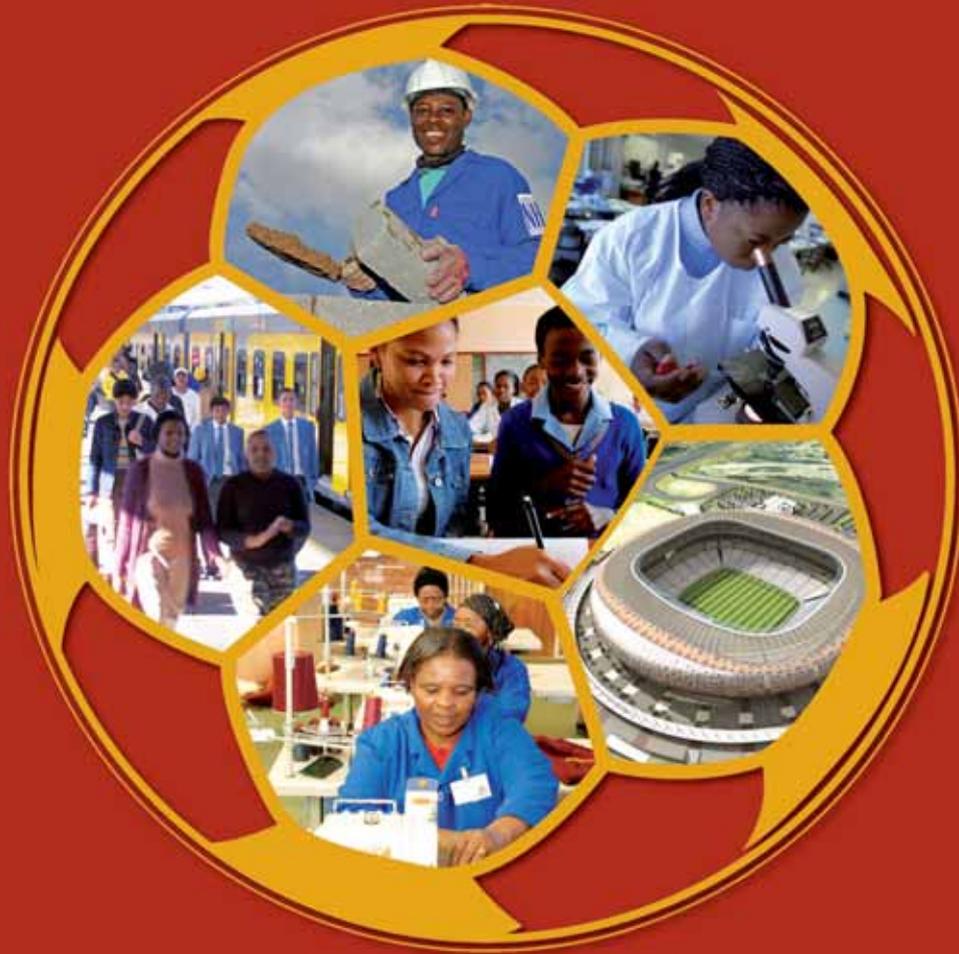


# Vote 35

## Trade and Industry



# Estimates of National Expenditure 2010



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA





# **Estimates of National Expenditure**

## **2010**

**National Treasury**

**Republic of South Africa**

17 February 2010



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The *Estimates of National Expenditure 2010* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In this booklet, more comprehensive coverage of goods and services, transfers, public entities and lower level institutional information is provided where applicable.

The *Estimates of National Expenditure 2010* as well as the *Estimates of National Expenditure 2010* booklets are also available on [www.treasury.gov.za](http://www.treasury.gov.za)

# Foreword

The Estimates of National Expenditure publication provides Parliament, departments and public entities, ministers, the media, civil society and the public with information about how tax payers' money is being spent: what it buys and for what purpose. Do not be concerned regarding the magnitude of this publication. Instead, let us use this unique reference tool to keep departments and agencies accountable and ensure that the expenditure of public funds achieves its intended policy outcomes, ultimately improving the welfare of our people.

Budgets link the policy choices that government makes with the services that are delivered to people – better budgeting plays an important role in improving service delivery. In line with the 2009 Medium Term Strategic Framework, government has adopted 12 desirable outcomes. At the output level, departments and agencies continue to set targets; for the first time these are in support of the attainment of officially stated outcomes. Budgeted spending on outputs and activities will increasingly reflect this.

Following the 2009 elections, a re-organisation of departments was proclaimed to give effect to the required government policy shifts and to accommodate the necessary changes in the programmes and activities of departments and entities. Several new national departments were created; some functions were transferred between departments. This also resulted in certain national departments being re-named to better capture the content of their new responsibilities. In terms of the new structure of government there are now 37 votes in the Estimates of National Expenditure publication, whereas in 2009 there were 34 votes.

This consolidated publication provides extensive vote level information on strategies and objectives. Legislation, policy developments and other factors affecting these are also noted. Information is presented in a format that aligns government's performance commitments with resource allocations. As with the 2009 Budget, we will publish booklets for individual votes that will provide full coverage of public entities and more detail on transfers and lower level institutional information.

Given the current economic climate, there are greater trade-offs in choosing between spending priorities or in the sequencing of programme implementation. Outputs and activities are constantly being re-evaluated to determine if more effective and cost efficient options are available. As a result, some programmes have to be delayed. Alongside the additions to spending, this publication also indicates details per national vote of savings amounting to R23 billion over the period ahead. These savings have been reallocated to other departments in order to augment funding for government's priorities.

All the figures, targets and outputs result from a wide ranging intergovernmental consultative process, leading to executive approval of additional spending allocations and savings. Many people have contributed to making this publication possible, especially my colleagues in national departments and agencies. Their collaboration and understanding during the allocation and publication processes has been invaluable. Thanks are also due to the dedicated National Treasury team for the publication of this useful resource.



**Lesetja Kganyago**

**Director-General: National Treasury**



# Introduction

Transparent and accountable governance is strengthened when comprehensive budget documents are tabled for public scrutiny and legislative oversight. The Estimates of National Expenditure provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. Specifically, it serves to:

- provide members of Parliament with detailed information on how departments and public entities plan to spend the money that is to be authorised by the legislature
- enable Parliament and society to keep departments and agencies accountable for service delivery commitments that are set out in each chapter
- provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.

Although it contains a large volume of information, the 2010 Estimates of National Expenditure presents a summarised account of the spending plans of all national departments and agencies for the next three financial years (2010/11 to 2012/13), expenditure outcomes for the past three years (2006/07 to 2008/09) and revised estimates for the current year (2009/10). Newly formed departments are covered in the same way. Information is also provided on legislation and mandates, policy, strategies, objectives and performance targets over the seven-year period – as well as any changes in these, particularly as they relate to trends in planned expenditure. This provides a platform for review that could result in new policy options or operational alternatives in the achievement of government's objectives.

In keeping with ongoing improvements in the way that public finances are managed and reported, both the quality of information and presentation of the 2010 Estimates of National Expenditure have been enhanced. Information on new departments is mostly covered by way of a separate chapter, although in some cases departments are accommodated within a shared vote and discussed together in the same chapter. Information on savings and cost effective service delivery is included under a separate heading following the strategic overview section. Spending on selected key mega infrastructure projects is discussed in text boxes in the expenditure trends sections of relevant votes. For some votes a new personnel table has been included, showing personnel numbers in relation to the different salary levels and other information, such as the number and type of posts on funded establishment and posts filled. The 2010 Estimates of National Expenditure booklets, which are published separately for each vote, provide more extensive coverage on transfers, public entities, goods and services and lower level institutional information.

## Value for money

Budget accountability has historically focused mainly on targeting the performance of government departments and agencies at the output level. Government has now adopted an approach which provides a new methodology that is focused on the attainment of 12 desirable outcomes, using measurable outputs and well defined activities to achieve better value, as well as better value for money. The medium term expenditure framework (MTEF) for the next three years targets spending on government's official outcomes and simultaneously seeks to change the culture in the public service towards greater prudence and efficiency in order to obtain better value for money.

The Ministry for the National Planning Commission and the Ministry for Performance Evaluation and Monitoring are to ensure that planning and implementation in government institutions are focused on the achievement of outcomes and the improvement of performance. In line with this service delivery orientation, new functions and a reconfiguration of existing functions have led to a new national government structure. Taking account of the creation of new departments, 37 votes are now contained in the 2010 Estimates of National Expenditure. The table below provides a list of the new votes and alongside each, the department/s from which functions have been shifted in order to form the basis of the new department.

<b>Newly created vote</b>	<b>Department/s from which all or some functions have been shifted</b>
Agriculture, Forestry and Fisheries	Agriculture Water Affairs and Forestry Environmental Affairs and Tourism
Water Affairs	Water Affairs and Forestry
Human Settlements	Housing Water Affairs and Forestry
Environmental Affairs	Environmental Affairs and Tourism
Tourism	Environmental Affairs and Tourism
Basic Education	Education
Higher Education and Training	Education Labour (still exists)
Cooperative Governance and Traditional Affairs	Provincial and Local Government
Defence and Military Veterans	Defence
Economic Development	Trade and Industry (still exists)
Energy	Minerals and Energy
Mineral Resources	Minerals and Energy
International Relations and Cooperation	Foreign Affairs
Police	Safety and Security
Rural Development and Land Reform	Land Affairs Provincial and Local Government
Women, Children and People with Disabilities	The Presidency (still exists) Justice and Constitutional Development (still exists)

## Savings

Given the shortfall in government revenue collection and the pressure on the available resources of the fiscus, this year's budget preparation has focused extensively on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. Savings arise from effecting changes in public sector spending habits and instituting cost-cutting measures. Over the period ahead, government is to reform procurement systems, rationalise public entities and review a range of programmes – in order to accommodate increased spending on government's priorities in the attainment of its desired outcomes.

During the Budget process, judgements on value for money in achieving outcomes are made by examining funding requests in relation to the implementation plans and costings presented, among other considerations. There is extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the ministers' committee on the budget<sup>1</sup>, approved by Cabinet and then tabled in Parliament.

National departments undertook a rigorous budget baseline savings exercise, and identified R23 billion in savings over the medium term: R6.5 billion in 2010/11, R8.6 billion in 2011/12 and R7.9 billion in 2012/13.

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1. A committee of cabinet ministers tasked with considering budgetary issues before they are presented to Cabinet.

About R2.6 billion in savings has been identified over the three years at local government level. Every endeavour was made to decrease spending on non-core goods and services, reschedule expenditure over time in the case of delays, effect exchange rate savings in respect of payments to foreigners, reduce transfers to certain public entities, improve financial management, reduce expenditure on administration in favour of frontline services and find alternative sources of financing.

Major savings amounts over the medium term expenditure framework period are:

- Defence and Military Veterans: R4.5 billion (cancellation of the A400M military aircraft contract)
- Social Development: R1.2 billion (slower uptake of social grants than anticipated and rationalisation of the South African Social Security Agency payments system)
- International Relations and Cooperation: R1.5 billion (revision of foreign costs and deferral of the building of the Pan African Parliament)
- Correctional Services: R4.8 billion (rescheduling of prison building plans)
- Transport: R3.4 billion (deferral of public transport infrastructure projects where planning and design have been delayed).

## Additional allocations

The revised national Budget framework provides for additional expenditure by departments of R20.7 billion in 2010/11, R26 billion in 2011/12 and R39.9 billion in 2012/13. Including the government savings of R25.6 billion identified across all spheres, in total an additional R112.2 billion is allocated to government institutions to fund government's key priorities over the next three years. Of the R112.2 billion, national departments receive R56.2 billion (50.1 per cent): R13.1 billion in 2010/11, R18.2 billion in 2011/12 and R24.8 billion in 2012/13. Provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected in both national budgets and the budgets of provinces or municipalities.

A summary of additional funding by national vote is provided below. Information on direct charges against the National Revenue Fund and the amounts for the provincial and local equitable shares are excluded. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net change in the budget of a particular vote and therefore they do not balance to the amounts reflected in table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the MTEF period. In some instances, the savings on a specific vote exceed the *gross total allocation* to that vote and the overall net change in the budget is actually negative.

### Central government and financial and administrative services

An amount of R448 million is the gross total allocation to **Parliament's** vote. This is mainly to enhance the capacity of the Office of the Speaker, including provision for the establishment of a budget office in terms of the Money Bills Amendment Procedure and Related Matters Act (2009). Also included is provision for increasing the capacity of the Parliamentary oversight committees.

**National Treasury** receives an addition of R1.1 billion for the neighbourhood development partnership grant for the regeneration of townships through the development of social and economic infrastructure. An amount of R1.5 billion is allocated in the first two years of the MTEF period for the recapitalisation of the Land Bank.

### Social services

The gross total allocation to **Health** amounts to R8.8 billion, most of which is for transfers to the provinces. R8.4 billion is provided for the broadening of HIV and AIDS treatment programmes, in support of the rapid expansion of the antiretroviral treatment rollout. R50 million has been set aside for a mass immunisation campaign to combat measles and polio.

**Social Development's** gross total allocation is R12.5 billion, mainly this is for the extension of the child support grant up to 18 years of age, as a major intervention against child poverty.

Most of the gross total allocation of R3.1 billion to **Basic Education** is for transfers to provinces. An amount of R2.7 billion is allocated for the provision of workbooks in all official languages for grades R to 9, and R28 million is provided for national numeracy and literacy assessments for grades 3, 6 and 9. An additional R120 million is allocated for the national school nutrition programme.

A gross total allocation of R2.4 billion is set aside for **Higher Education and Training**, of which R1 billion is for subsidies for higher education institutions and R1.3 billion is a provincial conditional grant for further education and training colleges.

### **Justice, crime prevention and security**

**Police** is allocated additional funding of R1.5 billion for an increase in police officers, the establishment of the Directorate for Priority Crime Investigation (the Hawks) and police station property management.

Gross total allocations to **Defence and Military Veterans** amount to R4.7 billion. R2.2 billion is for improving the South African National Defence Force remuneration system. R220 million is provided for expanding the military skills development system intake and R600 million for upgrading the *Landward Defence* programme.

**Correctional Services** is to receive gross total additional funding amounting to R2.8 billion. This covers the cost of the occupation specific salary dispensation for correctional officials and the impact of the general government employee wage increase.

### **Economic services and infrastructure**

**Human Settlements** is to receive a R1 billion allocation for upgrading informal settlements and establishing community settlements. The rural household infrastructure grant is allocated R1.2 billion, specifically to support rural communities.

Funds for **Rural Development and Land Reform** are mostly for the rural development programme. An additional allocation of R860 million is for improving the quality of life within rural communities and broadening the base of agricultural production.

**Energy** receives a gross total allocation of R4.6 billion. R4.5 billion is to provide for part of the capital costs of building a pipeline for fuel from Durban to the Highveld. This allocation will be financed through the fuel levy imposed for this purpose.

**Cooperative Governance and Traditional Affairs** has a gross total allocation of R10.7 billion. The biggest vote allocation provides for an increase of R2.5 billion for the municipal infrastructure grant, to enable the further expansion of basic services infrastructure delivery aligned to government's 2014 universal access goals. R1.5 billion is allocated for the community work programme, within the expanded public works programme, which enables the non-governmental sector to assist government in providing guaranteed employment on a project basis.

A gross total allocation of R3.8 billion is set aside for **Trade and Industry**. Of this, R3.5 billion is shared equally by the clothing and textile sector and the automotive industry. A further R274 million is allocated for critical infrastructure and regulatory institutions such as the Competition Commission, the Companies and Intellectual Property Commission and other consumer orientated institutions.

**Transport's** R2.9 billion gross total addition includes funding for the secondary strategic road network, the Passenger Rail Agency of South Africa and the procurement of buses for the 2010 FIFA World Cup.

The main allocation of R500 million for the **Water Affairs** vote is for regional bulk infrastructure to roll out the basic services and water supply in support of human settlement development, in line with government's commitment to universal access by 2014. R498 million is also allocated for the working for water and working on fire programmes, within the expanded public works programme.

## **Overview of expenditure**

The main Budget provides for total expenditure of R818.1 billion in 2010/11, increasing to R888.3 billion in 2011/12 and R964.3 billion in 2012/13. Non-interest expenditure comprises on average 90.1 per cent of total main Budget expenditure, and grows at an average annual rate of 7.6 per cent over the MTEF period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R6 billion in 2010/11, R12 billion in 2011/12 and R24 billion in 2012/13.

The allocations in the main Budget are detailed in the pages of this publication, with a consolidated account provided in the summary tables below.



## Summary tables

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

**Table 1. Main budget framework 2006/07 to 2012/13**

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue (National Revenue Fund)</b>							
Tax revenue (gross)	495 548.6	572 814.6	625 100.2	590 425.0	647 850.0	721 477.0	818 298.0
Departmental and other receipts, and repayments	10 843.3	11 671.7	12 616.2	8 982.6	10 380.3	11 483.2	12 379.4
Less: Southern Africa Customs Union payments	-25 194.9	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-11 211.0	-22 781.0
<b>Total revenue</b>	<b>481 197.0</b>	<b>559 773.8</b>	<b>608 795.7</b>	<b>571 492.1</b>	<b>643 239.0</b>	<b>721 749.2</b>	<b>807 896.4</b>
<i>Percentage of GDP</i>	<i>26.2%</i>	<i>26.9%</i>	<i>26.2%</i>	<i>23.3%</i>	<i>23.8%</i>	<i>24.3%</i>	<i>24.5%</i>
<b>Expenditure</b>							
State debt cost	52 192.2	52 877.1	54 393.7	57 599.8	71 357.6	88 462.7	104 022.0
<i>Percentage of GDP</i>	<i>2.8%</i>	<i>2.5%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.6%</i>	<i>3.0%</i>	<i>3.2%</i>
Current payments <sup>1</sup>	77 911.5	88 599.8	103 563.2	119 215.8	130 938.5	141 636.6	148 890.9
Transfers and subsidies	332 685.1	391 023.5	458 352.8	530 553.1	579 667.8	634 811.7	674 058.0
Payments for capital assets <sup>1</sup>	6 067.8	7 182.9	8 780.8	8 687.9	9 290.5	10 676.6	13 342.9
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 760.0	20 888.6	750.0	-
Contingency reserve	-	-	-	-	6 000.0	12 000.0	24 000.0
<b>Total expenditure</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>
<i>Percentage of GDP</i>	<i>25.6%</i>	<i>26.0%</i>	<i>27.4%</i>	<i>30.6%</i>	<i>30.3%</i>	<i>29.9%</i>	<i>29.3%</i>
<b>Budget deficit<sup>2</sup></b>	<b>11 004.5</b>	<b>18 278.1</b>	<b>-27 267.7</b>	<b>-177 324.3</b>	<b>-174 904.0</b>	<b>-166 588.4</b>	<b>-156 417.4</b>
<i>Percentage of GDP</i>	<i>0.6%</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-7.2%</i>	<i>-6.5%</i>	<i>-5.6%</i>	<i>-4.7%</i>
<i>GDP</i>	<i>1 833 191.0</i>	<i>2 081 626.0</i>	<i>2 320 117.0</i>	<i>2 449 857.9</i>	<i>2 699 888.0</i>	<i>2 967 560.3</i>	<i>3 295 748.7</i>

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

2. A positive number reflects a surplus and a negative number a deficit.

**Table 2. Additional allocation to national votes 2010/11 to 2012/13<sup>1</sup>**

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
<b>Central Government Administration</b>	<b>1 882.8</b>	<b>3 072.3</b>	<b>7 510.5</b>	<b>12 465.6</b>
1 The Presidency	85.6	106.5	117.1	309.1
2 Parliament	145.9	150.0	152.5	448.4
3 Cooperative Governance and Traditional Affairs	1 206.7	2 557.8	6 958.5	10 723.1
4 Home Affairs	224.0	80.7	87.3	392.1
5 International Relations and Cooperation	92.6	105.6	115.4	313.5
6 Public Works	97.1	35.5	38.5	171.1
7 Women, Children and People with Disabilities	31.0	36.1	41.2	108.3
<b>Financial and Administrative Services</b>	<b>1 826.9</b>	<b>1 837.5</b>	<b>1 381.0</b>	<b>5 045.4</b>
8 Government Communication and Information System	24.5	25.3	25.7	75.4
9 National Treasury	1 721.7	1 660.0	1 298.6	4 680.3
10 Public Enterprises	38.7	3.2	3.5	45.4
11 Public Service and Administration	10.2	11.9	12.9	35.0
12 Statistics South Africa	31.9	137.2	40.3	209.4
<b>Social Services</b>	<b>5 143.8</b>	<b>8 479.1</b>	<b>13 507.1</b>	<b>27 130.0</b>
13 Arts and Culture	15.3	18.1	19.4	52.8
14 Basic Education	800.8	1 052.5	1 278.0	3 131.3
15 Health	1 930.7	2 896.1	3 998.8	8 825.6
16 Higher Education and Training	421.1	761.3	1 249.0	2 431.4
17 Labour	59.2	49.1	51.9	160.3
18 Social Development	1 910.3	3 694.0	6 900.6	12 505.0
19 Sport and Recreation South Africa	6.3	7.9	9.3	23.6
<b>Justice, Crime Prevention and Security</b>	<b>3 899.4</b>	<b>4 730.2</b>	<b>6 437.0</b>	<b>15 066.6</b>
20 Correctional Services	883.1	919.4	952.8	2 755.3
21 Defence and Military Veterans	1 092.7	1 400.3	2 190.1	4 683.2
22 Independent Complaints Directorate	2.2	4.6	5.8	12.7
23 Justice and Constitutional Development	358.9	529.2	686.1	1 574.1
24 Police	1 562.5	1 876.7	2 602.1	6 041.3
<b>Economic Services and Infrastructure</b>	<b>4 296.7</b>	<b>5 684.4</b>	<b>8 184.8</b>	<b>18 166.0</b>
25 Agriculture, Forestry and Fisheries	57.2	195.8	310.8	563.8
26 Communications	5.1	5.9	6.4	17.4
27 Economic Development	115.0	160.0	175.0	450.0
28 Energy	1 528.8	1 544.4	1 546.8	4 620.0
29 Environmental Affairs	88.8	111.3	216.6	416.7
30 Human Settlements	242.9	360.5	1 761.3	2 364.7
31 Mineral Resources	20.3	33.2	43.0	96.5
32 Rural Development and Land Reform	301.2	348.1	352.1	1 001.4
33 Science and Technology	34.7	40.8	93.7	169.2
34 Tourism	47.7	63.3	74.9	185.9
35 Trade and Industry	905.6	1 294.0	1 638.8	3 838.3
36 Transport	495.8	1 081.6	1 359.3	2 936.7
37 Water Affairs	453.7	445.6	606.1	1 505.4
<b>Total</b>	<b>17 049.6</b>	<b>23 803.6</b>	<b>37 020.3</b>	<b>77 873.6</b>

*1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.*

**Table 3. Expenditure by national vote 2006/07 to 2012/13**

R million	Audited Outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
<b>Central Government Administration</b>				
1 The Presidency	224.4	651.4	312.4	694.8
2 Parliament	755.1	902.1	1 135.1	1 108.0
3 Cooperative Governance and Traditional Affairs	24 571.6	30 026.2	35 343.2	36 683.5
4 Home Affairs	2 546.9	3 241.7	4 666.6	5 263.8
5 International Relations and Cooperation	2 944.7	4 069.7	5 472.3	5 553.0
6 Public Works	3 025.8	3 402.3	4 197.0	5 890.1
7 Women, Children and People with Disabilities	49.6	52.5	61.9	68.2
<b>Financial and Administrative Services</b>				
8 Government Communication and Information System	293.1	380.9	427.5	496.8
9 National Treasury	16 171.0	18 966.2	31 312.1	62 845.6
10 Public Enterprises	2 589.8	4 604.0	3 265.1	3 991.2
11 Public Service and Administration	583.7	609.6	630.6	682.8
12 Statistics South Africa	1 096.6	1 054.3	1 323.1	1 715.2
<b>Social Services</b>				
13 Arts and Culture	1 329.9	1 585.8	2 114.5	2 632.1
14 Basic Education	1 571.6	2 165.3	3 284.4	4 474.4
15 Health	11 338.0	12 762.7	15 464.5	18 423.5
16 Higher Education and Training	14 292.2	15 997.3	18 765.9	20 696.6
17 Labour	1 343.3	1 431.5	1 507.2	1 709.2
18 Social Development	61 676.1	67 191.4	76 096.7	86 508.2
19 Sport and Recreation South Africa	886.5	5 048.0	4 871.4	2 883.9
<b>Justice, Crime Prevention and Security</b>				
20 Correctional Services	9 251.2	11 122.4	12 822.6	13 834.5
21 Defence and Military Veterans	23 817.6	25 180.1	27 801.3	31 325.3
22 Independent Complaints Directorate	65.3	80.9	99.3	116.5
23 Justice and Constitutional Development	5 853.8	7 194.0	8 244.4	9 721.0
24 Police	32 634.9	36 525.9	41 635.2	47 622.0
<b>Economic Services and Infrastructure</b>				
25 Agriculture, Forestry and Fisheries	2 711.0	3 858.6	3 465.0	3 874.5
26 Communications	1 319.6	1 911.8	2 328.6	2 470.5
27 Economic Development	238.7	245.1	220.4	316.2
28 Energy	1 930.8	2 189.1	2 918.4	3 756.9
29 Environmental Affairs	1 164.2	1 654.1	1 882.7	2 244.2
30 Human Settlements	7 178.2	8 716.1	11 147.4	14 036.2
31 Mineral Resources	676.8	758.2	811.6	925.1
32 Rural Development and Land Reform	3 724.6	5 896.6	6 663.7	6 401.4
33 Science and Technology	2 613.0	3 127.3	3 703.5	4 261.7
34 Tourism	853.5	1 065.1	1 211.8	1 155.7
35 Trade and Industry	3 566.1	5 050.2	4 836.6	6 085.9
36 Transport	13 360.4	16 331.6	24 838.6	24 238.5
37 Water Affairs	3 851.9	4 802.9	5 795.3	7 342.6
<b>Total appropriation by vote</b>	<b>262 101.6</b>	<b>309 853.1</b>	<b>370 678.0</b>	<b>442 049.4</b>
Plus:				
<b>Direct charges against the National Revenue Fund</b>				
President and Deputy President salary (The Presidency)	2.2	2.3	4.0	4.3
Members remuneration (Parliament)	223.3	240.7	356.9	376.7
State debt costs (National Treasury)	52 192.2	52 877.1	54 393.7	59 995.0
Provincial equitable share (National Treasury)	149 245.6	171 053.7	201 795.6	236 877.8
General fuel levy sharing with metros (National Treasury)	–	–	–	6 800.1
Skills levy and Setas (Higher Education and Training)	5 328.4	6 284.3	7 234.1	7 750.0
Judges and magistrates salaries (Justice and Constitutional Development)	1 099.3	1 184.5	1 601.1	1 669.7
<b>Total direct charges against the National Revenue Fund</b>	<b>208 090.9</b>	<b>231 642.6</b>	<b>265 385.4</b>	<b>313 473.5</b>
Contingency reserve	–	–	–	–
Projected underspending	–	–	–	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>

