
33: TRADE AND INDUSTRY

AIM

The aim of the Department of Trade and Industry is to promote the development and maintenance of an economically viable industrial structure, create conditions which are favourable and conducive to the sound development of internal and foreign trade and to protect consumer interests in the Republic of South Africa.

EXPENDITURE ESTIMATES

The Department changed from seven to ten programmes between 1997/98 and the 1998/99 financial years.

- ◆ *Administration* comprises financial management, personnel and provisioning administration, legal and other office support services and the formulation of policy by the Minister and management of the department.
- ◆ *Industrial sector strategy* promotes industrial development by conducting industrial, tariff and trade investigations and developing appropriate growth and competitiveness strategies.
- ◆ *Investment support* aims to maintain and promote global competitiveness and sustainable manufacturing development through activities of its manufacturing development sub-programmes, the National Empowerment Fund and the envisaged Environmental Support Fund.
- ◆ *Small business promotion and development* is responsible for small business promotion and makes contributions to small, medium and micro enterprises.
- ◆ *Trade facilitation* aims to promote South Africa's trade with other countries through the export credit and foreign investment reinsurance scheme and export marketing and investment assistance.
- ◆ *Trade policy and global repositioning* is responsible for entering and maintaining bilateral and multilateral trade relations and agreements.
- ◆ *Business regulation and consumer services* is responsible for activities such as registration of patents, trade marks, designs and copyrights; statutory control of registration of companies; and competition law and policy.
- ◆ *Standards and industrial environment* is responsible for promotion of industrial standardisation and quality through contributions to the SA

Bureau of Standards (SABS), the SA National Accreditation System (SANAS) and the Council for Scientific and Industrial Research (CSIR).

- ◆ *Technology enhancement in industry* aims to promote industrial development by facilitating technology transfer and supporting innovation in industry.
- ◆ *Policy analysis and research* develops analytical models and procedures in order to analyse and forecast the South African economy and to formulate macroeconomic, industrial, investment and trade policies.

Table 33.1 Expenditure by programme¹

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Administration ^{2,3}	36,3	41,9	62,0	81,8	65,2	64,5	64,5
Industrial sector strategy	–	–	–	109,5	77,6	77,0	77,0
Investment support	450,6	569,2	774,6	732,8	494,8	680,4	680,4
Small business promotion and development	14,2	198,2	73,2	77,8	106,7	106,7	106,7
Trade facilitation	2 092,7	1953,1	966,9	521,4	545,3	512,2	588,9
Trade policy and global repositioning	–	–	–	30,5	31,0	30,6	30,6
Business regulation and consumer services	25,5	43,2	37,0	91,2	73,9	73,0	73,0
Standards and industrial environment	–	–	–	114,3	97,7	95,0	95,0
Technology enhancement in industry	341,0	426,2	556,3	468,4	553,8	556,3	556,3
Policy analysis and research	–	–	–	14,3	19,1	19,1	19,1
Total	2 960,3	3 231,8	2 470,0	2 242,0	2 065,1	2 214,8	2 291,5

¹ Spending by programme has been reclassified where possible to correspond to the current programme structure.

² Authorised losses added: 1995/96 R4,9 million, 1996/97 R7,8 million and 1997/98 R79,5 million.

³ For 1995/96 – 1997/98 the programme Associated services was added to the Administration programme.

Table 33.2 Economic classification of expenditure

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Current							

Personnel expenditure ¹	120,7	146,4	138,6	196,6	159,4	174,4	192,9
Other current expenditure	50	76,6	180,9	130,3	206,6	191,6	173,0
Transfer payments	2 751,5	2 952,2	2 081,5	1 442,2	1 679,9	1 829,6	1 906,4
Capital							
Transfer payments	35,0	48,1	56,5	452,5	0,0	0,0	0,0
Other capital expenditure	3,1	8,5	12,5	20,4	19,2	19,2	19,2
Total	2 960,3	3 231,8	2 470,0	2 242,0	2 065,1	2 214,8	2 291,5

¹ Departmental personnel expenditure includes employer's contributions to pension funds at a rate of 17 per cent of basic salary in 1998/99 and 15 per cent of basic salary in subsequent years.

