

Vote 31

Trade and Industry

Amount to be appropriated	R2 468 573 000
Statutory appropriations	-
Responsible Minister	Minister of Trade and Industry
Administering Department	Department of Trade and Industry
Accounting Officer	Director-General of Trade and Industry

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 higher levels of investment and increased access to international markets for South African products, and to create a fair, competitive and efficient market-place for domestic and foreign enterprises as well as for consumers. The Department's vision is to increase competitiveness and equity in the context of a global economy.

Key objectives and programmes

The Department of Trade and Industry (DTI) has the following key strategic objectives:

- To provide an environment which is conducive to promoting higher levels of investment, for both foreign direct investment (FDI) and domestic investment
- To increase access for South African products to international markets
- To create a fair, competitive and efficient market-place in South Africa for domestic and foreign enterprises and consumers

These objectives are pursued through six programmes:

- *Administration*, consisting of the Executive Management Unit and Group Systems and Support Services, provides strategic management and logistical support for the Department.
- *International Trade Development* supports efforts to increase market access for South African exports by negotiating international trade agreements.
- *Enterprise and Industry Development* supports the development of policies and strategies for black economic empowerment, the development of small, medium, and micro-sized enterprises (SMMEs), and the development of economic sectors and geographical areas.
- *Consumer and Corporate Regulation* is responsible for administering the regulation of the liquor, gambling and lottery industries, as well as commercial, competition and consumer protection policies.
- *The Enterprise Organisation* promotes domestic and foreign fixed investments in the South African economy through allocating and administering a range of financial support instruments to various enterprises and investors.
- *Trade and Investment South Africa* encourages investment in South Africa and aims to develop South Africa's capacity to export into various markets.

The following key performance areas guide the DTI in its pursuit of the above objectives:

- Increasing economic growth and the number of sustainable economic opportunities available to all South Africans
- Contributing to the competitiveness of South African enterprises
- Increasing the number of opportunities to grow and expand the SMME sector

- Providing opportunities for the economic empowerment of historically disadvantaged individuals
- Contributing to the economic development of Africa and specifically the Southern African Development Community (SADC)
- Reducing levels of inequality and poverty in South Africa
- Improving the organisational efficiency and efficacy of the DTI

Strategic overview and key policy developments: 1998/99 – 2004/05

Performance review

Towards the end of 1999 a comprehensive review was undertaken of the Department's performance in the previous five years. The review found that the DTI had not had the desired impact on the economy and concluded that it needed to be fundamentally reorganised and transformed to address the organisational weaknesses that had prevented it from being able to deliver more effectively.

The DTI embarked on a reorganisation and transformation project in 2000 with the overarching aim of modernising the Department and transforming it into a world class public sector institution capable of meeting the needs of South Africans. This required designing and implementing a new organisational structure. Significant steps in implementing transformation were taken in 2001, including the increased integration of the activities of the various divisions in the Department and the strengthening of management capacity.

The focus of the DTI in 2002/03 is organisational efficiency through using all resources efficiently to increase the proportion of funds available to directly support enterprises. The cornerstone of the medium-term strategy is to generate value for the Department's clients by offering them relevant products and services in an accessible and user-friendly manner throughout South Africa. The drive is supported by two pillars: a people strategy and a corporate governance system. These will be embedded in the Department during 2002/03.

The longer-term objective is for the DTI to be an intelligent, performance driven and responsive public sector organisation that contributes significantly to promoting competitiveness, growth, employment and equity in the South African economy. The Department will support and build on recent positive developments in the economy, which include the accelerated growth of manufacturing exports, the increasing importance of manufactured goods in exports, and substantial increases in net company registrations.

Role in the economy

The President has determined that Government will increasingly focus on microeconomic reform to address burning economic and social issues. Microeconomic reform augments Government's macroeconomic policy, which has focused on stabilising economic aggregates such as inflation, interest rates, and the budget deficit.

The microeconomic reform plan has several components that are approached through an integrated strategy, with a focus on growth and equity in terms of race, enterprise size, and geographical location. Cross-cutting issues, such as human resource development, technology, infrastructure and access to finance, need to be addressed to provide a platform for socio-economic development. A range of input sectors have been identified, particularly energy, telecommunications and transport, where costs need to be brought in line with global prices to enhance the competitiveness of enterprises. Priority sectors with high potential for growth and employment have been identified including agriculture, tourism, information and communication technologies (ICT), and cultural

industries. Also important are export sectors such as clothing and textiles, automotive and components, agro-processing, and metals and beneficiated minerals.

Given its broad policy approach, the DTI plays a leadership role in implementing Government's microeconomic reform plan. The approach includes an international strategy to reintegrate South Africa into the world economy and improve market access for South Africans, and an industrial strategy that promotes the restructuring of enterprises to become globally competitive.

The DTI plays a strong integrating role and has made efforts at strengthening cooperative governance with all levels of Government. A review of mandates was undertaken and the various agencies that report to the Department were consolidated. The oversight of organisations was strengthened and objectives aligned, particularly through the Council for Trade and Industry Institutions (COTII).

Expenditure estimates

Table 31.1: Trade and Industry

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	Revised			
R thousand	1998/99	1999/00	2000/01	2001/02	Estimate	2002/03	2003/04	2004/05
1 Administration	63 092	89 053	106 706	179 465	119 465	169 555	197 609	209 466
2 International Trade Development	20 033	17 895	29 384	65 527	44 527	65 942	68 551	72 814
3 Enterprise and Industry Development	876 088	857 049	865 062	854 342	824 342	815 131	828 521	880 681
4 Consumer and Corporate Regulation	61 016	113 659	81 053	96 806	76 806	134 145	119 234	126 677
5 The Enterprise Organisation	464 812	428 708	386 058	628 119	573 119	840 159	963 779	1 021 607
6 Trade and Investment South Africa	428 831	320 661	691 549	455 803	441 803	443 641	449 302	476 260
Total	1 913 872	1 827 025	2 159 812	2 280 062	2 080 062	2 468 573	2 626 996	2 787 505
Change to 2001 Budget Estimate				65 413	(134 587)	3 463	1 007	
Economic classification								
Current	1 902 698	1 808 732	2 152 570	2 247 317	2 072 317	2 446 995	2 605 868	2 765 153
Personnel	145 418	161 219	174 403	282 466	217 466	287 437	225 722	200 620
Transfer payments	1 648 950	1 514 333	1 824 782	1 758 390	1 688 390	2 014 430	2 209 563	2 384 075
Other current	108 330	133 180	153 385	206 461	166 461	145 128	170 583	180 458
Capital	11 174	18 293	7 242	32 745	7 745	21 578	21 128	22 352
Transfer payments	-	-	-	1	1	1	1	1
Acquisition of capital assets	11 174	18 293	7 242	32 744	7 744	21 577	21 127	22 351
Total	1 913 872	1 827 025	2 159 812	2 280 062	2 080 062	2 468 573	2 626 996	2 787 505
Standard items of expenditure								
Personnel	145 418	161 219	174 403	282 466	217 466	287 437	225 722	200 620
Administrative	36 211	40 734	51 024	61 770	51 770	42 420	42 420	45 260
Inventories	13 118	12 473	15 543	15 744	15 744	8 508	8 509	7 877
Equipment	12 422	19 434	17 883	41 142	16 142	28 274	27 824	29 499
Land and buildings	1 047	1 361	3 002	10 880	10 880	6 763	6 763	7 169
Professional and special services	49 984	58 901	59 335	101 690	71 690	80 092	105 546	112 314
Transfer payments	1 648 950	1 514 333	1 824 782	1 758 391	1 688 391	2 014 431	2 209 564	2 384 076
Miscellaneous	6 722	18 570	13 840	7 979	7 979	648	648	690
Total	1 913 872	1 827 025	2 159 812	2 280 062	2 080 062	2 468 573	2 626 996	2 787 505

Expenditure trends

A core element of the stabilisation of the Department of Trade and Industry has been the development and implementation of a financial strategy. The strategy has four components: a balanced budget, better budgeting and planning, extracting greater value from transfer payments, and measuring impact.

Substantial progress has been made in improving the Department's spending record in recent years. Spending as a proportion of budget has increased strongly, with unspent amounts of only 3,8 per cent of budget in 2000/01 compared to 34,2 per cent in 1998/99.

Transfer payments comprise around 85 per cent of the Department's budget. These transfers fund a range of public entities reporting to the DTI as well as industrial and trade incentives.