Table 3. Expenditure by national vote 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
				<b>Central Government Administration</b>
691.8	722.6	772.2	810.5	The Presidency
1 108.0	1 179.2	1 238.6	1 288.4	Parliament
36 629.6	43 921.5	50 449.1	57 238.3	Cooperative Governance and Traditional Affairs
5 159.4	5 719.6	5 003.5	5 144.8	Home Affairs
5 508.0	4 824.4	5 087.0	5 393.0	International Relations and Cooperation
5 740.1	6 446.3	7 984.1	8 246.2	Public Works
68.2	97.8	108.3	114.9	Women, Children and People with Disabilities
				<b>Financial and Administrative Services</b>
496.8	546.2	507.1	515.4	Government Communication and Information System
62 512.7	50 219.9	33 127.9	34 265.6	National Treasury
3 991.2	350.6	186.8	196.2	Public Enterprises
681.0	651.5	657.1	684.1	Public Service and Administration
1 715.2	1 973.4	2 845.9	1 769.6	Statistics South Africa
				<b>Social Services</b>
2 440.1	2 406.7	2 417.4	2 562.7	Arts and Culture
4 197.9	6 166.2	7 549.8	8 099.3	Basic Education
18 025.5	21 497.0	23 707.9	25 844.7	Health
20 681.8	23 720.7	26 104.6	27 856.1	Higher Education and Training
1 674.4	1 783.9	1 866.6	1 942.5	Labour
86 108.2	95 929.1	105 715.4	114 023.7	Social Development
2 872.4	1 245.6	760.5	793.7	Sport and Recreation South Africa
				<b>Justice, Crime Prevention and Security</b>
13 834.5	15 129.0	16 027.4	18 277.2	Correctional Services
30 325.3	30 715.3	33 931.4	36 386.5	Defence and Military Veterans
116.5	129.3	144.1	152.4	Independent Complaints Directorate
9 673.3	10 250.5	11 083.7	11 730.6	Justice and Constitutional Development
47 622.0	52 556.4	56 916.6	60 390.8	Police
				<b>Economic Services and Infrastructure</b>
3 305.5	3 658.0	4 361.4	4 740.5	Agriculture, Forestry and Fisheries
2 354.5	2 114.0	1 814.1	1 630.4	Communications
316.2	418.6	494.4	520.3	Economic Development
3 740.2	5 535.4	5 739.6	5 538.7	Energy
2 244.2	2 607.8	2 817.5	3 058.7	Environmental Affairs
14 036.2	16 201.5	18 483.0	19 603.8	Human Settlements
924.0	1 030.0	1 112.1	1 168.0	Mineral Resources
6 401.4	6 769.6	7 972.9	8 360.1	Rural Development and Land Reform
4 261.7	4 615.5	4 968.8	4 560.2	Science and Technology
1 155.7	1 151.8	1 223.2	1 291.2	Tourism
5 988.8	6 150.1	6 757.4	7 264.0	Trade and Industry
24 164.1	25 086.3	27 960.1	29 169.5	Transport
6 969.8	7 996.6	9 090.2	9 628.2	Water Affairs
<b>437 736.1</b>	<b>461 517.9</b>	<b>486 987.8</b>	<b>520 261.0</b>	<b>Total appropriation by vote</b>
				Plus:
				<b>Direct charges against the National Revenue Fund</b>
4.3	4.6	4.8	5.1	President and Deputy President salary (The Presidency)
376.7	392.7	409.6	430.1	Members remuneration (Parliament)
57 599.8	71 357.6	88 462.7	104 022.0	State debt costs (National Treasury)
236 877.8	260 973.7	280 688.7	294 780.0	Provincial equitable share (National Treasury)
6 800.1	7 542.4	8 531.1	8 957.7	General fuel levy sharing with metros (National Treasury)
7 750.0	8 424.2	9 148.7	9 606.1	Skills levy and Setas (Higher Education and Training)
1 671.7	1 929.9	2 104.2	2 251.9	Judges and magistrates salaries (Justice and Constitutional Development)
<b>311 080.3</b>	<b>350 625.0</b>	<b>389 349.8</b>	<b>420 052.9</b>	<b>Total direct charges against the National Revenue Fund</b>
-	6 000.0	12 000.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**Table 4. Expenditure by economic classification 2006/07 to 2012/13**

R million	Audited outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
<b>Current payments</b>				
<b>Compensation of employees</b>	<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>
Salaries and wages	41 022.9	46 738.9	53 788.3	63 755.1
Social contributions	8 551.3	9 504.3	11 185.1	12 637.7
<b>Goods and services</b>	<b>28 335.8</b>	<b>32 354.3</b>	<b>38 587.4</b>	<b>44 065.4</b>
<b>Interest and rent on land</b>	<b>52 193.7</b>	<b>52 879.3</b>	<b>54 396.1</b>	<b>59 995.8</b>
Interest (including interest on finance leases)	52 193.0	52 878.6	54 395.9	59 995.0
Rent on land	0.7	0.7	0.2	0.8
<b>Total current payments</b>	<b>130 103.7</b>	<b>141 476.8</b>	<b>157 956.9</b>	<b>180 454.0</b>
<b>Transfers and subsidies to:</b>				
<b>Provinces and municipalities</b>	<b>205 438.3</b>	<b>243 233.9</b>	<b>289 397.3</b>	<b>345 879.0</b>
<b>Provinces</b>	<b>178 867.2</b>	<b>205 829.6</b>	<b>245 302.3</b>	<b>295 353.2</b>
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
<b>Municipalities</b>	<b>26 571.1</b>	<b>37 404.3</b>	<b>44 095.1</b>	<b>50 525.8</b>
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
<b>Departmental agencies and accounts</b>	<b>38 102.1</b>	<b>44 531.2</b>	<b>53 572.4</b>	<b>58 512.9</b>
Social security funds	7.0	8.5	2 508.7	12.7
Departmental agencies (non-business entities)	38 095.0	44 522.7	51 063.6	58 500.3
<b>Universities and technikons</b>	<b>11 056.0</b>	<b>12 003.8</b>	<b>13 897.7</b>	<b>15 437.4</b>
<b>Foreign governments and international organisations</b>	<b>919.3</b>	<b>936.0</b>	<b>1 010.6</b>	<b>1 266.8</b>
<b>Public corporations and private enterprises</b>	<b>13 424.4</b>	<b>18 764.3</b>	<b>20 170.1</b>	<b>20 061.4</b>
<b>Public corporations</b>	<b>9 872.3</b>	<b>14 155.2</b>	<b>14 694.3</b>	<b>17 851.2</b>
Subsidies on products or production	4 101.1	3 691.7	4 676.1	5 188.9
Other transfers to public corporations	5 771.2	10 463.5	10 018.2	12 662.3
<b>Private enterprises</b>	<b>3 552.1</b>	<b>4 609.0</b>	<b>5 475.8</b>	<b>2 210.2</b>
Subsidies on products or production	3 339.6	4 111.4	5 193.5	1 855.1
Other transfers to private enterprises	212.5	497.6	282.3	355.1
<b>Non-profit institutions</b>	<b>882.1</b>	<b>1 002.8</b>	<b>1 220.2</b>	<b>1 225.3</b>
<b>Households</b>	<b>62 862.9</b>	<b>70 551.4</b>	<b>79 084.5</b>	<b>91 029.5</b>
Social benefits	59 569.1	65 170.5	73 611.2	85 989.9
Other transfers to households	3 293.8	5 381.0	5 473.3	5 039.6
<b>Total transfers and subsidies</b>	<b>332 685.1</b>	<b>391 023.5</b>	<b>458 352.8</b>	<b>533 412.3</b>
<b>Payments for capital assets</b>				
<b>Buildings and other fixed structures</b>	<b>2 481.5</b>	<b>3 838.2</b>	<b>5 566.8</b>	<b>5 961.3</b>
Buildings	2 376.9	3 325.7	4 893.8	4 843.3
Other fixed structures	104.6	512.5	673.0	1 118.0
<b>Machinery and equipment</b>	<b>3 322.8</b>	<b>3 210.7</b>	<b>2 965.0</b>	<b>2 741.0</b>
Transport equipment	1 522.3	1 528.0	1 419.6	1 467.8
Other machinery and equipment	1 800.5	1 682.7	1 545.4	1 273.1
Specialised military assets	-	-	-	27.6
Biological assets	0.7	11.2	2.7	1.1
Land and subsoil assets	31.5	27.4	49.0	-
Software and other intangible assets	231.4	95.5	197.4	167.4
<b>Total payments for capital assets</b>	<b>6 067.8</b>	<b>7 182.9</b>	<b>8 780.8</b>	<b>8 898.3</b>
<b>Payments for financial assets</b>	<b>1 335.8</b>	<b>1 812.5</b>	<b>10 972.9</b>	<b>32 758.3</b>
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>755 522.9</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>

Table 4. Expenditure by economic classification 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>	<b>Current payments</b>
63 383.4	69 171.6	74 337.1	78 539.2	<b>Compensation of employees</b>
12 625.3	14 921.6	15 830.2	16 693.2	Salaries and wages
43 205.8	46 843.3	51 466.9	53 656.0	Social contributions
<b>57 601.0</b>	<b>71 359.6</b>	<b>88 465.0</b>	<b>104 024.5</b>	<b>Goods and services</b>
57 600.2	71 358.7	88 464.1	104 023.5	<b>Interest and rent on land</b>
0.8	0.8	0.9	1.0	Interest (including interest on finance leases)
				Rent on land
<b>176 815.6</b>	<b>202 296.0</b>	<b>230 099.3</b>	<b>252 913.0</b>	<b>Total current payments</b>
<b>345 167.9</b>	<b>381 726.9</b>	<b>417 237.3</b>	<b>442 587.4</b>	<b>Transfers and subsidies to:</b>
294 968.2	322 858.2	350 547.1	369 348.4	Provinces and municipalities
294 968.2	322 858.2	350 547.1	369 348.4	<b>Provinces</b>
50 199.7	58 868.7	66 690.2	73 239.0	Provincial revenue funds
50 199.7	58 868.7	66 690.2	73 239.0	<b>Municipalities</b>
57 114.3	58 456.5	65 123.0	68 388.7	Municipal bank accounts
12.7	11.6	12.4	13.0	<b>Departmental agencies and accounts</b>
57 101.6	58 445.0	65 110.6	68 375.7	Social security funds
15 437.4	17 532.0	19 318.5	20 669.2	Departmental agencies (non-business entities)
1 260.9	1 313.9	1 288.8	1 380.3	<b>Universities and technikons</b>
19 725.2	20 129.1	20 700.1	21 489.8	<b>Foreign governments and international organisations</b>
17 555.0	16 988.4	17 034.7	17 355.7	<b>Public corporations and private enterprises</b>
5 198.9	5 180.8	5 262.0	5 499.9	<b>Public corporations</b>
12 356.1	11 807.6	11 772.7	11 855.7	Subsidies on products or production
2 170.1	3 140.7	3 665.4	4 134.1	Other transfers to public corporations
1 795.1	2 778.8	3 255.0	3 629.1	<b>Private enterprises</b>
375.1	362.0	410.3	505.0	Subsidies on products or production
1 225.1	2 275.2	2 339.0	1 894.0	Other transfers to private enterprises
90 622.4	98 234.2	108 805.0	117 648.6	<b>Non-profit institutions</b>
85 620.3	92 792.8	102 213.6	110 636.4	<b>Households</b>
5 002.1	5 441.4	6 591.5	7 012.1	Social benefits
				Other transfers to households
<b>530 553.1</b>	<b>579 667.8</b>	<b>634 811.7</b>	<b>674 058.0</b>	<b>Total transfers and subsidies</b>
<b>5 862.9</b>	<b>5 994.9</b>	<b>7 237.3</b>	<b>9 660.6</b>	<b>Payments for capital assets</b>
4 743.8	4 537.4	4 836.4	6 935.7	<b>Buildings and other fixed structures</b>
1 119.2	1 457.5	2 400.9	2 725.0	Buildings
2 735.2	3 236.9	3 381.4	3 525.6	Other fixed structures
1 467.8	1 352.7	1 474.3	1 690.0	<b>Machinery and equipment</b>
1 267.4	1 884.2	1 907.2	1 835.6	Transport equipment
27.6	19.6	24.5	122.0	Other machinery and equipment
1.1	1.6	0.7	0.7	<b>Specialised military assets</b>
–	–	–	–	<b>Biological assets</b>
61.0	37.5	32.7	33.8	<b>Land and subsoil assets</b>
				<b>Software and other intangible assets</b>
<b>8 687.9</b>	<b>9 290.5</b>	<b>10 676.6</b>	<b>13 342.9</b>	<b>Total payments for capital assets</b>
32 760.0	20 888.6	750.0	0.0	<b>Payments for financial assets</b>
<b>748 816.5</b>	<b>812 142.9</b>	<b>876 337.6</b>	<b>940 313.8</b>	<b>Total</b>
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**Table 5. Amounts to be appropriated from the National Revenue Fund for 2010/11**

	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease <sup>1</sup>	
R million	2009/10	2010/11						
<b>Central Government Administration</b>								
1	The Presidency	609.6	343.0	371.9	12.2	-	727.2	117.6
2	Parliament	1 350.7	1 275.4	284.8	11.7	-	1 571.9	221.2
3	Cooperative Governance and Traditional Affairs	35 604.4	619.7	43 288.5	13.3	-	43 921.5	8 317.0
4	Home Affairs	5 050.6	3 992.4	1 587.8	139.3	-	5 719.6	669.0
5	International Relations and Cooperation	5 337.0	3 688.6	820.2	315.7	-	4 824.4	-512.6
6	Public Works	5 298.0	2 042.8	3 029.6	1 373.9	-	6 446.3	1 148.3
7	Women, Children and People with Disabilities	64.0	39.3	51.9	6.6	-	97.8	33.8
<b>Financial and Administrative Services</b>								
8	Government Communication and Information System	482.0	355.5	187.4	3.4	-	546.2	64.2
9	National Treasury	354 795.2	72 806.9	296 522.2	14.5	20 750.0	390 093.6	35 298.4
10	Public Enterprises	3 797.3	174.7	36.7	0.6	138.6	350.6	-3 446.8
11	Public Service and Administration	596.3	376.9	271.6	2.9	-	651.5	55.2
12	Statistics South Africa	1 608.6	1 871.5	3.8	98.1	-	1 973.4	364.8
<b>Social Services</b>								
13	Arts and Culture	2 623.5	311.1	2 089.1	6.6	-	2 406.7	-216.7
14	Basic Education	3 929.9	1 777.1	4 385.1	4.1	-	6 166.2	2 236.3
15	Health	17 058.1	1 063.0	20 403.3	30.7	-	21 497.0	4 438.9
16	Higher Education and Training	25 259.6	382.4	31 752.7	9.8	-	32 144.9	6 885.3
17	Labour	1 671.0	1 259.9	515.2	8.8	-	1 783.9	112.9
18	Social Development	86 408.3	543.0	95 376.0	10.1	-	95 929.1	9 520.7
19	Sport and Recreation South Africa	2 859.9	192.9	1 047.6	5.1	-	1 245.6	-1 614.3
<b>Justice, Crime Prevention and Security</b>								
20	Correctional Services	13 238.6	14 007.7	13.1	1 108.3	-	15 129.0	1 890.5
21	Defence and Military Veterans	32 024.4	23 099.0	6 830.1	786.2	-	30 715.3	-1 309.1
22	Independent Complaints Directorate	114.9	126.0	0.1	3.3	-	129.3	14.5
23	Justice and Constitutional Development	11 278.6	9 984.8	1 567.9	627.7	-	12 180.4	901.8
24	Police	46 409.7	49 336.4	438.4	2 781.7	-	52 556.4	6 146.7
<b>Economic Services and Infrastructure</b>								
25	Agriculture, Forestry and Fisheries	2 903.5	1 773.5	1 836.5	47.9	-	3 658.0	754.5
26	Communications	2 266.9	483.2	1 626.7	4.1	-	2 114.0	-152.9
27	Economic Development	292.5	95.2	318.6	4.8	-	418.6	126.1
28	Energy	3 742.3	202.1	5 328.7	4.6	-	5 535.4	1 793.1
29	Environmental Affairs	2 261.0	910.2	1 224.3	473.3	-	2 607.8	346.8
30	Human Settlements	14 020.0	599.5	15 442.8	159.3	-	16 201.5	2 181.5
31	Mineral Resources	904.9	607.3	408.7	14.1	-	1 030.0	125.1
32	Rural Development and Land Reform	6 109.4	1 878.1	4 871.6	19.8	-	6 769.6	660.2
33	Science and Technology	4 234.1	362.0	4 249.5	4.1	-	4 615.5	381.4
34	Tourism	1 109.1	196.1	953.3	2.4	-	1 151.8	42.8
35	Trade and Industry	6 051.7	1 142.9	4 992.6	14.7	-	6 150.1	98.4
36	Transport	23 734.8	743.4	24 301.3	41.6	-	25 086.3	1 351.4
37	Water Affairs	7 462.4	3 632.8	3 238.5	1 125.3	-	7 996.6	534.2
<b>Total</b>	<b>732 562.8</b>	<b>202 296.0</b>	<b>579 667.8</b>	<b>9 290.5</b>	<b>20 888.6</b>	<b>812 142.9</b>	<b>79 580.2</b>	

1. A positive number reflects an increase and a negative number a decrease.

**Table 6a. Conditional grants to provinces 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
3	Cooperative Governance and Traditional Affairs	–	–	29.7	–	–	–	–	
6	Public Works	710.1	836.6	889.3	1 501.2	1 401.2	1 483.8	1 962.0	2 060.1
<b>Financial and Administrative Services</b>									
9	National Treasury	4 983.5	6 276.2	7 384.5	13 449.2	13 449.2	11 314.9	13 091.2	14 007.6
<b>Social Services</b>									
13	Arts and Culture	–	163.2	344.6	440.6	440.6	512.7	543.4	570.8
14	Basic Education	1 242.5	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
15	Health	10 206.5	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
16	Higher Education and Training	1 973.7	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
19	Sport and Recreation South Africa	119.0	194.0	293.7	402.3	402.3	426.4	452.0	474.6
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	401.1	761.7	898.0	973.7	973.7	1 116.9	1 437.1	1 508.9
30	Human Settlements	6 677.8	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
32	Rural Development and Land Reform	8.0	–	–	–	–	–	–	–
35	Trade and Industry	58.2	–	–	–	–	–	–	–
36	Transport	3 241.0	3 029.4	4 340.3	6 669.9	6 669.9	4 312.4	4 158.5	4 360.9
<b>Total</b>		<b>29 621.6</b>	<b>34 775.9</b>	<b>43 506.6</b>	<b>58 475.4</b>	<b>58 090.4</b>	<b>61 884.5</b>	<b>69 858.4</b>	<b>74 568.4</b>

1. Detail provided in the Division of Revenue Act (2010).

**Table 6b. Conditional grants to municipalities 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
3	Cooperative Governance and Traditional Affairs	6 138.4	8 954.1	9 308.4	11 633.5	11 633.5	12 740.9	15 293.3	18 557.9
6	Public Works	–	–	–	201.7	201.7	623.0	1 108.0	1 163.4
<b>Financial and Administrative Services</b>									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
<b>Social Services</b>									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
<b>Economic Services and Infrastructure</b>									
28	Energy	390.7	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
36	Transport	518.0	1 174.0	2 928.7	2 428.0	2 428.0	3 709.9	4 436.1	4 136.7
37	Water Affairs	385.7	732.9	994.6	925.0	854.6	890.1	380.0	399.0
<b>Total</b>		<b>8 443.1</b>	<b>16 645.0</b>	<b>18 477.3</b>	<b>19 316.2</b>	<b>18 990.1</b>	<b>21 111.1</b>	<b>24 169.1</b>	<b>26 994.8</b>

1. Detail provided in the Division of Revenue Act (2010).

Table 7. Training expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
<b>Central Government Administration</b>								
1	The Presidency	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	Parliament	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	Cooperative Governance and Traditional Affairs	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	Home Affairs	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	International Relations and Cooperation	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	Public Works	12.8	15.2	22.0	26.1	27.5	28.5	29.9
<b>Financial and Administrative Services</b>								
8	Government Communication and Information System	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	National Treasury	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	Public Enterprises	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	Public Service and Administration	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	Statistics South Africa	7.7	11.9	14.0	21.2	45.1	42.1	40.0
<b>Social Services</b>								
13	Arts and Culture	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	Basic Education	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	Health	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	Higher Education and Training	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	Labour	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	Social Development	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	Sport and Recreation South Africa	0.5	0.9	0.9	1.1	1.1	1.1	1.1
<b>Justice, Crime Prevention and Security</b>								
20	Correctional Services	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	Defence and Military Veterans	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	Independent Complaints Directorate	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	Justice and Constitutional Development	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	Police	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
<b>Economic Services and Infrastructure</b>								
25	Agriculture, Forestry and Fisheries	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	Communications	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	Economic Development	-	-	-	-	0.1	0.2	0.2
28	Energy	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	Environmental Affairs	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	Human Settlements	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	Mineral Resources	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	Rural Development and Land Reform	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	Science and Technology	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	Tourism	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	Trade and Industry	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	Transport	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	Water Affairs	37.0	38.9	40.8	63.1	65.7	67.3	70.7
<b>Total</b>		<b>1 223.1</b>	<b>1 424.2</b>	<b>1 604.9</b>	<b>1 616.8</b>	<b>2 016.3</b>	<b>2 133.7</b>	<b>2 237.8</b>

**Table 8. Infrastructure expenditure per vote 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Central Government Administration</b>							
2 Parliament	–	5.1	40.5	–	–	–	–
3 Cooperative Governance and Traditional Affairs	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
4 Home Affairs	45.1	61.4	68.0	56.1	67.2	132.5	129.8
5 International Relations and Cooperation	119.4	649.9	926.7	423.2	231.5	249.8	317.0
6 Public Works	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7
<b>Financial and Administrative Services</b>							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
<b>Social Services</b>							
13 Arts and Culture	312.1	281.2	448.6	801.4	557.8	455.6	483.0
14 Basic Education	–	–	–	–	80.0	200.0	210.0
15 Health	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0
16 Higher Education and Training	90.5	77.5	54.8	37.0	32.0	26.0	22.0
17 Labour	78.5	64.4	37.6	56.8	25.9	34.6	0.0
19 Sport and Recreation South Africa	600.0	4 605.0	4 295.0	1 661.1	302.3	–	–
<b>Justice, Crime Prevention and Security</b>							
20 Correctional Services	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
21 Defence and Military Veterans	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3
23 Justice and Constitutional Development	323.7	361.1	479.5	515.5	631.5	759.4	865.0
24 Police	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3	1 544.6
<b>Economic Services and Infrastructure</b>							
25 Agriculture, Forestry and Fisheries	120.0	112.0	108.6	115.0	172.9	270.8	253.5
26 Communications	100.0	646.0	950.0	810.0	420.9	279.0	167.0
28 Energy	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5
29 Environmental Affairs	199.8	405.7	437.4	512.3	656.7	664.8	693.0
30 Human Settlements	–	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9
32 Rural Development and Land Reform	14.4	5.6	6.3	11.8	17.4	18.3	44.7
33 Science and Technology	175.0	272.0	408.0	699.3	745.7	801.0	254.4
35 Trade and Industry	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6
36 Transport	5 801.6	7 934.8	10 601.2	12 799.8	14 131.7	16 038.7	16 542.4
37 Water Affairs	85.9	644.4	1 467.1	1 976.8	2 279.9	3 358.1	3 805.1
<b>Total</b>	<b>24 304.4</b>	<b>41 988.0</b>	<b>47 205.2</b>	<b>54 408.3</b>	<b>61 099.7</b>	<b>68 813.1</b>	<b>76 057.9</b>