Donor-funded expenditure

Government spending on Trade and Industry included R0,7 million in 1998/99 funded by donor support. It is expected that donor-financed spending will also supplement this vote during the MTEF period.

OUTPUTS AND SERVICE DELIVERY TRENDS

RIDP

From 1991 to 1997, 2 889 firms were involved in the Regional Industrial Development Programme, generating 140 000 jobs and investment of R2 790 million.

Tax Holiday Scheme

The Tax Holiday Scheme encourages labour-intensive investment in priority manufacturing sectors and production in specific regions. In 1997, 35 firms were involved in this scheme, generating 3 534 jobs and investment of R837 million.

Spatial development initiatives

Five main types of Spatial development initiatives (SDIs) have been developed :

- ◆ Industrial: for example, Richards Bay/Durban/ Pietermaritzburg.
- ◆ Agro-tourism: for example, the Wild Coast and the Lebombo initiatives.
- ◆ Hybrids of industrial and agro-tourism: for example, the Maputo Development Corridor, the West Coast Initiative and the Platinum corridor from Pretoria to Rustenburg.
- ◆ Metropolitan Corridors: for example, the Cape Town corridor from Phillipi to Wynberg.
- ◆ Focused industrial development zones: for example, the West Bank of East London, Coega and Saldanha.

In October 1998, 630 projects were at various stages of consideration for involvement in SDIs. These projects involve a total potential investment of more than R1 870 million and would create 54 000 jobs in some of the least developed parts of South and Southern Africa.

**Manufacturing
development**

In 1997, 223 firms were involved in the small/medium manufacturing development programme scheme, which generated 7 086 jobs and an investment of R512 million.

Export facilitation

The Department put in place a set of financial schemes designed to compensate partially exporters for the costs of breaking into new export markets.

The Export Marketing and Investment Assistance Scheme was implemented in August 1997. In its eleven months of operation until June 1998, 2 000 companies benefited, creating 5 641 jobs and attaining exports to the value of R567 million.

In 1997, 17 000 jobs were created through the Export Credit Reinsurance Scheme in South Africa and 11 000 in neighbouring countries. Investment of R6 000 million was involved.

**Technology and human
resources development**

A total of 1 053 students were supported by the Technology and Human Resources for Industry Programme (THRIP) in 1996/97, compared with just over 200 in 1995/96. 138 researchers were involved in THRIP projects in 1996/97, compared with about 60 in the previous period.

THRIP provides funding at a preferential rate for research projects that involve a substantial number of black and female students. Such projects comprised 10 per cent of total research funding in 1996/97.

Ntsika

The small business sector faces a large number of constraints relating to lack of access to finance, markets, information, advice and training. The Department, in consultation with stakeholders, developed policies and institutions to address these constraints. One of these institutions is Ntsika Enterprise Promotion Agency.

Ntsika functions as an intermediary between government, the private sector and service providers, in order to provide access to non-financial services such as training, information, appropriate technology and market information.

The following are some achievements of Ntsika up to September 1998:

- ◆ 32 Service Providers have been accredited by Ntsika as Local Business Service Centres (LBSCs) and offer services such as training, counselling, tender advice, business linkages, information and advice to both potential and existing entrepreneurs.

The LBSCs assisted 1 694 existing businesses, 1 201 new entrepreneurs and were instrumental in creating 648 new businesses and 535 employment opportunities.

- ◆ 10 Tender Advice Centres (TACs) have been accredited and equipped by Ntsika. Ntsika provides technical and financial support to the TACs, offering information on available tenders, counselling on tendering and training on tendering procedures.
- ◆ 11 Technical Colleges are implementing Ntsika's Technopreneur programme where members of the community gain access to accredited technical skills training and business management skills. Entrepreneurs are placed in business "cocoons" until they are ready to run their own businesses. At the end of September the programme had trained 413 participants and created 201 new businesses and 161 employment opportunities.
- ◆ The Manufacturing Advisory Centres (MAC) programme to assist manufacturing SMMEs is being implemented in partnership with the CSIR and the NPI. Two pilot projects are currently implemented in Durban and Port Elizabeth, and 118 SMMEs have already been assisted and 93 contracts awarded to Service Providers. The database presently lists 305 SMMEs and 160 Service Providers.
- ◆ Ntsika has conducted capacity building programmes for Service Providers on industrial extension; information management; training for small business counsellors; training of trainers for business start-ups; and training of trainers for emerging contractors. A total of 116 participants from the Service Provider network were trained and 137 potential entrepreneurs attended business start-up courses.