The decline in the departmental allocation since the mid-1990s is due to the phasing out of the General Export Incentive Scheme and Tax Holiday Incentive schemes. The total number of staff in the Department was also gradually reduced over the same period. Increasing personnel expenditure over the period to 2001/02 relates to an important element of reorganisation and transformation – the acquisition of the required skills and the resultant upgrading of posts.

Over the medium term, the growth in the budget resumes with anticipated average annual growth of 6,9 per cent. This is driven primarily by strong growth on transfer payments and professional and special services. Personnel expenditure is anticipated to decline as a range of functions are transferred to public entities.

Departmental receipts

Departmental receipts consist of property income, chiefly dividends from the Industrial Development Corporation (IDC), and the recovery of loans and advances. Both components are projected to grow somewhat over the medium term.

Table 31.2: Departmental receipts

	Revenue outcome			Adjusted Appropriation	Medium-term revenue estimate		
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
Non-tax revenue	73	58	107	64	62	68	75
Property income	72	57	106	63	62	68	75
Sales of goods and services	1	1	1	1	–	–	–
Financial transactions (recovery of loans and advances)	194	55	25	37	88	97	106
Total departmental receipts	267	113	132	101	150	165	181

Programme 1: Administration

Administration provides for two units in the Department: Executive Management and Group Systems and Support Services Division. The latter encompasses corporate governance and administrative and support functions for the Department. The Executive Management unit consists of: the offices of the Minister, the Deputy Minister, and the Director-General; the office of the Chief Economist; the office of the Chief Operating Officer; and the Chief Directorate: External Relations and Policy Coordination. The Executive Management Unit is also responsible for measuring organisational performance in terms of finances, outputs and impact.

Programme objectives include: providing strategic and logistical support to the executive management; managing the departmental corporate governance system; providing analysis to

support strategic and executive decision making; providing policy advice and coordination at the inter-governmental level; managing the reorganisation and transformation of the Department; and managing human resource development.

Expenditure estimates

Table 31.3: Administration

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome				
R thousand							
Minister ¹	567	518	582	646	685	722	759
Deputy Minister ²	400	421	427	477	506	533	560
Management	9 284	13 218	22 356	51 316	34 872	36 215	38 387
Corporate Services	52 841	74 896	83 341	126 826	133 292	159 939	169 548
Government Motor Transport	–	–	–	200	200	200	212
Total	63 092	89 053	106 706	179 465	169 555	197 609	209 466
Change to 2001 Budget Estimate				30 733	20 891	24 030	

¹ Payable as from 1 April 2001. Salary: R516 812. Car allowance: R129 203.

² Payable as from 1 April 2001. Salary: R381 871. Car allowance: R95 468.

Economic classification

	59 795	78 407	102 700	161 183	153 317	181 821	192 731
Current							
Personnel	21 669	28 410	34 280	63 352	54 163	57 218	61 054
Transfer payments	1 500	–	7 160	9 700	7 501	7 501	7 951
Other current	36 626	49 997	61 260	88 131	91 653	117 102	123 726
Capital	3 297	10 646	4 006	18 282	16 238	15 788	16 735
Transfer payments	–	–	–	1	1	1	1
Acquisition of capital assets	3 297	10 646	4 006	18 281	16 237	15 787	16 734
Total	63 092	89 053	106 706	179 465	169 555	197 609	209 466

Standard items of expenditure

Personnel	21 669	28 410	34 280	63 352	54 163	57 218	61 054
Administrative	11 560	13 576	15 425	15 373	19 650	19 647	21 121
Inventories	3 911	4 129	3 627	5 241	5 411	5 411	4 594
Equipment	3 613	10 947	9 763	21 907	19 977	19 527	20 705
Land and buildings	982	1 282	2 855	9 990	6 690	6 690	7 091
Professional and special services	14 563	13 616	20 304	53 733	55 994	81 446	86 767
Transfer payments	1 500	–	7 160	9 701	7 502	7 502	7 952
Miscellaneous	5 294	17 093	13 292	168	168	168	182
Total	63 092	89 053	106 706	179 465	169 555	197 609	209 466

Policy developments

Strengthening various aspects of management is a key focus of the restructuring process and has been driven under the *Administration* programme. In addition, there has been an increased focus on liaison with stakeholders and strengthening cooperative governance through new structures for working with provincial counterparts, interaction with Executive Mayors of metropolitan councils, and bilateral agreements with other national departments. Regular meetings of the COTII are leading to greater alignment of policies within the 15 associated institutions, including the South African Bureau of Standards (SABS), the Industrial Development Corporation (IDC), the Council for Scientific and Industrial Research (CSIR), Khula Enterprise Finance Ltd, the National Empowerment Fund (NEF), and the Competition Authorities.

A policy management framework has been implemented, a strong corporate governance system has become operational, a world class human development strategy has been formulated, and branding and communication initiatives have been successfully implemented. In 2002, attention will be focused on further consolidating the organisational structure and on assessing the range of products and services offered.

Expenditure trends

Expenditure on *Administration* has grown substantially over the period to 2000/01, but stabilises over the medium term. Past growth derived from a strengthening of management through increasing personnel numbers. The growth in expenditure on professional and special services relates to renovations of the building which currently houses the Department, preparatory work for a new building, and improvements to the working and business environment.

Programme 2: International Trade Development

International Trade Development supports efforts to increase market access for South African exports within the context of a global trading environment by negotiating international trade agreements. Subprogrammes have been restructured away from their geographical focus, to focus, partly, on types of international relationships.

- Bilateral Agreements focuses on concluding trade agreements with other countries to increase penetration of those markets, emphasising the advancing of trade on the African continent.
- Regional Trade Block Agreements focuses on concluding trade agreements with regional trading blocks, such as the European Union.
- Multilateral Agreements focuses on participation in multilateral trade organisations, like the World Trade Organisation (WTO), and on concluding multilateral trade agreements with a view to influencing the global trading system in favour of developing countries.
- The two subprogrammes International Trade Development and Trade Policy and Analysis provide for: the administration of tariffs; the development of an appropriate policy framework for the administration of the tariff regime; and the establishment of a new regulatory system for trade agreements.

Expenditure estimates

Table 31.4: International Trade Development

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Bilateral Agreements	8 789	11 265	10 318	16 830	16 245	17 568	19 036
Regional Trade Block Agreements	–	–	–	9 727	9 727	9 727	10 225
Multilateral Agreements	4 934	1 978	5 511	4 329	4 329	4 329	4 400
International Trade Development	6 310	4 652	13 555	32 773	33 773	35 059	37 222
Trade Policy and Analysis	–	–	–	1 868	1 868	1 868	1 931
Total	20 033	17 895	29 384	65 527	65 942	68 551	72 814
Change to 2001 Budget Estimate				37 483	37 915	40 539	

R thousand	Expenditure outcome			Adjusted Appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary		2001/02	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome 2000/01					
Economic classification								
Current	19 606	17 548	28 758	63 738	64 153	66 762	70 960	
Personnel	12 147	12 144	17 564	42 600	40 986	43 595	46 361	
Transfer payments	3 038	–	3 916	3 069	13 068	13 068	13 852	
Other current	4 421	5 404	7 278	18 069	10 099	10 099	10 747	
Capital	427	347	626	1 789	1 789	1 789	1 854	
Transfer payments	–	–	–	–	–	–	–	
Acquisition of capital assets	427	347	626	1 789	1 789	1 789	1 854	
Total	20 033	17 895	29 384	65 527	65 942	68 551	72 814	

Standard items of expenditure

Personnel	12 147	12 144	17 564	42 600	40 986	43 595	46 361
Administrative	3 308	4 544	4 752	10 037	6 716	6 716	7 119
Inventories	308	258	371	966	966	966	1 024
Equipment	487	415	1 319	2 321	2 321	2 321	2 460
Land and buildings	13	4	–	323	73	73	78
Professional and special services	560	340	1 288	6 114	1 715	1 715	1 817
Transfer payments	3 038	–	3 916	3 069	13 068	13 068	13 852
Miscellaneous	172	190	174	97	97	97	103
Total	20 033	17 895	29 384	65 527	65 942	68 551	72 814

Policy developments

Policy and programme developments in *International Trade Development* are:

- Continued negotiations with India, Brazil, and Nigeria
- Continued negotiations with Mercosur, a trading block of six Latin American countries, which pursues an economic and social justice agenda. The countries are Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay
- The administration of various bi-national commissions with other governments
- The implementation of the new Southern African Customs Union (SACU) agreement
- Strengthening the trade capacity of SADC
- Preparing for and participating in a new trade round under the auspices of the WTO
- The establishment of the Commission for International Trade Administration
- The ongoing analysis of trade threats and opportunities
- Replacing the Board of Tariffs and Trade (BTT), currently under *International Trade Development*, with the new Commission for International Trade Administration, an independent regulatory agency, taking over BTT's function of administering the tariff regime.

