until 2007/08, Khula Enterprise Finance was self-financing and did not receive funding from the Department of Trade and Industry. From 2008/09, the institution has been receiving additional capital grant funding in order for it to continue to be financially sustainable. Transfers of R69.9 million in 2008/09, R66 million in 2009/10, R69.7 million in 2010/11 and R73.9 million in 2011/12 will be received, showing average annual growth of 1.9 per cent. The transfers will facilitate the development of a portfolio of strategic investments with a high level of profitability to subsidise developmental initiatives and allow for increased demands on capital disbursements. It is expected that 95 per cent of all allocations received from the department will be spent on SMME funding.

Expenditure amounted to R118.4 million in 2005/06, and rose at an average annual rate of 15.9 per cent to R184.4 million in 2008/09. Over the medium term, expenditure is expected to increase at an average annual rate of 7.4 per cent, to reach R228.4 million in 2011/12. The bulk of expenditure is on compensation of employees and goods and services.

## South African Micro Finance Apex Fund

### Strategic overview: 2005/06 - 2011/12

The South African Micro Finance Apex Fund is a departmental trading entity that became operational in 2006. The fund provides wholesale funding and capacity building support, such as facilitating training for enterprising micro-entrepreneurs and financial intermediaries, to improve the reach of financial services to the enterprising and working poor. The fund's long term goal is to build a vibrant micro-finance industry to ensure the growth of micro and small businesses.

### Selected performance and operations indicators

**Table 32.16 South African Micro Finance Apex Fund**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Value of poverty alleviation and enterprise development loans disbursed each year to financial intermediaries	Development of sustainable financial intermediaries	–	R9.1m	R18.5m	R43.6m	R33.5m	R28.5m	R25.6m
Number of members benefiting from loans from financial intermediaries each year	Development of sustainable financial intermediaries	–	4 346	17 554	12 000	15 000	17 000	18 000
Number of members benefiting from savings each year while participating in financial intermediaries	Development of sustainable financial intermediaries	–	14 353	18 133	25 600	27 000	28 500	30 000
Value of disbursements to financial intermediaries each year for capacity building	Development of sustainable financial intermediaries	–	R10.7m	R5.9m	R14.2m	R32.3m	R35.9m	R37.8m

### Service delivery and spending focus

In 2007/08, the South African Micro Finance Apex Fund established and staffed offices in all 9 provinces, and developed, refined and aligned all systems and processes. The fund increased its funding approvals to R86 million and made disbursements of R44.4 million (grants and loans) to 38 financial institutions countrywide. The number of financial intermediaries supported increased from 31 in 2006/07 to 40. To date, over 50 000 survivalist micro-entrepreneurs have been assisted with access to loans and saving schemes (21 900 borrowers and 32 486 savers). 65 per cent of the borrowers are women. The gross loan book has grown from R9.1 million in 2006/07 to R23.1 million.

### Expenditure estimates

**Table 32.17 South African Micro Finance Apex Fund: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	–	597	9 259	11 269	6 851	3 617	3 620
<i>Other non-tax revenue</i>	–	597	9 259	11 269	6 851	3 617	3 620
<b>Transfers received</b>	–	35 615	49 580	49 593	89 002	95 290	99 285
<b>Total revenue</b>	–	36 212	58 839	60 862	95 853	98 907	102 905
<b>Expenses</b>							
<b>Current expense</b>	–	25 440	43 754	37 304	55 919	58 588	60 628
Compensation of employees	–	9 856	19 013	23 154	24 542	25 991	27 421
Goods and services	–	15 242	23 993	13 200	30 573	31 680	32 300
Depreciation	–	342	739	950	804	917	907
Interest, dividends and rent on land	–	–	9	–	–	–	–
<b>Transfers and subsidies</b>	–	10 772	5 956	14 200	32 900	36 900	38 810
<b>Total expenses</b>	–	36 212	49 710	51 504	88 819	95 488	99 438
<b>Surplus / (Deficit)</b>	–	–	9 129	9 358	7 034	3 419	3 467

**Table 32.17 South African Micro Finance Apex Fund: Financial information (continued)**

R thousand Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Carrying value of assets	–	1 052	2 597	2 414	3 310	3 693	4 086
<i>of which: Acquisition of assets</i>	–	1 607	2 305	800	1 700	1 300	1 300
Loans	–	7 523	10 414	56 100	81 493	98 691	99 354
Receivables and prepayments	–	3	–	2	1	2	2
Cash and cash equivalents	–	90 098	133 083	102 500	75 600	71 200	87 500
<b>Total assets</b>	<b>–</b>	<b>98 676</b>	<b>146 094</b>	<b>161 016</b>	<b>160 404</b>	<b>173 586</b>	<b>190 942</b>
Capital and reserves	–	31 360	87 490	94 970	110 000	135 600	154 200
Trade and other payables	–	2 906	5 850	2 096	1 032	2 566	2 742
Provisions	–	1 385	2 152	3 450	3 672	3 720	3 800
Liabilities not classified elsewhere	–	63 025	50 601	60 500	45 700	31 700	30 200
<b>Total equity and liabilities</b>	<b>–</b>	<b>98 676</b>	<b>146 093</b>	<b>161 016</b>	<b>160 404</b>	<b>173 586</b>	<b>190 942</b>

### Expenditure trends

The South African Micro Finance Apex Fund received R130 million from the Department of Trade and Industry in 2006/07 for the establishment of the fund. Of this, only R35.6 million is reflected in the income statement. The balance is captured in the balance sheet as deferred income. Between 2006/07 and 2011/12, transfers received are expected to increase at an average annual rate of 22.8 per cent to reach R99.3 million. The funds will be used for the fund's main expenditure items: operational costs, grant transfers to financial intermediaries, and for loan capital transfers to financial intermediaries.

Expenditure for 2006/07 was R36.2 million, and is expected to increase to R99.4 million in 2011/12, showing average annual growth of 22.4 per cent. The bulk of expenditure is on compensation of employees and goods and services.

## Programme 4: Industrial Development

- *Industrial Competitiveness* does advocacy work and develops policies and interventions related to: the diversifying of technical infrastructural support; eliminating intermediate barriers to entry; deepening domestic technology linkages; and participating in dynamic value chains to improve the industrial competitiveness of the South African economy. Provision is made under this subprogramme for transfers and subsidies to:
  - South African Bureau of Standards develops, promotes and maintains standardisation and quality in connection with commodities, and provides related conformity assessment services aimed at protecting the integrity of the South African market and creating a competitive advantage for industry. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
  - National Metrology Institute of South Africa provides for the use of the international systems of units and certain other measurement units, and designates, maintains and keeps national measurement units and standards. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
  - South African National Accreditation System provides an effective accreditation system for conformity assessment, calibration and compliance monitoring for good laboratory practice. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
  - National Regulator for Compulsory Specifications administers and maintains compulsory specifications and regulations that may affect public health, safety or the environment, and has the legal metrology responsibility. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
  - Council for Scientific and Industrial Research's aerospace industry programme creates an industry supplier base that is firmly integrated in global supply chains. One of its aims is to stimulate small business and BEE participation through various clustering initiatives. The amounts payable are based on identified industry needs, applications and qualifying projects.

- Council for Scientific and Industrial Research's National Cleaner Production Centre undertakes specific cleaner production projects in the chemicals, agro-processing, clothing, textiles and automotive sectors. Funds are distributed to qualifying projects.
- South African Bureau of Standards' plant infrastructure upgrades infrastructure and laboratories. Funding is based on the project plan.
- South African Bureau of Standards' small business technical consulting programme participates as a member of international organisations dealing with technical infrastructure and regulatory activities. Funding is distributed according to the membership fees of the various organisations.
- *Customised Sector Programmes* develops high impact sector specific strategies for economic growth and employment creation. Provision is made under this subprogramme for a transfer payment to the Industrial Development Corporation's customised sector programme to increase investment, competitiveness and exports in prioritised sectors. Funding is distributed to qualifying projects.

### Objectives and measures

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

### Service delivery and spending focus

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

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

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

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

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

## Expenditure estimates

Table 32.18 Industrial Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Industrial Competitiveness	185 838	228 884	300 764	352 276	288 851	504 517	449 122
Customised Sector Programmes	24 801	24 303	31 085	91 314	125 735	129 552	148 326
<b>Total</b>	<b>210 639</b>	<b>253 187</b>	<b>331 849</b>	<b>443 590</b>	<b>414 586</b>	<b>634 069</b>	<b>597 448</b>
Change to 2008 Budget estimate				84 345	40 860	239 748	146 879

## Economic classification

	54 041	59 307	80 537	141 318	77 538	88 295	99 665
<b>Current payments</b>							
Compensation of employees	31 874	37 824	47 560	57 958	43 786	45 799	47 857
Goods and services	22 167	21 483	32 977	83 360	33 752	42 496	51 808
<i>of which:</i>							
Administrative fees	367	284	729	–	1 290	–	–
Advertising	344	554	936	177	2 287	3 165	3 355
Assets less than R5 000	8	4	5	–	20	–	–
Audit costs: External	16	–	–	–	–	–	–
Bursaries: Employees	23	–	72	–	–	–	–
Catering: Departmental activities	108	181	136	–	–	–	–
Communication	398	458	589	676	788	604	640
Computer services	–	–	–	213	–	33	35
Consultants and professional services: Business and advisory services	10 404	3 968	12 318	36 692	9 412	11 921	12 636
Consultants and professional services: Legal costs	5	–	–	–	–	–	–
Contractors	7	310	60	–	71	–	–
Agency and support / outsourced services	258	3	86	–	20	–	–
Entertainment	4	14	3	–	10	–	–
Inventory: Materials and supplies	3	–	–	–	–	–	–
Inventory: Other consumables	5	2	–	–	–	–	–
Inventory: Stationery and printing	902	834	729	1 368	1 225	2 497	2 647
Lease payments	41	–	–	205	112	95	100
Travel and subsistence	7 100	10 727	11 632	18 302	10 785	11 954	12 671
Training and development	63	17	33	–	–	–	–
Operating expenditure	758	573	866	–	894	–	–
Venues and facilities	1 353	3 554	4 783	25 727	6 838	12 227	19 724
<b>Transfers and subsidies</b>	<b>156 241</b>	<b>193 559</b>	<b>250 757</b>	<b>301 442</b>	<b>325 464</b>	<b>533 032</b>	<b>485 276</b>
Provinces and municipalities	97	17	–	–	–	–	–
Departmental agencies and accounts	44 362	46 956	59 268	75 546	87 775	94 147	103 042
Universities and technikons	–	6 000	–	10 500	–	–	–
Public corporations and private enterprises	111 482	140 459	191 230	211 820	237 689	438 885	382 234
Households	300	127	259	3 576	–	–	–
<b>Payments for capital assets</b>	<b>357</b>	<b>321</b>	<b>555</b>	<b>830</b>	<b>11 584</b>	<b>12 742</b>	<b>12 507</b>
Machinery and equipment	357	321	555	830	11 584	12 742	12 507
<b>Total</b>	<b>210 639</b>	<b>253 187</b>	<b>331 849</b>	<b>443 590</b>	<b>414 586</b>	<b>634 069</b>	<b>597 448</b>

## Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	97	17	–	–	–	–	–
Regional Services Council levies	97	17	–	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	44 362	46 956	59 268	75 546	87 775	94 147	103 042
South African national accreditation system	9 530	10 034	12 500	13 750	13 947	14 739	15 623
National Metrology Institute of South Africa	34 832	36 922	46 768	54 999	52 295	55 266	58 581
National Regulator for Compulsory Specifications	–	–	–	6 797	21 533	24 142	28 838

Table 32.18 Industrial Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of transfers and subsidies</b>							
<b>Universities and technikons</b>							
<b>Current</b>	-	6 000	-	10 500	-	-	-
Witwatersrand Business School: Centre for Entrepreneurship	-	3 000	-	2 000	-	-	-
University of Pretoria: Advanced Engineering Centre of Excellence	-	3 000	-	2 500	-	-	-
University of the Witwatersrand: National Aerospace Skills Sector Support Centre	-	-	-	3 000	-	-	-
North-West University: Advanced Manufacturing Skills Sector Support Centre	-	-	-	3 000	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	964	3 040	-	3 000	-	-	-
National Automotive Industrial Development Centre	964	1 040	-	-	-	-	-
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	-	2 000	-	3 000	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	106 755	131 719	175 400	192 818	222 289	248 964	274 137
Council for Scientific and Industrial Research: Maritime Industry Project	-	-	-	1	1	-	1
Council for Scientific and Industrial Research: National Cleaner Production Centre	1 380	4 124	4 500	9 800	18 966	32 082	40 141
Council for Scientific and Industrial Research: Technology Transfer Centre	2 120	-	-	-	-	-	-
Industrial Development Corporation: Regional industrial development	-	-	30 000	-	-	-	-
South African Bureau of Standards: Research contribution	102 734	126 446	138 612	142 144	153 731	167 355	181 496
South African Bureau of Standards: Small business technical consulting	521	649	748	873	934	1 017	1 078
Council for Mineral Technology and Research: Customised Sector Programmes	-	500	1 540	1 000	-	-	-
Industrial Development Corporation: Customised Sector Programmes	-	-	-	39 000	48 657	48 510	51 421
<b>Capital</b>	3 763	5 700	15 830	16 002	15 400	189 921	108 097
Council for Scientific and Industrial Research: Aerospace Industry	3 763	5 700	10 000	10 001	9 931	9 901	20 791
Council for Scientific and Industrial Research: Technology venture capital	-	-	5 830	6 001	5 469	5 780	6 126
South African Bureau of Standards: Plant infrastructure	-	-	-	-	-	174 240	81 180
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	-	-	-	396	-	-	-
Employee leave gratuity	-	-	-	396	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	300	127	259	3 180	-	-	-
Gifts, donations and sponsorships	300	127	259	-	-	-	-
Umsobomvu Youth Fund: Sponsorship	-	-	-	3 000	-	-	-
Technology for Women in Business: Sponsorship	-	-	-	180	-	-	-

## Expenditure trends

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

Expenditure between 2005/06 and 2008/09 increased significantly at an average annual rate of 28.2 per cent, rising from R210.6 million in 2005/06 to R443.6 million in 2008/09. Over the medium term, expenditure on the *Customised Sector Programmes*' subprogramme increases rapidly, from R91.3 million in 2008/09 to

R148.3 million in 2011/12, at an average annual rate of 17.6 per cent. Much of this is accounted for by the introduction of the customised sector programmes in 2008/09, which will be administered by the Industrial Development Corporation.

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

## Public entities

### National Metrology Institute of South Africa

#### Strategic overview: 2005/06 - 2011/12

The Council for Scientific and Industrial Research's National Metrology Laboratory became the National Metrology Institute of South Africa in May 2007, a separate public entity in terms of the Public Finance Management Act (1999). This was because the functions of the institute are more regulatory and not part of the council's core mandate, which is research. The institute is mandated by the Measurement Unit and Measurement Standards Act (2006) to maintain the international system of units, and to maintain and develop primary scientific standards of physical quantities for South Africa and compare these with other national standards to ensure global measurement equivalence.

This role is important for local industry, as it provides the basis for accurate measurement in all sectors, allowing for the production of internationally acceptable products. In the health sector, it ensures correct diagnosis and dosage. In relation to food, it allows for the detection of toxic compounds such as melamine in milk, lead in wine, and pesticides on export fruit. It also facilitates environmental monitoring and law enforcement.