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

**Table 9. Personnel expenditure per vote 2006/07 to 2012/13**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
1	The Presidency	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
2	Parliament	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
3	Cooperative Governance and Traditional Affairs	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
4	Home Affairs	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
5	International Relations and Cooperation	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
6	Public Works	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
7	Women, Children and People with Disabilities	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
<b>Financial and Administrative Services</b>									
8	Government Communication and Information System	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
9	National Treasury	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
10	Public Enterprises	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
11	Public Service and Administration	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
12	Statistics South Africa	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
<b>Social Services</b>									
13	Arts and Culture	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
14	Basic Education	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
15	Health	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
16	Higher Education and Training	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
17	Labour	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
18	Social Development	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
19	Sport and Recreation South Africa	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
<b>Justice, Crime Prevention and Security</b>									
20	Correctional Services	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
21	Defence and Military Veterans	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
22	Independent Complaints Directorate	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
23	Justice and Constitutional Development	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
24	Police	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
26	Communications	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
27	Economic Development	-	-	-	12.6	12.6	59.5	78.0	89.8
28	Energy	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
29	Environmental Affairs	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
30	Human Settlements	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
31	Mineral Resources	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
32	Rural Development and Land Reform	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
33	Science and Technology	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
34	Tourism	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
35	Trade and Industry	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
36	Transport	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
37	Water Affairs	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
<b>Total</b>		<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>	<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>

Table 10. Departmental receipts per vote 2006/07 to 2012/13 <sup>1</sup>

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
1	The Presidency	1.7	0.3	0.2	0.5	0.5	0.3	0.3	0.3
2	Parliament	41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
3	Cooperative Governance and Traditional Affairs	6.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	468.2	421.1	355.7	429.5	429.5	455.3	482.6	506.7
5	International Relations and Cooperation	46.3	65.1	43.6	39.2	18.4	31.2	33.3	33.2
6	Public Works	79.9	95.8	28.5	25.6	31.5	26.6	27.7	29.4
<b>Financial and Administrative Services</b>									
8	Government Communication and Information System	3.1	3.1	3.3	2.9	2.9	3.0	3.0	3.0
9	National Treasury	4 355.1	6 116.7	5 270.4	4 148.5	3 839.0	2 354.2	2 544.8	2 602.9
10	Public Enterprises	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.1
11	Public Service and Administration	1.8	2.7	1.0	0.9	0.9	0.7	0.7	0.7
12	Statistics South Africa	1.5	17.7	2.8	6.9	6.9	2.2	2.5	2.6
<b>Social Services</b>									
13	Arts and Culture	3.2	0.4	3.6	1.0	1.0	0.6	0.6	0.7
14	Basic Education	0.6	1.9	1.5	0.9	0.9	1.1	1.2	1.2
15	Health	33.3	41.2	31.2	33.7	33.7	31.5	32.8	32.9
16	Higher Education and Training	6.2	6.9	6.7	6.5	6.6	6.9	7.0	7.0
17	Labour	6.1	8.4	28.9	12.9	12.9	16.1	22.4	24.3
18	Social Development	865.3	237.0	16.5	0.2	20.2	510.2	10.2	10.2
19	Sport and Recreation South Africa	5.6	0.0	0.3	0.6	5.7	0.3	0.4	0.4
<b>Justice, Crime Prevention and Security</b>									
20	Correctional Services	100.0	136.3	80.5	131.2	136.7	143.4	152.0	161.0
21	Defence and Military Veterans	492.8	551.9	629.4	676.7	676.7	702.5	729.2	756.9
22	Independent Complaints Directorate	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
23	Justice and Constitutional Development	319.5	317.0	356.8	358.9	358.9	377.6	399.8	422.5
24	Police	251.9	345.1	376.5	332.6	332.6	341.7	321.3	324.5
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	141.1	121.1	254.0	219.7	216.7	119.3	121.5	118.2
26	Communications	2 613.8	3 007.4	3 520.1	933.0	1 160.8	925.0	959.4	993.4
27	Economic Development	177.5	229.3	244.4	484.8	420.0	230.0	243.8	250.0
28	Energy	0.1	1.2	3.3	3.5	3.5	3.7	3.9	4.1
29	Environmental Affairs	4.9	4.7	8.5	2.7	2.7	0.8	0.8	0.8
30	Human Settlements	1.9	0.7	2.4	0.5	2.8	0.5	0.5	0.6
31	Mineral Resources	191.0	267.1	261.3	161.8	161.8	205.6	211.8	213.9
32	Rural Development and Land Reform	158.8	176.4	64.2	231.2	61.1	68.4	69.0	64.5
33	Science and Technology	1.0	0.2	0.3	1.0	1.0	0.1	0.1	0.1
35	Trade and Industry	66.6	94.2	64.9	66.7	67.0	108.3	114.9	120.2
36	Transport	330.4	362.5	215.8	231.7	116.6	127.8	137.4	144.3
37	Water Affairs	137.2	0.1	26.6	72.6	39.8	41.2	44.0	44.0
Total departmental receipts as per Estimates of National Expenditure		10 915.2	12 686.3	11 960.0	8 635.5	8 188.0	6 852.2	6 691.4	6 887.0
Less: Parliament (retained departmental receipts)		41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
Plus: South African Revenue Service departmental receipts collection		-30.0	58.0	711.4	1 205.8	812.4	3 543.6	4 803.7	5 503.9
<b>Total departmental receipts as per Budget Review</b>		<b>10 843.3</b>	<b>12 692.6</b>	<b>12 616.2</b>	<b>9 825.0</b>	<b>8 982.6</b>	<b>10 380.3</b>	<b>11 483.2</b>	<b>12 379.4</b>

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.



# Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the appropriation bill, which is tabled on the same day.

The appropriation bill is divided into votes. A vote generally specifies the total amount appropriated per department. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the appropriation bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions.

The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

The chapter for each vote contains the following information:

## Budget summary

This table shows the budgeted expenditure for the vote for the MTEF period.

R million	2010/11					2011/12	2012/13
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
<b>MTEF allocation</b>							
Programme name							
Programme name							
Programme name							
<b>Subtotal</b>							
<b>Direct charge against the National Revenue Fund</b>							
Item							
Item							
<b>Total expenditure estimates</b>							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

*Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.*

The **2010/11 total to be appropriated** shows the expenditure allocation for 2010/11 and corresponds with the information in the 2010 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets** and **payments for financial assets**.

**Current payments** are payments made by the department for its operational requirements.

**Transfers and subsidies** are payments made by the department for which the department does not directly receive anything in return.

**Payments for capital assets** are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

**Payments for financial assets** mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in departments where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2011/12** and **2012/13**, are also shown. These estimates are not included in the 2010 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2011 Budget.

**Direct charges against the National Revenue Fund** are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The last lines of the table provide accountability information: the department's executive authority, accounting officer and website address.

## Aim

*The aim of the vote captures the department's mandate, strategic objectives or its administrative functions, and corresponds with the aim stated in the appropriation bill.*

## Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the appropriation bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

## Strategic overview: 2006/07 – 2012/13

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance indicators.

## Savings and cost effective service delivery

In this section, departments discuss details of the cost savings measures and reprioritisation of budgets effected in the 2009/10 financial year and to be effected over the MTEF period ahead.

Savings typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

## Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the programme associated with it.

## Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Programme name								
2. Programme name								
3. Programme name								
<b>Subtotal</b>								
Direct charge against the National Revenue Fund								
Item								
Item								
<b>Total</b>								
Change to 2009 Budget estimate								

### Economic classification

<b>Current payments</b>			
Economic classification item			
Economic classification item			
<b>Transfers and subsidies</b>			
Economic classification item			
Economic classification item			
<b>Payments for capital assets</b>			
Economic classification item			
Economic classification item			
<b>Payments for financial assets</b>			
<b>Total</b>			

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years. The president's appointment of ministers and deputy ministers after the 2009 general elections has necessitated a reorganisation of national departments, including renaming departments and establishing new departments. As a result, functions may have shifted between departments as a whole or in part, and new functions may have been defined.

**Audited outcomes** are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

**Adjusted appropriation** includes the changes made to the appropriation voted in the 2009 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments are included in the adjustments appropriation bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2009/10 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2009/10 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The **medium-term expenditure estimates** are shown for 2010/11, 2011/12 and 2012/13. The spending figures for 2010/11 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main appropriation bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2011/12 and 2012/13 are indicative allocations, and will form the basis for planning the 2011 Budget.

**Direct charges against the National Revenue Fund** are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

## Expenditure trends

The main expenditure trends and vote programme structure changes from 2006/07 to 2012/13 are described. Trends are generally represented over the MTEF period between 2009/10 and 2012/13, or over the entire period between 2006/07 and 2012/13.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Expenditure on existing and new infrastructure is discussed.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

## Departmental receipts

Departmental (non-tax) receipts for 2009/10 are described, as well as the anticipated receipts for the MTEF period.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts								
Economic classification item								
Economic classification item								
<b>Total</b>								

## Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form that programme. The details of functions performed within subprogrammes and the principle for distributing funds across spending areas within subprogrammes are also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

## Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve service to eligible citizens and residents (objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2008/09 to 5 days in 2011/12 (progress measure).

## Service delivery focus

Information is provided on recent achievements for each programme, including service delivery and operational achievements for the previous year and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure and Adjusted Estimates of National Expenditure publications.

## Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
<b>Total</b>							
Change to 2009 Budget estimate							

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
<b>Economic classification</b>							
<b>Current payments</b>							
Economic classification item							
Economic classification item							
<b>Transfers and subsidies</b>							
Economic classification item							
Economic classification item							
<b>Payments for capital assets</b>							
Economic classification item							
Economic classification item							
<b>Payments for financial assets</b>							
<b>Total</b>							

## Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

## Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion of that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key objectives achieved during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- reprioritisation and savings measures implemented.

## Additional tables

Additional tables appear at the end of the vote. These include:

### Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure as well as the audited outcome and revised estimate for 2008/09 and 2009/10 respectively.

### Summary of personnel numbers and compensation of employees

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

**Personnel numbers** refers to the physical number (head count) of people employed by the department.

### Details of establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the number of posts in the department at different salary levels **per programme** as at 30 September 2009.

**Number of posts on approved establishment** refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

**Number of funded posts** refers to the number of departmental employment positions which are provided within the budget.

**Number of posts additional to the establishment** typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

### Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

### Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

### Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

**Unitary fee** refers to the total payment made to the private party for the provision of all types of services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

**Projects in preparation** are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

**Project monitoring costs** are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

**Advisory fees** are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

**Revenue generated** is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

### Summary of donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

### Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

**Infrastructure transfers to other spheres, agencies and departments** refers to transfers and grants to other government components for expenditure on infrastructure.

**Fixed installations transferred to households** shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

**Maintenance on infrastructure** refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

**In all tables a dash ( - ) indicates that information is unavailable or zero.**

# Trade and Industry

**National Treasury  
Republic of South Africa**



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# Vote 35

## Trade and Industry

### Budget summary

R thousand	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	448 543	433 170	2 845	12 528	476 794	497 697
International Trade and Economic Development	131 138	98 858	31 750	530	130 557	133 473
Empowerment and Enterprise Development	777 797	84 970	692 827	–	835 656	865 007
Industrial Development	1 052 122	105 370	946 252	500	1 222 536	1 362 783
Consumer and Corporate Regulation	191 531	64 090	126 841	600	217 970	229 395
The Enterprise Organisation	3 175 296	119 827	3 055 469	–	3 484 490	3 773 649
Trade and Investment South Africa	291 447	154 875	136 572	–	309 509	317 806
Communication and Marketing	82 234	81 714	–	520	79 856	84 186
<b>Total expenditure estimates</b>	<b>6 150 108</b>	<b>1 142 874</b>	<b>4 992 556</b>	<b>14 678</b>	<b>6 757 368</b>	<b>7 263 996</b>

Executive authority

Minister of Trade and Industry

Accounting officer

Director-General of Trade and Industry

Website address

[www.thedti.gov.za](http://www.thedti.gov.za)

*The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.*

### Aim

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

### Programme purposes

#### Programme 1: Administration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Strategic overview: 2006/07 – 2012/13**

The Department of Trade and Industry's medium term strategy is informed by three key objectives: increased investment levels; increased labour absorption and competitiveness; and broader participation in the economy. Concretely, meeting these objectives involves: coordinating the implementation of government priorities; promoting direct investment and growth in the industrial and services economy, with particular focus on creating employment; raising the level of exports and promoting equitable trade; promoting broader participation, equity and redress in the economy; and contributing to the development and regional integration of Africa within the New Partnership for Africa's Development (NEPAD) framework.

#### **Strategic focus**

##### *Broadening participation*

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

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

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

#### *Industrial development*

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

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

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

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

#### *Trade, investment and exports*

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

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

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

#### *Transfer of entities*

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

oversight and coordination functions of three economic regulatory bodies are also moving to the Department of Economic Development: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission of South Africa. The transfers will happen in April 2010. The department is assessing the impact of these transfers on its strategies and, with the Department of Economic Development, is busy determining the specific roles and responsibilities of each department.

#### *New public entities*

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

## Savings and cost effective service delivery

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

## Selected performance indicators

Table 35.1 Trade and Industry

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

Table 35.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Number of students supported under the technology and human resources for industry programme	Empowerment and Enterprise Development	3 014	2 500	2 500	2 500	2 000	2 100	2 200
Number of researchers supported per year under the technology and human resources for industry programme	Empowerment and Enterprise Development	744	700	730	750	650	700	700
Number of companies assisted with:	The Enterprise Organisation							
- export market and investment assistance		1 434	1 693	1 203	1 500	1 600	1 700	1 800
- business process outsourcing and off-shoring		-	-	10	12	15	5	7
- black business supplier development programme		950	1 200	1 320	1 600	1 830	3 800	4 200
- enterprise development programme		3 600	3 500	3 200	1 800	600	300	250
- enterprise investment programme		-	-	50	300	500	650	750
- cooperatives incentive scheme		-	-	150	220	280	350	450
Number of film and television productions assisted per year	The Enterprise Organisation	35	40	60	80	55	60	70
Number of new bilateral and regional trade and investment agreements signed	International Trade and Economic Development	10	12	12	12	10	8	6
Number of successful technical and business trips to foreign countries and companies undertaken per year	International Trade and Economic Development	16	15	15	15	12	10	8
Key performance indicators for Coega industrial development zone:	The Enterprise Organisation							
- number of new investors per year		9	4	9	10	15	18	18
- value of new investments per year		R20.4bn	R5.9bn	R22.07bn**	R5bn	R7.5bn	R9bn	R9bn
- number of new jobs created per year		10 700	4 867	4 906**	2 000	3 000	3 600	3 600
Key performance indicators for East London industrial development zone:	The Enterprise Organisation							
- number of new investors per year		5	6	7	5	6	7	7
- value of new investments per year		R308m	R271m	R347m	R250m	R300m	R350m	R350m
- number of jobs created per year		196	649	525	360	432	504	504
Key performance indicators for Richards Bay industrial development zone:	The Enterprise Organisation							
- number of new investors per year		-	1	-	4	5	4	4
- value of new investments per year		-	R650m	-	R1.9bn	R2bn	R2.2bn	R2.2bn
- number of jobs created per year		-	1 200	140	375	400	500	500
Value of investment generated through enterprise investment programme per year	The Enterprise Organisation	-	-	-	R6.8bn	R13.9bn	R14.9bn	R14.9bn
Key performance indicators for the critical infrastructure programme:	The Enterprise Organisation							
- number of new projects		6	7	5	12	14	16	16
- value of new investments per year		R17.5bn	R9.5bn	R12bn	R6bn	R7bn	R8bn	R8bn
- number of jobs created per year		18 405	6 387	3 910	2 510	2 820	3 520	3 520

Table 35.1 Trade and Industry (continued)

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

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

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

## Expenditure estimates

Table 35.2 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand								
1. Administration	278 914	310 742	345 522	468 136	415 636	448 543	476 794	497 697
2. International Trade and Economic Development	74 627	77 815	108 573	130 406	125 606	131 138	130 557	133 473
3. Empowerment and Enterprise Development	1 163 907	1 314 568	1 091 118	1 173 856	1 157 056	777 797	835 656	865 007
4. Industrial Development	245 187	331 849	392 749	426 917	410 317	1 052 122	1 222 536	1 362 783
5. Consumer and Corporate Regulation	105 869	106 015	111 610	165 510	148 580	191 531	217 970	229 395
6. The Enterprise Organisation	1 434 265	2 563 105	2 400 699	3 356 884	3 382 884	3 175 296	3 484 490	3 773 649
7. Trade and Investment South Africa	197 441	284 547	310 233	294 051	295 903	291 447	309 509	317 806
8. Communication and Marketing	65 842	61 517	76 124	70 124	52 824	82 234	79 856	84 186
<b>Total</b>	<b>3 566 052</b>	<b>5 050 158</b>	<b>4 836 628</b>	<b>6 085 884</b>	<b>5 988 806</b>	<b>6 150 108</b>	<b>6 757 368</b>	<b>7 263 996</b>
Change to 2009 Budget estimate				(258 308)	(355 386)	397 121	753 599	1 095 878

### Economic classification

	650 881	720 975	908 110	1 132 145	1 006 425	1 142 874	1 190 815	1 232 434
<b>Current payments</b>								
Compensation of employees	283 591	327 488	383 077	513 018	469 018	557 843	590 437	628 460
Goods and services	367 290	393 487	525 033	619 127	537 407	585 031	600 378	603 974
<i>of which:</i>								
<i>Administrative fees</i>	2 530	4 143	3 025	7 886	5 866	3 520	3 725	3 950
<i>Advertising</i>	11 481	12 825	22 123	20 145	15 645	25 353	25 380	25 125
<i>Assets less than the capitalisation threshold</i>	324	167	1 961	1 303	1 303	1 035	1 160	1 285
<i>Audit cost: External</i>	4 015	3 867	4 751	8 972	8 972	9 984	11 083	11 787
<i>Bursaries: Employees</i>	519	404	487	800	800	2 500	2 700	2 900
<i>Catering: Departmental activities</i>	1 081	2 178	2 720	3 593	3 593	7 025	6 415	5 660
<i>Communication</i>	12 406	15 973	16 105	21 176	18 176	21 435	23 540	25 267
<i>Computer services</i>	4 855	10 101	11 164	15 809	9 809	11 507	12 409	13 219
<i>Consultants and professional services: Business and advisory services</i>	67 768	29 245	56 525	91 323	57 523	92 337	88 816	82 779
<i>Consultants and professional services: Infrastructure and planning</i>	1 042	14	114	3 246	246	-	-	-
<i>Consultants and professional services: Legal costs</i>	4 308	4 974	24 261	21 694	28 194	10 600	8 210	2 320
<i>Contractors</i>	10 532	12 187	18 061	17 241	11 941	20 005	17 870	18 235
<i>Agency and support / outsourced services</i>	351	8 569	2 170	12 142	10 742	2 673	2 790	2 902
<i>Entertainment</i>	1 296	1 650	1 069	1 218	1 218	1 266	1 445	1 520
<i>Fleet services (including government motor transport)</i>	-	-	-	94	94	-	-	-
<i>Inventory: Food and food supplies</i>	-	-	63	-	-	-	-	-
<i>Inventory: Learner and teacher support material</i>	-	-	23	-	-	-	-	-
<i>Inventory: Materials and supplies</i>	-	-	-	226	226	-	-	-

Table 35.2 Trade and Industry (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Economic classification</b>								
<b>Current payments</b>								
<i>Inventory: Medical supplies</i>	17	20	–	1	7	–	–	–
<i>Inventory: Other consumables</i>	68	4	27	20	20	22	25	30
<i>Inventory: Stationery and printing</i>	7 995	7 530	10 190	12 535	12 035	15 065	17 230	17 446
<i>Lease payments</i>	23 443	14 632	157 927	185 176	188 176	168 406	178 907	182 079
<i>Property payments</i>	2 567	9 381	8 795	10 175	8 175	7 583	8 037	8 424
<i>Transport provided: Departmental activity</i>	–	–	–	12	12	–	–	–
<i>Travel and subsistence</i>	66 286	75 874	98 893	102 121	93 121	93 808	93 969	97 456
<i>Training and development</i>	590	1 640	3 170	10 533	8 533	12 425	13 685	15 545
<i>Operating expenditure</i>	14 686	14 658	19 860	30 563	23 563	30 075	33 400	35 385
<i>Venues and facilities</i>	129 130	163 451	61 549	41 123	29 423	48 405	49 582	50 660
<b>Transfers and subsidies</b>	<b>2 879 713</b>	<b>4 279 193</b>	<b>3 903 542</b>	<b>4 916 752</b>	<b>4 950 394</b>	<b>4 992 556</b>	<b>5 552 038</b>	<b>6 015 603</b>
Provinces and municipalities	58 361	8	–	–	–	–	–	–
Departmental agencies and accounts	1 197 221	1 329 434	1 117 238	1 197 316	1 187 386	844 109	925 125	951 884
Universities and technikons	6 000	–	10 500	3 000	3 000	4	4	4
Foreign governments and international organisations	20 082	30 596	34 169	34 022	28 794	37 584	32 468	34 838
Public corporations and private enterprises	1 582 717	2 912 604	2 730 360	3 671 919	3 720 719	4 095 914	4 577 129	5 008 195
Non-profit institutions	14 747	5 000	6 075	7 597	7 597	12 500	14 700	17 900
Households	585	1 551	5 200	2 898	2 898	2 445	2 612	2 782
<b>Payments for capital assets</b>	<b>27 318</b>	<b>24 118</b>	<b>21 070</b>	<b>36 987</b>	<b>31 987</b>	<b>14 678</b>	<b>14 515</b>	<b>15 959</b>
Buildings and other fixed structures	4 005	–	–	–	–	–	–	–
Machinery and equipment	15 807	20 537	14 847	32 467	27 467	10 665	10 382	11 605
Software and other intangible assets	7 506	3 581	6 223	4 520	4 520	4 013	4 133	4 354
<b>Payments for financial assets</b>	<b>8 140</b>	<b>25 872</b>	<b>3 906</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>3 566 052</b>	<b>5 050 158</b>	<b>4 836 628</b>	<b>6 085 884</b>	<b>5 988 806</b>	<b>6 150 108</b>	<b>6 757 368</b>	<b>7 263 996</b>

## Expenditure trends

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

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

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

### Infrastructure spending

Infrastructure spending relates primarily to the critical infrastructure programme and the industrial development zones. Private sector investment in infrastructure and contributions through the critical infrastructure programme have generated about R48 billion worth of investments (after deducting the R14 billion Alcan

investment, which was withdrawn) and contributed to creating more than 74 000 job opportunities during infrastructure construction and operations.

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

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

##### *Coega industrial development zone*

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

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

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

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

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

Since its inception, the East London industrial development zone operating entity has achieved a number of the targets set out in its infrastructural development and overall project planning aims. Approximately R900 million has been invested in the East London industrial development zone by both the Eastern Cape provincial government and the Department of Trade and Industry. Most of the funding was used on major infrastructure projects such as bulk earthworks, external and internal roads services, bulk water and sewerage services, electrical substations and other electrical infrastructure, roads upgrade, stormwater dam and outlets, and other bulk infrastructure works. The Eastern Cape provincial government will fund these projects and they are subject to review in 2010.

The Richards Bay industrial development zone was awarded an independent development zone operator permit in November 2009. This will enable the operator to perform its mandate of developing the industrial development zone and attracting investors. The shareholders in the Richards Bay industrial development corporation are Ithala Development Corporation, which represents the KwaZulu-Natal provincial government and the Umhlathuze municipality. This industrial development zone was a brownfields development, as some bulk infrastructure already existed at the time of designation. The contribution from the department was R68 million in 2009/10.

The critical infrastructure programme's sectoral investment distribution is: 44.4 per cent in mining, 14.8 per cent in tourism, 3.7 per cent in metals, 4.4 per cent in automotives, 3.7 per cent in textiles, 7.4 per cent in chemicals, 11.1 per cent in manufacturing, 3.7 per cent in energy and 3.7 per cent in film. The provincial

distribution is: 3 in Northern Cape, 3 in Gauteng, 4 in North West, 9 in Kwazulu-Natal, 3 in Mpumalanga, 8 in Eastern Cape, 1 in Western Cape and 3 in Limpopo of which 7 of the investments are in the Coega and East London industrial development zones.

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

## Departmental receipts

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

Until 2009/10, the department received fines and penalties imposed by the Competition Tribunal for contraventions of competitive practices, as well as dividends paid out once a year by the Industrial Development Corporation of South Africa. These entities have been transferred to the Department of Economic Development from April 2010, and these receipts will be reflected there.