Expenditure trends

Real growth of the programme over the previous three years, and personnel expenditure increases in particular, is due to the costs associated with foreign representatives becoming the Department's responsibility and to establishing the additional managerial capacity required to effectively conclude trade agreements. There is also increased provision for the Commission for International Trade Administration, although there is some uncertainty around the timeframes for the legislative process and therefore the timing of the transfer of functions to the Commission. As a result, its budget is split into operational and transfer payment components.

Key outputs, indicators and targets

International Trade Development

Subprogramme	Output	Output measure/indicator	Target
Bilateral Agreements	Management of existing trade agreements	Maintenance of market share where agreements are in place	Maintenance or growth in volume of South African exports to relevant markets
	Trade agreements with targeted countries	Increased South African share of global export market, with particular emphasis on Africa	Trade agreements with India, Brazil and Nigeria
	Bi-national commissions	Increased South African share of global export market	Negotiations initiated with Germany, China and Sweden
Regional Trade Block Agreements	Regional trading blocks and multilateral bodies, including the European Union, SACU, the SADC and the New Partnership for Africa's Development	Agreement on outstanding issues	Implementation by third quarter of 2002
		Implementation SACU strategy	By third quarter of 2002
Multilateral Agreements	Building investment linkages internationally with emphasis on growth in Africa	Investment linkages established, modalities negotiated	50 modalities to be negotiated at World Trade Organisation
International Trade Development	Establishment of Commission for International Trade Administration (CITA)	Cabinet and Parliament approval of CITA Bill	Nedlac report on CITA concluded CITA Bill passed by Parliament in second quarter of 2002 CITA functional
	Investigations, reviews, rebate permits and credit certificates	Number of investigations, reviews, permits and certificates	10 dumping, and 10 review, investigations 10 countervailing investigations concluded 5 safeguard, and 150 tariff, investigations 2 000 rebate certificates and 28 000 import and export control permits
	Import and export and tariff policies	Number of policy documents	2 import and export policy documents and 1 tariff policy document

Programme 3: Enterprise and Industry Development

Enterprise and Industry Development supports the development of policies and strategies for black economic empowerment and SMME development, and for the development of economic sectors and geographical areas. The programme seeks to promote the level of competitiveness of South African enterprises and the South African economy.

- **Competitiveness Strategy** focuses on enhancing the competitiveness of South African enterprises by developing their capacity and capabilities to penetrate domestic and global markets through industrial and sectoral strategies. It provides support to, among others, the SABS, the National Metrology Laboratory at the SABS, and the CSIR.
- **Enterprise Development** focuses on developing enterprises by increasing the rates at which sustainable SMMEs are created, grow and contribute to the gross domestic product and employment. It includes transfers to a number of institutions which specialise in financing SMMEs, such as Khula Enterprise Finance and the Ntsika Enterprise Promotion Agency, which focuses on non-financial support to SMMEs.
- **Black Economic Empowerment** focuses on creating new opportunities for, and broadening the participation of, historically disadvantaged individuals and enterprises in the management, ownership and control of economic activities.

Expenditure estimates

Table 31.5: Enterprise and Industry Development

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Competitiveness Strategy	582 480	597 998	618 906	710 217	688 935	704 881	748 349
Enterprise Development	288 755	256 354	242 640	140 856	86 016	96 190	101 962
Black Economic Empowerment	4 853	2 697	3 516	3 269	40 180	27 450	30 370
Total	876 088	857 049	865 062	854 342	815 131	828 521	880 681
Change to 2001 Budget Estimate				109 362	17 981	20 604	

Economic classification

Current	874 996	856 137	864 655	850 921	812 627	826 017	878 027
Personnel	23 971	22 353	18 079	19 000	23 065	24 228	25 682
Transfer payments	834 308	820 221	839 116	807 902	772 006	784 232	833 736
Other current	16 717	13 563	7 460	24 019	17 556	17 557	18 609
Capital	1 092	912	407	3 421	2 504	2 504	2 654
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	1 092	912	407	3 421	2 504	2 504	2 654
Total	876 088	857 049	865 062	854 342	815 131	828 521	880 681

Standard items of expenditure

Personnel	23 971	22 353	18 079	19 000	23 065	24 228	25 682
Administrative	4 791	4 945	3 571	7 367	8 051	8 051	8 534
Inventories	1 175	362	620	324	1 044	1 045	1 107
Equipment	1 264	1 112	746	4 004	2 604	2 604	2 760
Land and buildings	23	27	27	–	–	–	–
Professional and special services	10 165	7 675	2 716	15 235	8 033	8 033	8 515
Transfer payments	834 308	820 221	839 116	807 902	772 006	784 232	833 736
Miscellaneous	391	354	187	510	328	328	347
Total	876 088	857 049	865 062	854 342	815 131	828 521	880 681

Policy developments

Key developments include:

- A sharpening of the methodology for the sectoral and geographical economic analysis that will be used to inform sectoral and regional strategies
- A review of systems regulating standards, quality assurance, accreditation and metrology, an increasingly important aspect of competitiveness, and the drafting of appropriate legislation
- A review of the effectiveness of current SMME policies and a renewal of the policy in this area, as well as amendments to the relevant legislation
- The development of an overarching policy and strategies on black economic empowerment and the development of specific policy instruments actively to promote empowerment
- The continuation of dialogue with key stakeholders, including trade unions and business, in order to develop an industrial strategy for South Africa
- Contributing to the Proudly South African campaign, an initiative to promote quality South African products and services in partnership with key stakeholders
- Enhancing the industrial participation programme (mandating providers of large contracts to Government to participate in the South African economy) to create investment opportunities
- Developing policies and strategies to raise competitiveness through technology and innovation

Considerable attention is being paid to getting better value for money from the transfer payments to institutions which support *Enterprise and Industry Development* through focusing on memoranda of understanding between the institutions and the Department. COTII has been established so that the institutions are aligned with departmental objectives. The Council meets quarterly and is chaired by the Minister of Trade and Industry.

Expenditure trends

Approximately 5 per cent of expenditure is of an operational nature, with the remainder being transferred to various entities which implement or support the programme's policies. These include the IDC, the SABS, the National Metrology Laboratory, the South African National Accreditation System, the Proudly South African campaign, the CSIR, the National Empowerment Fund, Ntsika Enterprise Promotion Agency, and Khula Enterprise Finance Ltd.

Between 1998/99 and 2001/02 *Enterprise and Industry Development* expenditure has declined. This reflects the normalisation of expenditure, after significant once-off transfers to public entities, such as a payment to Khula for its recapitalisation and an initial start-up contribution to the National Empowerment Fund. Going forward, allocations for Competitiveness Strategy and Enterprise Development have stabilised, with the allocation for Black Economic Empowerment increasing substantially.