South Africa and the SADC region need a sound and effective national measurement system to be able to compete internationally. With globalisation and the emphasis on the free trade arena, the removal of technical barriers to trade is paramount in terms of imports and exports. Scientific development and applied research also necessitates modern measurement systems and techniques. As the key provider of internationally equivalent measurement standards and measurements, the institute also underpins South Africa's industrial competitiveness by providing elements of the national technical infrastructure.

#### Selected performance and operations indicators

**Table 32.19 National Metrology Institute of South Africa**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of gazetted national standards maintained	Upkeep of national measurement standards	-	-	-	42	44	46	49
Total number of international comparisons	Proof of equivalence of measurement	-	-	-	25	27	29	30
Total number of metrologists from SADC trained	Human capital development in SADC	-	-	-	6	8	10	14
Total number of accredited laboratories at the National Metrology Institute of South Africa	Proof of competence of National Metrology Institute of South Africa and acceptance of calibration and measurement capabilities	-	-	-	19	20	21	22
Total number of interns at the institute	Human capital development	-	-	-	8	10	12	13
Total number of reference materials for the gas industry	Dissemination of national measuring standards to industry	-	-	-	6	7	10	12
Total number of official memberships of the 10 international consultative committees	International recognition of South African measurement capability	-	-	-	9	9	9	10
Total number of measurement traceability provided to small medium enterprises	Dissemination of traceability to small medium enterprises	-	-	-	12	18	25	30

## Service delivery and spending focus

In 2008/09, the National Metrology Institute of South Africa participated in more than 25 international comparisons to establish measurement equivalence in all important measurement areas. 19 laboratories have officially been accredited to the International Organisation for Standardisation standard. The total number of internationally recognised calibration and measurement capabilities increased to 340. The institute was also instrumental in the establishment of the Intra-Africa Metrology System, and currently holds the chair and jointly hosts the secretariat. The Intra-Africa Metrology System now has 40 African country members.

## Expenditure estimates

**Table 32.20 National Metrology Institute of South Africa: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>12 653</b>	<b>11 122</b>	<b>15 596</b>	<b>7 669</b>	<b>8 033</b>	<b>8 938</b>	<b>10 068</b>
<i>Other non-tax revenue</i>	12 653	11 122	15 596	7 669	8 033	8 938	10 068
<b>Transfers received</b>	<b>34 832</b>	<b>36 922</b>	<b>46 768</b>	<b>54 999</b>	<b>52 295</b>	<b>55 266</b>	<b>58 581</b>
<b>Total revenue</b>	<b>47 485</b>	<b>48 044</b>	<b>62 364</b>	<b>62 668</b>	<b>60 328</b>	<b>64 204</b>	<b>68 649</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>42 407</b>	<b>42 645</b>	<b>42 672</b>	<b>49 790</b>	<b>53 081</b>	<b>57 507</b>	<b>62 595</b>
Compensation of employees	20 957	22 268	24 341	30 795	34 338	37 086	43 000
Goods and services	21 221	18 526	17 783	12 568	12 100	12 200	9 680
Depreciation	229	1 851	548	1 670	1 171	2 147	3 173
Interest, dividends and rent on land	–	–	–	4 757	5 472	6 074	6 742
<b>Total expenses</b>	<b>44 927</b>	<b>45 165</b>	<b>42 672</b>	<b>49 790</b>	<b>53 081</b>	<b>57 507</b>	<b>62 595</b>
<b>Surplus / (Deficit)</b>	<b>2 558</b>	<b>2 879</b>	<b>19 692</b>	<b>12 878</b>	<b>7 247</b>	<b>6 697</b>	<b>6 054</b>
<b>Statement of financial position</b>							
Carrying value of assets	968	883	7 982	21 402	28 997	36 055	42 548
<i>of which: Acquisition of assets</i>	–	–	8 530	15 090	8 766	9 205	9 666
Receivables and prepayments	3 853	1 266	4 986	–	–	–	–
Cash and cash equivalents	11 455	16 075	13 055	–	–	–	–
<b>Total assets</b>	<b>16 276</b>	<b>18 224</b>	<b>26 023</b>	<b>21 402</b>	<b>28 997</b>	<b>36 055</b>	<b>42 548</b>
Accumulated surplus / deficit	9 217	10 894	19 692	–	–	–	–
Trade and other payables	7 059	6 447	6 004	–	–	–	–
Liabilities not classified elsewhere	–	883	327	21 402	28 997	36 055	42 548
<b>Total equity and liabilities</b>	<b>16 276</b>	<b>18 224</b>	<b>26 023</b>	<b>21 402</b>	<b>28 997</b>	<b>36 055</b>	<b>42 548</b>

## Expenditure trends

Revenue for the National Metrology Institute of South Africa is primarily from transfers received from the Department of Trade and Industry. These increase at an average annual rate of 9.1 per cent over the seven-year period, from R34.8 million in 2005/06 to R58.6 million in 2011/12. Other sources of revenue include grants from the Council for Scientific and Industrial Research and external contract income. Total revenue is expected to increase from R47.5 million in 2005/06 to R68.6 million in 2011/12, average annual growth of 6.3 per cent.

Expenditure is projected to grow at an average annual rate of 7.9 per cent over the medium term, from R49.8 million in 2008/09 to R62.6 million in 2011/12. The main increase is in compensation of employees, at an average annual rate of 11.8 per cent, from R30.8 million in 2008/09 to R43 million in 2011/12. This is due to the separation of this function from the Council for Scientific and Industrial Research. Between 2008/09 and 2011/12, R42.7 million will be spent on the acquisition of assets to equip the newly established entity.

## National Regulator for Compulsory Specifications

### Strategic overview: 2005/06 - 2011/12

The National Regulator for Compulsory Specifications became operational in September 2008. Its functions were previously carried out by the South African Bureau of Standards. The regulator is responsible for administration of technical regulations including compulsory specifications based on standards that protect human health and safety, and the environment. The regulator administers the Trade Metrology Act (1973) to ensure that national and international trade is fair and based on reliable measurements. The act and regulations set requirements for measurements of quantity for trade purposes. The most common measurements in trade are for mass, volume, length and area. Other legislation relevant to the regulator's work includes the National Regulator for Compulsory Specifications Act (2008), the Mine Health and Safety Act (1996) and the Occupational Health and Safety Act (1993).

### Selected performance and operations indicators

**Table 32.21 National Regulator for Compulsory Specifications**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of inspections each year	Administration and monitoring compliance with compulsory specifications through market surveillance	-	-	-	37 330	60 318	63 330	66 497
Number of approvals each year	Administration and monitoring compliance with compulsory specifications through market surveillance	-	-	-	19 830	14 008	14 708	15 440
Number of days to process approvals each year	Ensuring pre-market compliance with compulsory specifications	-	-	-	15	15	15	12
Number of legal metrology type** approvals each year	Ensuring compliance with technical regulations	-	-	-	53	75	75	75
Number of days to process legal metrology type approvals each year	Ensuring compliance with technical regulations	-	-	-	120	120	120	120
Number of developed and revised compulsory specifications each year	Maintaining and making recommendations to the minister about compulsory specifications	-	-	-	7	12	12	12
Number of instrument verifications each year	Ensuring compliance with technical regulations	-	-	-	-	12 000	12 600	13 230
Number of e-marks*** each year	Ensuring compliance with technical regulations	-	-	-	-	90	95	105
Number of calibration of instruments each year	Ensuring compliance with technical regulations	-	-	-	-	14 000	14 700	15 435

\* 2008/09 figures are for a seven-month period only

\*\* Type approval is granted to a product that meets a minimum set of regulatory, technical and safety requirements.

\*\*\* The e-mark ensures that the consumer receives the quantity declared on pre-packed goods.

### Service delivery and spending focus

The National Regulator for Compulsory Specification is a newly established public entity and hence no recent achievements could be reported on. It administers compulsory specifications and regulations pertaining to legal metrology in South Africa.

Its objectives include:

- administering compulsory specifications and advising the Minister of Trade and Industry on these
- promoting and ensuring fair trade
- promoting consumer and international confidence in trade and legal measurements by ensuring equity and correctness in all activities where measuring instruments are used as a basis for transactions.

## Expenditure estimates

**Table 32.22 National Regulator for Compulsory Specifications: Financial information**

R thousand	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	-	-	-	119 287	128 731	138 942
Sale of goods and services other than capital assets	-	-	-	-	119 287	128 731	138 942
of which:							
Sales by market establishments	-	-	-	-	119 287	128 731	138 942
<b>Transfers received</b>	-	-	-	6 797	21 533	24 142	28 838
<b>Total revenue</b>	-	-	-	6 797	140 820	152 873	167 780
<b>Expenses</b>							
<b>Current expense</b>	-	-	-	6 797	140 820	152 873	167 780
Compensation of employees	-	-	-	-	96 345	104 743	113 133
Goods and services	-	-	-	6 797	43 055	46 585	53 102
Depreciation	-	-	-	-	1 420	1 545	1 545
<b>Total expenses</b>	-	-	-	6 797	140 820	152 873	167 780
<b>Surplus / (Deficit)</b>	-	-	-	-	-	-	-
<b>Statement of financial position</b>							
Carrying value of assets	-	-	-	6 510	6 863	6 973	5 767
of which: Acquisition of assets	-	-	-	-	1 630	1 250	-
Receivables and prepayments	-	-	-	-	5 599	6 159	6 775
Cash and cash equivalents	-	-	-	-	14 405	28 320	39 799
<b>Total assets</b>	-	-	-	6 510	26 867	41 452	52 341
Post-retirement benefits	-	-	-	-	5 758	6 075	6 248
Trade and other payables	-	-	-	-	5 814	6 286	6 797
Liabilities not classified elsewhere	-	-	-	6 510	15 295	29 091	39 296
<b>Total equity and liabilities</b>	-	-	-	6 510	26 867	41 452	52 341

## Expenditure trends

The National Regulator for Compulsory Specifications receives transfers from the Department of Trade and Industry. These increase from R6.8 million in 2008/09 to R28.8 million in 2011/12, showing average annual growth of 61.9 per cent.

Expenditure is anticipated to rise at an average annual rate of 191.2 per cent over the MTEF period, from R6.8 million in 2008/09 to R167.8 million in 2011/12, for capacity building for the new entity. Human resources capacity is required for the regulator to effectively carry out its enforcement and compliance functions. The bulk of expenditure is on compensation of employees and goods and services.

**South African Bureau of Standards**

## Strategic overview: 2005/06 – 2011/12

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

The South African Bureau of Standards aims to be the trusted third party for adjudicating and certifying standards for products and services. In this way, the bureau contributes to the economic growth of South Africa and Africa as a whole, promotes the protection of the integrity of the South African market and consumers,

creates a competitive advantage for South African industry, and promotes access by South Africans to local and international markets.

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

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

### Selected performance and operations indicators

**Table 32.23 South African Bureau of Standards**

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

### Service delivery and spending focus

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

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

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

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

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

## Expenditure estimates

Table 32.24 South African Bureau of Standards: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>381 839</b>	<b>363 156</b>	<b>352 745</b>	<b>433 733</b>	<b>452 071</b>	<b>489 843</b>	<b>540 480</b>
Sale of goods and services other than capital assets	360 594	304 134	318 350	415 274	437 752	474 499	518 962
<i>of which:</i>							
Administrative fees	81 169	–	–	–	–	–	–
Sales by market establishments	279 425	304 134	318 350	415 274	437 752	474 499	518 962
Other non-tax revenue	21 245	59 022	34 395	18 459	14 319	15 344	21 518
<b>Transfers received</b>	<b>102 734</b>	<b>126 446</b>	<b>138 612</b>	<b>142 144</b>	<b>153 731</b>	<b>167 355</b>	<b>181 496</b>
<b>Total revenue</b>	<b>484 573</b>	<b>489 602</b>	<b>491 357</b>	<b>575 877</b>	<b>605 802</b>	<b>657 198</b>	<b>721 976</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>458 749</b>	<b>417 763</b>	<b>450 229</b>	<b>541 814</b>	<b>549 331</b>	<b>594 690</b>	<b>654 020</b>
Compensation of employees	262 813	244 748	260 504	344 778	350 495	378 535	408 817
Goods and services	177 903	151 749	162 519	169 605	168 083	178 070	194 529
Depreciation	16 216	18 771	24 609	25 252	28 992	36 287	48 769
Interest, dividends and rent on land	1 817	2 495	2 597	2 179	1 761	1 798	1 905
<b>Transfers and subsidies</b>	<b>5 567</b>	<b>5 203</b>	<b>6 340</b>	<b>8 509</b>	<b>7 342</b>	<b>7 929</b>	<b>8 564</b>
<b>Total expenses</b>	<b>464 316</b>	<b>422 966</b>	<b>456 569</b>	<b>550 323</b>	<b>556 673</b>	<b>602 619</b>	<b>662 584</b>
<b>Surplus / (Deficit)</b>	<b>20 257</b>	<b>66 636</b>	<b>34 788</b>	<b>25 554</b>	<b>49 129</b>	<b>54 579</b>	<b>59 393</b>
<b>Statement of financial position</b>							
Carrying value of assets	131 570	157 294	178 302	223 104	408 214	500 653	491 463
<i>of which: Acquisition of assets</i>	34 396	37 637	48 765	73 238	214 102	128 726	39 579
Investments	171 844	237 573	289 144	241 826	246 663	258 996	271 945
Inventory	676	514	374	694	500	400	400
Receivables and prepayments	82 002	73 895	85 920	135 255	148 780	163 658	180 024
Cash and cash equivalents	29 343	31 371	1 041	20 295	81 342	126 000	156 714
Assets not classified elsewhere	–	13 410	15 673	–	–	–	–
<b>Total assets</b>	<b>415 435</b>	<b>514 057</b>	<b>570 454</b>	<b>621 173</b>	<b>885 498</b>	<b>1 049 707</b>	<b>1 100 546</b>
Accumulated surplus / deficit	119 052	196 120	230 908	256 461	305 590	360 170	419 562
Capital and reserves	75 913	96 228	103 130	94 282	102 282	107 082	109 722
Borrowings	27 143	27 870	27 611	22 231	21 500	17 500	2 500
Post-retirement benefits	91 367	94 588	90 842	93 043	102 347	112 582	123 840
Trade and other payables	50 519	64 180	69 475	124 279	141 147	143 295	108 047
Provisions	2 878	2 878	–	–	–	–	–
Liabilities not classified elsewhere	48 563	32 193	48 488	30 877	212 631	309 078	336 875
<b>Total equity and liabilities</b>	<b>415 435</b>	<b>514 057</b>	<b>570 454</b>	<b>621 173</b>	<b>885 498</b>	<b>1 049 707</b>	<b>1 100 546</b>

## Expenditure trends

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

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

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

## South African National Accreditation System

### Strategic overview: 2005/06 - 2011/12

The Accreditation for Conformity Assessment, Calibration and Goods Laboratory Practice Act (2006) provides an internationally recognised accreditation and good laboratory practice compliance monitoring system for South Africa. Established in 2006, the system:

- accredits and monitors organisations falling within the good laboratory practice scope of activity
- promotes accreditation as a means of facilitating international trade
- promotes the competence and equivalence of accredited bodies and good laboratory practice compliant facilities.