A specially targeted programme has been designed to reach the disadvantaged. Some of its activities included:

- ◆ Training and capacity building for 50 women entrepreneurs and 12 rural enterprises.
- ◆ The School Leavers Opportunity Programme, aimed at empowering young people, reached 142 men and 141 women.
- ◆ The Women Enterprise Initiative Support Programme reached 98 women entrepreneurs and 30 youths.
- ◆ Business development services through its LBSCs reached 2 668 men and 1 514 women.

The Tax Holiday Scheme and the Small/Medium Manufacturing Development Programme became fully operational during the 1997/98 financial year. Towards the end of the third quarter of 1998, 99 projects had been approved for the tax holiday. Between them these projects had created approximately 7 500 jobs, 85 per cent of which were occupied by Africans and just over 40 per cent by women. The projects also created 43 jobs for people with disabilities.

Table 33.3 Employment generated by the Tax Holiday Scheme

Race	Men	Women	% women
African	3649	2710	43%
Disabled	17	26	60%
Total	4433	3075	41%

Of the applicants for the Tax Holiday Scheme, 12 per cent were women and 15 per cent black men.

At the end of the third quarter of 1998 the Small/Medium Manufacturing Development Programme approved 70 projects and created over 450 jobs, nine out of ten for Africans, and just over half for women.

Between August 1997 and March 1998, 323 previously disadvantaged individuals and 791 enterprises owned by women, received assistance through the Export Marketing and Investment Assistance scheme.

POLICY DEVELOPMENTS

RIDP

In 1996 a steering committee of Nedlac evaluated the 1991 Regional Industrial Development Programme (RIDP) and its simplified version of 1993. The findings of the committee helped in identifying the 53 locations that would qualify for the Tax Holiday Scheme and aided in the design of the Small and Medium Manufacturing Development Programme. The Tax Holiday Scheme replaced the RIDP in October 1996.

Spatial Development Initiatives

The SDIs were introduced by the Department in 1996, aimed at generating long term, internationally competitive growth and economic development. The SDI programme is a joint strategy led by the departments of Trade and Industry and Transport and other agencies. SDIs are a particular vehicle of government intervention with the objective of "crowding in" private sector investment in specific regions.

Khula

In recognition of the fact that increased capital was a key constraint to development of SMMEs, the Department created Khula Enterprise Finance Limited in 1996, designed to increase the capacity of existing institutions and establish new institutions to provide financial services to SMMEs. The aim of Khula is to absorb a portion of the risk and cost of private investment in SMMEs.

National Empowerment Fund

The National Empowerment Fund Act of 1998 was promulgated to facilitate the acquisition of income-generating assets by historically disadvantaged persons. The Act provides for the establishment of a Trust which will be allocated a certain percentage of shares in state-owned enterprises that are being restructured. For instance, a portion of shares in Telkom, Airports Company and Aventura has been earmarked for this purpose. The Trust will, in turn, sell the shares to individual investors and business initiatives from the historically disadvantaged communities.

Regulatory review

The National Small Business Act of 1996 provides for the review of legislation and regulations that hinder the development of small business, in order to create an enabling environment. A Regulatory Review was commissioned in 1998/99 to examine existing and proposed legislation and regulations. The Review will make recommendations for legislative and regulatory reform in the fields of taxation, labour issues, finance, zoning and building construction, tendering procedures, land issues and trade matters.