Key outputs, indicators and targets

Enterprise and Industry Development

Subprogramme	Output	Output measure/ indicator	Target	
Competitiveness Strategy	Support for Programme for Industrial Innovation	Increase in high-tech exports	Increase of at least R250 million	
	Financial assistance	Number of SMMEs supported	Venture Capital Fund established in first quarter of 2002	
	Increased technology transfer	Establish Technology Transfer Centre	Established at end of fourth quarter 2002	
	Human resource development	Investment in research and development	Number of students supported	R350 million
			2 100 students	
	South African Bureau of Standards	Number of voluntary South African National Standards prepared and maintained	150 new standards	
			250 revised standards	
	South African National Accreditation System	Number of test and calibration laboratories	25 medical and forensic laboratories	
			25 test laboratories	
	National Metrology Laboratory	Inspection bodies accredited	20 inspection bodies accredited	
Number of national standards and units established			Standards in chemical, electromagnetic and mechanical metrology	
Small Business Technical Funding	Number of SMME Business Excellence facilitators trained	10 facilitators		
Proudly South African campaign	Awareness created	25 per cent population awareness		
Funding for research into industrial development, growth and equity	Number of research projects completed	12 research projects		

Subprogramme	Output	Output measure/ indicator	Target
Enterprise Development	Enabling regulatory environment for SMMEs	Policy, strategies and research on the SMME sector with subsequent amendments to legislation	Report on regulatory burden on SMMEs at end of 2002 Amend the National Small Business Act (102 of 1996) by second quarter of 2002 Strategy document on promoting entrepreneurship by July 2002
	Support and monitoring of effectiveness of SMME institutions	Extent and value of support	R200 million worth of credit guarantees provided by Khula 6 retail finance institutions created and sustained by Khula R100 million worth of business loans granted by retail finance institutions Business linkages programme created by Ntsika by July 2002
	Advice and support on manufacturing	Number of Manufacturing Advisory Centres Number of one-stop support centres Establishment of a franchising support scheme	2 (Free State and Northern Cape) 4 launched by July 2002 By second quarter 2002
Black Economic Empowerment	Increased black economic empowerment	Strategy, legislative framework and support finalised	Legislation, Black Economic Empowerment Council, and database by second quarter 2002 Programmes and agreements to provide institutional and financial support by July 2002 Milestone target of US\$3.9 billion
		Tighter and more effective implementation of industrial participation projects	10% of participation obligation benefiting SMME and black economic empowerment companies
	Taxi recapitalisation	Identify preferred bidders for manufacture of replacement vehicles and electronic system	Second quarter of 2002

Programme 4: Consumer and Corporate Regulation

Consumer and Corporate Regulation is responsible for administering the regulation of the liquor, gambling and lottery industries, as well as for commercial, competition and consumer protection policies. The South African Company Registration Office and the South African Patents and Trademarks Office, funded from this programme, have been merged into the Companies and Intellectual Property Registration Office (CIPRO). The overall objective of the programme is to ensure that the market is fair, efficient and transparent. There are three subprogrammes:

- Consumer and Corporate Policy Development is responsible for policy and strategy development related to consumer and corporate regulation, as well as for various public interest issues such as gambling and liquor.
- Commerce Legislation, Regulation and Enforcement deals with the formulation and administration of legislation and regulation in the areas of corporate law, intellectual property rights, competition, and consumer protection.
- Consumer and Corporate Monitoring Regulatory Agencies is responsible for funding and monitoring the work of various regulatory agencies established in terms of consumer and corporate legislation, including the National Gambling Board, the National Lotteries Board, the Competition Authorities, the Micro Finance Regulatory Council and the Estate Agents Board.

Expenditure estimates

Table 31.6: Consumer and Corporate Regulation

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Consumer and Corporate Policy Development	–	–	–	–	2 764	2 823	2 992
Commerce Legislation, Regulation and Enforcement	37 910	50 468	46 588	46 213	65 768	25 401	26 926
Consumer and Corporate Monitoring Regulatory Agencies	23 106	63 191	34 465	50 593	65 613	91 010	96 759
Total	61 016	113 659	81 053	96 806	134 145	119 234	126 677
Change to 2001 Budget Estimate				5 932	46 822	31 971	

Economic classification

Current	57 642	109 039	78 850	91 754	133 198	118 287	125 674
Personnel	22 665	29 272	31 421	37 220	52 927	12 614	13 371
Transfer payments	15 511	46 472	16 600	27 102	65 613	91 010	96 759
Other current	19 466	33 295	30 829	27 432	14 658	14 663	15 544
Capital	3 374	4 620	2 203	5 052	947	947	1 003
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	3 374	4 620	2 203	5 052	947	947	1 003
Total	61 016	113 659	81 053	96 806	134 145	119 234	126 677

Standard items of expenditure

Personnel	22 665	29 272	31 421	37 220	52 927	12 614	13 371
Administrative	1 444	3 208	5 241	7 609	5 544	5 547	5 879
Inventories	2 947	3 275	6 755	4 993	837	837	887
Equipment	3 733	4 896	4 662	5 849	1 256	1 256	1 331
Land and buildings	7	3	47	–	–	–	–
Professional and special services	14 296	26 097	16 116	13 978	7 913	7 915	8 392
Transfer payments	15 511	46 472	16 600	27 102	65 613	91 010	96 759
Miscellaneous	413	436	211	55	55	55	58
Total	61 016	113 659	81 053	96 806	134 145	119 234	126 677

Policy developments

In the new DTI, corporate and consumer regulation has become a creative endeavour that seeks to serve the interests of both business and consumers, and to create a modern, globally competitive national economy.

A corporate law reform project and making amendments to the intellectual property rights regime are ongoing activities. In 2002, CIPRO will be established as a separate trading entity. Legal experts are in the process of being appointed to support the drafting and revision of legislation. Legislation on gambling and liquor will be submitted to Parliament. Various public interest issues will receive attention, including consumer protection, the impact of gambling, and the disbursement of lottery funds.

It is envisaged that CIPRO will function as a trading entity from 1 April 2002 and will be self-financing within the shortest possible time through income generated from services provided. This will allow for the most efficient work processes and systems to be designed and put into place to ensure efficient service delivery.

Amendments to the Companies Act (35 of 2001) were made to allow electronic lodging of new companies. The result is dramatically reduced costs and time for registering a company with the Department – a key contribution to lowering the costs of doing business with South Africa.

Expenditure trends

Over the medium term, transfer payments comprise about 67 per cent of programme expenditure. Its relative share, however, increases over time as transfers to CIPRO increase and personnel expenditure declines. The transfers to CIPRO are seen as transitional, but the need to finance its establishment explains the significant real growth in the allocation to this programme.

Key outputs, indicators and targets

Consumer and Corporate Regulation

Subprogramme	Output	Output measure/indicator	Target
Commerce Legislation, Regulation and Enforcement	Amendments to commercial legislation	Legislation tabled and accepted	12 pieces of legislation submitted in 2002/03
Consumer and Corporate Monitoring Regulatory Agencies	Regulation and coordination of certain matters relating to casinos, gambling and wagering	Uniform regulatory standards in all the provinces	All gambling outlets regulated by 2005
	National Lotteries Board: Supervision of the application of uniform regulatory procedures	Compliant measures in all provinces	Uniform regulation in all provinces
	New company and closed corporations registrations and amendments	Turnaround times on registrations, quality of information	Registration within 72 hours
	Electronic disclosure of information	Number of electronic disclosures and the availability of information	24 hour service centre
	Registration of trademarks, patents and designs and copyright applications	Number of registration opportunities, quality of information	Registration within 72 hours
	Advice about registration and protection of trademarks and copyright	Roadshows, workshops and web service	Web service implemented

Programme 5: The Enterprise Organisation

The Enterprise Organisation programme promotes domestic and foreign fixed investments in the South African economy through allocating and administering a range of financial support instruments to various enterprises. It also aims to promote investment in infrastructure, human development, and development in the manufacturing sector and related industries, and to assist with exports. The programme also underpins the promotion of SMMEs.

The programme is organised into three subprogrammes:

- Promotion of Infrastructure and Strategic Investments promotes investment through a variety of strategies including the provision of grants and subsidies.
- Promotion of Investment to Support Competitiveness and Productivity promotes accelerated productivity growth through various programmes such as the provision of grants and subsidies.
- Promotion of Manufacturing Investment provides incentives to help develop South Africa's manufacturing base, including providing a scrapping allowance to the taxi industry.