It is mandated to assess and accredit BEE verification agencies.

The system represents South Africa on accreditation matters in the SADC and holds the position of regional coordinator and secretariat.

In 2008, all the system's operations policies and procedures have been reviewed and approved as part of the process to list it as a public entity.

Over the medium term, the system will focus on raising awareness of its accreditation services, and improving operating efficiency and the quality of its accreditation services.

### Selected performance and operations indicators

**Table 32.25 South African National Accreditation System**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of government departments assisted on conformity assessment each year	Response to government departments needs	4	4	4	5	5	6	8
Number of training courses provided for certification bodies each year	Training to certification bodies	-	-	45	60	60	60	60
Number of regional meetings organised/ attended representing SADC accreditation each year	Regional cooperation	6	16	16	16	15	15	15
Percentage compliance with international requirements for standardisation standards for assessment bodies	International cooperation	100%	100%	100%	100%	100%	100%	100%
Number of inputs into international standards and procedures for accreditation	International cooperation	-	-	10				
Number of staff in accredited facilities	Increased productivity	32	40	42	44	53	67	67
Ratio of assessors to accredited scope	Increased productivity	-	-	1:7.5	1:5	1:4	1:3	1:3
Percentage of prospective assessors (previously disadvantaged individuals) trained	Transformation	-	-	26% (34)	26% (37)	50% (70)	50% (72)	50% (75)
Age of debt (days)	Sustainability	-	-	90	90	90	90	90
Percentage of on site assessment related complaints satisfactory resolved	Meeting customer needs	-	-	100%	100% (2)	100%	100%	100%
Number of accreditation applications processed	Meeting customer needs	1 082	1 096	1 157	1 230	1 332	1 505	1 579
Percentage of final accreditation certificates issued within 15 days of approval or revision	Meeting customer needs	-	-	94%	100% (1 700)	100% (1 200)	100% (1 300)	100% (1 400)
Number of accredited organisations level of satisfaction with the assessment process	Meeting customer needs	-	-	(1 041)	(1 107)	(1 200)	(1 355)	(1 421)
Level of satisfaction with the assessment process by the system				90%	90%	90%	90%	90%

## Service delivery and spending focus

The South African National Accreditation System's mutual recognition arrangement was endorsed by the International Laboratory Accreditation Cooperation and the International Accreditation Forum for a further four years.

As a result of the promulgation of the Accreditation for Conformity Assessment, Calibration, and Good Laboratory Practice Act (2006), the system has transformed from a section 21 company in terms of the Companies Act (1973) into a public entity in terms of the Public Finance Management Act (1999).

A major outcome of the new legal status of the system is the legal status of its certificates, which are now recognised by law. This development addresses a long-held concern from both stakeholders and direct customers about the value of accreditation.

The first group of BEE verification agency assessments is almost complete.

## Expenditure estimates

**Table 32.26 South African National Accreditation System: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>14 346</b>	<b>17 632</b>	<b>20 358</b>	<b>24 130</b>	<b>25 448</b>	<b>27 935</b>	<b>29 856</b>
Sale of goods and services other than capital assets	11 545	14 428	16 153	18 604	18 969	22 253	23 638
<i>of which:</i>							
<i>Administrative fees</i>	11 545	14 428	16 153	18 604	18 969	22 253	23 638
<i>Other non-tax revenue</i>	2 801	3 204	4 205	5 526	6 479	5 682	6 218
<b>Transfers received</b>	<b>9 565</b>	<b>10 035</b>	<b>12 501</b>	<b>13 750</b>	<b>13 947</b>	<b>14 739</b>	<b>15 623</b>
<b>Total revenue</b>	<b>23 911</b>	<b>27 667</b>	<b>32 859</b>	<b>37 880</b>	<b>39 395</b>	<b>42 674</b>	<b>45 479</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>22 871</b>	<b>30 242</b>	<b>32 069</b>	<b>37 571</b>	<b>39 343</b>	<b>42 586</b>	<b>45 479</b>
Compensation of employees	8 101	11 125	11 395	13 836	13 845	15 675	16 431
Goods and services	14 402	18 286	19 660	22 749	24 920	26 431	28 496
Depreciation	368	805	959	895	456	327	368
Interest, dividends and rent on land	–	26	55	91	122	153	184
<b>Transfers and subsidies</b>	<b>85</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>22 956</b>	<b>30 242</b>	<b>32 069</b>	<b>37 571</b>	<b>39 343</b>	<b>42 586</b>	<b>45 479</b>
<b>Surplus / (Deficit)</b>	<b>955</b>	<b>(2 575)</b>	<b>790</b>	<b>309</b>	<b>52</b>	<b>88</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 067	3 705	2 954	2 150	1 873	1 782	1 537
<i>of which: Acquisition of assets</i>	<i>679</i>	<i>3 458</i>	<i>208</i>	<i>91</i>	<i>179</i>	<i>236</i>	<i>123</i>
Receivables and prepayments	1 251	663	656	700	700	700	700
Cash and cash equivalents	11 197	11 313	14 410	15 428	17 034	18 368	17 548
<b>Total assets</b>	<b>13 515</b>	<b>15 681</b>	<b>18 020</b>	<b>18 278</b>	<b>19 607</b>	<b>20 850</b>	<b>19 785</b>
Accumulated surplus / deficit	13 490	10 915	11 704	12 013	12 065	12 153	12 153
Borrowings	–	1 814	1 660	1 473	1 299	1 136	985
Trade and other payables	25	2 599	2 930	3 042	4 753	5 961	5 027
Provisions	–	353	872	850	640	750	800
Liabilities not classified elsewhere	–	–	854	900	850	850	820
<b>Total equity and liabilities</b>	<b>13 515</b>	<b>15 681</b>	<b>18 020</b>	<b>18 278</b>	<b>19 607</b>	<b>20 850</b>	<b>19 785</b>

## Expenditure trends

The South African National Accreditation System's two main sources of revenue are fees charged to accredited facilities serving various industries and transfers received from the Department of Trade and Industry. Transfers received increase at an average annual rate of 12.9 per cent between 2005/06 and 2008/09, from R9.6 million to

R13.8 million. Over the medium term, transfers received increase at an average annual rate of 4.3 per cent, to R15.6 million in 2011/12, when the required capacity levels will have been reached. Fees charged increase at an average annual rate of 8.3 per cent over the medium term, from R18.6 million in 2008/09 to R23.6 million in 2011/12. Total revenue is expected to increase from R23.9 million in 2005/06 to R45.5 million in 2011/12, showing average annual growth of 11.3 per cent.

Expenditure increased from R22.9 million in 2005/06 to R37.6 million in 2008/09, at an average annual rate of 17.8 per cent, and is expected to grow to R45.5 million in 2011/12. The increase in expenditure up to 2011/12 is mainly due to increasing the system's staff complement to ensure sustainability, following extensive international benchmarking.

## **Programme 5: Consumer and Corporate Regulation**

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

### **Objectives and measures**

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

## Service delivery and spending focus

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

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

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

## Expenditure estimates

**Table 32.27 Consumer and Corporate Regulation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Policy and Legislative Development	5 787	8 597	8 713	18 098	14 823	15 920	16 739
Enforcement and Compliance	19 663	31 220	27 680	30 546	46 039	49 305	51 851
Regulatory Services	68 142	91 385	101 513	124 542	177 733	199 765	219 183
<b>Total</b>	<b>93 592</b>	<b>131 202</b>	<b>137 906</b>	<b>173 186</b>	<b>238 595</b>	<b>264 990</b>	<b>287 773</b>
Change to 2008 Budget estimate				(11 403)	35 987	43 103	66 146
<b>Economic classification</b>							
<b>Current payments</b>	<b>30 778</b>	<b>45 859</b>	<b>39 131</b>	<b>53 325</b>	<b>62 412</b>	<b>66 393</b>	<b>62 513</b>
Compensation of employees	18 705	29 001	29 692	33 848	38 695	40 474	38 785
Goods and services	12 073	16 858	9 439	19 477	23 717	25 919	23 728
<i>of which:</i>							
Administrative fees	79	137	252	–	505	510	600
Advertising	1 169	133	1 161	195	90	100	150
Assets less than R5 000	8	7	23	–	951	900	1 000
Bursaries: Employees	60	–	22	–	–	–	–
Catering: Departmental activities	57	67	100	–	–	–	–
Communication	122	176	213	286	376	400	500
Computer services	–	–	89	–	574	600	700
Consultants and professional services: Business and advisory services	5 358	7 510	2 216	12 000	8 775	7 637	8 751
Consultants and professional services: Legal costs	869	752	392	–	–	–	–
Contractors	3	2	1	–	1 000	1 100	1 200
Agency and support / outsourced services	21	–	29	–	–	–	–
Entertainment	1	4	5	–	48	50	60
Inventories: Other consumables	–	2	–	–	–	–	–
Inventories: Stationery and printing	503	658	348	932	892	1 000	1 200

Table 32.27 Consumer and Corporate Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>30 778</b>	<b>45 859</b>	<b>39 131</b>	<b>53 325</b>	<b>62 412</b>	<b>66 393</b>	<b>62 513</b>
<i>Lease payments</i>	78	–	–	–	–	–	–
<i>Owned and leasehold property expenditure</i>	–	–	642	–	–	–	–
<i>Travel and subsistence</i>	2 338	4 164	3 425	4 457	5 616	7 000	5 367
<i>Training and development</i>	11	–	79	–	–	–	–
<i>Operating expenditure</i>	982	1 351	–	–	2 682	4 000	2 500
<i>Venues and facilities</i>	414	1 895	442	1 607	2 208	2 622	1 700
<b>Transfers and subsidies</b>	<b>62 440</b>	<b>85 080</b>	<b>98 479</b>	<b>119 131</b>	<b>175 236</b>	<b>197 555</b>	<b>224 156</b>
Provinces and municipalities	57	22	–	–	–	–	–
Departmental agencies and accounts	60 653	82 832	96 181	116 657	172 639	194 802	221 238
Foreign governments and international organisations	1 640	1 979	2 279	2 474	2 597	2 753	2 918
Households	90	247	19	–	–	–	–
<b>Payments for capital assets</b>	<b>374</b>	<b>263</b>	<b>296</b>	<b>730</b>	<b>947</b>	<b>1 042</b>	<b>1 104</b>
Machinery and equipment	374	263	296	730	947	1 042	1 104
<b>Total</b>	<b>93 592</b>	<b>131 202</b>	<b>137 906</b>	<b>173 186</b>	<b>238 595</b>	<b>264 990</b>	<b>287 773</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>57</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	57	22	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>60 653</b>	<b>82 832</b>	<b>96 181</b>	<b>116 657</b>	<b>172 639</b>	<b>194 802</b>	<b>221 238</b>
Companies and Intellectual Property Registration Office	4 251	–	–	–	–	–	–
Competition Commission	28 240	17 333	23 221	44 000	67 721	73 818	86 595
Competition Tribunal	–	8 000	8 670	9 909	13 040	13 625	15 175
Micro Finance Regulatory Council	15 900	–	–	–	–	–	–
National Credit Regulator	–	37 854	44 514	34 082	43 859	45 917	51 042
National Gambling Board	12 262	19 645	19 776	17 274	20 570	21 583	23 605
National Consumer Tribunal	–	–	–	11 392	17 519	20 059	23 833
National Consumer Commission	–	–	–	–	9 930	19 800	20 988
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>1 640</b>	<b>1 979</b>	<b>2 279</b>	<b>2 474</b>	<b>2 597</b>	<b>2 753</b>	<b>2 918</b>
World Intellectual Property Organisation	1 640	1 979	2 279	2 474	2 597	2 753	2 918
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>19</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee leave gratuity	–	–	19	–	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>90</b>	<b>247</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Consumer awards	90	247	–	–	–	–	–

## Expenditure trends

Expenditure increased rapidly from R93.6 million in 2005/06 to R173.2 million in 2008/09 at an average annual rate of 22.8 per cent. Expenditure rose markedly in 2006/07, increasing by 40.2 per cent, mainly due to the establishment of the National Credit Regulator and the incorporation of the Micro Finance Regulatory Council

into the regulator. Spending is projected to grow at an average annual rate of 18.4 per cent over the medium term to reach R287.8 million in 2011/12.

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

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

## Public entities

### Competition Commission

#### Strategic overview: 2005/06 – 2011/12

The Competition Act (1998) is administered by three autonomous agencies: the Competition Commission, the Competition Tribunal and the Competition Appeal Court. The Competition Commission is responsible for promoting competitive market conditions through investigating and prosecuting anti-competitive activities, reviewing and approving mergers and exemption applications, and advocacy. The commission prevents business practices that are anti-competitive and unfair to consumers, improves consumer choice and the prices of goods and services, and promotes improved access to the economy, for SMMEs and historically disadvantaged people in particular. The commission's vision is a fair and efficient economy for all South Africans.

In 2006, the commission identified five key objectives for 2008 to 2012: to increase staff morale and motivation; to establish the commission as a centre of information, knowledge and expertise; to align organisational structure and work processes to the commission's strategic priorities; to define and clarify the commission's approach and methodology; and to ensure effective advocacy and communication.

The commission's staff complement will be increased from 99 to 192 over the MTEF period. To define and clarify the commission's approach and methodologies, four priority sectors have been identified for investigation of possible anti-competitive conduct: financial services, food and agro-processing, infrastructure and construction, and intermediate industrial products. Effective advocacy and communication work, in the form of a public awareness campaign involving conferences, workshops and seminars, is necessary to educate the public and create awareness among stakeholders on the role and work of the commission.

#### Selected performance and operations indicators

**Table 32.28 Competition Commission**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projected		
		2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Number of merger cases registered each year	Investigation of notified mergers	408	413	507	460	210	223	236
Number of prohibited practices complaints received each year	Investigation and prosecution of anti-competitive practices	105	93	193	200	200	200	200
Number of prohibited practices cases initiated each year	Enforcement and compliance	3	6	10	6	6	6	6
Number of advisory opinions given each year	Enforcement and Compliance	47	46	45	70	50	56	60
Number of research projects conducted each year on specific sectors and topics related to industrial organisations	Policy and research	–	10	6	6	6	6	6

## Service delivery and spending focus

The Competition Commission referred 5 cases in the priority sectors to the Competition Tribunal for adjudication as a result of proactive investigations. Between 2006/07 and 2008/09, the commission uncovered widespread price fixing and other breaches of the Competition Act in several food products and agro-processing markets. The prosecuting of cartels has been supported by in-depth research into the pricing of staple food and identifying competition concerns throughout the value chain, including market allocation and surplus removal.

Following its substantial public enquiry, the commission launched a report on bank charges and access to the national payments system in July 2008.

The commission assessed the pricing trends of key products and competition in markets such as bricks, steel products, cement, concrete and plaster. A review of the producer price index data revealed that over recent years the prices of many input products to government's infrastructure programme have been increasing at rates substantially higher than producer and consumer inflation. Formal investigations are currently under way into some of these markets.

Intermediate industrial products, which are inputs into manufacturing, comprising mainly basic chemicals and basic metal products, have been prioritised for investigation by the commission in 2009. In 2008/09, 2 mergers in this sector were prohibited for 2009.

The telecommunications sector is characterised by high prices and a lack of competition. While it is not a formally identified priority sector for the commission, it is an area of focus because of its importance to growth and development and the cost of doing business. The commission currently has 11 complaints before it about telecommunications matters, and devotes considerable resources to this sector.