Competition policy

New legislation to maintain and promote competition was adopted during 1998. The overriding objective of the Competition Act of 1998 is the promotion of competition in order to underpin economic efficiency and adaptability, international competitiveness, the market access of SMMEs, diversification of ownership in favour of members of historically disadvantaged communities, and the creation of new employment opportunities. The legislation allows for much stronger enforcement powers to address complaints against restrictive practices and to deal with the abuse of a dominant position. Merger control will also be strengthened.

The Act makes provision for the establishment of a Commission, consisting of an Inspectorate and an Adjudicating Body, and an Appeal Court. The institutions will be established as independent structures and will take responsibility for the employment of personnel within the budget approved by the Department of Trade and Industry. The Act will also result in the disbandment of the Chief Directorate: Competition Board in the Department and the transfer of staff to the new institutions. The number of personnel currently engaged in the activity will increase from 10 to 40 with a resultant increase in the budget.

DISCUSSION OF PROGRAMMES

Programme 1: Administration

R million	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
		1998/99		1999/00	2000/01	2001/02
1998 Budget	49,1	91,8	81,8	47,0	45,5	–
1999 Budget	–	–	–	65,2	64,5	64,5

The *Administration* programme is responsible for the management of the Department's human resources; rendering communication services, financial support, legal advice services, orderly administration and control and a management advisory service in respect of workstudy, programming and maintenance of computerised systems.

The programme also deals with the purchase of vehicles for departmental use as well as for allocation under the subsidised motor transport scheme.

Programme 2: Industrial sector strategy

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	80,3	109,5	109,5	78,0	77,1	–
1999 Budget	–	–	–	77,6	77,0	77,0

The *Industrial sector strategy* programme is responsible for:

- ◆ Economic and accounting investigations to support the activities of various components of the of the department and contributions to the Industrial Development Corporation (IDC).
- ◆ Facilitation and development of appropriate growth and competitiveness strategies for industrial sectors, efficient management monitoring of development programmes, schemes and support measures. This also involves export and investment programmes and tariffs and trade investigations.

Programme 3: Investment support

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	771,5	1 291,8	732,8	775,5	801,7	–
1999 Budget	–	–	–	494,8	680,4	680,4

The *Investment support* programme is responsible for:

- ◆ Rendering management, advisory, publicity and administrative auxiliary services in support of the Regional Industrial Development Programmes (RIDPs).
- ◆ Advancing development in regions and special areas by means of concessions and incentives. The incentive schemes include the SMMDP and the Tax Holiday Scheme.
- ◆ The Tax Holiday Scheme is administered by the Department and is available to local and foreign firms that invest in plant and machinery exceeding R3 million. The scheme consists of three elements which provide potential industrialists with a two year tax holiday for each component complied with: spatial location, human resource remuneration as a proportion of value added, and industry type. There is also a foreign investment grant to companies that bring in new industrial equipment.
- ◆ Empowering historically disadvantaged people through a wider ownership, control and management of certain income generating assets using the recently established National Empowerment Fund (NEF).

- ◆ Promoting foreign investments through contributions to the IDC and Investment South Africa (ISA).
- ◆ Supporting the development of South African industries by effectively utilising the instrument of government procurement.
- ◆ Integrating provincial and local policies for economic, social and infrastructural development as part of the Spatial Development Initiative (SDI) and investment facilitation through contributions to the Development Bank of Southern Africa (DBSA), CSIR and the IDC.
- ◆ Co-ordinating industrial and trade policy with the Intergovernmental Forum (IGF), Cabinet Investment Cluster (CIC), provinces and local authorities.

Programme 4: Small business promotion and development

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	77,2	77,8	77,8	77,3	79,7	–
1999 Budget	–	–	–	106,7	106,7	106,7

The *Small business promotion and development* programme provides financial and non-financial support services to small businesses and promotes the representation of small business interests on social and economic policy processes.

Khula

The small business financing strategy, operating through Khula, has four objectives:

- ◆ To increase the level of bank lending to SMMEs at rates not inflated by unreasonable risk perceptions, especially to previously disadvantaged groups.
- ◆ To improve the outreach and efficiency of alternative financial institutions, especially to unserved rural areas.
- ◆ To stimulate the provision of start-up and small-scale equity products for SMMEs.
- ◆ To expand the number of small and medium enterprises listed on the Johannesburg Stock Exchange.