Expenditure estimates

Table 31.7: The Enterprise Organisation

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited 1998/99	Audited 1999/00	Preliminary outcome 2000/01	Adjusted appropriation 2001/02	2002/03	2003/04	2004/05
R thousand							
Promotion of Infrastructure and Strategic Investments	15 465	14 762	20 267	109 001	177 382	228 331	242 032
Promotion of Investment to Support Competitiveness and Productivity	733	15 731	31 394	185 894	284 463	383 399	406 403
Promotion of Manufacturing Investment	448 614	398 215	334 397	333 224	378 314	352 049	373 172
Total	464 812	428 708	386 058	628 119	840 159	963 779	1 021 607
Change to 2001 Budget Estimate				(159 103)	(136 126)	(130 161)	

Economic classification

Current	464 299	428 300	386 058	624 557	840 059	963 679	1 021 501
Personnel	7 614	7 894	8 307	15 500	17 118	18 067	19 152
Transfer payments	449 346	413 947	365 790	593 118	811 779	934 450	990 517
Other current	7 339	6 459	11 961	15 939	11 162	11 162	11 832
Capital	513	408	-	3 562	100	100	106
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	513	408	-	3 562	100	100	106
Total	464 812	428 708	386 058	628 119	840 159	963 779	1 021 607

Standard items of expenditure

Personnel	7 614	7 894	8 307	15 500	17 118	18 067	19 152
Administrative	690	1 072	1 081	4 859	2 459	2 459	2 607
Inventories	157	119	305	200	250	250	265
Equipment	604	485	222	5 778	2 116	2 116	2 243
Land and buildings	-	-	-	200	-	-	-
Professional and special services	6 253	5 061	10 295	8 464	6 437	6 437	6 823
Transfer payments	449 346	413 947	365 790	593 118	811 779	934 450	990 517
Miscellaneous	148	130	58	-	-	-	-
Total	464 812	428 708	386 058	628 119	840 159	963 779	1 021 607

Policy developments

The Enterprise Organisation provides incentives and support for sustainable enterprises in South Africa. Recent developments include:

- A review of the efficiency of incentives in terms of whether they create sustainable jobs, promote growth and improve equity; what the quality of investments is; and what the sectoral and geographic spread of investments is
- The improvement of access to incentive schemes and the delivery of these schemes to investors
- A review and consolidation of all support to investors
- The streamlining of application and adjudication procedures
- The improvement of information flows to stakeholders

Old manufacturing support schemes, such as the Tax Holiday Scheme, the Small-Medium Manufacturing Development Programme (SMMDP), the Regional Industrial Development Programme, and the Simplified Regional Industrial Development Programme, are being replaced with a suite of six incentives, some of which are still being finalised. The components of the proposed suite are:

- Small Medium Manufacturing Enterprise Development Programme

- Skills Support Programme
- Critical Infrastructure Facility
- Industrial Development Zones
- Foreign Investment Grant
- Strategic Investment Programme

Support is now seen as involving more than just financial support and includes providing information, access to markets and advice. Focal areas include the promotion of capital investment in medium and micro-enterprises, and skills development. A broader definition of target industries is being introduced to include aquaculture, tourism, agro-processing, ICT, cultural industries, high value agricultural projects, and biotechnology.

The SMME sector is still targeted specifically, and existing schemes such as the SMMDP are also being reshaped to include more industries. The concern with SMME development is being integrated with black economic empowerment and the involvement of women entrepreneurs.

A Critical Infrastructure Centre will complement Government's initiatives to maintain and extend infrastructure spending to important sectors, with local government being targeted for infrastructure improvement in areas such as electrification, water reticulation, sanitation and road and rail transport.

Expenditure trends

Transfer payments make up 97 per cent of outlays on *The Enterprise Organisation* programme over the medium term. After decreasing between 1998/99 and 2000/01 as a number of incentive schemes were being phased out, transfers again grow strongly to 2004/05 by an average annual 18,6 per cent. Personnel expenditure also escalated sharply in 2001/02 and continues to grow strongly over the following years. Personnel growth relates to establishing adequate capacity to manage the large disbursements of the programme and to decentralise support services.

The take up of new incentive schemes is uncertain because it depends on market conditions and the response of enterprises. These uncertainties make budgeting for transfers difficult.

Key outputs, indicators and targets

The Enterprise Organisation

Subprogramme	Output	Output measure/indicator	Target
Promotion of Infrastructure and Strategic Investments	Industrial Development Zones (IDZ)	Number of IDZs designated by the Minister of Trade and Industry and number of operator permits issued	4 IDZs designated 5 provisional permits issued 2 permanent operator permits issued
		Rand value of investment enabled by Critical Infrastructure Facility support	R1,5 billion of new investment in manufacturing tourism and ICT projects
		Rand value of infrastructure investment	Investment of R500 million via Critical Infrastructure Facility
	Promote strategic investments	Support to critical infrastructure projects	6 projects approved
		Number of projects approved	4 projects approved
		Value of fixed private investment supported	R1,4 billion new investment in manufacturing, research and development and IT industries

Subprogramme	Output	Output measure/indicator	Target
Promotion of Investment to Support Competitiveness and Productivity	Skilled employees for industry	Number of employees and enterprises supported through the skills support programme	
	Improve business competencies through the Competitiveness Fund	Increase in sales, export revenues and the profits of supported enterprises	10% improvement in sales 10% improvement in export revenue 20% improvement in profitability
	Support to small and medium-sized manufacturers	Sustainable jobs created	38 000 jobs sustained and 1 000 new jobs created 1 980 greenfield manufacturing and tourism projects supported, including 134 HDI enterprises 2 per cent liquidation in enterprises supported

Programme 6: Trade and Investment South Africa

Trade and Investment South Africa encourages investment in South Africa and aims to develop South Africa's capacity to export goods to various markets. It works closely with investors and other government departments to overcome any blockages to investment.

- Investment Promotion focuses on increasing FDI through targeting investors and enhancing government policies and processes that impact South Africa's appeal for investors.
- Export Promotion focuses on increasing exports by increasing the number of exporters. Through specific export development programmes and through enhancing national supply-chain processes it makes selected export industries more competitive.

Trade and Investment South Africa seeks to meet these objectives by providing various products and services to the export sector, including financial and technical support. It also works closely with the rest of Government on logistics, and on improving the infrastructure and regulatory environment for investors. *Trade and Investment South Africa* also engages in promotional activities, including investment missions, to establish South Africa as an investment destination.

Expenditure estimates

Table 31.8: Trade and Investment South Africa

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Investment Promotion	230 766	303 748	477 966	296 304	307 640	313 301	332 099
Export Promotion	198 065	16 913	213 583	159 499	136 001	136 001	144 161
Total	428 831	320 661	691 549	455 803	443 641	449 302	476 260
Change to 2001 Budget Estimate				41 006	15 980	14 024	
Economic classification							
Current	426 360	319 301	691 549	455 164	443 641	449 302	476 260
Personnel	57 352	61 146	64 752	104 794	99 178	70 000	35 000
Transfer payments	345 247	233 693	592 200	317 499	344 463	379 302	441 260
Other current	23 761	24 462	34 597	32 871	-	-	-
Capital	2 471	1 360	-	639	-	-	-
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	2 471	1 360	-	639	-	-	-
Total	428 831	320 661	691 549	455 803	443 641	449 302	476 260

R thousand	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome				
			2000/01	2001/02			
Standard items of expenditure							
Personnel	57 352	61 146	64 752	104 794	99 178	70 000	35 000
Administrative	14 418	13 389	20 954	16 525	–	–	–
Inventories	4 620	4 330	3 865	4 020	–	–	–
Equipment	2 721	1 579	1 171	1 283	–	–	–
Land and buildings	22	45	73	367	–	–	–
Professional and special services	4 147	6 112	8 616	4 166	–	–	–
Transfer payments	345 247	233 693	592 200	317 499	344 463	379 302	441 260
Miscellaneous	304	367	(82)	7 149	–	–	–
Total	428 831	320 661	691 549	455 803	443 641	449 302	476 260

Policy developments

The process of integrating export and investment promotion activities in *Trade and Investment South Africa* has continued and there has been a review of the efficiency and effectiveness of its programmes and structures to do this. There has also been a shift away from financial assistance towards knowledge sharing and technical support. Efforts have continued to strengthen and expand the export councils in South Africa.

The costs associated with foreign offices will be reduced by improving regional coordination and, where appropriate, using Pretoria as the base for foreign promotional activities. This is an attempt to reduce budget volatility by limiting expenditure that is affected by exchange rate fluctuations.

Expenditure trends

Transfers make up 81 per cent of the allocation to *Trade and Investment South Africa* and consist largely of transfers in terms of the Export Market Investment Assistance scheme (reimbursement of costs of market research, inward and outward trade, investment missions, and exhibitions) and the Export Credit Reinsurance Scheme (interest subsidies on medium- and long- term loans).

A once-off transfer of R288 million to the Export Credit Reinsurance Fund in 2000/01 explains the decline in the budget in 2001/02. Budget growth over the medium terms is moderate, based on expectations of even slower growth with regard to the export credit reinsurance.