Table 35.3 Departmental receipts

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

## Programme 1: Administration

Table 35.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Minister <sup>1</sup>	845	908	1 585	1 725	1 816	1 916	2 012
Deputy Minister <sup>1</sup>	690	738	1 306	1 420	1 496	1 578	1 657
Deputy Minister <sup>1</sup>	690	738	1 307	1 420	1 496	1 578	1 657
Ministry	21 944	21 180	25 712	27 798	33 841	31 169	32 740
Office of the Director-General	28 066	33 044	33 788	47 204	62 981	66 681	71 064
Corporate Services	221 130	248 134	275 362	381 459	339 092	365 580	379 859
Office Accommodation	5 549	6 000	6 462	7 110	7 821	8 292	8 708
<b>Total</b>	<b>278 914</b>	<b>310 742</b>	<b>345 522</b>	<b>468 136</b>	<b>448 543</b>	<b>476 794</b>	<b>497 697</b>
Change to 2009 Budget estimate				47 278	(971)	21 869	25 274

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

### Economic classification

	257 946	285 697	330 744	439 770	433 170	460 977	480 966
<b>Current payments</b>							
Compensation of employees	61 952	69 402	87 282	124 178	144 391	152 565	162 144
Goods and services	195 994	216 295	243 462	315 592	288 779	308 412	318 822
<i>of which:</i>							
<i>Administrative fees</i>	727	1 403	2 258	5 576	2 550	2 675	2 800
<i>Advertising</i>	1 556	676	2 288	1 165	1 505	1 505	1 625
<i>Assets less than the capitalisation threshold</i>	148	103	1 275	448	395	430	465
<i>Audit cost: External</i>	4 015	3 742	4 751	8 859	9 984	11 083	11 787
<i>Bursaries: Employees</i>	519	95	108	800	2 500	2 700	2 900
<i>Catering: Departmental activities</i>	293	353	711	856	950	1 035	1 120
<i>Communication</i>	8 397	11 172	10 317	15 536	15 858	17 499	19 141
<i>Computer services</i>	3 717	8 443	9 120	13 675	10 167	10 789	11 475
<i>Consultants and professional services: Business and advisory services</i>	25 497	5 668	14 560	21 718	20 687	21 966	23 279
<i>Consultants and professional services: Infrastructure and planning</i>	-	-	114	-	-	-	-
<i>Consultants and professional services: Legal costs</i>	2 627	4 062	6 367	4 772	2 000	2 050	1 100
<i>Contractors</i>	5 049	6 527	5 428	4 220	3 655	3 970	4 285
<i>Agency and support / outsourced services</i>	-	8 339	1 300	5 625	2 523	2 650	2 782
<i>Entertainment</i>	74	101	39	105	260	315	370
<i>Inventory: Food and food supplies</i>	-	-	63	-	-	-	-
<i>Inventory: Learner and teacher support material</i>	-	-	23	-	-	-	-
<i>Inventory: Medical supplies</i>	17	20	-	1	-	-	-
<i>Inventory: Other consumables</i>	60	(20)	23	-	-	-	-
<i>Inventory: Stationery and printing</i>	2 972	3 246	3 359	4 182	4 165	5 430	4 730
<i>Lease payments</i>	8 786	-	146 619	180 447	162 907	172 356	175 198
<i>Property payments</i>	1 021	6 783	6 952	9 677	7 178	7 537	7 914
<i>Travel and subsistence</i>	14 549	16 331	20 047	17 661	20 290	21 155	22 051
<i>Training and development</i>	571	1 486	1 869	10 493	12 305	13 560	15 415
<i>Operating expenditure</i>	2 805	3 377	4 398	7 382	6 625	7 175	7 725
<i>Venues and facilities</i>	112 594	134 388	1 473	2 394	2 275	2 532	2 660
<b>Transfers and subsidies</b>	<b>5 204</b>	<b>6 169</b>	<b>1 832</b>	<b>3 144</b>	<b>2 845</b>	<b>3 022</b>	<b>3 192</b>
Provinces and municipalities	44	8	-	-	-	-	-
Public corporations and private enterprises	5 000	5 250	523	596	600	630	650
Households	160	911	1 309	2 548	2 245	2 392	2 542

Table 35.4 Administration (continued)

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	appropriation 2009/10	2010/11	2011/12	2012/13
Payments for capital assets	15 757	18 876	10 966	25 222	12 528	12 795	13 539
Buildings and other fixed structures	4 005	-	-	-	-	-	-
Machinery and equipment	4 246	15 295	7 561	20 846	8 665	8 812	9 335
Software and other intangible assets	7 506	3 581	3 405	4 376	3 863	3 983	4 204
Payments for financial assets	7	-	1 980	-	-	-	-
<b>Total</b>	<b>278 914</b>	<b>310 742</b>	<b>345 522</b>	<b>468 136</b>	<b>448 543</b>	<b>476 794</b>	<b>497 697</b>

## Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	44	8	-	-	-	-	-
Regional Services Council levies	44	8	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	5 000	5 250	523	596	600	630	650
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	5 000	5 250	523	596	600	630	650
Households							
Social benefits							
Current	-	-	291	1 123	945	992	1 042
Employee Social Benefit: Leave Gratuities	-	-	291	1 123	945	992	1 042
Households							
Other transfers to households							
Current	160	911	1 018	1 425	1 300	1 400	1 500
Gifts, Donations and Sponsorships	160	911	-	-	-	-	-
Bursaries: Non Employees	-	-	1 018	1 425	1 300	1 400	1 500

## Expenditure trends

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

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

## Programme 2: International Trade and Economic Development

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. Provision is made under this subprogramme for the following transfers and subsidies:

- Organisation for the Prohibition of Chemical Weapons, as the South African contribution to the convention against the use of chemical weapons. The amounts payable are based on the annual fees determined by this organisation
- ProTechnik Laboratories, as the South African contribution to international non-proliferation treaties and regimes. The amounts payable are based on the annual fees determined by this organisation
- World Trade Organisation, as the South African membership fee to this global organisation dealing with rules of trade between countries. The amounts payable are based on the annual fees determined by this organisation.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. Provision is made under this subprogramme for a transfer payment to the Development Bank of Southern Africa for the regional spatial development initiatives aimed at accelerating sustainable socioeconomic development. Funding is disbursed on the basis of approved business and project plans.

## Objectives and measures

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

## Service delivery focus

In 2009, 3 bilateral and regional trade agreements and 5 regional intra-Africa trade agreements were signed. 6 other regional intra-Africa trade agreements will be in the process of finalisation over the MTEF period. 8 technical missions are under review and were undertaken and International Trade and Economic Development division participation at the World Economic Forum, Ministerial forum for China-Africa cooperation, G8+5, G20, and the forum on cooperation between South Africa and Russia was facilitated.

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

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

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

## Expenditure estimates

Table 35.5 International Trade and Economic Development

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	appropriation	2010/11	2011/12	2012/13
R thousand				2009/10			
International Trade Development	42 345	43 013	68 832	85 965	83 306	81 921	86 870
African Economic Development	32 282	34 802	39 741	44 441	47 832	48 636	46 603
<b>Total</b>	<b>74 627</b>	<b>77 815</b>	<b>108 573</b>	<b>130 406</b>	<b>131 138</b>	<b>130 557</b>	<b>133 473</b>
Change to 2009 Budget estimate				(43 135)	(60 973)	(59 860)	(58 000)
<b>Economic classification</b>							
<b>Current payments</b>	<b>45 344</b>	<b>51 009</b>	<b>80 187</b>	<b>100 449</b>	<b>98 858</b>	<b>96 077</b>	<b>97 393</b>
Compensation of employees	28 336	32 125	40 306	55 374	64 473	68 342	73 126
Goods and services	17 008	18 884	39 881	45 075	34 385	27 735	24 267
<i>of which:</i>							
<i>Administrative fees</i>	66	162	100	18	-	-	-
<i>Advertising</i>	305	184	266	829	1 200	1 300	1 400
<i>Assets less than the capitalisation threshold</i>	9	11	47	39	40	45	50
<i>Bursaries: Employees</i>	-	56	74	-	-	-	-
<i>Catering: Departmental activities</i>	90	170	212	709	1 500	700	730
<i>Communication</i>	749	886	1 070	1 125	1 407	1 491	1 566
<i>Computer services</i>	-	20	-	29	-	-	-
<i>Consultants and professional services: Business and advisory services</i>	740	368	582	4 838	2 150	2 200	2 300
<i>Consultants and professional services: Infrastructure and planning</i>	-	14	-	-	-	-	-
<i>Consultants and professional services: Legal costs</i>	-	-	15 325	15 036	7 500	5 000	-
<i>Contractors</i>	4	3	45	-	-	-	-
<i>Agency and support / outsourced services</i>	-	-	8	-	-	-	-
<i>Entertainment</i>	1	2	1	47	100	110	120
<i>Inventory: Materials and supplies</i>	-	-	-	1	-	-	-
<i>Inventory: Other consumables</i>	2	-	-	-	-	-	-
<i>Inventory: Stationery and printing</i>	507	369	473	587	800	850	916
<i>Lease payments</i>	-	77	-	125	70	75	80
<i>Travel and subsistence</i>	13 320	14 730	18 361	16 858	16 518	11 814	12 405
<i>Training and development</i>	-	-	49	-	-	-	-
<i>Operating expenditure</i>	219	367	225	983	100	150	200
<i>Venues and facilities</i>	996	1 465	3 043	3 851	3 000	4 000	4 500

Table 35.5 International Trade and Economic Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Transfers and subsidies</b>	<b>28 886</b>	<b>26 191</b>	<b>27 994</b>	<b>29 501</b>	<b>31 750</b>	<b>33 850</b>	<b>35 400</b>
Provinces and municipalities	17	-	-	-	-	-	-
Foreign governments and international organisations	10 798	9 693	10 639	11 500	12 000	13 000	13 500
Public corporations and private enterprises	18 031	16 452	17 110	18 001	19 750	20 850	21 900
Households	40	46	245	-	-	-	-
<b>Payments for capital assets</b>	<b>397</b>	<b>615</b>	<b>364</b>	<b>456</b>	<b>530</b>	<b>630</b>	<b>680</b>
Machinery and equipment	397	615	364	425	500	600	650
Software and other intangible assets	-	-	-	31	30	30	30
<b>Total</b>	<b>74 627</b>	<b>77 815</b>	<b>108 573</b>	<b>130 406</b>	<b>131 138</b>	<b>130 557</b>	<b>133 473</b>

## Details of transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	17	-	-	-	-	-	-
Regional Services Council levies	17	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
Current	15 358	16 052	16 849	18 001	18 750	19 850	20 900
Development Bank of Southern Africa:	13 831	14 524	15 228	15 871	16 500	17 500	18 500
Regional Spatial Development Initiatives	1 527	1 528	1 621	2 130	2 250	2 350	2 400
ProTechnik Laboratories	2 673	400	261	-	1 000	1 000	1 000
Capital	2 673	400	261	-	1 000	1 000	1 000
ProTechnik Laboratories	2 673	400	261	-	1 000	1 000	1 000
<b>Foreign governments and international organisations</b>							
Current	10 798	9 693	10 639	11 500	12 000	13 000	13 500
Organisation for the Prohibition of Chemical Weapons	1 560	2 198	2 300	3 000	3 400	4 000	4 000
World Trade Organisation	9 238	7 495	8 339	8 500	8 600	9 000	9 500
<b>Households</b>							
<b>Social benefits</b>							
Current	-	-	245	-	-	-	-
Employee Leave Gratuity	-	-	245	-	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
Current	40	46	-	-	-	-	-
Gifts, Donations and Sponsorships	40	46	-	-	-	-	-

**Expenditure trends**

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

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

## Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperative enterprises, and provides them with innovation and technology support. Under this subprogramme, provision is made for the following transfer payments and subsidies:
  - Small Enterprise Development Agency, which provides non-financial business development and support services for small enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
  - United Nations Industrial Development Organisation which channels the South African contribution towards sustainable global industrial development. The amounts payable are based on the fees determined by member states, including South Africa.
- *Equity and Empowerment* implements BEE and gender policies, including:
  - National Empowerment Fund, which facilitates funding for BEE transactions by providing innovative investment solutions to black people. The amounts payable are based on the approved business plans of the entity and supporting memorandums of understanding.
  - South African Women Entrepreneurs' Network, housed at Khula Enterprise Finance, which supports and grows women entrepreneurship through networking facilities. The amounts payable are based on the approved business plans.
  - Industrial Development Corporation's Isivande Women's Fund, which provides financial support to women entrepreneurs to grow their businesses. The amounts payable are based on approved projects.
- *Regional Economic Development* enhances the competitiveness of local and provincial economies for sustained economic growth by developing policies, strategies and programmes that focus on underdeveloped regions. Under this subprogramme, provision is made for the following transfer payments and subsidies:
  - National Research Foundation's technology and human resources for industry programme, which supports research and technology development by strengthening the number and skills of appropriately trained people. The amounts payable are based on qualifying scientific, technological, engineering research projects.
  - Productivity South Africa's workplace challenge programme, which finances and supports world class manufacturing and value chain efficiency improvements in South African companies. The amounts payable are based on qualifying projects.
  - Industrial Development Corporation's support programme for industrial innovation, which enables private sector enterprises to develop new products and services. The amounts payable are based on matching grants to contributions by such enterprises.
  - Small Enterprise Development Agency's technology programme, which finances and supports early, seed and start up technology ventures aimed at increasing South Africa's competitiveness. The amounts payable are based on approved business plans and technology incubators.

### Objectives and measures

- Foster the growth of SMMEs and cooperatives by:
  - overseeing the support provided by the Small Enterprise Development Agency to increase the number of SMMEs (currently 2 million) and cooperatives by 2014
  - ensuring that SMME and cooperative contributions to GDP increase from the current 40 per cent to 45 per cent by 2014.
- Facilitate access to procurement opportunities for SMMEs and cooperatives by overseeing the implementation of the 10 products strategy, so that government promotes the participation of SMMEs and cooperatives when procuring the identified products over the next 3 years.
- Implement empowerment and equity policies, thus ensuring the increased economic participation of historically disadvantaged people by gazetting BEE charters under sections 12 and 9 of the Broad Based Black Economic Empowerment Act (2003).

- Deepen technology support in the region through the technology incubator programme by providing access to technology incentives and coordinating regional stakeholder participation in employment creation opportunities, thus forming partnerships that will create at least 4 000 jobs by 2013.

### Service delivery focus

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

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

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

The following initiatives were completed in 2008/09: the 10 product procurement policy framework aimed at increasing access to markets for SMMEs through government procurement; the one stop shop framework for co-locating SMME support services in relevant agencies; the framework for the regulatory review of municipal by-laws to promote SMME development; the national cooperative mega exhibition and the celebration of the international day for cooperatives held in partnership with KwaZulu-Natal economic development department; the construction, tourism, forestry and transport sector charters were gazetted as sector codes in terms of section 9(1) of the Broad Based Black Economic Empowerment Act (2003), while the chartered accountancy charter was gazetted for public comment under section 9(5) of the act; the BEE Advisory Council for monitoring and evaluating BEE has been approved and established; the draft preferential procurement regulations was published in partnership with National Treasury to align the Preferential Procurement Policy Framework Act (2000) with the Broad Based Black Economic Empowerment Act (2003); and 17 local economic development strategies for district municipalities were completed.

### Expenditure estimates

Table 35.6 Empowerment and Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
Enterprise Development	577 394	575 094	455 088	392 644	422 169	430 737	448 774
Equity and Empowerment	586 513	739 474	353 858	472 346	42 353	49 636	52 118
Regional Economic Development	-	-	282 172	308 866	313 275	355 283	364 115
<b>Total</b>	<b>1 163 907</b>	<b>1 314 568</b>	<b>1 091 118</b>	<b>1 173 856</b>	<b>777 797</b>	<b>835 656</b>	<b>865 007</b>
Change to 2009 Budget estimate				(133 998)	(194 383)	(208 054)	(185 051)

#### Economic classification

<b>Current payments</b>	<b>26 137</b>	<b>30 960</b>	<b>43 891</b>	<b>94 896</b>	<b>84 970</b>	<b>85 940</b>	<b>89 550</b>
Compensation of employees	11 044	13 158	29 199	45 316	45 280	47 990	51 350
Goods and services	15 093	17 802	14 692	49 580	39 690	37 950	38 200
<i>of which:</i>							
Administrative fees	75	48	-	654	-	-	-
Advertising	245	415	512	1 963	2 500	2 600	1 700
Assets less than the capitalisation threshold	1	4	-	60	-	-	-

Table 35.6 Empowerment and Enterprise Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Catering: Departmental activities</i>	113	322	–	313	325	320	340
<i>Communication</i>	264	192	550	536	600	650	700
<i>Consultants and professional services: Business and advisory services</i>	4 729	6 404	4 151	21 003	17 000	13 000	12 000
<i>Consultants and professional services: Legal costs</i>	–	–	–	700	–	–	–
<i>Contractors</i>	902	347	–	1 397	–	–	–
<i>Agency and support / outsourced services</i>	–	–	–	4 940	–	–	–
<i>Entertainment</i>	18	–	–	22	25	30	30
<i>Inventory: Materials and supplies</i>	–	–	–	1	–	–	–
<i>Inventory: Other consumables</i>	–	2	–	–	–	–	–
<i>Inventory: Stationery and printing</i>	358	317	637	883	2 500	2 700	2 900
<i>Lease payments</i>	86	27	–	143	240	250	270
<i>Property payments</i>	–	–	–	60	–	–	–
<i>Travel and subsistence</i>	4 988	5 662	3 967	11 723	8 000	9 000	10 000
<i>Training and development</i>	–	13	–	40	–	–	–
<i>Operating expenditure</i>	1 027	634	–	1 287	4 500	5 000	5 460
<i>Venues and facilities</i>	2 287	3 415	4 875	3 855	4 000	4 400	4 800
<b>Transfers and subsidies</b>	<b>1 137 601</b>	<b>1 283 349</b>	<b>1 047 147</b>	<b>1 078 199</b>	<b>692 827</b>	<b>749 716</b>	<b>774 877</b>
Provinces and municipalities	7	–	–	–	–	–	–
Departmental agencies and accounts	1 092 265	1 205 876	973 944	998 992	620 121	667 290	683 831
Universities and technikons	6 000	–	10 500	3 000	4	4	4
Foreign governments and international organisations	2 854	4 875	3 492	4 300	4 500	4 800	5 000
Public corporations and private enterprises	31 717	67 500	53 136	64 060	60 502	69 702	77 902
Non-profit institutions	4 747	5 000	6 075	7 597	7 500	7 700	7 900
Households	11	98	–	250	200	220	240
<b>Payments for capital assets</b>	<b>169</b>	<b>259</b>	<b>80</b>	<b>761</b>	<b>–</b>	<b>–</b>	<b>580</b>
Machinery and equipment	169	259	80	761	–	–	580
<b>Total</b>	<b>1 163 907</b>	<b>1 314 568</b>	<b>1 091 118</b>	<b>1 173 856</b>	<b>777 797</b>	<b>835 656</b>	<b>865 007</b>

**Details of transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	7	–	–	–	–	–	–
Regional Services Council levies	7	–	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>597 161</b>	<b>595 922</b>	<b>661 012</b>	<b>687 350</b>	<b>620 121</b>	<b>667 290</b>	<b>683 831</b>
National Empowerment Fund	66 023	100 000	–	116 000	–	–	–
National Productivity Institute: Workplace Challenge	7 865	8 258	8 660	8 030	8 000	8 000	8 200
Small Enterprise Development Agency	311 426	258 849	413 631	331 177	385 121	394 290	405 631
Small Enterprise Development Agency Technology Programme	62 747	73 360	76 739	68 320	76 000	110 000	113 000
National Research Foundation: Technology and Human Resources for Industry Programme	149 100	155 455	161 982	163 823	151 000	155 000	157 000

Table 35.6 Empowerment and Enterprise Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Capital</b>	<b>495 104</b>	<b>609 954</b>	<b>312 932</b>	<b>311 642</b>	-	-	-
National Empowerment Fund	495 104	609 954	312 932	311 642	-	-	-
<b>Universities and technikons</b>							
<b>Current</b>	<b>6 000</b>	<b>-</b>	<b>10 500</b>	<b>3 000</b>	<b>4</b>	<b>4</b>	<b>4</b>
Witwatersrand Business School: Centre for Entrepreneurship	3 000	-	2 000	1 500	1	1	1
University of the Witwatersrand: National Aerospace Skills Sector Support Centre	-	-	3 000	1 500	1	1	1
North-West University: Advanced Manufacturing	-	-	3 000	-	1	1	1
University of Pretoria: Advanced Engineering Centre of Excellence	3 000	-	2 500	-	1	1	1
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>20 313</b>	<b>10 619</b>	<b>14 136</b>	<b>1 000</b>	<b>1</b>	<b>1</b>	<b>1</b>
South African Bureau of Standards: Trade Metrology	18 313	10 619	11 136	-	-	-	-
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	2 000	-	3 000	1 000	1	1	1
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>6 404</b>	<b>10 000</b>	<b>19 000</b>	<b>15 399</b>	<b>10 501</b>	<b>10 701</b>	<b>10 901</b>
Council for Scientific and Industrial Research: Technology for Women in Business	6 404	-	-	-	-	-	-
Industrial Development Corporation: Isivande Women's Fund	-	10 000	19 000	9 930	10 500	10 700	10 900
Council for Scientific and Industrial Research: Technology Venture Capital	-	-	-	5 469	1	1	1
<b>Capital</b>	<b>5 000</b>	<b>46 881</b>	<b>-</b>	<b>47 661</b>	<b>45 000</b>	<b>49 000</b>	<b>52 000</b>
Industrial Development Corporation: Support Programme for Industrial Innovation	5 000	46 881	-	47 661	45 000	49 000	52 000
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>20 000</b>	<b>-</b>	<b>5 000</b>	<b>10 000</b>	<b>15 000</b>
Centurion Aerospace Village	-	-	20 000	-	5 000	10 000	15 000
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>2 854</b>	<b>4 875</b>	<b>3 492</b>	<b>4 300</b>	<b>4 500</b>	<b>4 800</b>	<b>5 000</b>
United Nations Industrial Development Organisation	2 854	4 875	3 492	4 300	4 500	4 800	5 000
<b>Non-profit institutions</b>							
<b>Current</b>	<b>4 747</b>	<b>5 000</b>	<b>6 075</b>	<b>7 597</b>	<b>7 500</b>	<b>7 700</b>	<b>7 900</b>
South African Women Entrepreneurs' Network	4 747	5 000	6 075	7 597	7 500	7 700	7 900
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee Leave Gratuity	-	-	-	100	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>11</b>	<b>98</b>	<b>-</b>	<b>150</b>	<b>200</b>	<b>220</b>	<b>240</b>
Gifts, Donations and Sponsorships	11	98	-	-	-	-	-
Bursaries Non Employees	-	-	-	150	200	220	240

## Expenditure trends

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

Between 2006/07 and 2009/10, expenditure remained unchanged at approximately R1.2 billion. Over the medium term, expenditure is expected to decline to R865 million. In 2010/11, expenditure is expected to decrease by 33.7 per cent from R1.2 billion to R777.8 million due the phasing out of funding to the National Empowerment Fund, which became fully capitalised in 2009/10, and the transfer of Khula Enterprise Finance and the South African Micro-Finance Apex Fund to the Department of Economic Development from 2010/11. Transfer payments to these entities are no longer provided for on this programme.

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

## Public entities

### National Empowerment Fund

Strategic overview: 2006/07 – 2012/13

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

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

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

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

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

### Savings and cost effective service delivery

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

## Selected performance indicators

Table 35.7 National Empowerment Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of transactions between R5m and R100m per year	Corporate fund	5	8	10	14	25	30	35
Value of transactions between R5m and R100m approved	Corporate fund	R186m	R218m	R219m	R370m	R450m	R600m	R600m
Number of transactions from R250 000 to R10m per year	Imbewu fund	18	23	31	50	90	165	220
Value of transactions between R250 000 and R10m approved	Imbewu fund	R40m	R80m	R78m	R125m	R170m	R300m	R400m
Number of transactions for funding small projects in rural areas	Rural and community development unit	-	1	3	4	5	7	9
Value of transactions for funding small projects in rural areas approved	Rural and community development unit	-	R2m	R9m	R90m	R60m	R120m	R150m
Number of transactions for funding strategic projects	Funding of strategic projects	-	-	1	2	3	3	3
Value of transactions for funding strategic projects approved	Funding of strategic projects	-	-	R5m	R30m	R200m	R200m	R200m

## Service delivery focus

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

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

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

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

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

## Expenditure estimates

Table 35.8 National Empowerment Fund: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Revenue</b>							
Non-tax revenue	133 141	1 019 113	432 930	405 000	490 000	641 000	830 000
<i>Other non-tax revenue</i>	133 141	1 019 113	432 930	405 000	490 000	641 000	830 000
Transfers received	66 024	100 000	–	116 000	–	–	–
<b>Total revenue</b>	<b>199 165</b>	<b>1 119 113</b>	<b>432 930</b>	<b>521 000</b>	<b>490 000</b>	<b>641 000</b>	<b>830 000</b>
<b>Expenses</b>							
Current expense	88 876	167 299	328 887	298 161	215 410	370 524	366 150
Compensation of employees	37 123	48 125	60 364	83 000	90 000	98 000	107 000
Goods and services	50 751	116 854	264 735	210 491	121 140	268 254	254 880
Depreciation	1 002	2 320	3 788	4 670	4 270	4 270	4 270
<b>Total expenses</b>	<b>88 876</b>	<b>167 299</b>	<b>328 887</b>	<b>298 161</b>	<b>215 410</b>	<b>370 524</b>	<b>366 150</b>
<b>Surplus / (Deficit)</b>	<b>110 289</b>	<b>951 814</b>	<b>104 043</b>	<b>222 839</b>	<b>274 590</b>	<b>270 476</b>	<b>463 850</b>
Capital Transfers received	495 104	609 954	312 932	311 642			
<b>Statement of financial position</b>							
Carrying value of assets	2 420	7 720	11 457	15 537	13 417	10 397	7 877
<i>of which: Acquisition of assets</i>	452	7 620	7 528	8 750	2 150	1 250	1 750
Investments	2 407 355	1 957 874	1 998 538	2 456 538	3 317 538	4 375 538	5 582 538
Loans	338 746	–	–	–	–	–	–
Receivables and prepayments	24 282	16 928	23 985	20 000	–	–	–
Cash and cash equivalents	792 958	2 317 757	2 604 188	2 577 308	2 003 018	1 218 514	477 885
<b>Total assets</b>	<b>3 565 761</b>	<b>4 300 279</b>	<b>4 638 168</b>	<b>5 069 383</b>	<b>5 333 973</b>	<b>5 604 449</b>	<b>6 068 300</b>
Accumulated surplus/deficit	185 302	1 137 116	1 241 159	1 463 998	1 738 588	2 009 064	2 472 914
Capital and reserves	2 129 909	1 289 434	1 088 596	1 091 954	1 091 954	1 091 954	1 091 954
Borrowings	1 906	769	170	–	–	–	–
Trade and other payables	14 741	24 327	29 460	30 000	20 000	20 000	20 000
Provisions	–	4 776	121 994	15 000	15 000	15 000	15 000
Liabilities not classified elsewhere	1 233 903	1 843 857	2 156 789	2 468 431	2 468 431	2 468 431	2 468 431
<b>Total equity and liabilities</b>	<b>3 565 761</b>	<b>4 300 279</b>	<b>4 638 168</b>	<b>5 069 383</b>	<b>5 333 973</b>	<b>5 604 449</b>	<b>6 068 299</b>

## Expenditure trends

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

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

## Small Enterprise Development Agency

## Strategic overview: 2006/07 – 2012/13

The Small Enterprise Development Agency provides non-financial business development and support services for small enterprises in partnership with other role players. Its mission is to develop, support and promote small

enterprises to ensure their growth and sustainability. It aims to enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and projects and to ensure equitable access to business support services through partnerships. The agency's expected impact is the increased contribution of small enterprises to the South African economy, and the promotion of economic growth, job creation and equity. This impact will be measured through periodic evaluations every three to five years.