Programme 5: Trade facilitation

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	789,0	621,4	521,4	782,4	795,3	–
1999 Budget	–	–	–	545,3	512,2	588,9

The *Trade facilitation* programme is responsible for:

- ◆ Improving the level of exports of manufactured goods by providing incentives, export credit and foreign investment insurance for capital investments on the world market.
- ◆ Encouraging market research.
- ◆ Providing export opportunities to existing and potential exporters by organising trade missions to selected foreign markets.

Programme 6: Trade policy and global repositioning

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	25,7	30,5	30,5	25,7	26,4	–
1999 Budget	–	–	–	31,0	30,6	30,6

The aim of the *Trade policy and global repositioning* programme is to enter and maintain bilateral and multilateral trade relations and agreements in order to facilitate trade with the rest of the world.

Programme 7: Business regulation and consumer services

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	61,2	91,2	91,2	58,8	57,5	–
1999 Budget	–	–	–	73,9	73,0	73,0

The *Business regulation and consumer services* programme is responsible for:

- ◆ Promoting the protection of intellectual property and copyrights, statutory control of registration of companies, updating and safeguarding prescribed records and the creation of a competitive environment through investigation and addressing anti-competitive activities.
- ◆ The investigation of trade practices and general consumer complaints about goods and services purchased also forms part of the programme's objectives.
- ◆ The programme is also responsible for gambling, lotteries, liquor affairs and the promotion of industrial fairness through actions against dumping and other forms of disruptive competition.

Programme 8: Standards and industrial environment

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	93,0	114,3	114,3	96,9	101,2	–
1999 Budget	–	–	–	97,7	95,0	95,0

The *Standards and industrial environment* programme is responsible for:

- ◆ Promotion of industrial standardisation and quality management through contributions to the South African Bureau of Standards (SABS).
- ◆ Promotion and maintenance of national measuring standards underpinning the calibration of measuring and testing instruments, undertaken by the CSIR.
- ◆ Establishment of laboratory personnel and a certification body for accreditation in South Africa as well as mutual recognition of agreements with international accreditation organisations, which is undertaken by the South African National Accreditation System (SANAS).
- ◆ Support services to small business and industry in the field of environmental management and legislative conformance in industry.

Programme 9: Technology enhancement in industry

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	408,6	468,4	468,4	427,3	448,3	–
1999 Budget	–	–	–	553,8	556,3	556,3

The *Technology enhancement* programme promotes scientific, industrial and human resource related research through its contributions to the CSIR and the Foundation for Research and Development (FRD). The FRD administers the Technology and Human Resources for Industry Programme (THRIP). THRIP strives to establish long term, strategic partnerships between industry, research and educational institutions and government, and to develop people and technology for the South African market.

Other activities of this programme include:

- ◆ The Support Programme for Industrial Innovation (SPII) which makes contributions to promote technology development in manufacturing industries in South Africa through support for innovation of competitive products and/or processes. SPII provides for grants to selected technology and innovation projects of 50 per cent of the direct pre-competitive costs involved, up to a maximum of R1,5 million per project.

- ◆ Contributions to the benchmarking of South African industrial technological processes and procedures to its competitors.
- ◆ Venture capital guarantees for high risk technology programmes and the development of legislation and regulations on the transfer of technology to and from South Africa.
- ◆ Technology Incubator Development which makes contributions to technology incubator development in South African industries.
- ◆ Partnership in Industrial Innovation which makes contributions to promote technological development in South African industries by forming partnerships between Government and the private sector.

The THRIP is aimed at providing local industry with the means to obtain specific responses to its technological needs and to produce a flow of highly skilled research and technology managers. It provides students with industry-relevant experience and encourages co-operation between the science, engineering and technology community participants.