Key outputs, indicators and targets

Trade and Investment South Africa

Subprogramme	Output	Output measure/indicator	Target
Investment Promotion	Increased FDI in priority sectors	Increased value of FDI	R3,5 billion FDI in selected sectors
Export Promotion	Increased South African export growth rate in major countries	Number of international exhibitions participated in	R10,1 billion export sales
	Enhanced black economic participation in export sectors	Establish Black Economic Empowerment Councils	1 council per sector
		Black economic empowerment targets for export councils	20% of programme support to black economic empowerment
	Marketing the IDZs	Number of marketing activities	1 marketing activity per IDZ

With South African exports performing well, Trade and Investment South Africa (Tisa), a public entity which reports to the Minister of Trade and Industry, has been gaining momentum in spite of only being launched in August 2000. Promotional activities and market intelligence gathering continue, and aftercare and facilitation activities have been expanded. Tisa has a one-stop export call centre for exporters, and a full client service relationship management system. Large

investments from a range of countries and new exports to all corners of the globe are testimony to the increasing impact of the Department of Trade and Industry and Tisa.

Public entities reporting to the Minister

Competition Commission and Competition Tribunal

The Competition Commission and the Competition Tribunal promote a competitive environment, investigate and address anti-competitive activities, and increase economic concentration in related markets in terms of the Competition Act (89 of 1998). The DTI subsidised the establishment and initial operations of both. They are now fully self-financing and do not receive transfers. However, the DTI will supplement these budgets when the fee structures cannot cover all costs.

Commission for International Trade Administration

The Commission for International Trade Administration (CITA) was established in 2001. It consists of the Board of Tariffs and Trade, and departmental components dealing with anti-dumping, import and export control, and certain specific sectors. An amount of R10 million was transferred in 2001/02 and will be transferred annually to the Commission over the medium term.

Council for Scientific and Industrial Research

Established in 1945 and currently regulated through the Scientific Research Council Act of 1988, the Council for Scientific and Industrial Research (CSIR) is the premier industrial research organisation in Africa. The CSIR is committed to innovation, supporting sustainable development and economic growth, and creating value for clients, partners and stakeholders. The CSIR is committed to providing technological solutions and information to contribute towards realising national socio-economic priorities. Its objectives are to build appropriate competencies that will provide South Africa with the required technological capabilities, and to promote and develop a culture of science and technology. The CSIR strives to lead technology awareness and to build strong linkages between labour and technology. Transfers to the CSIR increase from R334 million for 2001/02 to R359 million 2004/05.

Fund for Research into Industrial Development, Growth and Equity

The Fund for Research into Industrial Development, Growth and Equity is administered by the Industrial Development Corporation and received transfers of R7,0 million in 2001/02, which rise to R10,6 million 2004/05. The fund provides financial assistance for research into:

- Improving South Africa's global economic competitiveness
- Injecting international and local expertise into industry
- Building individual and institutional capacity among stakeholders
- Contributing to collaboration on policy and development issues

Industrial Development Corporation

The Industrial Development Corporation (IDC) is a state owned development finance institution that promotes entrepreneurship through building competitive industries and enterprises based on sound business principles. The IDC is subject to the provisions of the Industrial Development Act (22 of 1940), as amended, and certain sections of the Companies Act.

Trade and Investment South Africa

Trade and Investment South Africa (Tisa) aims to provide professional support to foreign investors to enhance foreign direct investment in South Africa. Tisa, together with the nine provinces, has conducted extensive analyses in each province, identifying key investment opportunities for foreign investors in industries in which South Africa has a global comparative and competitive advantage. Tisa also provides valuable information about investment procedures and regulatory requirements, and can direct investors to the well developed service sector that supports the investment process. As a result of its facilitation and strategic advice on linkages to South African corporations and SMMEs, over R9 billion of direct and indirect investment has been committed to be disbursed over the next two years.

Khula Enterprise Finance Ltd

Khula Enterprise Finance was founded in 1996, and specialises in ensuring the enhanced availability of loan and equity capital to SMMEs. Finance is made available by:

- Offering loans, guarantees and seed funds to retail funding intermediaries in need of capital, risk sharing and capacity
- Offering guarantees and equity capital directly and indirectly to SMMEs
- Providing assistance and guidance on financing and opportunities

Khula is registered as an insurer under the Insurance Act (27 of 1943) and is governed by the regulations of the Financial Services Board. Its credit guarantee arm undergoes an annual actuarial valuation as required by the Board to determine the appropriate maximum gearing. The programmes financed by Khula have developed much faster than expected owing to the demand on its services. Transfers reach R21,2 million in 2004/05.

National Manufacturing Advisory Centre Coordinating Body

The National Manufacturing Advisory Centre Coordinating Body provides manufacturing, information and related business development services to SMMEs through a range of support programmes. After receiving R28 million in 2001/02, the organisation receives about R18 million per year over the medium term.

National Empowerment Fund

The National Empowerment Fund empowers historically disadvantaged people through promoting the wider ownership, control and management of certain income-generating assets in terms of the National Empowerment Fund Act (105 of 1998). The Fund received a once-off allocation of R174 million in 1998/99.

National Gambling Board

The National Gambling Board was established in terms of the National Gambling Board Act (33 of 1996) to exercise control over gambling, provide advice on the national gambling industry, and promote uniform norms and standards across the provinces. The Board received R7,0 million in 2001/02, increasing to R7,4 million in 2004/05.

National Lotteries Board

The National Lotteries Board exercises national control over lottery activities in terms of the National Lotteries Act (57 of 1997). It implemented the national lottery programme over the past year. Distribution agencies and a central application office for the disbursement of funds are being established. The Board will receive R3,5 million per year over the medium term.

National Liquor Advisory Authority

The new Liquor Bill was passed by the National Assembly during 1998, but was referred to the Constitutional Court by the President. The Bill aims to restructure the liquor industry by:

- Introducing a three-tier licensing structure
- Creating a National Liquor Advisory Committee, a National Liquor Authority, and a National Appeal Tribunal; nine provincial liquor authorities and nine provincial panels of appeal
- Providing for a regulatory framework for easy access and empowerment
- Addressing socio-economic and health issues

The National Liquor Authority will receive R1 million a year over the medium term.

Ntsika Enterprise Promotion Agency

Ntsika Enterprise Promotion Agency was established under the National Small Business Act (102 of 1996) as a Section 21 company to provide non-financial support services to SMMEs. Ntsika provides access to training, information, capacity-building, counselling, markets and technology. The transfers to Ntsika increase from R35 million in 2001/02 to R53 million in 2004/05.

National Measuring Standards

National Measuring Standards promotes South Africa's competitiveness through the provision of internationally acceptable measuring standards and measurements in terms of the Measuring Units and National Measuring Standards Act (76 of 1973). It received R31 million in 2001/02, and is allocated R31 million a year over the medium term.

National Research Foundation

The National Research Foundation was established in terms of the Research Development Act (75 of 1990) to support research development through providing financial support and bursaries, and to liaise with the International Council of Scientific Unions. In terms of the legislation which governs it, the National Research Foundation may make grants to universities, technikons and similar institutions to achieve its objectives. The National Research Foundation receives funding from the Department of Trade and Industry for the Technology and Human Research for Industry Programme. Transfers increase from R135 million in 2002/03 to R145 million in 2004/05.

South African Bureau of Standards

The South African Bureau of Standards (SABS) administers the Standards Act (29 of 1993), promoting standardisation and quality control in industry and commerce, and supervising trade metrology and units of measure. The SABS targets assistance at SMMEs through the South African Quality Institute, building awareness of quality principles and the methodologies available in South Africa. Transfer payments total R85 million in 2002/03, and increase to R94 million in 2004/05.

South African Bureau of Standards Trade Metrology

The Trade Metrology unit of the South African Bureau of Standards is a statutory body that aims to: approve instrumentation to ensure proper replication; to verify measuring instruments; and to adjudicate in disputes; to control the accreditation of laboratories that do verifications of instruments, the calibrating of verification standards, and similar activities. It receives R6,0 million in transfers in 2002/03, which decreases to R4,2 million in 2004/05.

South African National Accreditation System

The South African National Accreditation System establishes laboratory, personnel and certification body accreditation, and facilitates mutual recognition agreements with international accreditation organisations. It receives R8,0 million in 2002/03 which declines to R5,3 million in 2004/05.