### Savings and cost effective service delivery

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

### Selected performance indicators

Table 35.9 Small Enterprise Development Agency

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

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

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

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

### Service delivery focus

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

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

## Expenditure estimates

Table 35.10 Small Enterprise Development Agency: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
Non-tax revenue	25 987	36 098	74 647	77 106	48 600	27 236	18 910
<i>Other non-tax revenue</i>	25 987	36 098	74 647	77 106	48 600	27 236	18 910
Transfers received	416 033	348 751	484 770	458 095	471 121	514 290	528 631
<b>Total revenue</b>	<b>442 020</b>	<b>384 849</b>	<b>559 417</b>	<b>535 201</b>	<b>519 721</b>	<b>541 526</b>	<b>547 541</b>
<b>Expenses</b>							
Current expense	405 081	448 229	482 220	535 201	519 721	541 526	547 541
Compensation of employees	123 636	148 461	165 899	181 773	205 757	227 111	247 470
Goods and services	272 783	286 807	302 508	343 714	304 594	304 583	289 874
Depreciation	6 242	9 472	9 603	9 714	9 370	9 832	10 197
Interest, dividends and rent on land	2 420	2 665	4 210	-	-	-	-
<b>Total expenses</b>	<b>405 081</b>	<b>448 229</b>	<b>482 220</b>	<b>535 201</b>	<b>519 721</b>	<b>541 526</b>	<b>547 541</b>
<b>Surplus / (Deficit)</b>	<b>36 939</b>	<b>(63 380)</b>	<b>77 197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Expenditure trends

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

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

## Programme 4: Industrial Development

- *Industrial Competitiveness* does advocacy work and develops policies and interventions related to: infrastructural support diversification; eliminating intermediate barriers to entry; deepening domestic technology linkages; and participating in dynamic value chains to improve the industrial competitiveness of the South African economy. Provision is made under this subprogramme for transfers and subsidies to the:
  - Industrial Development Corporation for services rendered for the clothing and textiles programme to provide a production allowance to firms under certain conditions. This programme is still under development and guidelines will be published when funding is provided in 2010/11.
  - South African Bureau of Standards, which develops, promotes and maintains standardisation and quality in connection with commodities, and provides related conformity assessment services aimed at protecting the integrity of the South African market and creating a competitive advantage for industry. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
  - National Metrology Institute of South Africa, which provides for the use of international systems of units and certain other measurement units, and designates, maintains and keeps national measurement units and standards. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
  - National Regulator for Compulsory Specifications, which administers and maintains compulsory specifications and regulations that may affect public health, safety or the environment, and has the legal metrology responsibility. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.

- Council for Scientific and Industrial Research’s aerospace industry programme, which creates an industry supplier base that is firmly integrated in global supply chains. One of its aims is to stimulate small business and BEE through various clustering initiatives. The amounts payable are based on identified industry needs, applications and qualifying projects.
- Council for Scientific and Industrial Research’s National Cleaner Production Centre, which undertakes specific cleaner production projects in the chemicals, agro-processing, clothing, textile and automotive sectors. Funds are distributed to qualifying projects.
- South African Bureau of Standard’s plant infrastructure. which upgrades infrastructure and laboratories. Funding is based on the project plan.
- South African Bureau of Standards’ small business technical consulting programme, which participates as a member of international organisations dealing with technical infrastructure and regulatory activities. Funding is distributed according to the membership fees of the various organisations.
- *Customised Sector Programmes* develops high impact sector specific strategies that are crucial for economic growth and employment creation. Funding in this subprogramme is mainly for support services such as compensation of employees and staff related costs.

### **Objectives and measures**

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

### **Service delivery focus**

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

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

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

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

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

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

Renewed focus was placed on support measures to the clothing, textiles, footwear and leather sector, with challenges in this sector identified as cheap imports, lack of skilled local technical labour, high training costs, outdated technology and the lack of required investment and initiatives to advance the competitiveness of the local industry.

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

## Expenditure estimates

Table 35.11 Industrial Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Industrial Competitiveness	220 884	300 764	318 101	328 886	935 809	1 087 430	1 215 758
Customised Sector Programmes	24 303	31 085	74 648	98 031	116 313	135 106	147 025
<b>Total</b>	<b>245 187</b>	<b>331 849</b>	<b>392 749</b>	<b>426 917</b>	<b>1 052 122</b>	<b>1 222 536</b>	<b>1 362 783</b>
Change to 2009 Budget estimate				12 331	415 333	622 714	818 708

### Economic classification

Current payments	59 307	80 537	89 030	83 041	105 370	108 515	106 710
Compensation of employees	37 824	47 560	42 958	48 491	61 080	64 750	69 280
Goods and services	21 483	32 977	46 072	34 550	44 290	43 765	37 430
<i>of which:</i>							
<i>Administrative fees</i>	284	729	-	640	800	825	850
<i>Advertising</i>	554	936	177	140	2 000	2 500	2 000
<i>Assets less than the capitalisation threshold</i>	4	5	-	20	50	60	70
<i>Bursaries: Employees</i>	-	72	-	-	-	-	-
<i>Catering: Departmental activities</i>	181	136	-	32	-	-	-
<i>Communication</i>	458	589	676	788	800	830	860

Table 35.11 Industrial Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>							
Computer services	–	–	213	7	–	–	–
Consultants and professional services: Business and advisory services	3 968	12 318	12 621	16 109	17 000	17 000	12 000
Consultants and professional services: Legal costs	–	–	–	47	100	110	120
Contractors	310	60	–	101	–	–	–
Agency and support / outsourced services	3	86	–	200	150	140	120
Entertainment	14	3	–	13	50	50	50
Inventory: Other consumables	2	–	–	–	–	–	–
Inventory: Stationery and printing	834	729	1 368	1 400	1 500	1 550	1 600
Lease payments	–	–	205	101	120	125	130
Travel and subsistence	10 727	11 632	18 302	11 420	11 000	11 500	12 000
Training and development	17	33	–	–	120	125	130
Operating expenditure	573	866	–	1 617	1 400	1 450	1 500
Venues and facilities	3 554	4 783	12 510	1 915	9 200	7 500	6 000
<b>Transfers and subsidies</b>	<b>185 559</b>	<b>250 757</b>	<b>300 171</b>	<b>343 266</b>	<b>946 252</b>	<b>1 113 491</b>	<b>1 255 513</b>
Provinces and municipalities	17	–	–	–	–	–	–
Departmental agencies and accounts	46 956	59 268	80 546	105 446	100 147	109 377	112 818
Foreign governments and international organisations	–	–	7 053	5 000	7 000	–	–
Public corporations and private enterprises	138 459	191 230	209 248	232 720	839 105	1 004 114	1 142 695
Households	127	259	3 324	100	–	–	–
<b>Payments for capital assets</b>	<b>321</b>	<b>555</b>	<b>3 548</b>	<b>610</b>	<b>500</b>	<b>530</b>	<b>560</b>
Machinery and equipment	321	555	730	610	500	530	560
Software and other intangible assets	–	–	2 818	–	–	–	–
<b>Total</b>	<b>245 187</b>	<b>331 849</b>	<b>392 749</b>	<b>426 917</b>	<b>1 052 122</b>	<b>1 222 536</b>	<b>1 362 783</b>

**Details of transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	17	–	–	–	–	–	–
Regional Services Council levies	17	–	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	46 956	59 268	80 546	105 446	100 147	109 377	112 818
South African National Accreditation System	10 034	12 500	13 750	14 707	17 739	18 623	22 427
National Metrology Institute of South Africa	36 922	46 768	54 999	54 806	55 266	58 581	60 221
National Regulator for Compulsory Specifications	–	–	11 797	35 933	27 142	32 173	30 170
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
Current	1 040	–	–	–	–	–	–
National Automotive Industrial Development Centre	1 040	–	–	–	–	–	–

Table 35.11 Industrial Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>131 719</b>	<b>175 400</b>	<b>193 247</b>	<b>222 789</b>	<b>248 964</b>	<b>280 143</b>	<b>285 175</b>
Council for Scientific and Industrial Research: Maritime Industry Project	-	-	-	1	-	1	1
Council for Scientific and Industrial Research: National Cleaner Production Centre	4 124	4 500	9 800	18 966	32 082	40 141	41 225
Industrial Development Corporation: Regional Industrial Development	-	30 000	-	-	-	-	-
South African Bureau of Standards: Research Contribution	126 446	138 612	142 144	153 731	167 355	181 496	186 396
South African Bureau of Standards: Small Business Technical Consulting	649	748	1 303	1 434	1 017	1 078	1 132
Council for Mineral Technology and Research: Customised Sector Programmes	500	1 540	1 000	-	-	-	-
Industrial Development Corporation: Customised Sector Programmes	-	-	39 000	48 657	48 510	57 427	56 421
<b>Capital</b>	<b>5 700</b>	<b>15 830</b>	<b>16 001</b>	<b>9 931</b>	<b>184 141</b>	<b>113 971</b>	<b>69 352</b>
Council for Scientific and Industrial Research: Aerospace Industry	5 700	10 000	10 000	9 931	9 901	20 791	21 352
Council for Scientific and Industrial Research: Technology Venture Capital	-	5 830	6 001	-	-	-	-
South African Bureau of Standards: Plant infrastructure	-	-	-	-	174 240	93 180	48 000
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>403 000</b>	<b>605 000</b>	<b>764 000</b>
National Foundry Technology Network: Metals	-	-	-	-	3 000	5 000	14 000
Industrial Development Corporation: Clothing and Textile Production Incentive	-	-	-	-	400 000	600 000	750 000
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 000</b>	<b>5 000</b>	<b>24 168</b>
Intsimbi National Tooling Initiative	-	-	-	-	3 000	5 000	24 168
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>7 053</b>	<b>5 000</b>	<b>7 000</b>	<b>-</b>	<b>-</b>
French Institute of South Africa: African Programme on Rethinking Development Economics	-	-	2 500	-	2 000	-	-
United Nations Industrial Development Organisation: Automotive Component Supplier Development Programme	-	-	4 553	5 000	5 000	-	-
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee Leave Gratuity	-	-	144	-	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>127</b>	<b>259</b>	<b>3 180</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gifts, Donations and Sponsorships	127	259	-	100	-	-	-
Umsobomvu Youth Fund: Sponsorship	-	-	3 000	-	-	-	-
Technology for Women in Business: Sponsorship	-	-	180	-	-	-	-

## Expenditure trends

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

Expenditure between 2006/07 and 2009/10 increased significantly, at an average annual rate of 20.3 per cent, from R245.2 million in 2006/07 to R426.9 million in 2009/10. Much of this is accounted for by the introduction of the customised sector programmes in 2008/09, of which some of the interventions will be administered by the Industrial Development Corporation. Other transfers to various regulatory bodies also increased over the same period. Over the medium term, expenditure in the *Customised Sector Programmes* subprogramme rises strongly from R98 million in 2009/10 to R147 million in 2012/13, at an average annual rate of 14.5 per cent. Funding was provided for plant infrastructure of the South African Bureau of Standards over the MTEF period. In total, expenditure in the programme increased significantly from R426.9 million to R1.4 billion as a result of the provision for the production incentive for the clothing and textile industry.

## Public entities

### National Metrology Institute of South Africa

#### Strategic overview: 2006/07 – 2012/13

The National Metrology Institute of South Africa is mandated by the Measurement Unit and Measurement Standards Act (2006) to maintain the international system of units and ensure that South African measurements, standards and units are internationally comparable and scientifically valid. This role is important for local industry; it provides the basis for accurate measurement in all sectors, allowing for the production of internationally acceptable products. In the health sector, it ensures correct diagnosis and dosage. In relation to food, it allows for the detection of toxic compounds. It also facilitates environmental monitoring and law enforcement. Scientific development and applied research also require modern measurement systems and techniques.

With globalisation and the emphasis on the free trade arena, the removal of technical barriers to trade is paramount. The National Metrology Institute of South Africa is the key provider of internationally equivalent, traceable measurement standards and measurements in the SADC region and in Africa. This role is becoming increasingly important with the establishment of the intra-African metrology system. The institute is well recognised for its abilities and expertise due to its active involvement in the Metre Convention.

Over the medium term, the National Metrology Institute of South Africa will focus on providing measurement traceability and advanced measurement assistance to specific industry sectors in accordance with government priorities, including preparations for the 2010 FIFA World Cup. In the African context, it will assist with measurement traceability for the most critical measurement parameters, the regional integration of metrology infrastructure, and the harmonisation of national measurement standards and metrology legislation. Fit for purpose measurement standards will be developed for the informal sector and African SMMEs. In response to national, regional and continental calls for assistance, sanitary and phyto-sanitary issues will be addressed. Special development programmes for reference materials for biofuels and nanotechnology are under way. Traceability needs in medical diagnostics will be further addressed. Law enforcement will be improved through the provision of reference materials for alcohol in blood, alcohol in breath, and drug analyses.

The institute supports the development of scarce human resources in the metrology field by being involved in developing metrology courses throughout the SADC region.

#### Savings and cost effective service delivery

Since 2007, the institute has implemented numerous savings and cost effective service delivery initiatives, including the decrease in real funding. Savings of over 20 per cent in telephone costs have been achieved over the past three years. Stationery provision has been centralised, resulting in substantial savings. Through reduced subsistence rates, shorter trips and booking well in advance on budget airlines, there has been a 10 per cent

saving on budgeted travel costs. Increases in laboratory expenses have been kept to below 10 per cent, resulting in a 1.5 per cent real saving per year.

In terms of cost effective service delivery, a rigorous monitoring programme checks service delivery turnaround times on calibration services. Problems are addressed immediately.

### Selected performance indicators

Table 35.12 National Metrology Institute of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of gazetted national standards maintained	Upkeep of national measurement standards	-	-	42	44	46	49	52
Total number of international comparisons	Proof of equivalence of measurement	-	-	25	27	29	31	33
Total number of accredited laboratories to maintain accreditation	Proof of competence of National Metrology Institute of South Africa and acceptance of calibration and measurement capabilities	-	-	19	20	21	21	21
Total number of interns at the institute	Human capital development	-	-	8	8	10	14	14
Total number of reference materials for the gas industry	Dissemination of national measuring standards to industry	-	-	6	7	10	12	14
Total number of official memberships of the 10 international consultative committees	International recognition of South African measurement capability	-	-	9	9	9	9	9
Total number of measurement traceability provided to SMMEs	Dissemination of traceability to SMMEs	-	-	12	18	25	31	36

### Service delivery focus

In 2009, the institute gained full membership of all consultative committees of the International Committee for Weights and Measures. The institute's internationally accepted calibration and measurement capabilities increased to over 450. Over the next 3 years, the focus will be on disseminating these capabilities to the South African industry and further aligning them to the industrial policy action plan and other national directives.

The following service delivery areas have been identified over the medium term for special attention. National initiatives, such as the industrial policy action plan and trade agreements included in the Accelerated and Shared Growth initiative for South Africa, will be supported and closely followed to ensure suitable measurement standards, and advanced analysis will be provided where needed. Sector strategies will be actively supported by providing traceable measurements and analysis, for example to the chemicals, plastic fabrication and pharmaceuticals sector and the biofuels initiative. Measurement standards will be developed to assist in locking out unsafe imports and locking in exports. This requires modernisation of the national measurement standards in priority areas to meet industry's future needs. Areas for special attention include improved standards for the energy sector and the automotive and advanced manufacturing industries, and certified reference materials must be provided for the gas, health, agricultural, mining, biofuels and chemicals sectors. There will be a specific focus on service delivery as identified by the National Economic Development and Labour Council. The institute will assist technologically advanced SMMEs to achieve global competitiveness, and uplift local SMMEs to a more value added level of economic participation. There will be a special programme to develop fit for purpose measurement standards for the informal sector.

## Expenditure estimates

Table 35.13 National Metrology Institute of South Africa: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
Non-tax revenue	11 122	15 596	8 393	8 033	8 938	9 476	13 773
<i>Other non-tax revenue</i>	11 122	15 596	8 393	8 033	8 938	9 476	13 773
Transfers received	36 922	46 768	54 999	54 806	55 266	58 581	60 221
<b>Total revenue</b>	<b>48 044</b>	<b>62 364</b>	<b>63 392</b>	<b>62 839</b>	<b>64 204</b>	<b>68 057</b>	<b>73 994</b>
<b>Expenses</b>							
Current expense	45 165	42 672	54 167	54 971	59 855	66 603	73 215
Compensation of employees	22 268	24 341	30 050	35 628	38 082	41 510	44 831
Goods and services	18 526	17 783	21 964	12 699	13 552	15 178	17 000
Depreciation	1 851	548	2 153	1 171	2 147	3 173	3 834
Interest, dividends and rent on land	–	–	–	5 473	6 074	6 742	7 550
<b>Total expenses</b>	<b>45 165</b>	<b>42 672</b>	<b>54 167</b>	<b>54 971</b>	<b>59 855</b>	<b>66 603</b>	<b>73 215</b>
<b>Surplus / (Deficit)</b>	<b>2 879</b>	<b>19 692</b>	<b>9 225</b>	<b>7 868</b>	<b>4 349</b>	<b>1 454</b>	<b>779</b>

## Expenditure trends

Revenue is generated mainly from transfers from the Department of Trade and Industry. Transfers increased from R36.9 million in 2006/07 to R54.8 million in 2009/10, at an average annual rate of 14.1 per cent. Over the medium term, transfers will reach R60.2 million by 2012/13, growing at an average annual rate of 3.2 per cent.

Expenditure increased from R45.2 million in 2006/07 to R55 million in 2009/10, at an average annual rate of 6.8 per cent. This was due to the separation of the National Metrology Institute of South Africa from the Council for Scientific and Industrial Research in 2007/08. As a result, support services were no longer contracted from the council. In 2008/09, expenditure was higher due to setting up computer and financial systems and extra funding received for industrial policy action plan related projects.

Over the medium term, expenditure is expected to increase to R73.2 million at an average annual rate of 10 per cent. The increase is related to providing measurement traceability to the sectors as set out in the industrial policy action plan.

## National Regulator for Compulsory Specifications

## Strategic overview: 2006/07 – 2012/13

The National Regulator for Compulsory Specifications was established in September 2008 in terms of the National Regulator for Compulsory Specifications (2008). Its functions were previously carried out by the South African Bureau of Standards. The organisation is funded from fees collected from industry (75 per cent) and a government grant (25 per cent). The core funding from government is mainly for the administration of regulations under the Trade Metrology Act (1973), which ensures that national and international trade is fair and based on reliable measurements. The most common measurements in trade are for mass, volume, length and area.

Over the medium term, the regulator will continue to improve inspections in order to monitor compliance with compulsory specifications. It will also focus on requests from individuals or organisations to develop or amend a technical regulation.

## Savings and cost effective service delivery

Cost savings included changing the payroll outsource agreement, replacing printers with new more efficient printers, reducing telephone costs, and reducing travel expenses by using a variety of airlines.

## Selected performance indicators

Table 35.14 National Regulator for Compulsory Specifications

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13
Number of inspections per year	Administration, and monitoring compliance with compulsory specifications through market surveillance	-	-	27 227	56 149	52 940	56 618	64 886
Maximum number of days to issue approvals and homologations	Ensuring pre-market compliance with compulsory specifications	-	-	33	21	21	21	21
Number of new and amended compulsory specifications per year	Maintaining and making recommendations to the minister on compulsory specifications and technical regulations	-	-	9	8	8	8	9
Number of audits per year	Auditing of levy payers	-	-	-	-	120	120	120
Number of inspection and calibration functions accredited with ISO 17020 and ISO 17025 standards	Accreditation of the inspection and calibration functions	-	-	-	4	7	7	7

## Service delivery focus

Since the National Regulator for Compulsory Specifications split from the South African Bureau of Standards in 2008, its focus has been on managing the split and establishing itself as a fully operational independent entity. The electro-technical, legal metrology and food and associated industries departments have received accreditation.

In 2008/09, the regulator conducted 27 227 inspections countrywide, resulting in the removal of 1 504 types and models of non-compliant goods from the market. Over 31 per cent of these goods posed potential health and safety risks to consumers. About 20 per cent of the 27 293 goods tested for compliance with fair trade requirements did not comply, leading to 1 363 prosecutions and 2 489 warnings. The total value of goods confiscated or recalled was R186.7 million, and included TV sets, motorbike helmets, paraffin stoves, computers and electrical components. The regulator conducted 39 593 inspections in the first 3 quarters of 2009/10 and has significantly improved its processing of pre-market approvals, with the majority processed within the targeted 21 days.

## Expenditure estimates

Table 35.15 National Regulator for Compulsory Specifications: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	-	62 073	113 075	141 718	174 204	206 436
Sale of goods and services other than capital assets	-	-	61 669	112 180	116 669	130 423	158 769
<i>of which:</i>							
<i>Sales by market establishments</i>	-	-	61 669	112 180	116 669	130 423	158 769
<i>Other non-tax revenue</i>	-	-	404	895	25 049	43 781	47 667

Table 35.15 National Regulator for Compulsory Specifications: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
Transfers received	-	-	17 495	35 933	27 142	32 173	30 170
Total revenue	-	-	79 568	149 008	168 860	206 377	236 606
Expenses							
Current expense	-	-	78 633	147 168	168 860	206 377	236 606
Compensation of employees	-	-	49 818	99 876	110 726	136 028	158 360
Goods and services	-	-	27 442	44 052	54 117	66 091	73 733
Depreciation	-	-	1 209	3 240	4 017	4 258	4 513
Interest, dividends and rent on land	-	-	164	-	-	-	-
Total expenses	-	-	78 633	147 168	168 860	206 377	236 606
Surplus / (Deficit)	-	-	935	1 840	(0)	(0)	(0)
<b>Statement of financial position</b>							
Carrying value of assets	-	-	11 406	9 612	27 595	55 337	75 824
of which: Acquisition of assets	-	-	12 724	1 446	22 000	32 000	25 000
Receivables and prepayments	-	-	7 880	11 283	12 687	15 224	14 588
Cash and cash equivalents	-	-	17 142	21 469	10 000	10 000	10 000
Total assets	-	-	36 428	42 364	50 282	80 561	100 412
Accumulated surplus/deficit	-	-	935	2 775	2 775	2 774	2 774
Post-retirement benefits	-	-	11 632	12 795	15 355	18 425	22 110
Trade and other payables	-	-	23 447	26 794	32 153	38 583	46 300
Liabilities not classified elsewhere	-	-	414	-	-	20 779	29 228
Total equity and liabilities	-	-	36 428	42 364	50 282	80 562	100 412

## Expenditure trends

Revenue consists of levies received from industries, tests and services performed, and funding from the Department of Trade and Industry. Total revenue is expected to increase from R79.6 million in 2008/09 to R236.6 million in 2012/13. The increase is significant, as the regulator was in its first 7 months of operation in 2008/09. Revenue is expected to increase over the MTEF period from R149 million in 2009/10 to R236.6 million in 2012/13, at an average annual rate of 16.7 per cent. Over the MTEF period, transfers are expected to decrease from R35.9 million in 2009/10 to R30.2 million in 2012/13, at an average annual rate of 5.6 per cent.

Expenditure is anticipated to rise from R147.2 million in 2009/10 to R236.6 million in 2012/13, at an average annual rate of 17.1 per cent. The increase is for capacity building for the enforcement and compliance functions.