Another area of focus is the health care sector. In 2007/08, the commission referred a case of collusive tendering and market allocation against four pharmaceutical companies to the Competition Tribunal for prosecution.

## Expenditure estimates

**Table 32.29 Competition Commission: Financial information**

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>44 007</b>	<b>52 375</b>	<b>62 668</b>	<b>89 396</b>	<b>94 373</b>	<b>119 693</b>	<b>123 804</b>
Sale of goods and services other than capital assets	39 926	48 625	57 312	50 697	34 425	38 354	40 501
<i>of which:</i>							
Administrative fees	39 926	48 625	57 312	50 697	34 425	38 354	40 501
Other non-tax revenue	4 081	3 750	5 356	38 699	59 948	81 339	83 303
<b>Transfers received</b>	<b>28 240</b>	<b>19 144</b>	<b>23 221</b>	<b>44 000</b>	<b>67 721</b>	<b>73 818</b>	<b>86 595</b>
<b>Total revenue</b>	<b>72 247</b>	<b>71 519</b>	<b>85 889</b>	<b>133 396</b>	<b>162 094</b>	<b>193 511</b>	<b>210 399</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>53 806</b>	<b>66 737</b>	<b>82 386</b>	<b>100 880</b>	<b>156 004</b>	<b>186 679</b>	<b>203 191</b>
Compensation of employees	26 148	26 707	34 522	48 072	90 525	116 727	133 709
Goods and services	26 487	39 160	46 999	51 205	63 813	67 744	67 381
Depreciation	1 109	805	811	1 533	1 596	2 138	2 031
Interest, dividends and rent on land	62	65	54	70	70	70	70
<b>Transfers and subsidies</b>	<b>8 452</b>	<b>8 149</b>	<b>9 285</b>	<b>7 710</b>	<b>6 090</b>	<b>6 832</b>	<b>7 208</b>
<b>Total expenses</b>	<b>62 258</b>	<b>74 886</b>	<b>91 671</b>	<b>108 590</b>	<b>162 094</b>	<b>193 511</b>	<b>210 399</b>
<b>Surplus / (Deficit)</b>	<b>9 989</b>	<b>(3 367)</b>	<b>(5 782)</b>	<b>24 806</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 568	2 255	2 906	3 118	4 422	8 943	8 670
<i>of which: Acquisition of assets</i>	324	1 547	1 462	1 942	2 900	6 659	1 758
Receivables and prepayments	1 011	1 405	547	150	200	200	200
Cash and cash equivalents	49 951	44 335	45 222	31 749	4 000	2 000	4 000
<b>Total assets</b>	<b>52 530</b>	<b>47 995</b>	<b>48 675</b>	<b>35 017</b>	<b>8 622</b>	<b>11 143</b>	<b>12 870</b>
Accumulated surplus / deficit	41 759	38 393	32 610	24 806	-	-	-
Borrowings	-	507	281	11	-	-	-
Trade and other payables	10 306	9 095	15 507	10 000	8 346	10 866	12 594
Provisions	465	-	277	200	276	277	276
<b>Total equity and liabilities</b>	<b>52 530</b>	<b>47 995</b>	<b>48 675</b>	<b>35 017</b>	<b>8 622</b>	<b>11 143</b>	<b>12 870</b>

## Expenditure trends

Expenditure increased from R62.3 million in 2005/06 to R108.6 million in 2008/09, at an average annual rate of 20.4 per cent. It is expected to increase at an average annual rate of 24.7 per cent over the medium term, to reach R210.4 million in 2011/12. The increase in expenditure between 2007/08 and 2011/12 is due to increased activities and a related new structure for the commission, evident in expenditure on compensation of employees.

The transfers by the Department of Trade and Industry are expected to increase at an average annual rate of 25.3 per cent over the medium term, from R44 million in 2008/09 to R86.6 million in 2011/12, to support the restructuring.

## Competition Tribunal

### Strategic overview: 2005/06 – 2011/12

The Competition Tribunal is the adjudicative agency under the Competition Act (1998). All large mergers and alleged restrictive practices are put before the tribunal by the Competition Commission and interested parties. The tribunal may also hear appeals on certain decisions that the commission is empowered to make.

The Competition Tribunal has identified seven strategic objectives, divided into three major categories: policy and legislation; enforcement and compliance; and education and awareness.

As one of the national anti-trust authorities, the Competition Tribunal plays an essential role in creating a national culture of respect for the principles of competitive conduct which now apply almost worldwide. The outcomes of the cases it has ruled on are helping it to earn the credibility and confidence of diverse stakeholders.

### Selected performance and operations indicators

**Table 32.30 Competition Tribunal**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
Number of larger matters referred by the commission each year	Enforcement and compliance	101	87	102	54	-	-	-
Number of larger matters heard (some from a previous period) each year	Enforcement and compliance	101	89	100	54	-	-	-
Number of larger matters heard within specific turnaround times each year	Enforcement and compliance	77	58	88	39	-	-	-
Number of larger merger orders issued each year	Enforcement and compliance	101	85	98	54	-	-	-
Number of larger merger orders issued within specific timeframes each year	Enforcement and compliance	99	85	98	54	-	-	-
Number of other matters (not larger mergers) heard each year	Enforcement and compliance	35	35	47	19	-	-	-
Number of media reports each year	Education and awareness	859	460	482	155	-	-	-

*Note: Due to the nature of its business, which depends entirely on the cases which come before it, no projections can be made by the tribunal.*

### Service delivery and spending focus

The Competition Tribunal has shifted its focus of activity away from mergers towards complaints of restrictive practices, brought about by a marked increase in the number of these complaints. New complaints increased from 20 in 2006/07 to 25 in 2007/08, and to date, 17 new complaints have been received. This shift also arises in part from the fact that the commission has concluded a number of cartel investigations: 5 in 2006/07, 4 in 2007/08, 6 in 2008/09, and 8 still pending (More cartel activities result in more cases). Several of these have come before the tribunal in the form of consent orders. The tribunal's role in regulating mergers continues. In 2007/2008, a substantial number of important merger cases were considered and decided.

The Competition Tribunal continues to play a leading role in international bodies such as the International Competition Network. Members of the tribunal participated in the network's annual conference in April 2008. The tribunal and the commission have participated in the Competition Committee of the Organisation for Economic Cooperation and Development, which is at the cutting edge of international developments in competition law and policy.

With the increasing demands on it, the Competition Tribunal is fortunate to be able to draw on an expanded staff: the services of three full-time members and a group of part-time members.

## Expenditure estimates

**Table 32.31 Competition Tribunal: Financial information**

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>8 852</b>	<b>8 761</b>	<b>10 797</b>	<b>8 601</b>	<b>9 602</b>	<b>10 271</b>	<b>10 097</b>
Sale of goods and services other than capital assets	8 454	8 149	9 286	7 442	6 090	6 455	6 843
<i>of which:</i>							
Administrative fees	8 454	8 149	9 286	7 442	6 090	6 455	6 843
Other non-tax revenue	398	612	1 511	1 160	3 512	3 816	3 254
<b>Transfers received</b>	<b>5 000</b>	<b>8 000</b>	<b>8 670</b>	<b>9 909</b>	<b>13 040</b>	<b>13 625</b>	<b>15 175</b>
<b>Total revenue</b>	<b>13 852</b>	<b>16 761</b>	<b>19 467</b>	<b>18 510</b>	<b>22 642</b>	<b>23 896</b>	<b>25 272</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>10 600</b>	<b>13 119</b>	<b>15 388</b>	<b>17 340</b>	<b>22 642</b>	<b>23 896</b>	<b>25 272</b>
Compensation of employees	5 969	7 205	9 226	9 145	12 570	13 325	14 124
Goods and services	4 389	5 674	5 918	7 859	9 649	10 228	10 843
Depreciation	197	197	201	336	423	344	306
Interest, dividends and rent on land	45	43	43	–	–	–	–
<b>Total expenses</b>	<b>10 600</b>	<b>13 119</b>	<b>15 388</b>	<b>17 340</b>	<b>22 642</b>	<b>23 896</b>	<b>25 272</b>
<b>Surplus / (Deficit)</b>	<b>3 252</b>	<b>3 642</b>	<b>4 079</b>	<b>1 170</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	876	797	762	1 305	1 640	1 734	1 825
<i>of which: Acquisition of assets</i>	517	118	166	879	758	438	396
Inventory	38	16	21	21	21	21	21
Receivables and prepayments	1 836	686	1 098	1 063	1 038	1 013	988
Cash and cash equivalents	7 645	12 741	16 450	17 015	16 405	16 286	16 171
<b>Total assets</b>	<b>10 395</b>	<b>14 240</b>	<b>18 331</b>	<b>19 404</b>	<b>19 104</b>	<b>19 054</b>	<b>19 004</b>
Accumulated surplus / deficit	9 313	12 955	17 034	18 204	18 204	18 204	18 204
Borrowings	–	369	270	200	150	100	50
Trade and other payables	1 082	916	1 027	1 000	750	750	750
<b>Total equity and liabilities</b>	<b>10 395</b>	<b>14 240</b>	<b>18 331</b>	<b>19 404</b>	<b>19 104</b>	<b>19 054</b>	<b>19 004</b>

## Expenditure trends

Overall, the Competition Tribunal's total revenue, in the form of penalties, increased at an average annual rate of 10.1 per cent between 2005/06 and 2008/09, from R13.9 million to R18.5 million. Total revenue is projected to grow to R25.3 million in 2011/12, showing average annual growth of 10.9 per cent over the medium term.

Expenditure rose from R10.6 million in 2005/06 to R17.3 million in 2008/09, an average annual increase of 17.8 per cent. It is anticipated to rise to R25.3 million in 2011/12. Budgeting over the medium term is based on the estimated number of cases each year, and the tribunal makes a large provision for legal fees as cases may require the tribunal to seek legal advice. As a result, actual expenditure varies from budgeted expenditure.

## National Consumer Tribunal

### Strategic overview: 2005/06 – 2011/12

The National Consumer Tribunal was established in terms of the National Credit Act (2005). The act ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. The National Consumer Tribunal is an independent body, established in 2007/08, whose mandate is to hear and

decide on cases involving consumers, credit providers, debt counsellors and credit bureaus. It is also responsible for reviewing decisions made by the National Credit Regulator. Having concentrated on building its institutional capacity in 2007/08, the tribunal focused on policies, procedures, systems and structures in 2008/09. The National Consumer Tribunal was officially launched in February 2009.

### Selected performance and operations indicators

**Table 32.32 National Consumer Tribunal**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of notices published on the website each year	Creating awareness of the role and function of the tribunal	-	-	4	6	20	40	60
Number of reasoned decisions published on the website each year	Creating awareness of the role and function of the tribunal	-	-	2	4	10	20	30
Number of joint education programmes with provincial offices and courts each year	Forging mutually supportive strategic alliances	-	-	3	6	6	6	9
Number of capacity building workshops with tribunal members and staff each year	Optimising the capacity of tribunal members and staff	-	-	3	5	4	4	4
Number of reference papers developed from case analyses each year	Optimising the capacity of tribunal members and staff	-	-	8	4	8	8	12
Number of policies and procedures and systems developed each year	Ensuring the optimal functioning and continuity of the tribunal	-	-	8	8	2	2	2

### Service delivery and spending focus

In 2007/08, 3 workshops were held and 8 reference papers were developed by the National Consumer Tribunal. 11 case records were filed with the tribunal. Of these, 7 were filed as valid applications and referrals, 3 were declined as *ultra vires* and 1 was not pursued by the applicant. 1 referral and 1 application were finalised. The consent order that was applied for was granted and the referral was decided on a point of law.

In 2008/09, the National Consumer Tribunal focused on developing policies and procedures and establishing the case management system. Corporate governance structures have been put in place. Due to financial and human resource constraints, the tribunal's marketing activities were constrained. In the first half of 2008/09, 8 completed cases had been filed with the tribunal, and there was 1 case from the previous year. Of these, 6 have been finalised and orders have been issued. The tribunal did 4 capacity building exercises with its members and staff, and finalised 2 reference papers and 2 research papers. 4 capacity building and joint education sessions were held with the Department of Trade and Industry's provincial consumer affairs offices and the consumer courts.

### Expenditure estimates

**Table 32.33 National Consumer Tribunal: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	-	35	191	415	476	563
Sale of goods and services other than capital assets	-	-	1	6	15	16	17
of which:							
Administrative fees	-	-	1	-	-	-	-
Other sales	-	-	-	6	15	16	17
Other non-tax revenue	-	-	34	185	400	460	546
<b>Transfers received</b>	-	4 000	7 193	11 592	17 519	20 059	23 833
<b>Total revenue</b>	-	4 000	7 228	11 783	17 934	20 535	24 396
<b>Expenses</b>							
<b>Current expense</b>	-	1 586	6 101	11 783	17 934	20 535	24 396
Compensation of employees	-	198	1 334	3 244	6 864	7 413	6 379
Goods and services	-	1 388	4 368	7 980	10 672	12 780	17 653
Depreciation	-	-	357	559	398	342	364
Interest, dividends and rent on land	-	-	42	-	-	-	-
<b>Total expenses</b>	-	1 586	6 101	11 783	17 934	20 535	24 396
<b>Surplus / (Deficit)</b>	-	2 414	1 127	-	-	-	-

**Table 32.33 National Consumer Tribunal: Financial information (continued)**

R thousand Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Carrying value of assets	–	–	1 313	1 037	798	773	758
of which: Acquisition of assets	–	–	1 471	283	159	317	349
Receivables and prepayments	–	2 719	84	–	–	–	–
Cash and cash equivalents	–	–	3 584	1 200	900	1 000	800
<b>Total assets</b>	<b>–</b>	<b>2 719</b>	<b>4 981</b>	<b>2 237</b>	<b>1 698</b>	<b>1 773</b>	<b>1 558</b>
Accumulated surplus / deficit	–	2 414	3 540	–	–	–	–
Borrowings	–	–	180	–	–	–	–
Trade and other payables	–	305	1 019	1 692	1 651	1 724	1 507
Provisions	–	–	42	45	47	49	51
Liabilities not classified elsewhere	–	–	200	500	–	–	–
<b>Total equity and liabilities</b>	<b>–</b>	<b>2 719</b>	<b>4 981</b>	<b>2 237</b>	<b>1 698</b>	<b>1 773</b>	<b>1 558</b>

### Expenditure trends

The National Consumer Tribunal's revenue comes from government transfers and penalties.

In 2008/09, the tribunal received an additional allocation of R4 million from the Department of Trade and Industry for capacity building and to perform additional activities. Revenue is expected to increase from R11.8 million in 2008/09 to R24.4 million in 2011/12, at an average annual rate of 27.5 per cent.

Expenditure is expected to increase at an average annual rate of 72.7 per cent from 2006/07 to 2011/12, from R1.6 million to R24.4 million, due to capacity building.

In 2007/08, the National Consumer Tribunal had a surplus of R1.1 million because the tribunal delayed the appointment of staff.

### National Credit Regulator

#### Strategic overview: 2005/06 - 2011/12

The National Credit Regulator was established in 2006/07 by the National Credit Act (2005), which replaced the Usury Act (1968) and the Credit Agreements Act (1980). The National Credit Act requires the regulator to promote the development of an accessible credit market to address the needs of historically disadvantaged people, people with low incomes and remote, isolated or low density communities. Its primary purpose of the National Credit Regulator is to regulate the consumer credit industry in order to improve consumer protection and the efficiency and fairness of the end user credit market.