Programme 10: Policy analysis and research

R million	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
		1998/99		1999/00	2000/01	2001/02
1998 Budget	14,2	14,3	14,3	13,8	13,7	–
1999 Budget	–	–	–	19,1	19,1	19,1

The *Policy analysis and research* programme is responsible for the development of analytical models and procedures in order to analyse and make forecasts on the South African economy, to formulate macroeconomic, industrial, investment and trade policies; and make research contributions and grants, for example contributions to the IDC and the fund for research into industrial development, growth and equity (FRIDGE).

The programme runs the Centre for Policy Excellence, which makes grants to tertiary and other institutions to facilitate the development of industry and trade policy research centres.

NON-DEPARTMENTAL AGENCIES AND ACCOUNTS

Industrial Development Corporation of South Africa Limited (IDC)

The Industrial Development Corporation is wholly state-owned and was established to contribute to the generation of balanced and sustainable economic growth and the economic empowerment of the South African population. The IDC achieves this by promoting entrepreneurship through the building of competitive industries and enterprises based on sound business principles.

Group Structure

The IDC Group has an equity participation or interest of more than 20 per cent in Findevco (Pty) Ltd; Impofin (Pty) Ltd and Konoil (Pty) Ltd.

Findevco provides loan finance to industrialists and project development initiatives, funded from foreign currency commercial loans raised on the capital markets, and shareholders' loan funds from the IDC. *Impofin* was established to mobilise medium to long term international credit lines which are available for financing imported capital equipment and related services. *Konoil* is wholly-owned by the IDC. It holds the IDC's equity investment in Sasol Limited and in Polifin Limited.

In addition to these subsidiaries, the IDC has substantial interests in a number of other companies.

Key financial information

The total assets of the IDC have grown from R11 303 million in 1995 to R15 544 million in 1997. Turnover remained fairly stable at about R2 200 million a year during 1995, 1996 and 1997. Net income in the same years amounted to R294 million, R535 million and R745 million respectively. Dividends paid to the State amounted to R67 million, R65 million and R61 million in 1995, 1996 and 1997.

Table 33.4: Cash flow

	Actual		Projection		
	1998	1999	2000	2001	2002
Advances	3 481	3 761	3 757	4 171	4 560
Borrowings repaid	1 555	1 515	890	998	2 162
Dividend payments	51	44	69	68	77
Tax payments/section 37E receipts	-48	-38	64	126	109
OUTFLOW	5 039	5 282	4 780	5 356	6 908
INFLOW	-5 189	-5 131	-4 745	-5 358	-6 905
Borrowings raised/Import finance credits	2 340	-2 856	-1 632	-1 803	-2 836
Repayments received	1 811	-1 900	-1 770	-2 095	-2 130
Sale of shares	744	-53	-993	-1 080	-1 589
Pre-tax income/ loss	294	-322	-350	-380	-350
CASH UTILISED	150	151	35	-2	3
CASH ON HAND	304	153	118	120	117

Years ending 30 June.

Cash flow

The IDC has for a number of years been independent of State funding. Funding requirements are generated internally, or by disposing of mature equity investments, or borrowing externally, mainly in the international capital markets.

The market value of the listed shares currently held by the IDC is R3 082 million. The guarantees provided to other parties are R5 366 million, with counter guarantees obtained of R2 918 million. Net guarantees provided are thus R2 448 million.

KHULA ENTERPRISE FINANCE (LTD)

Khula Enterprise Finance Ltd was established in 1996 to ensure improved availability of loan and equity capital to Small, Medium and Micro Enterprises (SMMEs) by offering loans, guarantees and seed funds in a sustainable manner to Retail Financial Intermediaries (RFIs) in need of capital and capacity.

Khula has only one trading subsidiary, called Khula Credit Guarantee Ltd.

Key financial information

The total assets of the Khula Group of companies have increased from R187 million in 1997 to R380 million in 1998. Turnover has increased from R17 million in 1997 to R45 million in 1998. The total debt of the Khula Group of Companies currently stands at R557million, which is a non-interest bearing loan (with no specific payment date), owed to Ernani Investments (an IDC subsidiary).

Capital injection

Khula may need a capital injection of R200 million in 2000 to meet its projected activity levels at conservative gearing assumptions and to create a liquidity reserve.