## South African Bureau of Standards

### Strategic overview: 2006/07 – 2012/13

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

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

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

### Savings and cost effective service delivery

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

### Selected performance indicators

Table 35.16 South African Bureau of Standards

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of South African national standards developed per year	Development of South African national standards	558	611	634	550	650	700	750
Number of days taken to produce a standard	Development of South African national standards	177	220	330	300	300	300	300
Number of requests for information on standards per year	Development of South African national standards	36 724	34 303	37 208	40 000	40 000	40 000	40 000
Sales of standards per year	Development of South African national standards	R12.3m	R13.9m	R15.3m	R16.9m	R19.3m	R21m	R22.9m
Tests and services revenue per year	Testing and conformity assessments	R194.5m	R174.6m	R189.8m	R199.9m	R218.8m	R231.8m	R248m
Products and systems certification revenue per year	Testing and conformity assessments	R105.6m	R134.6m	R156.1m	R173.8m	R188.3m	R205.2m	R225.8m
Total number of accredited laboratories	Testing and conformity assessments	56	56	67	67	67	67	67
Total number of certification schemes	Testing and conformity assessments	18	16	18	20	20	22	22
Number of test reports per year	Testing and conformity assessments	429 219	376 823	391 886	500 000	575 000	625 000	700 000
Number of clients per year with annual fees less than R10 000	Testing and conformity assessments	10 400	10 800	10 700	10800	11 000	12 000	13 000
Percentage of South African national standards harmonised with international standards	Development of South African national standards	56%	68%	71%	70%	75%	75%	75%
Number of private specifications developed for the government sector per year	Development of South African national standards	217	171	141	130	130	130	130

### Service delivery focus

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

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

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

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

## Expenditure estimates

Table 35.17 South African Bureau of Standards: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>363 156</b>	<b>352 745</b>	<b>397 461</b>	<b>408 437</b>	<b>438 378</b>	<b>471 058</b>	<b>512 716</b>
Sale of goods and services other than capital assets <i>of which:</i>	304 134	318 350	358 509	384 135	416 872	448 112	486 107
<i>Sales by market establishments</i>	304 134	318 350	358 509	384 135	416 872	448 112	486 107
<i>Other non-tax revenue</i>	59 022	34 395	38 952	24 302	21 506	22 946	26 609
<b>Transfers received</b>	<b>109 493</b>	<b>119 320</b>	<b>126 148</b>	<b>156 910</b>	<b>170 385</b>	<b>184 526</b>	<b>193 326</b>
<b>Total revenue</b>	<b>472 649</b>	<b>472 065</b>	<b>523 609</b>	<b>565 347</b>	<b>608 763</b>	<b>655 584</b>	<b>706 042</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>400 810</b>	<b>430 682</b>	<b>485 674</b>	<b>596 287</b>	<b>597 576</b>	<b>638 255</b>	<b>687 802</b>
Compensation of employees	244 748	260 504	272 362	322 257	326 350	345 931	366 686
Goods and services	134 796	140 248	183 648	241 942	227 014	243 691	263 720
Depreciation	18 771	24 609	25 341	30 245	44 212	48 633	57 396
Interest, dividends and rent on land	2 495	2 546	2 676	1 843	–	–	–
<b>Transfers and subsidies</b>	<b>5 203</b>	<b>6 340</b>	<b>7 186</b>	<b>7 134</b>	<b>7 530</b>	<b>7 981</b>	<b>8 460</b>
<b>Total expenses</b>	<b>406 013</b>	<b>437 022</b>	<b>492 860</b>	<b>603 421</b>	<b>605 106</b>	<b>646 236</b>	<b>696 262</b>
<b>Surplus / (Deficit)</b>	<b>66 636</b>	<b>35 043</b>	<b>30 749</b>	<b>(38 074)</b>	<b>3 657</b>	<b>9 347</b>	<b>9 780</b>
<b>Statement of financial position</b>							
Carrying value of assets	157 294	178 302	200 679	194 150	352 498	420 956	433 819
<i>of which: Acquisition of assets</i>	37 637	48 765	50 736	26 900	202 560	117 090	70 260
Investments	237 573	289 144	250 088	256 770	285 015	313 516	344 868
Inventory	514	374	829	550	500	400	400
Receivables and prepayments	54 578	63 835	66 630	70 628	74 865	79 357	85 706
Cash and cash equivalents	31 371	2 480	7 565	1 904	6 918	8 808	27 521
Assets not classified elsewhere	32 727	37 758	26 074	25 631	26 912	28 258	29 671
<b>Total assets</b>	<b>514 057</b>	<b>571 893</b>	<b>551 865</b>	<b>549 633</b>	<b>746 708</b>	<b>851 295</b>	<b>921 984</b>
Accumulated surplus/deficit	196 120	245 961	276 710	238 636	242 293	251 641	261 421
Capital and reserves	96 228	93 893	70 610	78 321	84 282	87 282	90 582
Borrowings	27 870	28 271	18 441	17 000	17 500	2 500	500
Post-retirement benefits	94 588	90 842	93 432	99 155	109 071	119 978	131 975
Trade and other payables	64 180	69 652	66 872	80 246	85 061	90 165	95 575
Provisions	2 878	–	–	–	–	–	–
Liabilities not classified elsewhere	32 193	43 274	25 800	36 274	208 501	299 729	341 931
<b>Total equity and liabilities</b>	<b>514 057</b>	<b>571 893</b>	<b>551 865</b>	<b>549 633</b>	<b>746 708</b>	<b>851 294</b>	<b>921 984</b>

## Expenditure trends

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

Expenses are projected to increase at an average annual rate of 4.9 per cent, from R603.4 million in 2009/10 to R696.3 million in 2012/13. A net loss of R38 million in 2009/10 is projected due to the transfer of some assets to the National Regulator for Compulsory Specifications as part of the split. The projected increase in expenses

over the medium term will be less than the projected increase in revenue, which should improve profitability. The increase in costs will be driven mainly by cost of living adjustments for staff, the impact of expected increases in electricity tariffs and additional depreciation charges associated with the new laboratory buildings. The growth in all other expenses will reflect price adjustments due to inflation as well as currency fluctuations for cost items denominated in foreign currency or linked to exchange rate movements.

Capital amounts of R174 million, R93 million and R48 million will be spent on a major infrastructure project in 2010/11, 2011/12 and 2012/13. The aim of the project is to relocate approximately 6 000 m<sup>2</sup> of chemical, biological and physical testing laboratories into newly built laboratories, and if possible refurbish the vacated laboratory space.

## South African National Accreditation System

### Strategic overview: 2006/07 – 2012/13

The South African National Accreditation System is recognised by government as the single national institution that gives formal recognition that laboratories and accreditation bodies are competent to carry out specific tasks. It is also mandated to promote accreditation as a means of facilitating international trade.

Over the medium term, the South African National Accreditation System will contribute to government strategic objectives by establishing infrastructure for accrediting energy efficiency verification agencies. It will also continue to expand the accreditation of BEE verification agencies, electrical inspection bodies and medical diagnostic x-ray inspections. In 2011, a team of international peer evaluators will review the South African National Accreditation System's continued compliance with international standards, and the institution intends to expand the international recognition of its inspection functions under the umbrella of the International Laboratory Accreditation Cooperation.

The South African National Accreditation System plays an important role in the SADC region by hosting the SADC accreditation secretariat and holding the regional coordinator position. Currently, the institution is assisting the newly established SADC Accreditation System by training their assessors and twinning with that body.

Over the medium term, the South African National Accreditation System will continue to provide training in South Africa and the region on the implementation of accreditation management systems and promote accreditation as a tool for fostering international trade.

### Savings and cost effective service delivery

The South African National Accreditation System has embarked on a review of its processes and outsourced services. There have been savings on payroll costs and travelling costs. Accreditation application documents often do not comply with the institution's requirements, and an accreditation toolkit is being developed, which will ultimately reduce the institution's costs and its capacity to provide effective accreditation services.

### Selected performance indicators

Table 35.18 South African National Accreditation System

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2011/13
Number of government departments assisted on conformity assessment per year	Assist other government departments with conformity assessment requirements	4	4	5	8	12	14	15
Number of training courses provided for certification bodies per year	Training of certification bodies	-	45	60	60	-	-	-

Table 35.18 South African National Accreditation System (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2011/13
Number of regional meetings organised or attended representing SADC accreditation per year	Regional cooperation	16	16	16	15	6	6	6
Percentage compliance with international requirements for standardisation standards for assessment bodies	International cooperation	100%	100%	100%	100%	100%	100%	100%
Number of candidates trained to certify laboratories and inspection bodies per year	Broadening participation	-	-	-	-	300	500	600

### Service delivery focus

To date, 1 185 organisations have been accredited by the South African National Accreditation System, as well as various national bodies such as BEE verification agencies, pressure vessels inspection bodies and test and medical laboratories. In 2008/09, the institution accredited 27 BEE verification agencies and 20 in 2009/10. By December 2010, the organisation aims to have accredited the energy efficiency verification agencies, electrical inspection bodies and forensic testing laboratories as a matter of national interest.

The institution continued to focus on assisting the SADC and African regions in developing their accreditation systems, which is of strategic importance to South Africa for the acceptance of goods and services from the rest of Africa. The institution signed a twinning arrangement with the newly established Southern African Development Community Accreditation System in 2009, and played a key role in the initial discussion on establishing an Africa accreditation cooperation.

### Expenditure estimates

Table 35.19 South African National Accreditation System: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	17 632	20 358	26 273	26 374	36 430	40 775	40 661
Sale of goods and services other than capital assets	14 428	16 153	20 210	20 936	29 201	33 133	32 584
<i>of which:</i>							
<i>Admin fees</i>	14 428	16 153	20 210	20 936	29 201	33 133	32 584
<i>Other non-tax revenue</i>	3 204	4 205	6 063	5 438	7 229	7 642	8 077
<b>Transfers received</b>	10 034	12 500	13 750	14 707	17 739	18 623	22 427
<b>Total revenue</b>	<b>27 666</b>	<b>32 858</b>	<b>40 023</b>	<b>41 081</b>	<b>54 169</b>	<b>59 398</b>	<b>63 088</b>
<b>Expenses</b>							
<b>Current expense</b>	30 241	32 069	36 938	40 989	51 169	56 398	58 088
Compensation of employees	11 125	11 395	15 347	19 267	25 661	29 939	31 435
Goods and services	18 286	19 660	20 614	21 171	24 366	25 108	25 528
Depreciation	805	959	889	448	989	1 167	908
Interest, dividends and rent on land	25	55	88	103	153	184	216
<b>Total expenses</b>	<b>30 241</b>	<b>32 069</b>	<b>36 938</b>	<b>40 989</b>	<b>51 169</b>	<b>56 398</b>	<b>58 088</b>
<b>Surplus / (Deficit)</b>	<b>(2 575)</b>	<b>789</b>	<b>3 085</b>	<b>92</b>	<b>3 000</b>	<b>3 000</b>	<b>5 000</b>

Table 35.19 South African National Accreditation System: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Statement of financial position</b>							
Carrying value of assets	3 705	2 954	2 173	2 885	3 547	3 283	2 525
<i>of which: Acquisition of assets</i>	3 458	208	109	1 160	1 651	903	150
Receivables and prepayments	663	656	728	700	750	720	700
Cash and cash equivalents	11 313	14 410	18 587	19 247	13 372	6 821	5 525
<b>Total assets</b>	<b>15 681</b>	<b>18 020</b>	<b>21 488</b>	<b>22 832</b>	<b>17 669</b>	<b>10 824</b>	<b>8 750</b>
Accumulated surplus/deficit	10 915	11 704	14 789	14 881	10 662	4 197	1 619
Borrowings	1 814	1 660	1 473	1 299	1 136	985	844
Trade and other payables	2 599	2 930	3 238	5 162	4 271	4 022	4 187
Provisions	353	872	1 002	640	750	800	1 300
Liabilities not classified elsewhere	–	854	986	850	850	820	800
<b>Total equity and liabilities</b>	<b>15 681</b>	<b>18 020</b>	<b>21 488</b>	<b>22 832</b>	<b>17 669</b>	<b>10 824</b>	<b>8 750</b>

### Expenditure trends

Revenue increased from R27.7 million in 2006/07 to R41.1 million in 2009/10. The main sources of revenue are transfers from the department and administrative fees. Over the MTEF period, revenue is expected to increase from R41.1 million in 2009/10 to R63.1 million by 2012/13 at an annual average rate of 15.4 per cent, as a result of increased revenue from administration fees.

Expenditure increased from R30.2 million in 2006/07 to R41 million in 2009/10, at an average annual rate of 10.7 per cent. The main cost driver is human resources to capacitate the institution. Expenditure over the MTEF period is expected to increase to R58.1 million, at an average annual rate of 12.3 per cent. The increase is mainly due to rightsizing the staff complement after extensive international benchmarking. The additional funding received from the department will be used to fund this.

The institution receives allocations of R17.7 million in 2010/11, R18.6 million in 2011/12 and R22.4 million in 2012/13 for operational expenses.

## Programme 5: Consumer and Corporate Regulation

- *Policy and Legislative Development* develops coherent, predictable and transparent regulatory solutions. Funding is mostly used for salaries and related personnel costs.
- *Enforcement and Compliance* ensures that participants in economic activities comply with consumer and corporate rules. Funding is mostly used for inspectors' salaries.
- *Regulatory Services* monitors and funds a number of regulatory agencies, including the:
  - National Gambling Board, which provides a regulatory framework for gambling practices. Funding is based on the approved business plan of the board and supporting memorandums of understanding.
  - National Consumer Tribunal which ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. Funding is based on the approved business plan of the tribunal and supporting memorandums of understanding.
  - National Credit Regulator, which regulates the consumer credit industry to improve consumer protection in the end user credit market. Funding is based on the approved business plan of the regulator and supporting memorandums of understanding.
  - National Consumer Commission, which ensures well functioning markets that are fair, competitive and responsible to consumers. Funding is based on the approved business plan of the commission and supporting memorandums of understanding.
  - Companies and Intellectual Property Commission, which regulates the enforcement of intellectual property and company laws including the registration of companies. It also aims to improve the regulatory framework affecting the development of small and medium enterprises.

- National Lotteries Board, which is responsible for regulating the National Lottery and all other lotteries in the country.
- Estate Agency Affairs Board, which is responsible for regulating the activities of estate agents and for protecting consumers.
- Companies and Intellectual Property Tribunal, which is responsible for adjudicating matters arising from the provisions in the Companies Act (2008).
- Takeover Regulation Panel and the Financial Reporting Standards Council, which will also be established pursuant to the Companies Act (2008) and will be responsible for regulating affected transactions and the issuing of standards.
- World Intellectual Property Organisation, which facilitates South African contributions to an international regime for intellectual properties. Regulatory Services is responsible for paying the membership fee.

## Objectives and measures

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

## Service delivery focus

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

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

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

## Expenditure estimates

Table 35.20 Consumer and Corporate Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Policy and Legislative Development	8 597	8 713	12 154	15 893	20 857	16 739	26 457
Enforcement and Compliance	31 220	27 680	29 845	47 405	37 972	51 851	37 424
Regulatory Services	66 052	69 622	69 611	102 212	132 702	149 380	165 514
<b>Total</b>	<b>105 869</b>	<b>106 015</b>	<b>111 610</b>	<b>165 510</b>	<b>191 531</b>	<b>217 970</b>	<b>229 395</b>
Change to 2009 Budget estimate				(73 085)	(73 459)	(69 803)	(72 767)
<b>Economic classification</b>							
<b>Current payments</b>	<b>45 859</b>	<b>39 131</b>	<b>44 880</b>	<b>69 088</b>	<b>64 090</b>	<b>66 594</b>	<b>70 160</b>
Compensation of employees	29 001	29 692	31 736	44 295	44 410	47 074	50 370
Goods and services	16 858	9 439	13 144	24 793	19 680	19 520	19 790
<i>of which:</i>							
<i>Administrative fees</i>	137	252	13	141	10	50	100
<i>Advertising</i>	133	1 161	595	813	350	150	450
<i>Assets less than the capitalisation threshold</i>	7	23	68	39	50	75	100
<i>Bursaries: Employees</i>	–	22	88	–	–	–	–
<i>Catering: Departmental activities</i>	67	100	99	733	300	350	400
<i>Communication</i>	176	213	234	364	440	480	220
<i>Computer services</i>	–	89	–	–	120	150	200
<i>Consultants and professional services: Business and advisory services</i>	7 510	2 216	4 622	9 593	6 500	7 150	7 900
<i>Consultants and professional services: Legal costs</i>	752	392	774	940	500	500	500
<i>Contractors</i>	2	1	21	369	–	–	–
<i>Agency and support / outsourced services</i>	–	29	–	642	–	–	–
<i>Entertainment</i>	4	5	2	138	10	15	20
<i>Inventory: Other consumables</i>	2	–	–	–	–	–	–
<i>Inventory: Stationery and printing</i>	658	348	623	821	1 000	1 100	1 200
<i>Property payments</i>	–	642	–	–	–	–	–
<i>Travel and subsistence</i>	4 164	3 425	4 136	5 858	6 000	5 000	4 000
<i>Training and development</i>	–	79	71	–	–	–	–
<i>Operating expenditure</i>	1 351	–	161	2 366	2 400	2 500	2 700
<i>Venues and facilities</i>	1 895	442	1 637	1 976	2 000	2 000	2 000
<b>Transfers and subsidies</b>	<b>59 747</b>	<b>66 588</b>	<b>66 132</b>	<b>95 644</b>	<b>126 841</b>	<b>151 376</b>	<b>159 235</b>
Provinces and municipalities	22	–	–	–	–	–	–
Departmental agencies and accounts	57 499	64 290	62 748	92 878	123 841	148 458	155 235
Foreign governments and international organisations	1 979	2 279	3 074	2 766	3 000	2 918	4 000
Households	247	19	310	–	–	–	–
<b>Payments for capital assets</b>	<b>263</b>	<b>296</b>	<b>594</b>	<b>778</b>	<b>600</b>	<b>–</b>	<b>–</b>
Machinery and equipment	263	296	594	778	600	–	–
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>105 869</b>	<b>106 015</b>	<b>111 610</b>	<b>165 510</b>	<b>191 531</b>	<b>217 970</b>	<b>229 395</b>

Table 35.20 Consumer and Corporate Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	22	-	-	-	-	-	-
Regional Services Council levies	22	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	57 499	64 290	62 748	92 878	123 841	148 458	155 235
Companies and Intellectual Property Commission	-	-	-	-	8 982	13 990	4 158
National Credit Regulator	37 854	44 514	34 082	43 859	46 000	51 042	53 000
National Gambling Board	19 645	19 776	17 274	21 570	22 000	23 605	25 000
National Consumer Tribunal	-	-	11 392	17 519	22 059	26 833	31 500
National Consumer Commission	-	-	-	9 930	24 800	32 988	41 577
<b>Foreign governments and international organisations</b>							
Current	1 979	2 279	3 074	2 766	3 000	2 918	4 000
World Intellectual Property Organisation	1 979	2 279	3 074	2 766	3 000	2 918	4 000
<b>Households</b>							
<b>Social benefits</b>							
Current	-	19	310	-	-	-	-
Employee Leave Gratuity	-	19	310	-	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
Current	247	-	-	-	-	-	-
Consumer Awards	247	-	-	-	-	-	-

### Expenditure trends

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

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

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

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

## Public entities

### Companies and Intellectual Property Registration Office

Strategic overview: 2006/07 – 2012/13

The Companies and Intellectual Property Registration Office's mandate is to register cooperatives, companies, close corporations and intellectual property rights (patents, trademarks, copyrights and designs) and to provide information to stakeholders.

The new Companies Act (2008) will be implemented in 2010/11, in terms of which the Companies and Intellectual Property Registration Office will merge with other related bodies to form the Companies and Intellectual Property Commission.

The Companies and Intellectual Property Registration Office has the following strategic objectives: to provide value added services; to implement legislative change; to provide support services and entrench enterprise governance in the office; to ensure national and equitable access to the office's services; and to ensure participation in the global economic agenda.

Over the medium term, priorities have been identified for each of these objectives, including preventing and eradicating fraud, providing broader geographical access to the office's services through partner organisations, implementing the Companies Act (2009), participating in amending the cooperatives legislation, automating the office's core services, and reducing the costs of accessing the office's services.

#### Savings and cost effective service delivery

The global recession impacted negatively on the uptake of the office's products and services, and targets for registrations have been adjusted accordingly. The office is in the process of implementing the enterprise content management system, which will provide a more stable ICT platform and is expected to improve productivity by up to 30 per cent and the quality of services by 15 per cent. The system will also allow the office to explore other revenue sources, which will increase its sustainability.

#### Selected performance indicators

Table 35.21 Companies and Intellectual Property Registration Office

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of companies registered per year	Registration of business entities and intellectual property	42 090	33 269	27 358	12 154	26 380	27 962	30 000
Number of close corporations registered per year*	Registration of business entities and intellectual property	243 557	251 996	261 065	118 647	80 000	0	0
Number of cooperatives registered per year	Registration of business entities and intellectual property	6 765	3 140	6 054	3 730	7 326	7 692	8 077
Number of trade mark applications processed per year	Registration of business entities and intellectual property	30 149	32 717	28 671	13 261	24 000	26 400	29 040
Number of patent applications processed per year	Registration of business entities and intellectual property	10 753	10 667	10 191	4 575	9 000	9 450	9 922

Table 35.21 Companies and Intellectual Property Registration Office (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of design applications processed per year	Registration of business entities and intellectual property	2 065	2 321	1 952	975	1 900	1 995	2 095
Number of enterprises that submitted annual returns per year	Registration of business entities and intellectual property	146 504	162 553	288 427	176 507	299 908	329 898	362 887

\*Activity phased out in 2011

### Service delivery focus

From 2006 to 2008, there was a significant decline in the number of companies registered, due to the economic slowdown. The number of companies projected to be registered over the medium term is expected to average between 26 000 and 30 000 per year. Although the number of close corporations soared in recent years, a sharp decline is expected in 2010 before a complete halt in 2011, due to the implementation of the new Companies Act (2008), which provides for phasing out the registering of close corporations.

In 2008/09, the sustainability of the office was a focus area, which included determining the cost of business, updating the business model, improving organisational performance processes, revising the fee structure, and implementing legislative changes.

### Expenditure estimates

Table 35.22 Companies and Intellectual Property Registration Office: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>252 546</b>	<b>308 064</b>	<b>368 813</b>	<b>434 770</b>	<b>378 852</b>	<b>394 051</b>	<b>391 057</b>
Sale of goods and services other than capital assets <i>of which:</i>	236 557	277 718	316 063	293 884	308 578	324 007	340 207
<i>Admin fees</i>	236 557	277 718	316 063	293 884	308 578	324 007	340 207
<i>Other non-tax revenue</i>	15 989	30 346	52 750	140 886	70 274	70 044	50 850
Transfers received	3 500	–	–	–	–	–	–
<b>Total revenue</b>	<b>256 046</b>	<b>308 064</b>	<b>368 813</b>	<b>434 770</b>	<b>378 852</b>	<b>394 051</b>	<b>391 057</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>133 692</b>	<b>181 628</b>	<b>227 927</b>	<b>411 962</b>	<b>348 051</b>	<b>370 406</b>	<b>389 549</b>
Compensation of employees	54 508	71 113	87 253	139 831	158 510	168 021	178 102
Goods and services	71 828	103 427	127 486	234 237	147 964	156 840	165 118
Depreciation	7 124	7 018	13 106	23 589	26 557	29 023	28 981
Interest, dividends and rent on land	232	70	82	14 305	15 020	16 522	17 348
<b>Total expenses</b>	<b>133 692</b>	<b>181 628</b>	<b>227 927</b>	<b>411 962</b>	<b>348 051</b>	<b>370 406</b>	<b>389 549</b>
<b>Surplus / (Deficit)</b>	<b>122 354</b>	<b>126 436</b>	<b>140 886</b>	<b>22 808</b>	<b>30 801</b>	<b>23 646</b>	<b>1 508</b>

### Expenditure trends

The Companies and Intellectual Property Registration Office raises its revenue through registration fees. The office was a self-funding entity and received R3.5 million from the department in 2006/07.

Expenditure increased from R133.7 million in 2006/07 to R412 million in 2009/10, at an average annual rate of 45.5 per cent. This was due to spending in compensation of employees and goods and services for: increased capacity, the upgrading of computer systems through the implementation of the enterprise content management solution, and the move to a new building in 2010/11. Over the medium term, expenditure is expected to decrease to R389.5 million, at an average annual rate of 1.9 per cent.

## **Companies and Intellectual Property Commission**

### **Strategic overview**

The Companies and Intellectual Property Commission will be established in terms of the Companies Act (2008) to enforce intellectual property and company laws, including the registration of companies. The commission will be a merger between the Companies and Intellectual Property Registration Office, the Office of Company Intellectual Property Enforcement, the Office of Consumer Protection, and the National Liquor Authority. The commission aims to be operational by mid-June 2010.

The role of the commission will be to: efficiently and effectively register local and external companies; accurately maintain proper records and information on companies; promote the reliability of financial statements by monitoring patterns of compliance and non-compliance with financial reporting standards; make recommendations to the Financial Reporting Standards Council for amendments to financial reporting standards to secure reliability and compliance; and advise the minister on national policy as it relates to company and intellectual property law.

The objectives of the Companies and Intellectual Properties Commission are: the effective and efficient registration of companies and intellectual property rights; the maintenance and provision of accurate, timely and relevant information concerning companies, corporate entities and intellectual property rights; the promotion of education on company and intellectual property laws and related matters; the promotion of compliance with and enforcement of the Companies Act (2008) and other legislation; and the harmonisation of company law with international best practice.

Under the new act, the commission will have a wider mandate than the current entities. Functions will be streamlined to enable more efficient company registrations, investigations, inspections, and better coordination with other law enforcement bodies. The required organisational structure has been developed on the basis of extensive research on existing departments.

### **Service delivery focus**

A quality performance management system will be established to monitor the results of activities, track progress and make informed decisions, and will also serve as a communication tool for internal and external stakeholders.

The commission aims to improve the regulatory framework that affects the development of SMMEs.

### **Expenditure trends**

Funding of R27.1 million has been made available over the MTEF period for the establishment of the new commission (R8.9 million in 2010/11, R14 million in 2011/12 and R4.2 million in 2012/13). Growth over the medium term is at an average annual rate of 32 per cent.

## **National Consumer Commission**

### **Strategic overview**

The Consumer Protection Act (2008) establishes the National Consumer Commission. The commission is a listed entity of the Department of Trade and Industry.