The primary objectives of the National Credit Regulator are to:

- carry out education, research, policy development, the registration of industry participants, and the investigation of complaints
- promote the development of an accessible credit market, and particularly to address the needs of historically disadvantaged people, people with low incomes, and remote, isolated or low density communities
- register all credit providers, credit bureaus and debt counselors
- enforce compliance with the provisions of the act.

## Selected performance and operations indicators

Table 32.34 National Credit Regulator

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Average turnaround time in days for approval of complete registration	Registrations	-	15	9	10	10	10	10
Percentage of complaints resolved within turnaround time (out of number of logged complaints)	Complaints							
within 30 days		-	50% (792)	23% (344)	40% (586)	40% (586)	40% (586)	40% (586)
within 60 days		-	25% (396)	34% (509)	40% (586)	40% (586)	40% (586)	40% (586)
within 90 days	-	25% (396)	43% (643)	20% (293)	20% (293)	20% (293)	20% (293)	
Number of consumers reached each year	Education	-	43 780	32 090	30 000	30 000	30 000	30 000
Number of debt counselors registered each year	Debt counseling	-	-	336	300	300	300	300

## Service delivery and spending focus

In 2007/08, the National Credit Regulator forced a non-compliant credit provider to stop operating, and published credit bureau statistics for the first time in South Africa. It registered 2 535 credit providers, 11 credit bureaus and 336 debt counsellors.

## Expenditure estimates

Table 32.35 National Credit Regulator: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	6 714	23 627	41 964	32 134	26 295	26 295
Sale of goods and services other than capital assets	-	4 919	18 169	22 178	22 321	23 895	23 895
<i>of which:</i>							
Administrative fees	-	4 919	18 169	22 178	22 321	23 895	23 895
Other non-tax revenue	-	1 795	5 458	19 786	9 813	2 400	2 400
<b>Transfers received</b>	-	37 854	44 514	34 082	43 859	45 917	51 042
<b>Total revenue</b>	-	44 568	68 141	76 046	75 993	72 212	77 337
<b>Expenses</b>							
<b>Current expense</b>	-	44 426	68 141	76 046	75 993	72 212	77 337
Compensation of employees	-	14 653	21 748	32 253	37 943	40 599	40 599
Goods and services	-	28 220	45 020	41 497	35 610	29 003	34 368
Depreciation	-	1 551	1 362	2 282	2 440	2 610	2 370
Interest, dividends and rent on land	-	2	11	14	-	-	-
<b>Total expenses</b>	-	44 426	68 141	76 046	75 993	72 212	77 337
<b>Surplus / (Deficit)</b>	-	142	-	-	-	-	-
<b>Statement of financial position</b>							
Carrying value of assets	-	4 435	4 349	4 510	4 193	2 683	5 067
<i>of which: Acquisition of assets</i>	-	4 996	1 279	2 443	2 123	1 100	4 754
Investments	-	12	-	-	-	-	-
Receivables and prepayments	-	302	265	320	320	320	320
Cash and cash equivalents	-	45 960	48 874	25 187	30 648	33 342	30 429
<b>Total assets</b>	-	50 709	53 488	30 017	35 161	36 345	35 816
Accumulated surplus / deficit	-	19 751	19 751	3 965	-	-	-
Capital and reserves	-	12	-	-	-	-	-
Borrowings	-	-	89	16	-	-	-
Trade and other payables	-	26 072	21 379	15 772	24 897	26 081	25 552
Provisions	-	860	2 351	3 925	3 925	3 925	3 925
Liabilities not classified elsewhere	-	4 014	9 918	6 339	6 339	6 339	6 339
<b>Total equity and liabilities</b>	-	50 709	53 488	30 017	35 161	36 345	35 816

## Expenditure trends

Transfers received from the Department of Trade and Industry are expected to increase from R37.8 million in 2006/07, when the National Credit Regulator was established, to R51 million in 2011/12, showing average annual growth of 6.2 per cent. Augmenting the transfers, the regulator earns fees from registered credit providers, credit bureaus and debt counsellors.

Total expenditure was R44.4 million in 2006/07, and is expected to increase at an average annual rate of 11.7 per cent over the six-year period to reach R77.3 million in 2011/12. The growth in expenditure is mainly due to additional staff appointed to ensure compliance with the relevant legislation.

## National Gambling Board of South Africa

### Strategic overview: 2005/06 - 2011/12

The National Gambling Board was established in terms of the National Gambling Act (1996). The replacement National Gambling Act (2004) provides for oversight of matters relating to casinos, gambling, betting and wagering and promotes uniform norms and standards in relation to gambling throughout South Africa. The board provides reliable information on gambling activities, and oversees regulatory functions in the gambling sector by evaluating national licences. The board also has oversight over provincial gambling boards and monitors the compliance monitoring of provincial gambling boards.

The National Gambling Board also provides policy advice on gambling and related matters and aims to build the integrity of the industry by monitoring compliance with legislation against money laundering and the financing of terrorism, and by facilitating the transformation of gambling industry. It promotes a responsible gambling environment and protect the public by monitoring socioeconomic gambling patterns, market conduct and market share to detect potential monopolies.

### Selected performance and operations indicators

**Table 32.36 National Gambling Board of South Africa**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of Financial Intelligence Centre Act (2001) inspections conducted at casinos each year	Combating money laundering and the financing of terrorism activities	17	33	72	44	84	86	106
Number of approved national gambling licences awarded each year	Evaluation of national licences by provincial gambling boards	–	–	–	–	10	10	10
Number of national databases developed and implemented each year	Provision of reliable information	–	2	2	1	–	–	–
Number of central electronic monitoring system audits completed in each province each year	Provision of reliable information	–	–	–	2	1	1	1
Number of oversight inspections conducted each year	Evaluation of compliance monitoring of licensees by provincial gambling boards	5	1	–	1	1	2	2
Number of illegal gambling activities registered each year	Strengthening enforcement capacity	641	752	800	9	18	18	18
Number of research projects conducted each year	Monitoring socioeconomic patterns of gambling activities	1	–	3	1	–	–	–
Number of test laboratories inspected each year	Provision of reliable information	–	2	–	2	2	2	2
Number of provinces trained on Financial Intelligence Centre Act each year	Combating money laundering and the financing of terrorism activities	–	–	9	–	9	–	9

### Service delivery and spending focus

In 2007/08, the national gambling probity and exclusion database was fully developed and is ready to be rolled out.

The board completed national and provincial consultations on internet gambling amendments, and held consultations with industry stakeholders on the development of a national database of gambling machines and devices.

It introduced uniform norms and standards in the racing and betting industry.

The board completed Financial Intelligence Centre Act inspections in 28 casinos and 44 betting outlets.

It also conducted 3 research studies: gender equity in the gambling industry; the perception of regular gamblers on measures to promote responsible gambling; and the perception of regular bingo players on electronic bingo terminals.

## Expenditure estimates

**Table 32.37 National Gambling Board of South Africa: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>428</b>	<b>303</b>	<b>671</b>	<b>763</b>	<b>762</b>	<b>792</b>	<b>832</b>
<i>Other non-tax revenue</i>	428	303	671	763	762	792	832
<b>Transfers received</b>	<b>12 262</b>	<b>19 645</b>	<b>18 855</b>	<b>17 274</b>	<b>20 570</b>	<b>21 583</b>	<b>23 605</b>
<b>Total revenue</b>	<b>12 690</b>	<b>19 948</b>	<b>19 526</b>	<b>18 037</b>	<b>21 332</b>	<b>22 375</b>	<b>24 437</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>19 396</b>	<b>20 985</b>	<b>18 994</b>	<b>18 245</b>	<b>21 332</b>	<b>22 375</b>	<b>24 437</b>
Compensation of employees	8 742	8 951	6 665	10 316	10 838	11 512	11 932
Goods and services	10 328	11 805	12 087	7 132	9 690	9 902	11 344
Depreciation	307	210	221	772	772	928	1 126
Interest, dividends and rent on land	19	19	21	25	32	33	35
<b>Total expenses</b>	<b>19 396</b>	<b>20 985</b>	<b>18 994</b>	<b>18 245</b>	<b>21 332</b>	<b>22 375</b>	<b>24 437</b>
<b>Surplus / (Deficit)</b>	<b>(6 706)</b>	<b>(1 037)</b>	<b>532</b>	<b>(208)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 266	2 699	926	1 069	1 212	1 235	1 108
<i>of which: Acquisition of assets</i>	342	705	488	915	915	951	999
Inventory	-	-	30	35	45	40	40
Receivables and prepayments	721	107	287	731	1 207	1 942	560
Cash and cash equivalents	3 099	3 324	4 283	5 043	4 023	4 491	5 793
<b>Total assets</b>	<b>6 086</b>	<b>6 130</b>	<b>5 526</b>	<b>6 878</b>	<b>6 487</b>	<b>7 708</b>	<b>7 501</b>
Accumulated surplus / deficit	3 581	2 484	3 016	4 368	2 750	3 924	4 258
Borrowings	94	69	43	43	43	43	43
Trade and other payables	1 613	2 133	1 554	1 554	1 550	1 347	1 200
Provisions	798	1 444	913	913	2 144	2 394	2 000
<b>Total equity and liabilities</b>	<b>6 086</b>	<b>6 130</b>	<b>5 526</b>	<b>6 878</b>	<b>6 487</b>	<b>7 708</b>	<b>7 501</b>

## Expenditure trends

Transfers received from the Department of Trade and Industry are the National Gambling Board's main source of revenue. Transfers received increase from R12.3 million in 2005/06 to R17.3 million in 2008/09 at an average annual rate of 12.1 per cent, and are expected to increase at an average annual rate of 11 per cent over the medium term, to reach R23.6 million in 2011/12. The increases relate to increases in the staff complement.

Expenditure is anticipated to rise from R18.2 million in 2008/09 to R24.4 million in 2011/12, average annual growth of 10.2 per cent.

In 2005/06, the new National Gambling Act (2004) was implemented and the National Gambling Board took full responsibility for the central electronic monitoring systems. This led to a lengthy and costly dispute between

the board and the KwaZulu-Natal Gambling Board. The board ended the year with a R6.7 million deficit. Professional services and commissioned research studies to inform policy on interactive gambling added to this.

In 2006/07, the board increased the scope of its Financial Intelligence Centre Act inspections in casinos and the betting industry. Major projects included research to inform betting policy in relation to betting exchanges and 2 conferences. The board closed the year with a R1 million deficit.

## Programme 6: The Enterprise Organisation

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

## Objectives and measures:

- Support the national industrial policy framework by:
  - developing and implementing 4 packages of incentives relating to manufacturing, tourism, skills and competitiveness by February 2010
  - monitoring the effectiveness of the 4 framework incentive schemes by developing indicators and targets by February 2010 and monitoring their performance on an ongoing basis
  - developing administrative capacity in support of the framework by upgrading the IT system by 2009 to improve claims administration and reduce times for processing claims from 90 days to 30 days on average
  - assessing the effectiveness of incentive schemes by reviewing the impact of at least 3 schemes by March 2010.

## Service delivery and spending focus

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

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

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

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

## Expenditure estimates

**Table 32.38 The Enterprise Organisation**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Incentive Administration	1 016 791	1 425 334	2 552 243	2 406 132	3 426 736	2 852 976	3 017 581
New Incentive Development	2 262	2 815	3 126	3 053	5 343	6 576	6 789
Business Development and After-Care	7 664	6 116	7 736	7 372	7 904	9 293	9 638
<b>Total</b>	<b>1 026 717</b>	<b>1 434 265</b>	<b>2 563 105</b>	<b>2 416 557</b>	<b>3 439 983</b>	<b>2 868 845</b>	<b>3 034 008</b>
Change to 2008 Budget estimate				14 276	208 493	235 366	232 062

Table 32.38 The Enterprise Organisation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>36 709</b>	<b>41 773</b>	<b>50 685</b>	<b>71 921</b>	<b>80 290</b>	<b>80 449</b>	<b>92 981</b>
Compensation of employees	26 893	32 281	38 928	54 473	62 891	64 390	65 182
Goods and services	9 816	9 492	11 757	17 448	17 399	16 059	27 799
<i>of which:</i>							
Administrative fees	131	204	310	–	–	–	–
Advertising	130	158	142	210	384	399	855
Assets less than R5 000	45	5	18	–	26	27	50
Bursaries: Employees	21	–	84	–	–	–	–
Catering: Departmental activities	27	33	146	–	60	62	120
Communication	160	155	259	300	315	328	514
Computer services	909	833	1 111	1 128	1 200	1 200	1 200
Consultants and professional services: Business and advisory services	2 086	1 969	1 776	2 553	4 112	4 752	8 618
Consultants and professional services: Legal costs	2 224	929	520	–	105	109	1 000
Contractors	4	1	189	–	–	–	–
Agency and support / outsourced services	903	250	–	–	–	–	–
Entertainment	–	1	4	–	63	200	300
Inventory: Other consumables	9	2	22	–	21	22	25
Inventory: Stationery and printing	551	1 081	993	1 195	1 209	1 257	2 140
Owned and leasehold property expenditure	7	17	6	–	50	52	55
Travel and subsistence	2 112	3 233	4 968	8 969	8 561	6 022	10 922
Training and development	10	2	5	–	–	–	–
Operating expenditure	353	248	388	–	263	274	300
Venues and facilities	67	331	815	2 977	1 030	1 355	1 700
<b>Transfers and subsidies</b>	<b>989 807</b>	<b>1 391 882</b>	<b>2 511 756</b>	<b>2 343 821</b>	<b>3 358 851</b>	<b>2 787 470</b>	<b>2 940 317</b>
Provinces and municipalities	83	58 222	–	–	–	–	–
Public corporations and private enterprises	989 703	1 333 660	2 511 605	2 343 821	3 358 851	2 787 470	2 940 317
Households	21	–	151	–	–	–	–
<b>Payments for capital assets</b>	<b>201</b>	<b>610</b>	<b>664</b>	<b>815</b>	<b>842</b>	<b>926</b>	<b>710</b>
Machinery and equipment	201	610	664	815	842	926	710
<b>Total</b>	<b>1 026 717</b>	<b>1 434 265</b>	<b>2 563 105</b>	<b>2 416 557</b>	<b>3 439 983</b>	<b>2 868 845</b>	<b>3 034 008</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	–	58 200	–	–	–	–	–
Industrial development zones grant	–	58 200	–	–	–	–	–
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	83	22	–	–	–	–	–
Regional Services Council levies	83	22	–	–	–	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	76 555	379 812	850 813	872 456	1 177 685	495 000	524 700
Coega Development Corporation	58 873	249 812	725 963	718 425	859 889	495 000	524 700
East London Industrial Development Zone (Pty) Limited	17 682	130 000	124 850	154 030	249 373	–	–
Richards Bay Industrial Development Zone Company	–	–	–	1	68 423	–	–