Annexure

Vote 31: Trade and Industry

Table 31.9: Summary of expenditure trends and estimates per programme

Table 31.10: Summary of expenditure trends and estimates per economic classification

Table 31.11: Summary of expenditure trends and estimates per standard item

Table 31.12: Summary of transfers and subsidies per programme

Table 31.13: Summary of personnel numbers and costs

Table 31.14: Summary of expenditure on training

Table 31.15: Summary of information and communications technology expenditure

Table 31.9: Summary of expenditure trends and estimates per programme

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other Adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
1 Administration	63 092	89 053	106 706	148 732	12 017	18 716	179 465	119 465	153 317	16 238	169 555	197 609	209 466
2 International Trade Development	20 033	17 895	29 384	28 044	1 795	35 688	65 527	44 527	64 153	1 789	65 942	68 551	72 814
3 Enterprise and Industry Development	876 088	857 049	865 062	744 980	13 500	95 862	854 342	824 342	812 627	2 504	815 131	828 521	880 681
4 Consumer and Corporate Regulation	61 016	113 659	81 053	90 874	–	5 932	96 806	76 806	133 198	947	134 145	119 234	126 677
5 The Enterprise Organisation	464 812	428 708	386 058	787 222	1 795	(160 898)	628 119	573 119	840 059	100	840 159	963 779	1 021 607
6 Trade and Investment South Africa	428 831	320 661	691 549	414 797	37 083	3 923	455 803	441 803	443 641	–	443 641	449 302	476 260
Total	1 913 872	1 827 025	2 159 812	2 214 649	66 190	(777)	2 280 062	2 080 062	2 446 995	21 578	2 468 573	2 626 996	2 787 505
Change to 2001 Budget Estimate							65 413	(134 587)			3 463	1 007	

Table 31.10: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
Current	1 902 698	1 808 732	2 152 570	2 165 023	57 329	24 965	2 247 317	2 072 317	2 446 995	-	2 446 995	2 605 868	2 765 153
Personnel	145 418	161 219	174 403	258 191	10 794	13 481	282 466	217 466	287 437	-	287 437	225 722	200 620
Salaries and wages	145 418	161 219	174 403	241 941	10 794	4 828	257 563	192 563	287 437	-	287 437	225 722	200 620
Other	-	-	-	16 250	-	8 653	24 903	24 903	-	-	-	-	-
Transfer payments	1 648 950	1 514 333	1 824 782	1 773 160	11 242	(26 012)	1 758 390	1 688 390	2 014 430	-	2 014 430	2 209 563	2 384 075
Subsidies to business enterprises	789 393	625 040	940 990	1 050 885	6 242	(145 009)	912 118	862 118	829 580	-	829 580	952 251	1 009 386
Other levels of government													
social security funds	-	-	-	-	-	-	-	-	-	-	-	-	-
universities and technikons	-	-	-	-	-	-	-	-	-	-	-	-	-
extra-budgetary institutions	851 860	887 921	878 018	715 207	5 000	117 897	838 104	820 104	1 176 782	-	1 176 782	1 249 244	1 366 137
provincial government	-	-	-	-	-	-	-	-	-	-	-	-	-
local government	-	-	-	-	-	-	-	-	-	-	-	-	-
Households and non-profit institutions	1 500	-	-	-	-	-	-	-	-	-	-	-	-
Foreign countries and international credit institutions	6 197	1 372	5 774	7 068	-	1 100	8 168	6 168	8 068	-	8 068	8 068	8 552
Other	108 330	133 180	153 385	133 672	35 293	37 496	206 461	166 461	145 128	-	145 128	170 583	180 458
Capital	11 174	18 293	7 242	49 626	8 861	(25 742)	32 745	7 745	-	21 578	21 578	21 128	22 352
Transfer payments	-	-	-	10 001	-	(10 000)	1	1	-	1	1	1	1
Other levels of government	-	-	-	-	-	-	-	-	-	-	-	-	-
Other capital transfers	-	-	-	10 001	-	(10 000)	1	1	-	1	1	1	1
Movable capital	11 174	18 293	7 242	29 625	8 861	(5 742)	32 744	7 744	-	21 577	21 577	21 127	22 351
Motor vehicles (transport)	-	-	-	-	-	-	-	-	-	1 789	1 789	1 789	1 854
Equipment - Computers	-	10 190	-	-	-	-	-	-	-	-	-	-	-
Equipment - Other office equipment	-	333	-	-	-	-	-	-	-	-	-	-	-
Other	11 174	7 770	7 242	29 625	8 861	(5 742)	32 744	7 744	-	19 788	19 788	19 338	20 497
Fixed capital	-	-	-	10 000	-	(10 000)	-	-	-	-	-	-	-
Land	-	-	-	10 000	-	(10 000)	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1 913 872	1 827 025	2 159 812	2 214 649	66 190	(777)	2 280 062	2 080 062	2 446 995	21 578	2 468 573	2 626 996	2 787 505

Table 31.11: Summary of expenditure trends and estimates per standard item

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other Adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
Personnel	145 418	161 219	174 403	258 191	10 794	13 481	282 466	217 466	287 437	–	287 437	225 722	200 620
Administrative	36 211	40 734	51 024	35 041	16 211	10 518	61 770	51 770	42 420	–	42 420	42 420	45 260
Inventories	13 118	12 473	15 543	22 000	1 027	(7 283)	15 744	15 744	8 508	–	8 508	8 509	7 877
Equipment	12 422	19 434	17 883	41 152	8 861	(8 871)	41 142	16 142	6 697	21 577	28 274	27 824	29 499
Land and buildings	1 047	1 361	3 002	10 367	–	513	10 880	10 880	6 763	–	6 763	6 763	7 169
Professional and special services	49 984	58 901	59 335	62 669	12 698	26 323	101 690	71 690	80 092	–	80 092	105 546	112 314
Transfer payments	1 648 950	1 514 333	1 824 782	1 783 161	11 242	(36 012)	1 758 391	1 688 391	2 014 430	1	2 014 431	2 209 564	2 384 076
Miscellaneous	6 722	18 570	13 840	2 068	5 357	554	7 979	7 979	648	–	648	648	690
Total	1 913 872	1 827 025	2 159 812	2 214 649	66 190	(777)	2 280 062	2 080 062	2 446 995	21 578	2 468 573	2 626 996	2 787 505

Table 31.12: Summary of transfers and subsidies per programme

	Expenditure outcome				Adjusted Appropriation	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome	Adjusted Appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02	2002/03			2003/04	2004/05	
R thousand										
1 Administration	1 500	–	7 160	9 701	7 501	1	7 502	7 502	7 952	
Corporate Services										
Sector Education and Training Authority	–	–	160	700	500	–	500	500	530	
Council for Scientific and Industrial Research – Delight Project	–	–	7 000	9 000	7 000	–	7 000	7 000	7 420	
National Supplies Procurement Fund	1 500	–	–	–	1	–	1	1	1	
Government Motor Transport	–	–	–	1	–	1	1	1	1	

R thousand	Expenditure outcome				Medium-term expenditure estimate				
	Audited	Audited	Preliminary	Adjusted	Current	Capital	Total	2003/04	2004/05
	1998/99	1999/00	outcome						
2 International Trade Development	3 038	-	3 916	3 069	13 068	-	13 068	13 068	13 852
Multilateral Agreements									
World Trade Organisation	3 038	-	3 916	3 068	3 068	-	3 068	3 068	3 252
International Trade Development									
Commission for International Trade Administration	-	-	-	1	9 999	-	9 999	9 999	10 599
Board on Tariffs and Trade	-	-	-	-	1	-	1	1	1
3 Enterprise and Industry Development	834 308	820 221	839 116	807 902	772 006	-	772 006	784 232	833 736
Competitiveness Strategy									
South African Bureau of Standards - Research contribution	80 335	77 724	79 052	81 369	85 000	-	85 000	88 825	94 155
South African National Accreditation System	4 000	3 667	5 334	5 800	8 000	-	8 000	5 000	5 300
CSIR - Research contribution	325 469	315 649	301 112	302 877	297 751	-	297 751	305 152	325 911
CSIR - National Measuring Standards	28 000	11 000	32 000	31 000	31 000	-	31 000	31 000	32 860
Small Business Technical Consulting	-	1 476	3 320	1 000	2 800	-	2 800	2 800	2 968
Proudly South Africa Campaign	-	-	-	1	1	-	1	1	1
Technology and Human Research for Industry Programme	98 688	109 906	138 640	148 000	134 999	-	134 999	136 999	145 219
- contribution to National Research Foundation									
Support Programme for Industrial Innovation – contribution to IDC	-	-	7 100	16 000	63 151	-	63 151	63 151	66 940
Fund for Research into Industrial Development, Growth and Equity	10 000	15 000	1 000	7 000	4 000	-	4 000	10 000	10 600
- contribution to IDC									
Technology Incubator Development	-	-	10 000	17 000	8 750	-	8 750	8 750	9 275
Technology Transfer Agency	-	-	-	3 750	2 050	-	2 050	2 050	2 173
Technology Transfer Capital Guarantee	-	-	6 000	23 001	6 000	-	6 000	6 000	6 360
Environmental Support Fund	-	-	-	3 001	1 001	-	1 001	1 001	1 061
Workplace Challenge	-	-	12 000	12 000	12 000	-	12 000	12 000	12 720
Ad-hoc Economic Investigations	3 642	33 201	3 000	5 000	1	-	1	1	1