Its mandate is to ensure the enforcement of consumer legislation by establishing a supportive regulatory framework to achieve and maintain a consumer market that is fair, accessible, efficient and sustainable, and to promote and protect the economic interests of consumers. Focused interventions will include: reducing and improving any disadvantages in accessing goods or services; protecting consumers from hazards to their wellbeing and safety; promoting fair business practices; developing effective means of redress for consumers; improving consumer awareness and information, and encouraging empowered, responsible consumer behaviour; facilitating consumer advocacy groups; and promoting consumer participation in decision making about the marketplace and their interests.

The department of Trade and Industry is in the process of establishing the commission. Over the medium term, the focus will be on building infrastructure and capacity. An immediate priority is to embark on awareness campaigns about the Consumer Protection Act (2008) and its application.

### Expenditure trends

The National Consumer Commission had an allocation of R9.9 million in 2009/10. The medium term allocations are R24.8 million, R33 million and R41.6 million.

## National Credit Regulator

### Strategic overview: 2006/07 – 2012/13

The National Credit Regulator was instituted by the National Credit Act (2005). Its primary purpose is to regulate the consumer credit industry in order to improve consumer protection and the efficiency and fairness of the end user credit market. The main objectives of the National Credit Regulator are: to provide education, do research, develop policy, register industry participants and investigate complaints; to promote the development of an accessible credit market, and particularly to address the needs of historically disadvantaged and other marginalised people and communities; to register all credit providers, credit bureaus and debt counsellors; and to enforce compliance with the National Credit Act (2005).

### Savings and cost effective service delivery

The National Credit Regulator is currently operating at 23 per cent below capacity and will therefore continue to appoint additional staff. The regulator is also conducting a business process re-engineering exercise to identify inefficiencies in its processes.

### Selected performance indicators

Table 35.23 National Credit Regulator

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Average turnaround time in days for approval of correct and complete registration	Registrations	15	9	10	10	10	10	10
Number of consumers reached per year	Education	43 780	32 090	37 873	36 000	25 000	25 000	25 000
Number of debt counsellors registered per year	Debt counselling	-	336	834	600	300	210	200

### Service delivery focus

In 2008/09, the regulator, along with the Deaf Federation of South Africa and the South African Council for the Blind, conducted trainer programmes on the functions of the National Credit Act (2005) and the regulator. The regulator published its first consumer credit report, and ensured that several illegal practices, such as contravening the National Credit Act (2005) by charging higher interest rates, were terminated. The regulator also registered 3 690 credit providers, 11 credit bureaus and 834 debt counsellors.

### Expenditure estimates

Table 35.24 National Credit Regulator: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>6 714</b>	<b>23 628</b>	<b>33 028</b>	<b>34 172</b>	<b>30 990</b>	<b>37 296</b>	<b>34 190</b>
Sale of goods and services other than capital assets <i>of which:</i>	4 919	18 169	26 236	30 172	26 190	34 896	31 485
<i>Admin fees</i>	4 919	18 169	26 236	30 172	26 190	34 896	31 485
<i>Other non-tax revenue</i>	1 795	5 459	6 792	4 000	4 800	2 400	2 705

Table 35.24 National Credit Regulator: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Transfers received	37 854	45 915	34 513	44 619	49 653	52 607	53 000
<b>Total revenue</b>	<b>44 568</b>	<b>69 543</b>	<b>67 541</b>	<b>78 791</b>	<b>80 643</b>	<b>89 903</b>	<b>87 190</b>
<b>Expenses</b>							
Current expense	44 426	52 331	52 833	78 791	80 643	89 903	87 190
Compensation of employees	14 653	23 052	25 691	36 624	44 603	49 398	52 884
Goods and services	28 220	27 906	27 688	40 797	34 522	38 913	32 616
Depreciation	1 551	1 362	(560)	1 361	1 511	1 591	1 686
Interest, dividends and rent on land	2	11	14	9	7	1	4
Transfers and subsidies	-	13 702	-	-	-	-	-
<b>Total expenses</b>	<b>44 426</b>	<b>66 033</b>	<b>52 833</b>	<b>78 791</b>	<b>80 643</b>	<b>89 903</b>	<b>87 190</b>
<b>Surplus / (Deficit)</b>	<b>142</b>	<b>3 510</b>	<b>14 708</b>	<b>-</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

### Expenditure trends

Total expenditure increased from R44.4 million in 2006/07 to R78.8 million in 2009/10, at an average annual rate of 21 per cent. Expenditure over the MTEF period is expected to reach R87.2 million in 2012/13, growing at an average annual rate of 3.4 per cent. The increase in expenditure is mainly due to increased infrastructure expenditure and the appointment of additional staff.

## National Consumer Tribunal

### Strategic overview: 2006/07 – 2012-2013

The National Consumer Tribunal was established in terms of the National Credit Act (2005). The purpose of the act is to ensure equity in the credit market and balance the rights and responsibilities of credit providers and consumers. As an independent body, the tribunal's mandate is to hear and decide on cases involving consumers, credit providers, debt counsellors and credit bureaus. It is also responsible for reviewing decisions made by the National Credit Regulator.

In terms of the National Credit Act (2005), matters before the tribunal need to be dealt with expeditiously and the tribunal will, over the medium term, be developing an integrated strategy to handle applications and referrals. The tribunal has introduced pre-trial conferences, which will assist in identifying key issues before a hearing can take place. Directives about witnesses and information required are issued before a hearing to avoid unnecessary postponements and delays.

Over the medium term, the tribunal will develop and finalise the rules for its new extended mandate in terms of consumer protection legislation. The tribunal will be implementing a human resource strategy to ensure that it is adequately resourced with staff and expertise. Creating awareness of the tribunal will also be an important focus. The tribunal will be embarking on an information campaign in all the provinces to introduce the tribunal to its key stakeholders and explain its role and functions.

### Savings and cost effective service delivery

The tribunal has made various changes to its systems to promote efficiency: an average of 11 consent order applications are allocated to a single tribunal member, who is able to hear them in one day; suppliers will now register on the tribunal's database, enabling the tribunal to negotiate more competitive prices and value for money from a wider pool; the case management and records management systems will enable the tribunal to get accurate management information quickly, and the automation will result in staff members spending less time on collating management information for reporting purposes.

## Selected performance indicators

Table 35.25 National Consumer Tribunal

Indicators	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10*	2010/11	2011/12	2012/13
Number of cases adjudicated per year	Ensuring the effective adjudication of cases	–	2	12	22	100	120	80
Number of decisions overturned on review or appeal per year	Positioning the tribunal as an authoritative adjudicative body	–	–	–	–	–	–	–
Number of notices of filings published on the website per year	Creating awareness of the role and function of the tribunal	–	6	14	12	100	120	80
Number of joint education programmes with provincial offices and courts per year	Forging mutually supportive strategic alliances	–	3	6	1	6	6	9
Number of workshops with tribunal members and staff per year	Optimising the capacity of tribunal members and staff	–	3	3	4	4	4	4
Number of reference papers developed from case analyses per year	Optimising the capacity of tribunal members and staff	–	8	4	4	4	8	8

\*As at 30 September

## Service delivery focus

In 2008/09, 26 matters were recorded with the tribunal, of which 3 were applications by the National Credit Regulator to enforce the provisions of the National Credit Act (2005), 2 were applications to review the decisions of the regulator, 4 were consent order applications, and 9 were applications for interim relief. 6 joint education programmes were held with provincial consumer offices to develop a consistent regulatory approach and clarify the role, functions and processes of the tribunal. 4 research and 4 reference papers were developed, and by the end of September 2009 the tribunal had received 179 applications, the majority of which were consent order applications. The tribunal adjudicated on 12 matters and none were overturned.

In 2009/10, the tribunal engaged with its various key stakeholders to discuss their expectations for developing a service charter to improve service delivery and interactions with stakeholders. In September 2009, 1 joint education programme was held with the different provincial offices to share knowledge and expertise on their roles and functions in interfacing with the tribunal. Another 5 are planned to be held by the end of March 2010. The tribunal updated its compliance register and aims to ensure that all key required policies are in place. The tribunal has begun streamlining all its policies to create a framework that is easier to implement.

## Expenditure estimates

Table 35.26 National Consumer Tribunal: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	–	35	344	491	593	680	678
Sale of goods and services other than capital assets	–	1	8	33	16	17	19
<i>of which:</i>							
<i>Other sales</i>	–	1	8	33	16	17	19
<i>Other non-tax revenue</i>	–	34	336	458	577	663	659

Table 35.26 National Consumer Tribunal: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Transfers received	4 000	7 193	11 242	17 519	22 059	26 833	31 500
<b>Total revenue</b>	<b>4 000</b>	<b>7 228</b>	<b>11 586</b>	<b>18 010</b>	<b>22 652</b>	<b>27 513</b>	<b>32 178</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 586</b>	<b>6 102</b>	<b>12 454</b>	<b>18 010</b>	<b>22 652</b>	<b>27 513</b>	<b>32 178</b>
Compensation of employees	198	1 334	3 189	5 750	6 707	7 378	8 715
Goods and services	1 388	4 370	8 749	11 730	15 176	19 201	22 514
Depreciation	-	356	423	530	769	934	949
Interest, dividends and rent on land	-	42	93	-	-	-	-
<b>Total expenses</b>	<b>1 586</b>	<b>6 102</b>	<b>12 454</b>	<b>18 010</b>	<b>22 652</b>	<b>27 513</b>	<b>32 178</b>
<b>Surplus / (Deficit)</b>	<b>2 414</b>	<b>1 126</b>	<b>(868)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Expenditure trends

The tribunal generates revenue from transfers from the department. Revenue increased from R4 million in 2006/07 to R18 million by 2009/10 at an average annual rate of 65.1 per cent. Over the MTEF period, revenue is expected to increase to R32.2 million.

Expenditure increased significantly from R1.6 million in 2006/07 to R18.1 million in 2009/10, at an average annual rate of 124.5 per cent. This was mainly due to increases in staff, and expenditure on goods and services as the tribunal ramps up its operations. Over the medium term, expenditure is expected to increase to R32.2 million at an average annual rate of 21.4 per cent.

There was a shortfall of R900 000 in 2008/09, which was funded from the previous years' surpluses.

## National Gambling Board

### Strategic overview: 2006/07 – 2012/13

The mandate of the National Gambling Board is to provide strategic leadership and guide gambling activities towards the national policy framework. The board is responsible for implementing the National Gambling Act (2004). It is a catalyst for creating a credible South African gambling environment.

Its key policy strategic objectives and the supporting business strategic objectives over the medium term are: to be the portal for gambling information; to oversee regulatory functions; to provide policy advice on gambling related matters; to build the integrity of the industry by ensuring compliance with all relevant legislation; to promote a responsible gambling environment and public protection; to maintain good stakeholder relations and to maintain good corporate governance and efficient management systems.

Specifically, a key focus over the MTEF period will be comprehensive reviews of the socioeconomic impact of gambling and the impact of technology on the industry. Regulatory adjustments will be proposed based on the outcomes. The board will also work closely with the police and the Asset Forfeiture Unit to develop a plan to clamp down on illegal operators.

### Savings and cost effective service delivery

In 2009, the National Gambling Board agreed with provinces that the board's oversight function will be performed by desktop every alternative year. This will save time and travel costs for the board. Provincial staff has also been trained on the Financial Intelligence Centre Act (2001) inspection processes. Once they take up these responsibilities there will be further savings for board.

## Selected performance indicators

Table 35.27 National Gambling Board

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of people trained to do inspections per year	Industry compliance with Financial Intelligence Centre Act (2001)	33	72	44	84	86	106	106
Number of licences issued per year	Harmonised regulatory framework across the country	–	–	–	10	10	10	10
Number of national databases developed, implemented and maintained per year	Compliance	2	2	1	–	–	–	–
Number of oversight inspections per province per year	Compliance	1	–	1	1	2	2	2
Number of illegal gambling activities registered per year	Law enforcement	752	800	9	18	18	18	18
Number of research projects conducted per year	Review of the legislative framework	1	–	3	1	1	1	1

## Service delivery focus

In 2008/09, a national database for machine and devices, information sharing and probity systems was developed and rolled out. A pilot study was conducted to implement a self exclusion system, and all regulators and operators were connected to load and use the system. Provinces, route operators and casinos were fully trained on implementing the registers. The board completed consultations with industry stakeholders to roll out the database. The board introduced uniform norms and standards on tote rules in the racing and betting industry, and uniform audit programmes were designed for the bookmaker industry.

In 2008/09, the board also: completed 44 Financial Intelligence Centre Act (2001) inspections in the bookmaker industry; conducted a research study on the socioeconomic impact of legalised gambling in South Africa; increased its baseline by R2 million; and was granted, on behalf of the industry, fully compliant status by the international Financial Action Task Force. The National Gambling Policy Council approved level 2 of BEE codes of good practice as a uniform standard for the gambling industry, to be achieved by 2015.

The board's focus over the medium term will be to increase enforcement of the National Gambling Act (2004) and to advise the minister on South Africa's policy stance on illegal gambling.

## Expenditure estimates

Table 35.28 National Gambling Board: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>303</b>	<b>673</b>	<b>1 227</b>	<b>902</b>	<b>303</b>	<b>893</b>	<b>720</b>
Sale of goods and services other than capital assets	–	–	–	168	–	–	–
<i>of which:</i>							
<i>Sales by market establishments</i>	–	–	–	168	–	–	–
<i>Other non-tax revenue</i>	303	673	1 227	734	303	893	720
<b>Transfers received</b>	<b>19 645</b>	<b>18 855</b>	<b>18 195</b>	<b>21 570</b>	<b>22 000</b>	<b>23 605</b>	<b>25 000</b>
<b>Total revenue</b>	<b>19 948</b>	<b>19 528</b>	<b>19 422</b>	<b>22 472</b>	<b>22 303</b>	<b>24 498</b>	<b>25 720</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>20 985</b>	<b>18 971</b>	<b>19 202</b>	<b>22 304</b>	<b>22 303</b>	<b>24 498</b>	<b>25 720</b>
Compensation of employees	8 951	6 665	7 990	10 748	11 660	13 335	14 133
Goods and services	11 805	12 089	10 879	11 192	10 319	10 859	11 263
Depreciation	210	196	311	334	324	304	324
Interest, dividends and rent on land	19	21	22	30	–	–	–
<b>Total expenses</b>	<b>20 985</b>	<b>18 971</b>	<b>19 202</b>	<b>22 304</b>	<b>22 303</b>	<b>24 498</b>	<b>25 720</b>
<b>Surplus / (Deficit)</b>	<b>(1 037)</b>	<b>557</b>	<b>220</b>	<b>168</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Expenditure trends

The board is funded mainly by transfers from the Department of Trade and Industry. Between 2006/07 and 2009/10, these transfers increased marginally at an average annual rate of 3.2 per cent, from R19.6 million to R21.6 million. Over the MTEF period, transfers are projected to increase at an average annual rate of 5 per cent to R25 million in 2012/13.

Expenditure increased marginally from R21 million in 2006/07 to R22.3 million in 2009/10, at an average annual rate of 2.1 per cent. This was due to savings from vacancies not filled because new structures were to be implemented for national databases and internet gambling. The savings were offset by an increase in operational costs in 2007/08, as the interactive gambling activities were implemented. In addition, Financial Intelligence Centre Amendment Act (2008) activities are more focused on Financial Action Task Force reviews, which involve less travelling.

In 2006/07, the National Gambling Board closed with a deficit of R1 million. As a result, the board implemented stringent cost saving mechanisms, which included doing as much as possible in-house and using the desktop approach where appropriate. These measures resulted in a surplus of R557 000 in 2007/08.

## Estate Agency Affairs Board

### Strategic overview: 2006/07 – 2012/13

The Estate Agency Affairs Board was established by the Estate Agency Affairs Act (1976). It is self-financing.

The board's dual objectives are to maintain and promote the standard of conduct of estate agents and to regulate their activities. The board has served as the statutory regulator of the estate agency industry for 31 years. It is responsible for the administration of the Estate Agents Fidelity Fund, to which all estate agents contribute annually. The board provides services to estate agents, and administers the qualifying examination for estate agents.

Over the medium term, the board will pursue the following strategic initiatives: establish or outsource an inspectorate function for legislative compliance; increase public awareness of the professional status, qualifications and training standards of registered estate agents; and increase estate agents' awareness of the benefits of being a registered member of the board. The aim of these initiatives is to enhance compliance with legislation and coverage in the industry.

### Savings and cost effective service delivery

Although the board will be expanding to improve capacity, significant savings are envisaged on: consulting fees, due to increased in-house capacity; effective insurance policies to eliminate fruitless expenditure; and reduced audit fees due to improved internal control systems.

### Selected performance indicators

Table 35.29 Estate Agency Affairs Board

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of inspections per year	Inspections	–	8	8	9	12	12	12
Turnaround time (days) for issuing Fidelity Fund certificates*	Processing of Fidelity Fund certificates	30	30	14	7	1	1	1
Number of awareness campaigns per year	Awareness campaigns	8	9	9	12	16	16	16
Number of registered estate agents per year	Registrations	69 923	63 029	43 556	42 000	45 000	50 000	55 000
Number of skills development workshops for registered estate agents per year	Skills development	–	–	–	4	4	4	4

\*The issuing of these certificates had previously taken 30 days due to the time it takes banks to clear cheques. This process is being phased out.

### Service delivery focus

In 2009/10, the board carried out inspections through visits to estate agents' premises to ensure compliance with the Estate Agency Affairs Act (1976) and the Financial Intelligence Centre Act (2001). The board also managed

the qualification standards for the profession and the examination of estate agents, and created consumer awareness of real estate transactions through consumer education and financial literacy programmes. Financial, administrative and institutional capacity was developed for the board and the Estate Agents Fidelity Fund, and the board provided developmental support and capacity for registered estate agents.

In 2009/10, specific operational activities included: an increase in staff with the proposed establishment of an inspectorate department; the rollout of the new educational dispensation for estate agents, which required extensive marketing and public awareness campaigns; the introduction of the professional designation examination and the continuing professional development programme, which required increased marketing and public awareness efforts; extensive consumer awareness and financial literacy campaigns; the establishment of multi-listing systems targeted at previously disadvantaged individuals; the establishment of a knowledge management system, including a records management system, to improve the management of information; and increased attention to assisting previously disadvantaged estate agents in the current severe economic climate.

## Expenditure estimates

Table 35.30 Estate Agency Affairs Board: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>60 070</b>	<b>65 363</b>	<b>53 839</b>	<b>61 407</b>	<b>61 082</b>	<b>65 022</b>	<b>69 869</b>
Sale of goods and services other than capital assets	55 841	59 492	45 466	49 745	55 545	59 475	64 234
<i>of which:</i>							
<i>Sales by market establishments</i>	55 841	59 492	45 466	49 745	55 545	59 475	64 234
<i>Other non-tax revenue</i>	4 229	5 871	8 373	11 662	5 537	5 547	5 635
<b>Total revenue</b>	<b>60 070</b>	<b>65 363</b>	<b>53 839</b>	<b>61 407</b>	<b>61 082</b>	<b>65 022</b>	<b>69 869</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>27 153</b>	<b>40 269</b>	<b>52 811</b>	<b>55 455</b>	<b>58 461</b>	<b>62 682</b>	<b>67 323</b>
Compensation of employees	15 044	17 990	27 069	32 551	33 360	36 028	38 911
Goods and services	10 131	20 868	24 251	21 313	23 356	24 769	26 377
Depreciation	1 978	1 411	1 491	1 591	1 745	1 885	2 035
<b>Total expenses</b>	<b>27 153</b>	<b>40 269</b>	<b>52 811</b>	<b>55 455</b>	<b>58 461</b>	<b>62 682</b>	<b>67 323</b>
<b>Surplus / (Deficit)</b>	<b>32 917</b>	<b>25 094</b>	<b>1 028</b>	<b>5 952</b>	<b>2 621</b>	<b>2 340</b>	<b>2 546</b>
<b>Statement of financial position</b>							
Carrying value of assets	16 649	23 817	23 698	61 330	60 954	59 467	57 863
<i>of which: Acquisition of assets</i>	271	2 534	1 515	58 363	1 369	398	431
Investments	18 435	60 029	73 328	35 221	37 235	37 235	37 235
Inventory	86	373	357	558	317	317	317
Loans	12 318	–	–	–	–	–	–
Receivables and prepayments	1 589	964	616	2 418	2 630	2 630	2 630
Cash and cash equivalents	18 326	16 229	4 176	2 198	3 389	4 876	6 480
Assets not classified elsewhere	–	843	843	843	843	843	843
<b>Total assets</b>	<b>67 403</b>	<b>102 255</b>	<b>103 018</b>	<b>102 568</b>	<b>105 368</b>	<b>105 368</b>	<b>105 368</b>
Accumulated surplus/deficit	62 726	93 347	94 380	100 330	102 951	102 951	102 951
Trade and other payables	4 380	7 354	7 259	1 179	1 273	1 273	1 273
Provisions	297	1 554	1 378	1 059	1 144	1 144	1 144
<b>Total equity and liabilities</b>	<b>67 403</b>	<b>102 255</b>	<b>103 017</b>	<b>102 568</b>	<b>105 368</b>	<b>105 368</b>	<b>105 368</b>

## Expenditure trends

The Estate Agency Affairs Board generates revenue from fees and contributions from registered estate agents. It does not receive any transfers from the department.

Revenue fluctuated between R60 million in 2006/07, R65.4 million in 2007/08, R53.8 million in 2008/09 and R61.4 million in 2009/10, at an average annual rate of 0.7 per cent. Over the medium term, revenue is expected

to increase moderately at an average annual rate of 4.4 per cent, from R61.4 million in 2009/10 to R69.9 million in 2012/13. This is due to the lower number of estate agents expected to register.

Expenditure increased from R27.2 million in 2006/07 to R55.5 million in 2009/10, at an average annual rate of 26.8 per cent. In 2009/10, provision has been made for capital expenditure of R58 million for: an investment in improved office premises due to an increase in staff and the acquisition of motor vehicles for administration. The acquisition of the new premises will be funded from the proceeds of the sale of the existing building together with accumulated reserves.

Over the MTEF period, expenditure is expected to increase from R55.5 million in 2009/10 to R67.3 million in 2012/13, at an average annual rate of 6.6 per cent.

## National Lotteries Board

### Strategic overview: 2006/07 – 2012/13

The National Lotteries Board was established in terms of the National Lotteries Act (1997) as amended. The board monitors and enforces the implementation of the national lottery and the establishment of private lotteries and promotional competitions. In addition, the board manages the National Lottery Distribution Trust Fund, which distributes proceeds from its share of the lottery sales to worthy causes.

The major objectives for 2010/11 and over the medium term include: improving the regulation of the national lottery; increasing the board's capacity; improving National Lottery Distribution Trust Fund distribution; developing the stakeholder interface; assuming a bigger leadership role in grant making; improving legislation; and improving communications. The overall aim is to ensure adequate protection for national lottery participants, to increase capacity and service delivery, and to improve distributions through the National Lottery Distribution Trust Fund.

### Savings and cost effective service delivery

The National Lotteries Board continues to work towards more cost effective delivery by improving the management of the National Lottery Distribution Trust Fund. A review of the turnaround time for processing payments for approval is currently under way.

### Selected performance indicators

Table 35.31 National Lotteries Board

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/2011	2011/12	2012/13
Value of operator ticket sales per year	National lottery regulation	R3.8bn	R2bn	R3.5bn	R4.4bn	R4.6bn	R4.6bn	R4.6bn
Value of contribution to the National Lotteries Distribution Trust Fund Per year	National lottery regulation	R1.3bn	R690 000	R1.5bn	R1.5bn	R1.6bn	R1.6bn	R1.6bn
Value of National Lotteries Distribution Trust Fund grant commitments per year	National lottery distribution	R760m	R860m	R1.4bn	R2.2bn	R2.4bn	R2.5bn	R2.7bn
Actual cash disbursed Per year	National lottery distribution	R790m	R630m	R950m	R2.1bn	R2.3bn	R2.5bn	R2.7bn
Number of site visits to grant beneficiaries per year	National lottery distribution	35	50	234	–*	–	–	–
Number of site visits to retailers per year	National lottery distribution	20	–	613	800	800	800	800
Percentage of lotto outlets visited	National lottery distribution	–	–	10	10	10	10	10

\*Minimum requested by distributing agency

### Service delivery focus

Sales of lottery products have remained a challenge since problems in finding a suitable operator arose in 2007. However, a strategy aimed at reviving sales was formulated, and implemented in 2009/10. A gambling impact

study will be conducted in 2010/11. Distributing agencies are operational and have disbursed R7.6 billion to 11 000 beneficiaries since inception. To improve sector funding distributions, the entity is conducting needs based research per sector. 3 studies were concluded in 2008/09, and further research will be initiated after discussions with the minister and anticipated changes to the Lotteries Act (1997).

Since 2008/09, the focus has been on developing a regional presence, and interventions to improve communications with stakeholders have led to the identification of 3 regional pilot sites in Limpopo, Mpumalanga and Eastern Cape. Initiatives to improve performance standards have also started, and as changes are implemented the capacity of the entity will be expanded by appointing 30 additional staff. The opening of regional offices will be phased in over the next 3 years, and a monitoring and evaluation unit is in the process of being established.