Table 32.38 The Enterprise Organisation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of transfers and subsidies</b>							
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>789 624</b>	<b>759 937</b>	<b>1 177 377</b>	<b>1 249 704</b>	<b>1 639 412</b>	<b>1 686 553</b>	<b>1 779 546</b>
Business Process Outsourcing	–	–	35 588	110 000	210 000	245 060	255 064
Enterprise Development	723 764	676 565	1 040 163	977 798	916 929	733 248	627 243
Film and Television Production Incentive	41 299	72 400	96 020	154 240	246 899	268 873	290 305
Manufacturing Development Programme Incentives	–	–	–	1	1	1	1
Sector Development Programme	–	–	–	1	10 000	1 800	3 108
Small and Medium Manufacturing Development Programme	24 561	10 972	5 606	4 661	1 157	1 226	1 300
Staple Food Fortification Programme	–	–	–	3 001	1 001	1	–
Industrial Development Zones: Other	–	–	–	1	4 475	5 644	983
Enterprise Investment Programme	–	–	–	1	248 950	430 700	601 542
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>248 250</b>	<b>297 000</b>	<b>316 800</b>
Automotive Production and Development Programme	–	–	–	–	248 250	297 000	316 800
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>98 578</b>	<b>105 698</b>	<b>123 200</b>	<b>146 544</b>	<b>187 865</b>	<b>193 236</b>	<b>200 730</b>
Black business supplier development programme	15 943	25 000	28 490	25 329	38 888	40 621	43 058
Competitiveness fund	382	–	–	–	–	–	–
Cooperatives Incentive Scheme	–	3 753	–	9 330	34 544	41 617	39 414
Export market and investment assistance	81 813	75 669	89 770	111 885	114 433	110 998	118 258
Sector Partnership Fund	440	–	–	–	–	–	–
South African Capital Goods Feasibility Study Fund	–	1 276	4 940	–	–	–	–
<b>Capital</b>	<b>24 946</b>	<b>88 213</b>	<b>360 215</b>	<b>75 117</b>	<b>105 639</b>	<b>115 681</b>	<b>118 541</b>
Critical infrastructure programme	24 946	88 213	60 215	75 117	105 639	115 681	118 541
Critical infrastructure programme: Alcan aluminium smelter	–	–	300 000	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>21</b>	<b>–</b>	<b>151</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee leave gratuity	21	–	151	–	–	–	–

## Expenditure trends

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

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

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

## Programme 7: Trade and Investment South Africa

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing an investment recruitment, problem solving and information service to retain and expand investment in South Africa and into Africa. Funding is mainly for salaries for analysts and associated costs.
- *Export Development and Promotion* develops new and existing South African exporter capabilities to grow exports. It provides information, financial support and practical assistance to sustain organic growth in traditional markets and penetrate new high growth markets. Provision is made under this subprogramme for the following transfers and subsidies:
  - Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank) undertakes feasibility studies for capital goods and projects initiated by the World Bank. Funds are distributed based on approved World Bank projects.
  - Export Consultancy Trust Fund: International Finance Corporation assists South African businesses to be successful in dealing with the International Finance Corporation as an investment in building a long term sustainable export strategy for South African goods and services. Funding is distributed based on diligence investigations and pre-feasibility studies.
  - Export Credit Insurance Corporation provides long term insurance and investment guarantees on behalf of government, and facilitates and encourages South African export trade by underwriting foreign bank loans and investments to enable foreign buyers to purchase capital goods and services from South Africa. Funds are distributed based on approved projects.
- *International Operations* manages and administers the department's foreign office network. Funding is used for salaries, especially for trade advisors, and the costs of operating foreign trade offices.

### Objectives and measures

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

### Service delivery and spending focus

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

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

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

## Expenditure estimates

**Table 32.39 Trade and Investment South Africa**

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Investment Promotion and Facilitation	35 320	28 380	24 631	36 111	29 704	32 275	34 033
Export Development and Promotion	248 962	169 061	153 447	175 196	177 294	179 440	189 258
International Operations	–	–	106 469	86 506	76 053	91 011	99 777
<b>Total</b>	<b>284 282</b>	<b>197 441</b>	<b>284 547</b>	<b>297 813</b>	<b>283 051</b>	<b>302 726</b>	<b>323 068</b>
Change to 2008 Budget estimate				382	(15 397)	(11 727)	(4 730)

### Economic classification

	90 241	133 636	148 878	163 158	128 303	139 073	149 595
<b>Current payments</b>							
Compensation of employees	56 271	71 682	82 992	86 254	80 378	86 004	85 775
Goods and services	33 970	53 821	65 871	76 904	47 925	53 069	63 820
<i>of which:</i>							
<i>Administrative fees</i>	560	982	1 231	–	157	163	196
<i>Advertising</i>	1 306	2 171	2 220	1 863	1 305	1 357	1 635
<i>Assets less than R5 000</i>	132	146	–	–	246	256	308
<i>Audit costs: External</i>	–	–	125	–	–	–	–
<i>Bursaries: Employees</i>	37	–	17	–	–	–	–
<i>Catering: Departmental activities</i>	176	260	226	–	–	–	–
<i>Communication</i>	1 542	2 128	2 474	1 525	1 180	1 226	1 477
<i>Computer services</i>	246	305	438	1 060	1 174	1 220	1 470
<i>Consultants and professional services: Business and advisory services</i>	1 362	3 050	–	4 000	1 674	1 740	2 096
<i>Consultants and professional services: Infrastructure and planning</i>	–	1 042	–	–	–	–	–
<i>Consultants and professional services: Legal costs</i>	–	–	–	–	94	98	118
<i>Contractors</i>	–	–	2 985	–	1 285	1 336	1 610
<i>Agency and support / outsourced services</i>	–	–	115	–	–	–	–
<i>Entertainment</i>	564	1 184	1 535	–	633	658	793
<i>Inventory: Stationery and printing</i>	1 680	1 138	1 152	1 387	1 050	1 092	1 315
<i>Lease payments</i>	8 632	14 450	14 487	6 202	4 830	5 021	6 048
<i>Owned and leasehold property expenditure</i>	–	1 529	1 950	–	388	403	486
<i>Travel and subsistence</i>	10 255	14 116	17 567	18 125	13 795	14 709	17 423
<i>Training and development</i>	40	–	–	–	–	–	–
<i>Operating expenditure</i>	5 973	5 738	6 072	–	7 627	7 766	9 540
<i>Venues and facilities</i>	1 465	5 582	13 277	42 742	12 487	16 024	19 305
Financial transactions in assets and liabilities	–	8 133	15	–	–	–	–
<b>Transfers and subsidies</b>	<b>192 898</b>	<b>60 826</b>	<b>134 316</b>	<b>133 559</b>	<b>152 856</b>	<b>161 572</b>	<b>171 267</b>
Provinces and municipalities	55	24	–	–	–	–	–
Departmental agencies and accounts	3 000	501	–	–	–	–	–
Public corporations and private enterprises	181 402	55 850	120 567	123 648	142 400	150 488	159 517
Foreign governments and international organisations	8 400	4 451	13 749	9 911	10 456	11 084	11 750
Households	41	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1 143</b>	<b>2 979</b>	<b>1 353</b>	<b>1 096</b>	<b>1 892</b>	<b>2 081</b>	<b>2 206</b>
Machinery and equipment	1 143	2 979	1 353	1 096	1 892	2 081	2 206
<b>Total</b>	<b>284 282</b>	<b>197 441</b>	<b>284 547</b>	<b>297 813</b>	<b>283 051</b>	<b>302 726</b>	<b>323 068</b>

Table 32.39 Trade and Investment South Africa (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	55	24	-	-	-	-	-
Regional Services Council levies	55	24	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	3 000	501	-	-	-	-	-
Trade and Investment South Africa	3 000	501	-	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	25 764	4 010	-	-	-	-	-
Aichi exposition	25 207	4 010	-	-	-	-	-
Youth internship programme	557	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	155 638	51 840	120 567	123 648	142 400	150 488	159 517
Export Credit Insurance Corporation	155 638	51 840	120 567	123 648	142 400	150 488	159 517
<b>Foreign governments and international organisations</b>							
<b>Current</b>	8 400	4 451	13 749	9 911	10 456	11 084	11 750
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	4 200	-	9 075	4 956	5 228	5 542	5 875
Export Consultancy Trust Fund: International Finance Corporation	4 200	4 451	4 674	4 955	5 228	5 542	5 875
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	41	-	-	-	-	-	-
Employee leave gratuity	41	-	-	-	-	-	-

## Expenditure trends

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

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

## Public entity

### Export Credit Insurance Corporation of South Africa

Strategic overview: 2005/06 – 2011/12

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

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

### Selected performance and operations indicators

**Table 32.40 Export Credit Insurance Corporation of South Africa**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Value of insurance policies underwritten by the corporation each year	New insurance policies	R5.6bn	R8.8bn	R11.5bn	R13.8bn	R14bn	R15.3bn	R16bn
Value of premium income earned on insurance policies underwritten each year	New insurance policies	R135.7m	R130.7m	R146.6m	R158.1m	R147.9m	R153.8m	R169.2m
Value of profit generated by insurance policies each year (excludes income from investments)	New insurance policies	R63.1m	R150m	R39.6m	R65.7m	R60m	R79.2m	R64.2m
Value of claims paid on insurance policies each year	New insurance policies	R85.8m	R104.2m	R228.1m	R69.9m	R12.6m	R37.9m	R29.4m
Value of projects underwritten on the GDP of the exporting country (South Africa) each year	New insurance policies	R1.6bn	R291m	R328m	R305m	R329m	R361m	R457m
Value of projects underwritten on the GDP of the importing country each year	New insurance policies	R2.2bn	R1.1bn	R1.3bn	R1bn	R1.1bn	R1.2bn	R1.3bn
Number of jobs created in South Africa each year as a result of underwritten projects	New insurance policies	9 111	1 478	1 670	1 432	1 541	1 683	1 767
Number of jobs created in importing country each year as a result of underwritten projects	New insurance policies	14 256	8 505	9 611	5 278	5 684	6 212	6 523

### Service delivery and spending focus

The Export Credit Insurance Corporation of South Africa is a self-sustained, national export credit agency. The corporation's insurance portfolio increased from R8.8 billion to R11.2 billion (27.3 per cent), and gross premium income increased from R130 million to R215.6 million (65 per cent). Claims paid decreased by 85.3 per cent, from R150 million to R22.1 million. Salvages increased by 384 per cent, from R64.3 million to R311.4 million. Underwriting profits increased by 255.5 per cent, from R92.2 million to R327.8 million due to an increase in exports.

## Expenditure estimates

**Table 32.41 Export Credit Insurance Corporation of South Africa: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>135 774</b>	<b>242 668</b>	<b>754 757</b>	<b>329 766</b>	<b>307 726</b>	<b>327 210</b>	<b>357 333</b>
Sale of goods and services other than capital assets	135 665	130 681	215 573	158 090	147 894	153 810	169 191
<i>of which:</i>							
<i>Sales by market establishments</i>	135 665	130 681	215 573	158 090	147 894	153 810	169 191
<i>Other non-tax revenue</i>	109	111 987	539 184	171 676	159 832	173 400	188 142
<b>Transfers received</b>	<b>155 638</b>	<b>51 840</b>	<b>120 657</b>	<b>123 648</b>	<b>142 400</b>	<b>150 488</b>	<b>159 517</b>
<b>Total revenue</b>	<b>291 412</b>	<b>294 508</b>	<b>875 414</b>	<b>453 414</b>	<b>450 126</b>	<b>477 698</b>	<b>516 850</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>70 609</b>	<b>50 382</b>	<b>266 158</b>	<b>88 153</b>	<b>106 016</b>	<b>135 436</b>	<b>149 186</b>
Compensation of employees	11 400	15 039	17 307	24 814	24 640	28 620	33 492
Goods and services	59 000	34 268	247 785	63 049	80 529	105 969	114 981
Depreciation	209	1 075	123	290	847	847	713
Interest, dividends and rent on land	–	–	943	–	–	–	–
<b>Total expenses</b>	<b>134 210</b>	<b>122 138</b>	<b>407 734</b>	<b>155 804</b>	<b>170 768</b>	<b>208 343</b>	<b>231 670</b>
<b>Surplus / (Deficit)</b>	<b>157 202</b>	<b>172 370</b>	<b>467 680</b>	<b>297 610</b>	<b>279 358</b>	<b>269 355</b>	<b>285 181</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 203	187	95	676	1 529	682	369
<i>of which: Acquisition of assets</i>	61	59	31	871	1 700	–	400
Investments	1 584 073	1 579 342	1 545 773	1 650 000	1 750 000	1 750 000	1 750 000
Receivables and prepayments	9 379	83 377	237 097	300 000	300 000	300 000	300 000
Cash and cash equivalents	332 724	484 350	956 283	1 206 800	1 253 128	1 384 940	1 682 367
<b>Total assets</b>	<b>1 927 379</b>	<b>2 147 256</b>	<b>2 739 248</b>	<b>3 157 476</b>	<b>3 304 657</b>	<b>3 435 622</b>	<b>3 732 736</b>
Accumulated surplus / deficit	908 665	1 081 034	1 428 057	1 725 667	2 006 028	2 276 904	2 563 696
Trade and other payables	49 331	155 125	184 986	338 668	288 670	258 668	388 670
Provisions	969 383	911 097	1 126 205	1 093 141	1 009 959	900 050	780 370
<b>Total equity and liabilities</b>	<b>1 927 379</b>	<b>2 147 256</b>	<b>2 739 248</b>	<b>3 157 476</b>	<b>3 304 657</b>	<b>3 435 622</b>	<b>3 732 736</b>

## Expenditure trends

Insurance premiums are the corporation's main source of revenue, followed by interest received. Transfers are received from the Department of Trade and Industry for the interest makeup scheme, which the corporation manages and administers on behalf of the department. The funds are not used by the corporation, but paid over to banks in order to make export credit loans internationally competitive. Hence, the transfer is not a balance item for the corporation. Transfers received increase from R155.6 million in 2005/06 to R159.5 million in 2011/12, average annual growth of 0.4 per cent. Total revenue increased from R291.4 million in 2005/06 to R453.4 million in 2008/09 at an average annual rate of 15.9 per cent. Growth is projected at an average annual rate of 4.5 per cent over the medium term, reaching R516.9 million in 2011/12. The slower growth is due to the international financial downturn.

Expenditure grew at an average annual rate of 5.1 per cent between 2005/06 and 2008/09, from R134.2 million to R155.8 million. Over the medium term, expenditure is expected to increase at an average annual rate of 14.1 per cent to reach R231.7 million in 2011/12. The bulk of expenditure is in compensation of employees and goods and services.