R thousand	Expenditure outcome				Medium-term expenditure estimate				
	Audited	Audited	Preliminary	Adjusted	Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02	2002/03			2003/04	2004/05
Organisation for the Prevention of Chemical Warfare	1 498	-	1 858	3 100	2 500	-	2 500	2 500	2 650
Enterprise Development									
Khula	5 000	120 000	141 000	64 000	20 000	-	20 000	20 000	21 200
Ntsika Enterprise Promotion Agency	50 676	57 500	50 000	35 000	40 000	-	40 000	50 000	53 000
Franchise Support	-	7 000	-	14 000	-	-	-	-	-
NAMAC	-	-	11 300	28 000	18 000	-	18 000	18 000	19 080
SA Women 's Empowerment Foundation	-	-	-	6 002	1	-	1	1	1
Black Economic Empowerment									
National Empowerment Fund	174 000	-	-	1	1	-	1	1	1
Spatial Development Initiatives - DBSA	53 000	68 098	36 400	1 000	35 000	-	35 000	21 000	22 260
4 Consumer and Corporate Regulation	15 511	46 472	16 600	27 102	65 613	-	65 613	91 010	96 759
Consumer and Corporate Monitoring Regulatory Agencies									
National Gambling Board	2 500	12 000	12 500	7 000	9 500	-	9 500	7 000	7 420
National Lotteries Board	3 000	3 500	2 500	1 500	3 500	-	3 500	3 500	3 710
National Liquor Advisory Authority	-	-	-	1	1 000	-	1 000	1 000	1 060
Competition Commission	7 000	29 600	-	8 599	2 001	-	2 001	2 001	2 121
SABS Trade Metrology	750	-	1 600	6 000	6 000	-	6 000	4 000	4 240
Consumer Council / Investigations	600	-	-	2 000	-	-	-	-	-
Micro-Finance Regulatory Agency	-	-	-	1	14 500	-	14 500	18 507	19 907
World Intellectual Property Organisation	1 661	1 372	-	2 000	2 500	-	2 500	2 500	2 650
Companies and Intellectual Property Registration Office	-	-	-	1	26 612	-	26 612	52 502	55 651

	Expenditure outcome				Medium-term expenditure estimate				
	Audited	Audited	Preliminary	Adjusted	Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02	2002/03			2003/04	2004/05
R thousand									
5 The Enterprise Organisation	449 346	413 947	365 790	593 118	811 779	-	811 779	934 450	990 517
Promotion of Infrastructure and Strategic Investments									
Industrial Development Zones	-	-	-	-	1	-	1	1	1
Foreign Investment Grant	-	-	-	-	1	-	1	1	1
Critical Infrastructure	-	-	-	60 000	119 000	-	119 000	169 000	179 140
Strategic Investment Programme	-	-	-	-	30 000	-	30 000	30 000	31 800
Promotion of Investment to Support Competitiveness and Productivity									
Tax Holiday Scheme	-	11 793	7 000	14 000	5 000	-	5 000	5 000	5 300
Skills Support Programme	-	-	-	-	1	-	1	2	2
Competitiveness Fund	-	1 801	20 053	40 000	30 000	-	30 000	40 000	42 400
Sector Partnership Fund	733	2 137	4 341	11 748	11 748	-	11 748	11 748	12 453
Micro Investors Fund	-	-	-	10 001	7 001	-	7 001	7 001	7 421
Enterprise Development	-	-	-	110 145	230 713	-	230 713	319 648	338 827
Promotion of Manufacturing Investment									
MDP Incentives	413 257	292 893	159 924	136 223	90 000	-	90 000	50 000	53 000
Taxi Recapitalisation Allowance	-	-	-	11 001	50 000	-	50 000	50 000	53 000
Small, Medium Manufacturing Development Programme	35 356	105 323	174 472	200 000	238 314	-	238 314	252 049	267 172
6 Trade and Investment South Africa	345 247	233 693	592 200	317 499	344 463	-	344 463	379 302	441 260
Investment Promotion									
Trade and Investment South Africa	71 062	119 690	139 593	158 000	208 462	-	208 462	243 301	297 099
Export Promotion									
Export Credit and Foreign Investment Reinsurance Fund	-	-	288 000	-	1	-	1	1	1
Export Credit and Foreign Investment Reinsurance Scheme	164 273	112 401	164 209	157 498	135 000	-	135 000	135 000	143 100
GEIS	109 912	1 602	398	1 000	999	-	999	999	1 059
Export Credit Agency	-	-	-	1 001	1	-	1	1	1
Total	1 648 950	1 514 333	1 824 782	1 758 391	2 014 430	1	2 014 431	2 209 564	2 384 076

Table 31.13: Summary of personnel numbers and costs¹

Personnel numbers	1998/99	1999/00	2000/01	2001/02	2002/03
1 Administration	235	254	355	280	280
2 International Trade Development	50	79	79	200	200
3 Enterprise and Industry Development	175	197	216	80	80
4 Consumer and Corporate Regulation	299	330	393	365	365
5 The Enterprise Organisation	62	50	80	100	100
6 Trade and Investment South Africa	134	82	82	180	180
Total	955	992	1 205	1 205	1 205
Total personnel cost (R thousand)	145 418	161 219	174 403	282 466	287 437
Unit cost (R thousand)	152.3	162.5	144.7	234.4	238.5

¹ Full-time equivalent

Table 31.14: Summary of expenditure on training

	Expenditure outcome		Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Preliminary outcome		2002/03	2003/04	2004/05
	1999/00	2000/01	2001/02			
R thousand						
1 Administration	1 796	1 149	3 968	1 715	1 715	1 820
2 International Trade Development	633	585	898	408	408	416
3 Enterprise and Industry Development	241	578	1 321	500	500	530
4 Consumer and Corporate Regulation	279	2 136	709	290	245	261
5 The Enterprise Organisation	44	40	414	165	164	174
6 Trade and Investment South Africa	313	601	1 000	-	-	-
Total	3 306	5 089	8 310	3 078	3 032	3 201

Table 31.15: Summary of information and communications technology expenditure

R thousand	Adjusted	Medium-term expenditure estimate		
	appropriation 2001/02	2002/03	2003/04	2004/05
1 Administration	17 262	14 350	15 880	14 920
Technology	17 262	11 500	12 500	11 000
Hardware	17 262	11 500	12 500	11 000
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	-	2 850	3 380	3 920
Consulting	-	2 500	3 000	3 500
Outsourcing	-	350	380	420
2 International Trade Development	493	500	500	500
Technology	493	500	500	500
Hardware	493	500	500	500
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	-	-	-	-
Consulting	-	-	-	-
Outsourcing	-	-	-	-
3 Enterprise and Industry Development	4 466	2 000	2 000	2 120
Technology	4 466	2 000	2 000	2 120
Hardware	4 466	2 000	2 000	2 120
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	-	-	-	-
Consulting	-	-	-	-
Outsourcing	-	-	-	-

R thousand	Adjusted	Medium-term expenditure estimate		
	appropriation	2002/03	2003/04	2004/05
	2001/02			
4 Consumer and Corporate Regulation	200	400	400	424
Technology	200	400	400	424
Hardware	200	400	400	424
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	-	-	-	-
Consulting	-	-	-	-
Outsourcing	-	-	-	-
5 The Enterprise Organisation	-	300	300	318
Technology	-	300	300	318
Hardware	-	300	300	318
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	-	-	-	-
Consulting	-	-	-	-
Outsourcing	-	-	-	-
6 Trade and Investment South Africa	339	2 000	2 000	2 120
Technology	339	2 000	2 000	2 120
Hardware	339	2 000	2 000	2 120
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	-	-	-	-
Consulting	-	-	-	-
Outsourcing	-	-	-	-
Total	22 760	19 550	21 080	20 402