## Programme 8: Communication and Marketing

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

### Objectives and measures

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

### Service delivery and spending focus

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

### Expenditure estimates

Table 32.42 Communications and Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Brand Management	11 781	7 978	17 313	27 468	20 256	22 100	23 371
External Communications	18 907	12 003	13 969	25 170	30 050	32 977	34 876
Media Relations and Public Relations	41 969	45 861	30 235	19 080	15 418	19 755	20 799
<b>Total</b>	<b>72 657</b>	<b>65 842</b>	<b>61 517</b>	<b>71 718</b>	<b>65 724</b>	<b>74 832</b>	<b>79 046</b>
Change to 2008 Budget estimate				(2 113)	(13 075)	(15 502)	(3 305)
<b>Economic classification</b>							
<b>Current payments</b>	<b>72 608</b>	<b>49 012</b>	<b>59 950</b>	<b>67 858</b>	<b>59 034</b>	<b>74 293</b>	<b>78 474</b>
Compensation of employees	10 149	11 471	13 631	17 035	14 595	18 340	19 164
Goods and services	41 632	37 541	20 462	50 823	44 439	55 953	59 310
of which:							
Administrative fees	27	55	8	–	–	–	–
Advertising	3 716	6 359	7 091	19 855	13 056	8 468	8 976
Assets less than R5 000	2	4	3	–	–	–	–
Audit costs: External	–	–	–	–	113	200	250
Bursaries: Employees	2	–	58	–	–	–	–
Catering: Departmental activities	15	44	725	–	750	800	850
Communication	127	79	188	235	285	350	371
Computer services	–	–	–	90	–	–	–
Consultants and professional services: Business and advisory services	28 817	20 305	495	3 524	5 621	6 000	6 500
Consultants and professional services: Infrastructure and planning	–	–	–	16	–	2	2

Table 32.42 Communications and Marketing (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>72 608</b>	<b>49 012</b>	<b>59 950</b>	<b>67 858</b>	<b>59 034</b>	<b>74 293</b>	<b>78 474</b>
Contractors	229	4 264	2 075	–	9 359	10 000	11 000
Agency and support / outsourced services	12	98	–	–	–	–	–
Entertainment	–	–	–	–	50	55	55
Inventory: Materials and supplies	1	–	–	–	–	–	–
Inventory: Other consumables	1	–	–	–	–	–	–
Inventory: Stationery and printing	733	447	376	305	353	667	707
Lease payments	74	81	40	80	39	48	51
Travel and subsistence	1 171	1 189	1 559	2 685	4 370	5 500	6 000
Training and development	6	–	24	–	–	–	–
Operating expenditure	5 148	2 725	2 954	17 675	5 343	14 218	14 325
Venues and facilities	1 551	1 891	4 866	6 358	5 100	9 645	10 223
Financial transactions in assets and liabilities	20 827	–	25 857	–	–	–	–
<b>Transfers and subsidies</b>	<b>32</b>	<b>10 008</b>	<b>67</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	32	8	–	–	–	–	–
Non-profit institutions	–	10 000	–	–	–	–	–
Households	–	–	67	–	–	–	–
<b>Payments for capital assets</b>	<b>17</b>	<b>6 822</b>	<b>1 500</b>	<b>3 860</b>	<b>6 690</b>	<b>539</b>	<b>572</b>
Machinery and equipment	17	6 822	1 500	3 860	6 577	419	445
Software and other intangible assets	–	–	–	–	113	120	127
<b>Total</b>	<b>72 657</b>	<b>65 842</b>	<b>61 517</b>	<b>71 718</b>	<b>65 724</b>	<b>74 832</b>	<b>79 046</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>32</b>	<b>8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	32	8	–	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>–</b>	<b>10 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Proudly South African Campaign	–	10 000	–	–	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>67</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Gifts, donations and sponsorships	–	–	67	–	–	–	–

## Expenditure trends

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

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

## Public entities and other agencies

### Companies and Intellectual Property Registration Office

Strategic overview: 2005/06 – 2011/12

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

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

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

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

#### Selected performance and operations indicators

**Table 32.43 Companies and Intellectual Property Registration Office**

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

#### Service delivery and spending focus

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

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

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

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

## Expenditure estimates

**Table 32.44 Companies and Intellectual Properties Property Registration Office: Financial information**

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>208 859</b>	<b>252 546</b>	<b>308 064</b>	<b>308 562</b>	<b>324 533</b>	<b>346 712</b>	<b>352 100</b>
Sale of goods and services other than capital assets	204 119	236 557	277 718	298 362	319 383	344 112	350 000
<i>of which:</i>							
Administration fees	204 119	236 557	277 718	298 362	319 383	344 112	350 000
Other non-tax revenue	4 740	15 989	30 346	10 200	5 150	2 600	2 100
<b>Transfers received</b>	<b>4 496</b>	<b>3 500</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total revenue</b>	<b>213 355</b>	<b>256 046</b>	<b>308 064</b>	<b>308 562</b>	<b>324 533</b>	<b>346 712</b>	<b>352 100</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>125 289</b>	<b>133 692</b>	<b>181 629</b>	<b>278 041</b>	<b>315 804</b>	<b>351 230</b>	<b>337 698</b>
Compensation of employees	52 622	54 508	71 113	103 069	113 375	124 712	137 183
Goods and services	65 798	71 823	103 426	152 207	171 054	190 496	159 453
Depreciation	6 388	7 129	7 020	14 139	17 070	21 002	24 540
Interest, dividends and rent on land	481	232	70	8 626	14 305	15 020	16 522
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Total expenses</b>	<b>125 289</b>	<b>133 692</b>	<b>181 629</b>	<b>278 048</b>	<b>315 811</b>	<b>351 238</b>	<b>337 705</b>
<b>Surplus / (Deficit)</b>	<b>88 066</b>	<b>122 354</b>	<b>126 435</b>	<b>30 514</b>	<b>8 722</b>	<b>(4 525)</b>	<b>14 395</b>
<b>Statement of financial position</b>							
Carrying value of assets	10 628	9 458	18 960	110 615	153 629	189 015	220 863
<i>of which: Acquisition of assets</i>	4 939	5 954	16 667	105 794	60 084	56 388	56 388
Inventory	1 303	1 006	743	743	700	700	650
Receivables and prepayments	922	1 822	5 441	1 818	412	618	800
Cash and cash equivalents	115 521	239 995	369 794	281 796	251 834	223 453	215 220
<b>Total assets</b>	<b>128 374</b>	<b>252 281</b>	<b>394 938</b>	<b>394 972</b>	<b>406 575</b>	<b>413 786</b>	<b>437 533</b>
Accumulated surplus / deficit	88 936	211 290	337 726	352 191	360 913	379 448	407 533
Borrowings	3 640	2 375	–	–	–	–	–
Trade and other payables	29 658	31 882	48 688	34 257	36 687	31 663	25 000
Provisions	6 140	6 734	8 524	8 524	8 975	2 675	5 000
<b>Total equity and liabilities</b>	<b>128 374</b>	<b>252 281</b>	<b>394 938</b>	<b>394 972</b>	<b>406 575</b>	<b>413 786</b>	<b>437 533</b>

## Expenditure trends

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

The Companies and Intellectual Property Registration Office has experienced a significant increase in expenditure, from R125.3 million in 2005/06 to R278 million in 2008/09, due to retained earnings approved by National Treasury. The retained earnings have been earmarked for acquiring capital assets and funding identified projects and programmes for service delivery improvement. The decline in expenditure from R351.2 million in 2010/11 to R337.7 million in 2011/12 is due to the completion of the capital acquisition phase of the service delivery improvement projects.

**Estate Agency Affairs Board**

## Strategic overview: 2005/06 - 2011/12

The Estate Agency Affairs Board was established by the Estate Agency Affairs Act (1976). It is self-financing. Its dual objectives are to maintain and promote the standard of conduct of estate agents and regulate their activities. The board has served as the statutory regulator of the estate agency industry for 31 years. It is responsible for the administration of the Fidelity Fund, to which all estate agents contribute annually. The board provides services to estate agents and administers the qualifying examination for estate agents.

The board will focus on brand awareness, stakeholder awareness, and consumer awareness and financial literacy campaigns. It will develop a knowledge centre and introduce a protected disclosure programme.

## Selected performance and operations indicators

Table 32.45 Estate Agency Affairs Board

Indicator	Activity/ Objective/ Programme/ Project	Past			Current 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of inspections each year	Inspections	–	–	8	8	9	9	9
Turnaround time(days) for issuing Fidelity Fund certificates	Processing of Fidelity Fund certificates	30	30	30	14	5	1	1
Number of awareness campaigns each year	Awareness campaigns	8	8	9	9	16	16	16
Number of registered estate agents each year	Registrations	86 000	69 923	63 029	43 566	42 000	45 000	50 000

## Service delivery and spending focus

In 2007/08, the Fidelity Fund grew significantly, in line with the increase in the number of estate agents over the past few years. Profit grew from R15.6 million in 2006/07 to R56.7 million in 2007/08, and the accumulated surplus increased from R403.7 million to R460.4 million. Total assets increased from R432.3 million in 2007/08 to R503.5 million in 2008/09.

Services to estate agents have improved, and there was a significant reduction in the turnaround time for responses to complaints about estate agents. The call centre significantly improved the board's communications capability.

21 257 candidates (more than usual) sat for the board examinations, which were conducted 4 times during the year in 16 examination centres countrywide. 51 per cent of candidates were successful.

## Expenditure estimates

Table 32.46 Estate Agency Affairs Board: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>53 741</b>	<b>60 193</b>	<b>64 840</b>	<b>71 087</b>	<b>108 200</b>	<b>82 888</b>	<b>88 964</b>
Sale of goods and services other than capital assets	51 283	55 842	8 652	65 418	63 400	68 408	73 936
<i>of which:</i>							
Administrative fees	48 879	53 570	–	58 206	53 200	57 188	61 594
Sales by market establishments	2 404	2 272	8 652	7 212	10 200	11 220	12 342
Other non-tax revenue	2 458	4 351	56 188	5 669	44 800	14 480	15 028
<b>Total revenue</b>	<b>53 741</b>	<b>60 193</b>	<b>64 840</b>	<b>71 087</b>	<b>108 200</b>	<b>82 888</b>	<b>88 964</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>32 557</b>	<b>27 276</b>	<b>40 271</b>	<b>66 087</b>	<b>102 637</b>	<b>79 130</b>	<b>86 263</b>
Compensation of employees	14 325	14 775	17 990	33 107	38 654	42 519	46 771
Goods and services	16 141	10 381	20 869	31 333	61 783	34 411	37 292
Depreciation	2 091	1 999	1 412	1 647	2 200	2 200	2 200
Interest, dividends and rent on land	–	121	–	–	–	–	–
<b>Total expenses</b>	<b>32 557</b>	<b>27 276</b>	<b>40 271</b>	<b>66 087</b>	<b>102 637</b>	<b>79 130</b>	<b>86 263</b>
<b>Surplus / (Deficit)</b>	<b>21 184</b>	<b>32 917</b>	<b>24 569</b>	<b>5 000</b>	<b>5 563</b>	<b>3 758</b>	<b>2 701</b>
<b>Statement of financial position</b>							
Carrying value of assets	14 131	16 650	23 819	20 928	51 568	50 672	49 872
<i>of which: Acquisition of assets</i>	<i>245</i>	<i>271</i>	<i>2 534</i>	<i>720</i>	<i>63 000</i>	<i>1 400</i>	<i>1 400</i>
Investments	30 125	18 435	59 506	63 246	30 000	15 000	15 000
Inventory	89	86	373	1 000	500	500	500
Loans	–	12 318	–	–	–	–	–
Receivables and prepayments	3 414	1 589	1 807	2 878	1 500	1 500	1 500
Cash and cash equivalents	18 560	18 326	16 229	5 000	10 000	10 000	10 000
<b>Total assets</b>	<b>66 319</b>	<b>67 404</b>	<b>101 734</b>	<b>93 052</b>	<b>93 568</b>	<b>77 672</b>	<b>76 872</b>
Accumulated surplus / deficit	23 507	62 726	92 824	86 042	90 805	70 597	64 797
Capital and reserves	–	–	–	4 247	–	5 000	10 000
Borrowings	32 644	–	–	–	–	–	–
Post-retirement benefits	6 966	–	–	–	–	–	–
Trade and other payables	2 733	4 380	7 356	2 763	2 171	2 075	2 075
Provisions	469	298	1 554	–	592	–	–
<b>Total equity and liabilities</b>	<b>66 319</b>	<b>67 404</b>	<b>101 734</b>	<b>93 052</b>	<b>93 568</b>	<b>77 672</b>	<b>76 872</b>

## Expenditure trends

Revenue comprises management fees charged to the Fidelity Fund, levy fees received from estate agencies, fines and penalties charged to defaulting estate agents, as well as interest received. The board does not receive any transfers from the Department of Trade and Industry. Revenue increased from R53.7 million in 2005/06 to R71.1 million in 2008/09, showing average annual growth of 9.8 per cent. Revenue is expected to increase to R89 million in 2011/12 at an average annual rate of 7.8 per cent over the medium term.

In 2008/09, expenditure amounted to R66.1 million and is expected to rise sharply by 55.3 per cent to R102.6 million in 2009/10. This is due to increases in the staff complement because of the establishment of an inspectorate department and the related new positions, and a new education dispensation for estate agents which requires extensive marketing and awareness campaigns.

## Industrial Development Corporation of South Africa

### Strategic overview: 2005/06 – 2011/12

The Industrial Development Corporation is a self-financing national development finance institution established in 1940 to provide financing to entrepreneurs in uncompetitive industries. It supports industrial capacity and entrepreneurial development. It provides risk capital to a wide range of industrial projects, identifies and supports opportunities not yet addressed by the market, establishes local and global involvement and partnerships in projects that are rooted in or benefit South Africa, SADC and the rest of Africa, and invests in human capital in ways that reflect the diversity of South Africa's society.

Over the medium term, the Industrial Development Corporation aims to contribute to: job creation; BEE; regional development, including the industrialisation of the rest of Africa; small and medium enterprise development; growing sectoral diversity; new entrepreneurs entering the economy; and environmental sustainability.

### Selected performance and operations indicators

**Table 32.47 Industrial Development Corporation of South Africa**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of jobs created through Industrial Development Corporation investment activities each year	Optimise job creation through corporation's financing	22 058	33 145	33 637	29 228	36 103	45 871	48 624
Value of approvals each year	Optimise money invested in the economy	R4.2bn	R5.9bn	R8.5bn	R8bn	R10.6bn	R13.8bn	R14.6bn
Value of BEE acquisition approvals each year	Ensure that BEE happens through corporation's financing	R294m	R1bn	R2bn	R2bn	R1.6bn	R2.1bn	R2.2bn
Value of rest of Africa approvals each year	Ensure that Africa develops through corporation's financing	R833m	R364m	R2.1bn	R1.5bn	R2.6bn	R3.5bn	R3.7bn
Value of net operating income each year	Ensure corporation's financing activities are financially sustainable	R187m	R1.1bn	R1.7bn	R1.2bn	R2.5bn	R2bn	R1.8bn

### Service delivery and spending focus

In 2007/08, the Industrial Development Corporation approved R8.5 billion for new investments to create and retain more than 33 600 direct jobs in South Africa. The corporation plans to increase the number of jobs created through its investment activities to 45 800 by 2010/11. It is anticipated that 40 per cent of jobs will be created in rural areas.

More than R60 billion has been allocated for investment over the next 5 years to support: the implementation of the national industrial policy framework, industrial policy action plans, companies involved in the capital expenditure programmes of state owned enterprises, the development of new industries, the development of the rest of Africa, and expanding BEE.

More than 75 per cent of the value of approvals was related to expanding existing businesses and new start-ups. R2.1 billion was approved for developments in the rest of Africa and R5.2 billion for BEE companies.

## Expenditure estimates

**Table 32.48 Industrial Development Corporation of South Africa: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>5 359 646</b>	<b>8 867 790</b>	<b>10 051 000</b>	<b>17 951 000</b>	<b>16 724 000</b>	<b>15 834 000</b>	<b>15 325 000</b>
Sale of goods and services other than capital assets	2 747 000	3 131 000	4 657 000	11 830 000	11 000 000	10 000 000	9 000 000
<i>of which:</i>							
Other sales	2 747 000	3 131 000	4 657 000	11 830 000	11 000 000	10 000 000	9 000 000
Other non-tax revenue	2 612 646	5 736 790	5 394 000	6 121 000	5 724 000	5 834 000	6 325 000
<b>Total revenue</b>	<b>5 359 646</b>	<b>8 867 790</b>	<b>10 051 000</b>	<b>17 951 000</b>	<b>16 724 000</b>	<b>15 834 000</b>	<b>15 325 000</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 566 646</b>	<b>4 562 790</b>	<b>5 956 000</b>	<b>10 117 000</b>	<b>11 744 000</b>	<b>12 223 000</b>	<b>14 130 000</b>
Compensation of employees	704 327	765 463	824 000	973 000	1 072 000	1 178 000	1 294 000
Goods and services	3 060 319	3 035 327	4 391 000	8 196 000	8 793 000	9 777 000	10 811 000
Depreciation	177 000	165 000	167 000	200 000	220 000	240 000	260 000
Interest, dividends and rent on land	625 000	597 000	574 000	748 000	1 659 000	1 028 000	1 765 000
<b>Total expenses</b>	<b>4 606 646</b>	<b>4 522 790</b>	<b>6 100 000</b>	<b>11 084 000</b>	<b>12 544 000</b>	<b>12 873 000</b>	<b>14 280 000</b>
<b>Surplus / (Deficit)</b>	<b>753 000</b>	<b>4 345 000</b>	<b>3 951 000</b>	<b>6 867 000</b>	<b>4 180 000</b>	<b>2 961 000</b>	<b>1 045 000</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 460 000	2 458 000	3 055 000	3 723 000	4 003 000	4 263 000	4 503 000
<i>of which: Acquisition of assets</i>	<i>162 000</i>	<i>178 000</i>	<i>601 000</i>	<i>868 000</i>	<i>500 000</i>	<i>500 000</i>	<i>500 000</i>
Investments	40 613 000	54 951 000	79 022 000	73 857 000	82 158 000	95 220 000	108 008 000
Inventory	620 000	700 000	1 032 000	1 138 000	1 138 000	1 138 000	1 138 000
Receivables and prepayments	904 000	1 040 000	1 954 000	2 245 000	2 245 000	2 245 000	2 245 000
Cash and cash equivalents	3 558 000	4 466 000	5 370 000	4 957 000	2 483 000	1 987 000	1 990 000
<b>Total assets</b>	<b>48 155 000</b>	<b>63 615 000</b>	<b>90 433 000</b>	<b>85 920 000</b>	<b>92 027 000</b>	<b>104 853 000</b>	<b>117 884 000</b>
Accumulated surplus / deficit	38 984 000	52 574 000	75 848 000	74 316 900	79 454 000	84 225 000	90 409 000
Borrowings	5 528 000	5 721 000	5 839 000	4 990 000	5 960 000	14 015 000	20 862 000
Trade and other payables	3 643 000	5 320 000	8 746 000	6 613 100	6 613 000	6 613 000	6 613 000
<b>Total equity and liabilities</b>	<b>48 155 000</b>	<b>63 615 000</b>	<b>90 433 000</b>	<b>85 920 000</b>	<b>92 027 000</b>	<b>104 853 000</b>	<b>117 884 000</b>

## Expenditure trends

Revenue is mainly generated from sales to customers (when the significant risks and rewards of ownership have been transferred to the customer), dividends, rentals and fees, farming, manufacturing and mining income, and interest receipts. Revenue grows at an average annual rate of 19.1 per cent between 2005/06 and 2011/12, increasing from R5.4 billion to R15.3 billion.

Expenditure increased by 81.7 per cent from 2007/08 to 2008/09, from R6.1 billion to R11.1 billion. This is attributable to the revenue increase of 78.6 per cent, mainly due to improved operational efficiencies by Foskor, an operating subsidiary, and higher prices for international phosphoric acid and granular fertiliser, which Foskor exports. Over the medium term, expenditure is expected to increase at an average annual rate of 8.8 per cent, from R11.1 billion in 2008/09 to R14.3 billion in 2011/12, mainly due to inflation and estimated increases in raw material prices.

**National Lotteries Board**

## Strategic overview: 2005/06 – 2011/12

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

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

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

### Selected performance and operations indicators

**Table 32.49 National Lotteries Board**

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

### Service delivery and spending focus

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

### Expenditure estimates

**Table 32.50 National Lotteries Board: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 541 280</b>	<b>1 649 150</b>	<b>1 316 061</b>	<b>1 981 090</b>	<b>1 840 337</b>	<b>1 870 648</b>	<b>1 876 740</b>
<i>Other non-tax revenue</i>	1 541 280	1 649 150	1 316 061	1 981 090	1 840 337	1 870 648	1 876 740
<b>Total revenue</b>	<b>1 541 280</b>	<b>1 649 150</b>	<b>1 316 061</b>	<b>1 981 090</b>	<b>1 840 337</b>	<b>1 870 648</b>	<b>1 876 740</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>20 856</b>	<b>29 839</b>	<b>52 578</b>	<b>72 090</b>	<b>87 334</b>	<b>92 826</b>	<b>96 950</b>
Compensation of employees	9 860	12 047	13 672	23 229	36 476	39 989	42 500
Goods and services	10 788	13 099	21 304	26 327	26 745	28 403	30 000
Depreciation	208	360	424	1 534	1 784	1 800	1 950
Interest, dividends and rent on land	-	4 333	17 178	21 000	22 329	22 634	22 500
<b>Transfers and subsidies</b>	<b>1 199 061</b>	<b>764 316</b>	<b>863 333</b>	<b>1 400 000</b>	<b>1 488 617</b>	<b>1 508 924</b>	<b>1 500 000</b>
<b>Total expenses</b>	<b>1 219 917</b>	<b>794 155</b>	<b>915 911</b>	<b>1 472 090</b>	<b>1 575 951</b>	<b>1 601 750</b>	<b>1 596 950</b>
<b>Surplus / (Deficit)</b>	<b>321 363</b>	<b>854 995</b>	<b>400 150</b>	<b>509 000</b>	<b>264 386</b>	<b>268 898</b>	<b>279 790</b>
<b>Statement of financial position</b>							
Carrying value of assets	948	701	5 163	5 960	5 556	4 356	3 006
<i>of which: Acquisition of assets</i>	561	139	4 886	2 350	1 380	600	600
Investments	2 587 427	3 338 148	3 705 962	4 541 472	4 822 902	5 056 619	5 275 106
Receivables and prepayments	35 927	112 698	67 943	35 000	35 000	37 500	37 500
Cash and cash equivalents	1 141 368	1 149 479	1 282 367	1 513 824	1 607 634	1 685 540	1 758 369
<b>Total assets</b>	<b>3 765 670</b>	<b>4 601 026</b>	<b>5 061 435</b>	<b>6 096 256</b>	<b>6 471 092</b>	<b>6 784 015</b>	<b>7 073 981</b>
Accumulated surplus / deficit	2 137 020	2 992 015	3 392 165	3 901 165	4 165 551	4 434 449	4 714 239
Trade and other payables	1 627 311	1 607 860	1 667 914	2 193 711	2 304 141	2 348 116	2 358 242
Provisions	1 339	1 151	1 356	1 380	1 400	1 450	1 500
<b>Total equity and liabilities</b>	<b>3 765 670</b>	<b>4 601 026</b>	<b>5 061 435</b>	<b>6 096 256</b>	<b>6 471 092</b>	<b>6 784 015</b>	<b>7 073 981</b>

### **Expenditure trends**

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

## Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2007/08		2007/08	2008/09			2008/09
1. Administration	361 367	343 879	310 843	398 094	(2 893)	395 201	395 201
2. International Trade and Economic Development	140 680	140 680	133 522	148 767	2 576	151 343	151 343
3. Empowerment and Enterprise Development	1 769 219	1 808 022	1 472 062	1 220 912	(43 427)	1 177 485	1 177 485
4. Industrial Development	147 098	154 969	331 849	387 836	55 754	443 590	443 590
5. Consumer and Corporate Regulation	2 082 806	2 704 238	137 906	173 453	(267)	173 186	173 186
6. The Enterprise Organisation	260 111	258 494	2 563 105	2 402 281	14 276	2 416 557	2 366 557
7. Trade and Investment South Africa	84 302	69 151	284 547	297 431	382	297 813	297 813
8. Communications and Marketing	–	–	61 517	73 831	(2 113)	71 718	71 718
<b>Total</b>	<b>4 845 583</b>	<b>5 479 433</b>	<b>5 295 351</b>	<b>5 102 605</b>	<b>24 288</b>	<b>5 126 893</b>	<b>5 076 893</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>871 828</b>	<b>795 055</b>	<b>746 948</b>	<b>984 334</b>	<b>(14 496)</b>	<b>969 838</b>	<b>969 838</b>
Compensation of employees	323 457	310 708	327 488	375 386	36 607	411 993	411 993
Goods and services	548 371	484 347	393 588	608 948	(51 103)	557 845	557 845
Financial transactions in assets and liabilities	–	–	25 872	–	–	–	–
<b>Transfers and subsidies</b>	<b>3 956 163</b>	<b>4 652 691</b>	<b>4 524 285</b>	<b>4 103 093</b>	<b>21 672</b>	<b>4 124 765</b>	<b>4 074 765</b>
Provinces and municipalities	–	–	8	–	–	–	–
Departmental agencies and accounts	1 419 291	1 497 060	1 502 959	1 244 254	14 856	1 259 110	1 259 110
Universities and technikons	–	1	–	–	10 500	10 500	10 500
Public corporations and private enterprises	2 512 475	3 123 586	2 984 171	2 831 947	(16 762)	2 815 185	2 765 185
Foreign governments and international organisations	22 037	26 128	30 596	23 217	5 622	28 839	28 839
Non-profit institutions	2 360	5 000	5 000	2 475	3 600	6 075	6 075
Households	–	916	1 551	1 200	3 856	5 056	5 056
<b>Payments for capital assets</b>	<b>17 592</b>	<b>31 687</b>	<b>24 118</b>	<b>15 178</b>	<b>17 112</b>	<b>32 290</b>	<b>32 290</b>
Buildings and other fixed structures	–	4 517	–	–	–	–	–
Machinery and equipment	15 720	24 138	20 537	13 216	12 850	26 066	26 066
Software and intangible assets	1 872	3 032	3 581	1 962	4 262	6 224	6 224
<b>Total</b>	<b>4 845 583</b>	<b>5 479 433</b>	<b>5 295 351</b>	<b>5 102 605</b>	<b>24 288</b>	<b>5 126 893</b>	<b>5 076 893</b>

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R thousand)	228 449	277 116	320 690	404 854	442 986	468 465	478 386
Unit cost (R thousand)	208	234	269	339	318	336	343
Personnel numbers (head count)	1 098	1 182	1 193	1 193	1 395	1 395	1 395
<b>Part time and temporary contract employees</b>							
Compensation (R thousand)	–	4 639	4 870	5 114	5 369	5 500	5 500
Unit cost (R thousand)	–	43	27	28	43	42	42
Personnel numbers (head count)	–	108	180	180	125	130	130
<b>Interns</b>							
Compensation of interns (R thousand)	2 106	1 836	1 928	2 025	2 126	2 200	2 200
Unit cost (R thousand)	54	54	77	53	53	44	44
Number of interns	39	34	25	38	40	50	50
<b>Total for department</b>							
<b>Compensation (R thousand)</b>	<b>230 555</b>	<b>283 591</b>	<b>327 488</b>	<b>411 993</b>	<b>450 481</b>	<b>476 165</b>	<b>486 086</b>
<b>Unit cost (R thousand)</b>	<b>203</b>	<b>214</b>	<b>234</b>	<b>292</b>	<b>289</b>	<b>302</b>	<b>309</b>
<b>Personnel numbers (head count)</b>	<b>1 137</b>	<b>1 324</b>	<b>1 398</b>	<b>1 411</b>	<b>1 560</b>	<b>1 575</b>	<b>1 575</b>

**Table 32.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R thousand)	230 555	283 591	327 488	411 993	450 481	476 165	486 086
Training expenditure (R thousand)	12 183	3 202	963	2 524	9 297	8 037	9 489
Training as percentage of compensation	5.3%	1.1%	0.3%	0.6%	2.1%	1.7%	2.0%
Total number trained in department (head count)	790	450	545	-			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	117	74	105	-			
<i>Learnerships trained (head count)</i>	-	15	20	-			
Households receiving bursaries (R thousand)	-	300	780	1 200	1 425	1 514	1 590
Households receiving bursaries (head count)	-	5	13	-			

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

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grant to provinces</b>							
<b>6. The Enterprise Organisation</b>							
Industrial development zones grant	-	58 200	-	-	-	-	-
<b>Total</b>	-	<b>58 200</b>	-	-	-	-	-

**Table 32.E Summary of departmental public private partnership projects**

Project description: Department of Trade and Industry campus project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2008/09	2009/10	2010/11	2011/12
R thousand						
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>99 461</b>	<b>138 033</b>	<b>152 883</b>	<b>162 835</b>	<b>169 539</b>	
PPP unitary charge	99 461	135 633	148 183	159 625	166 809	
Advisory fees	-	2 400	4 500	3 000	2 500	
Project monitoring cost	-	-	200	210	230	
<b>Total</b>	<b>99 461</b>	<b>138 033</b>	<b>152 883</b>	<b>162 835</b>	<b>169 539</b>	

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

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

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

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
			2008/09	2009/10	2010/11
R thousand					
<b>Projects signed in terms of Treasury Regulation 16</b>	–	3 433	3 777	4 154	4 569
PPP unitary charge <sup>1</sup>	–	3 433	3 777	4 154	4 569
<b>Total</b>	–	3 433	3 777	4 154	4 569

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

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

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

Table 32.G Summary of donor funding

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

Table 32.H Summary of expenditure on infrastructure

R thousand	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
					2005/06	2006/07		2007/08	2008/09	2009/10	2010/11
<b>Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)</b>											
	Coega industrial development zone	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Basic infrastructure and some of the top structures for Zone 1 completed	9 502 475	58 873	249 812	725 963	718 425	859 889	495 000	524 700
	East London industrial development zone	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Basic infrastructure and some of the top structures for Zone 1 completed	1 916 232	17 682	130 000	124 850	154 030	249 373	-	-
	Critical infrastructure	Infrastructure projects in support of a particular investment in the areas of mining, tourism, manufacturing, and the services industry. The expected outcomes are mainly contribution to economic growth, job creation, SMMEs, and BEE	Operational since 2001	1 819 666	24 946	88 213	60 215	75 117	105 639	115 681	118 541
<b>Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)</b>											
	Richards bay industrial development zone	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra- and top structures to investors	Increased investment base and promoting foreign direct investment. Value added manufacturing, investment, increased exports and job creation. Providing infra and top structures to investors	721 658	-	34 800	-	1	68 423	-	-
	Centurion Aerospace Village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park. Situation of Aerosud and Denel in aerospace village	Implementation phase	260 000	-	-	-	20 000	-	-	-
<b>Total</b>				<b>14 220 031</b>	<b>101 501</b>	<b>502 825</b>	<b>911 028</b>	<b>967 573</b>	<b>1 283 324</b>	<b>610 681</b>	<b>643 241</b>