## Expenditure estimates

Table 35.32 National Lotteries Board: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 623 660</b>	<b>1 316 259</b>	<b>2 227 749</b>	<b>2 051 618</b>	<b>2 001 656</b>	<b>1 986 686</b>	<b>1 971 716</b>
Sale of goods and services other than capital assets <i>of which:</i>	1 303 096	856 028	1 540 337	1 501 338	1 551 356	1 561 356	1 571 356
<i>Proceeds from Lottery Operator</i>	1 283 687	694 207	1 540 337	1 500 000	1 550 000	1 560 000	1 570 000
<i>Other sales</i>	19 409	161 821	–	1 338	1 356	1 356	1 356
<i>Interest</i>	320 564	460 231	687 412	550 280	450 300	425 330	400 360
<b>Total revenue</b>	<b>1 623 660</b>	<b>1 316 259</b>	<b>2 227 749</b>	<b>2 051 618</b>	<b>2 001 656</b>	<b>1 986 686</b>	<b>1 971 716</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>29 543</b>	<b>85 885</b>	<b>94 169</b>	<b>109 029</b>	<b>131 538</b>	<b>139 711</b>	<b>150 614</b>
Compensation of employees	12 047	13 672	23 817	36 689	45 666	50 233	55 256
Goods and services	12 803	54 611	25 610	37 334	48 069	49 378	53 008
Depreciation	360	424	1 846	2 006	2 553	2 600	2 600
Interest, dividends and rent on land	4 333	17 178	42 896	33 000	35 250	37 500	39 750
<b>Transfers and subsidies</b>	<b>739 122</b>	<b>830 224</b>	<b>1 275 813</b>	<b>2 200 000</b>	<b>2 350 000</b>	<b>2 500 000</b>	<b>2 650 000</b>
<b>Total expenses</b>	<b>768 665</b>	<b>916 109</b>	<b>1 369 982</b>	<b>2 309 029</b>	<b>2 481 538</b>	<b>2 639 711</b>	<b>2 800 614</b>
<b>Surplus / (Deficit)</b>	<b>854 995</b>	<b>400 150</b>	<b>857 767</b>	<b>(257 411)</b>	<b>(479 882)</b>	<b>(653 025)</b>	<b>(828 898)</b>
<b>Statement of financial position</b>							
Carrying value of assets	701	5 163	8 075	9 269	9 016	8 941	8 941
<i>of which: Acquisition of assets</i>	139	4 886	4 777	3 200	2 300	2 525	2 600
Investments	3 176 327	3 705 962	4 646 023	4 388 612	3 908 730	3 255 705	2 426 807
Receivables and prepayments	102 150	64 513	56 955	50 150	51 150	52 150	52 150
Cash and cash equivalents	1 148 608	1 277 395	1 574 825	1 503 500	1 403 500	1 204 000	1 004 000
Assets not classified elsewhere	(701)	(5 163)	(8 075)	–	–	–	–
<b>Total assets</b>	<b>4 427 085</b>	<b>5 047 870</b>	<b>6 277 803</b>	<b>5 951 531</b>	<b>5 372 396</b>	<b>4 520 796</b>	<b>3 491 898</b>
Accumulated surplus/deficit	2 992 015	3 392 165	4 249 932	3 992 521	3 512 639	2 859 614	2 030 716
Trade and other payables	10 376	17 246	20 755	3 500	3 650	3 800	4 000
Provisions	1 424 694	1 638 459	2 007 116	1 948 780	1 850 685	1 653 268	1 454 376
Liabilities not classified elsewhere	–	–	–	6 730	5 422	4 114	2 806
<b>Total equity and liabilities</b>	<b>4 427 085</b>	<b>5 047 870</b>	<b>6 277 803</b>	<b>5 951 531</b>	<b>5 372 396</b>	<b>4 520 796</b>	<b>3 491 898</b>

## Expenditure trends

The operations of the National Lotteries Board are funded from own resources. The board does not receive any funding from the department. Additional funding required for operational expenses may be drawn from the National Lottery Distribution Trust Fund. Interest revenue received by the trust fund refers to interest earned on funds received from the licence holders.

Revenue increased from R1.6 billion in 2006/07 to R2.1 billion in 2009/10, at an average annual rate of 9.5 per cent. This is due to increased proceeds from lottery operations. In 2007/08, revenue decreased by R307.4 million, due to lower interest rates on investments and a lower invested funds value due to quicker turnaround times in processing payments to grant beneficiaries. Over the medium term, revenue is expected to decrease marginally to R2 billion, at an average annual rate of 1.6 per cent. Proceeds from the lottery operator are more constant over the medium term, due to the terms of agreement in the contract with the operator.

Transfers and subsidies, which are the largest expenditure item, reflect allocations to charity, arts and culture, and sport organisations. Transfers and subsidies increased from R739.1 million in 2006/07 to R2.2 billion in 2009/10 at an average annual rate of 43.8 per cent. Over the medium term, transfers and subsidies are expected to increase to R2.65 billion, at an average annual rate of 6.4 per cent. This is as a result of the greater volume and average value of successful applications for funding, and more frequent distributing agency meetings for reviewing the applications.

## Programme 6: The Enterprise Organisation

- *Incentive Administration* manages and implements existing incentive schemes. Provision is made under this subprogramme for the following transfers to public entities and incentive schemes:
  - Coega Development Corporation for bulk infrastructure development at the industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the corporation.
  - East London Industrial Development Zone Corporation for bulk infrastructure development at this industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the corporation.
  - Richards Bay Industrial Development Zone Company for bulk infrastructure development at this industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the company.
  - critical infrastructure programme for bulk infrastructure development. The grants payable are based on qualifying projects.
  - black business supplier development programme for incentives to qualifying companies through which black business suppliers are being supported. The grants payable are based on approved applications.
  - business process outsourcing programme for incentives to qualifying companies through which support is provided to establishing call centres in South Africa. The grants payable are based on approved applications.
  - cooperatives incentive scheme for incentives to qualifying companies through which cooperative enterprises in the emerging economy acquire business development services. The grants payable are based on approved applications.
  - enterprise development for the small and medium enterprise development programme for incentives to qualifying companies through which a grant is payable to local and foreign investors starting or expanding current operations. The grants payable are based on qualifying assets and projects.
  - small and medium manufacturing development programme for incentives to qualifying companies through which grants are payable to local and foreign investors starting or expanding current operations. The grants payable are based on qualifying assets and projects.
  - export marketing and investment assistance programme for incentives to qualifying companies through which costs of developing export markets are partially compensated. The grants payable are based on approved applications.

- film and television production incentive scheme for incentives to qualifying companies through which film and television productions in South Africa are supported. The grants payable are based on approved applications.
- staple food fortification programme for incentives in support of the grain milling industry for buying and installing capital equipment for staple food fortification. The amount payable is based on the calculation in terms of mill size as a percentage of the qualifying costs to a maximum of R40 000 per complete fortification unit.
- automotive production and development programme for incentives to qualifying motor vehicle manufacturers in South Africa. The grants payable are based on approved applications.
- *New Incentive Development* develops packages of incentives to support the national industrial development policy and sector strategies. Funding in this subprogramme will provide for human capacity in terms of research and policy development.
- *Business Development and After-Care* facilitates access to targeted enterprises. Funding in this subprogramme will provide for human resources to do reviews on incentive schemes in order to determine the impact of those schemes and how the lessons learned can contribute to the improvement of new schemes being developed.

### **Objectives and measures**

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

### **Service delivery focus**

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

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

budgetary constraints in the programme. Performance targets over the past 3 years have not been met due to the global economic downturn and the resulting low investment.

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

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

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

## Expenditure estimates

Table 35.33 The Enterprise Organisation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Incentive Administration	1 425 334	2 552 243	2 388 408	3 342 637	3 152 359	3 460 843	3 749 083
New Incentive Development	2 815	3 126	3 211	5 343	9 734	10 035	10 522
Business Development and After-Care	6 116	7 736	9 080	8 904	13 203	13 612	14 044
<b>Total</b>	<b>1 434 265</b>	<b>2 563 105</b>	<b>2 400 699</b>	<b>3 356 884</b>	<b>3 175 296</b>	<b>3 484 490</b>	<b>3 773 649</b>
Change to 2009 Budget estimate				(83 099)	306 451	450 482	587 941

Table 35.33 The Enterprise Organisation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>	<b>41 773</b>	<b>50 685</b>	<b>71 398</b>	<b>121 700</b>	<b>119 827</b>	<b>124 174</b>	<b>132 425</b>
Compensation of employees	32 281	38 928	49 092	90 391	87 389	90 244	96 500
Goods and services	9 492	11 757	22 306	31 309	32 438	33 930	35 925
<i>of which:</i>							
Administrative fees	204	310	42	–	–	–	–
Advertising	158	142	355	353	350	375	400
Assets less than the capitalisation threshold	5	18	147	266	250	275	300
Bursaries: Employees	–	84	176	–	–	–	–
Catering: Departmental activities	33	146	172	200	150	160	170
Communication	155	259	287	695	700	750	800
Computer services	833	1 111	1 018	678	–	–	–
Consultants and professional services: Business and advisory services	1 969	1 776	5 127	11 867	12 500	13 000	14 000
Consultants and professional services: Legal costs	929	520	1 167	105	500	550	600
Contractors	1	189	39	10	150	200	250
Agency and support / outsourced services	250	–	862	50	–	–	–
Entertainment	1	4	1	40	66	70	75
Inventory: Other consumables	2	22	3	20	22	25	30
Inventory: Stationery and printing	1 081	993	1 302	1 600	1 800	2 000	2 200
Lease payments	40	1	29	–	–	–	–
Property payments	17	6	–	50	–	–	–
Travel and subsistence	3 233	4 968	9 130	13 550	14 000	14 500	15 000
Training and development	2	5	590	–	–	–	–
Operating expenditure	248	388	261	295	350	375	400
Venues and facilities	331	815	1 598	1 530	1 600	1 650	1 700
<b>Transfers and subsidies</b>	<b>1 391 882</b>	<b>2 511 756</b>	<b>2 326 705</b>	<b>3 234 142</b>	<b>3 055 469</b>	<b>3 360 316</b>	<b>3 641 224</b>
Provinces and municipalities	58 222	–	–	–	–	–	–
Public corporations and private enterprises	1 333 660	2 511 605	2 326 695	3 234 142	3 055 469	3 360 316	3 641 224
Households	–	151	10	–	–	–	–
<b>Payments for capital assets</b>	<b>610</b>	<b>664</b>	<b>750</b>	<b>1 042</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and equipment	610	664	750	1 042	–	–	–
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>1 846</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1 434 265</b>	<b>2 563 105</b>	<b>2 400 699</b>	<b>3 356 884</b>	<b>3 175 296</b>	<b>3 484 490</b>	<b>3 773 649</b>
<b>Details of transfers and subsidies</b>							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	58 200	–	–	–	–	–	–
Industrial Development Zones Grant	58 200	–	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	22	–	–	–	–	–	–
Regional Services Council levies	22	–	–	–	–	–	–

Table 35.33 The Enterprise Organisation (continued)

R thousand	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	<b>379 812</b>	<b>850 813</b>	<b>872 455</b>	<b>1 177 685</b>	<b>475 000</b>	<b>499 700</b>	<b>513 867</b>
Coega Development Corporation	249 812	725 963	718 425	859 889	475 000	499 700	513 867
East London Industrial Development Zone	130 000	124 850	154 030	249 373	-	-	-
Richards Bay Industrial Development Zone Company	-	-	-	68 423	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>759 937</b>	<b>1 177 377</b>	<b>1 230 412</b>	<b>1 727 953</b>	<b>2 271 553</b>	<b>2 541 346</b>	<b>2 739 465</b>
Business Process Outsourcing	-	35 588	104 994	130 000	223 060	233 064	223 951
Small and Medium Enterprise Development Programme	676 565	1 040 163	1 014 790	1 348 520	697 248	591 243	594 179
Film and Television Production Incentive	72 400	96 020	105 500	196 899	245 873	270 305	286 550
Manufacturing Development Programme Incentives	-	-	-	1	1	1	-
Sector Development Programme	-	-	-	-	4 800	3 108	3 192
Small and Medium Manufacturing Development Programme	10 972	5 606	4 652	3 357	1 226	1 300	1 335
Staple Food Fortification Programme	-	-	476	751	1	-	-
Industrial Development Zones: Other	-	-	-	4 475	5 644	983	1 010
Enterprise Investment Programme	-	-	-	28 950	346 700	524 542	603 894
Automotive Production and Development Programme: Production Allowance	-	-	-	15 000	747 000	916 800	1 025 354
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>105 698</b>	<b>123 200</b>	<b>148 777</b>	<b>222 865</b>	<b>193 236</b>	<b>200 730</b>	<b>206 150</b>
Black Business Supplier Development Programme	25 000	28 490	27 323	73 888	40 621	43 058	44 221
Co-operatives Incentive Scheme	3 753	-	9 330	34 544	41 617	39 414	40 478
Export Market and Investment Assistance	75 669	89 770	112 124	114 433	110 998	118 258	121 451
Sector Partnership Fund	-	-	-	-	-	-	-
South African Capital Goods Feasibility Study Fund	1 276	4 940	-	-	-	-	-
<b>Capital</b>	<b>88 213</b>	<b>360 215</b>	<b>75 051</b>	<b>105 639</b>	<b>115 680</b>	<b>118 540</b>	<b>181 742</b>
Critical Infrastructure Programme	88 213	60 215	75 051	105 639	115 680	118 540	181 742
Critical Infrastructure Programme: ALCAN Aluminium Smelter	-	300 000	-	-	-	-	-
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>-</b>	<b>151</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee Leave Gratuity	-	151	10	-	-	-	-

## Expenditure trends

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

spending on the small and medium enterprise development programme and the film and television production incentive from 2007/08 to 2009/10. In 2007/08, R300 million was allocated to the critical infrastructure programme for the Alcan aluminium smelter.

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

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

## Programme 7: Trade and Investment South Africa

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing an investment recruitment, problem solving and information service to retain and expand investment in South Africa and into Africa.
- *Export Development and Promotion* develops new and existing South African exporter capabilities to grow exports. It provides information, financial support and practical assistance to sustain organic growth in traditional markets and penetrates new high growth markets. Provision is made under this subprogramme for the following transfers and subsidies:
  - Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank) to undertake feasibility studies for capital goods and projects initiated by the World Bank. The amounts payable are based on approved projects of the World Bank.
  - Export Consultancy Trust Fund: International Finance Corporation to assist South African businesses to do business successfully with the International Finance Corporation as an investment in building a long term sustainable export strategy for South African goods and services. The amounts payable are based on the diligence investigations and pre-feasibility studies.
  - Export Credit Insurance Corporation to provide long term insurance and investment guarantees on behalf of government and to facilitate and encourage South African export trade by underwriting bank loans and investments outside the country to enable foreign buyers to purchase capital goods and services from South Africa. Funding is for the interest make-up scheme, which is administered by the Export Credit Insurance Corporation.
- *International Operations* is responsible for the effective management and administration of the department's foreign office network. Funding is provided for the remuneration of trade advisors and the costs of operating foreign trade offices.

### Objectives and measures

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

## Service delivery focus

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

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

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

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

## Expenditure estimates

Table 35.34 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Investment Promotion and Facilitation	28 380	24 631	33 681	44 891	42 275	45 533	49 736
Export Development and Promotion	169 061	153 447	172 702	158 707	157 114	163 710	149 949
International Operations	-	106 469	103 850	90 453	92 058	100 266	118 121
<b>Total</b>	<b>197 441</b>	<b>284 547</b>	<b>310 233</b>	<b>294 051</b>	<b>291 447</b>	<b>309 509</b>	<b>317 806</b>
Change to 2009 Budget estimate				11 000	(2 279)	(4 559)	(21 415)
<b>Economic classification</b>							
Current payments	125 503	148 863	175 507	159 767	154 875	169 242	171 644
Compensation of employees	71 682	82 992	85 898	85 978	87 190	94 422	98 890
Goods and services	53 821	65 871	89 609	73 789	67 685	74 820	72 754
<i>of which:</i>							
<i>Administrative fees</i>	982	1 231	602	857	160	175	200
<i>Advertising</i>	2 171	2 220	2 027	1 923	1 360	1 450	1 550

Table 35.34 Trade and Investment South Africa (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Assets less than the capitalisation threshold</i>	146	-	173	431	250	275	300
<i>Audit cost: External</i>	-	125	-	-	-	-	-
<i>Bursaries: Employees</i>	-	17	19	-	-	-	-
<i>Catering: Departmental activities</i>	260	226	185	-	3 000	3 000	2 000
<i>Communication</i>	2 128	2 474	2 814	1 725	1 230	1 400	1 500
<i>Computer services</i>	305	438	766	1 420	1 220	1 470	1 544
<i>Consultants and professional services: Business and advisory services</i>	3 050	-	8 783	1 674	7 500	7 500	4 800
<i>Consultants and professional services: Infrastructure and planning</i>	1 042	-	-	3 246	-	-	-
<i>Consultants and professional services: Legal costs</i>	-	-	523	94	-	-	-
<i>Contractors</i>	-	2 985	3 441	1 285	1 500	1 700	1 200
<i>Agency and support / outsourced services</i>	-	115	-	685	-	-	-
<i>Entertainment</i>	1 184	1 535	1 026	753	700	800	800
<i>Fleet services (including government motor transport)</i>	-	-	-	94	-	-	-
<i>Inventory: Other consumables</i>	-	-	1	-	-	-	-
<i>Inventory: Stationery and printing</i>	1 138	1 152	2 113	1 261	1 300	1 400	1 500
<i>Lease payments</i>	14 450	14 487	11 047	4 350	5 030	6 050	6 350
<i>Property payments</i>	1 529	1 950	1 843	388	405	500	510
<i>Transport provided: Departmental activity</i>	-	-	-	12	-	-	-
<i>Travel and subsistence</i>	14 116	17 567	22 312	21 194	15 000	17 500	18 000
<i>Training and development</i>	-	-	130	-	-	-	-
<i>Operating expenditure</i>	5 738	6 072	9 593	11 389	7 700	9 600	9 500
<i>Venues and facilities</i>	5 582	13 277	22 211	21 008	21 330	22 000	23 000
<b>Transfers and subsidies</b>	<b>60 826</b>	<b>134 316</b>	<b>133 559</b>	<b>132 856</b>	<b>136 572</b>	<b>140 267</b>	<b>146 162</b>
Provinces and municipalities	24	-	-	-	-	-	-
Departmental agencies and accounts	501	-	-	-	-	-	-
Foreign governments and international organisations	4 451	13 749	9 911	10 456	11 084	11 750	12 338
Public corporations and private enterprises	55 850	120 567	123 648	122 400	120 488	121 517	123 824
Non-profit institutions	-	-	-	-	5 000	7 000	10 000
<b>Payments for capital assets</b>	<b>2 979</b>	<b>1 353</b>	<b>1 119</b>	<b>1 428</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	2 979	1 353	1 119	1 428	-	-	-
<b>Payments for financial assets</b>	<b>8 133</b>	<b>15</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>197 441</b>	<b>284 547</b>	<b>310 233</b>	<b>294 051</b>	<b>291 447</b>	<b>309 509</b>	<b>317 806</b>

**Details of transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	24	-	-	-	-	-	-
Regional Services Council levies	24	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	501	-	-	-	-	-	-
Trade and Investment South Africa	501	-	-	-	-	-	-

Table 35.34 Trade and Investment South Africa (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	51 840	120 567	123 648	122 400	120 488	121 517	123 824
Export Credit Insurance Corporation	51 840	120 567	123 648	122 400	120 488	121 517	123 824
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	4 010	-	-	-	-	-	-
Aichi Exposition	4 010	-	-	-	-	-	-
Foreign governments and international organisations							
Current	4 451	13 749	9 911	10 456	11 084	11 750	12 338
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	-	9 075	4 956	5 228	5 542	5 875	6 169
Export Consultancy Trust Fund: International Finance Corporation	4 451	4 674	4 955	5 228	5 542	5 875	6 169
Non-profit institutions							
Current	-	-	-	-	5 000	7 000	10 000
Proudly South African Campaign	-	-	-	-	5 000	7 000	10 000

## Expenditure trends

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

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

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

## Public entity

### Export Credit Insurance Corporation of South Africa

Strategic overview: 2006/07 – 2012/13

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

In line with its legal mandate, the corporation facilitates and encourages South African export trade by underwriting export credit loans and investments outside South Africa to enable South African contractors to win capital goods and services contracts in other countries. The corporation evaluates export credit and foreign

investment risks and provides export credit and foreign investment insurance cover on behalf of the South African government. The corporation is responsible for formulating export credit and underwriting policy, evaluating potential export projects, assessing export risks, structuring appropriate securities to mitigate risks, and administering the payment of the interest makeup payable in terms of the South African export credit support agreement.

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

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

### Savings and cost effective service delivery

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

### Selected performance indicators

Table 35.35 Export Credit Insurance Corporation of South Africa

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

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

### Service delivery focus

In 2008/09, the corporation conducted a comprehensive review of insurance policies and conditions which involved major and potential customers. It obtained approval from the insurance regulator for the unearned

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

## Expenditure estimates

Table 35.36 Export Credit Insurance Corporation of South Africa Limited: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>498 969</b>	<b>688 626</b>	<b>574 162</b>	<b>563 902</b>	<b>391 674</b>	<b>414 253</b>	<b>439 006</b>
Sale of goods and services other than capital assets	130 681	215 573	305 090	274 378	173 777	191 154	210 322
<i>of which:</i>							
<i>Sales by market establishments</i>	130 681	215 573	305 090	274 378	173 777	191 154	210 322
<i>Other non-tax revenue</i>	368 288	473 053	269 072	289 524	217 897	223 099	228 684
Transfers received	51 840	120 567	123 648	122 400	120 488	121 517	123 824
<b>Total revenue</b>	<b>550 809</b>	<b>809 193</b>	<b>697 810</b>	<b>686 302</b>	<b>512 162</b>	<b>535 770</b>	<b>562 830</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>378 440</b>	<b>462 172</b>	<b>623 347</b>	<b>646 163</b>	<b>310 365</b>	<b>330 009</b>	<b>352 843</b>
Compensation of employees	14 038	16 638	19 910	18 418	19 523	20 694	21 936
Goods and services	292 409	302 891	574 522	541 210	201 362	215 173	234 344
Depreciation	209	123	108	160	170	180	191
Interest, dividends and rent on land	28	944	21	264	–	–	–
<b>Total expenses</b>	<b>378 440</b>	<b>462 172</b>	<b>623 347</b>	<b>646 163</b>	<b>310 365</b>	<b>330 009</b>	<b>352 843</b>
<b>Surplus / (Deficit)</b>	<b>172 369</b>	<b>347 021</b>	<b>74 463</b>	<b>40 139</b>	<b>201 797</b>	<b>205 761</b>	<b>209 987</b>
<b>Statement of financial position</b>							
Carrying value of assets	187	95	280	461	482	416	350
<i>of which: Acquisition of assets</i>	59	31	268	341	191	114	125
Investments	1 579 342	1 545 773	1 604 316	1 783 869	1 863 476	1 905 217	1 945 955
Receivables and prepayments	83 377	237 097	191 623	203 120	215 308	228 226	241 920
Cash and cash equivalents	484 350	956 283	1 283 560	1 104 910	1 289 951	1 441 393	1 640 498
Assets not classified elsewhere	–	–	123 029	77 868	72 868	67 868	62 868
<b>Total assets</b>	<b>2 147 256</b>	<b>2 739 248</b>	<b>3 202 808</b>	<b>3 170 228</b>	<b>3 442 085</b>	<b>3 643 120</b>	<b>3 891 591</b>
Accumulated surplus/deficit	1 081 034	1 428 057	1 767 822	1 827 961	2 039 758	2 263 519	2 493 475
Trade and other payables	155 125	184 986	87 023	34 597	79 940	41 019	41 714
Provisions	911 097	1 126 205	1 347 963	1 307 670	1 322 387	1 338 582	1 356 402
<b>Total equity and liabilities</b>	<b>2 147 256</b>	<b>2 739 248</b>	<b>3 202 808</b>	<b>3 170 228</b>	<b>3 442 085</b>	<b>3 643 120</b>	<b>3 891 591</b>

## Expenditure trends

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

Expenditure increased from R378.4 million in 2006/07 to R646.2 million in 2009/10, at an average annual rate of 19.5 per cent. The large increases in 2008/09 and 2009/10 were a result of claims paid out under the scheme. Expenditure is expected to decrease to R352.8 million over the medium term, at an average annual rate of

18.3 per cent. The significant decrease in 2010/11 by 52 per cent, from R646.2 million in 2009/10 to R310.4 million, is a result of a 62.8 per cent decrease in expenditure on goods and services, from R541.2 million to R201.4 million, due to once-off claims paid in 2009/10, which are not expected to recur over the medium term.

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

- *Brand Management* is responsible for managing the department's image and ensuring that excellent customer service standards are upheld by improving customer touch points and ensuring strong customer relationship management. Funding in this subprogramme will mainly be used for salaries and related goods and services.
- *External Communications* is responsible for consumer awareness and educational campaigns to ensure a meaningful understanding of the department's offerings. Funding in this subprogramme will mainly be used for marketing costs of these outreach campaigns.
- *Media Relations and Public Relations* ensures that the department's image is visible by improving media relations management and public relations activities. Funding in this subprogramme will mainly be used for expenses related to media briefings, print and electronic publications.

### **Objectives and measures**

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

### **Service delivery focus**

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

## Expenditure estimates

Table 35.37 Communication and Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Brand Management	7 978	17 313	30 646	26 156	41 302	40 654	43 027
External Communications	12 003	13 969	22 865	30 050	30 857	21 113	22 167
Media Relations and Public Relations	45 861	30 235	22 613	13 918	10 075	18 089	18 992
<b>Total</b>	<b>65 842</b>	<b>61 517</b>	<b>76 124</b>	<b>70 124</b>	<b>82 234</b>	<b>79 856</b>	<b>84 186</b>
Change to 2009 Budget estimate				4 400	7 402	810	1 188
<b>Economic classification</b>							
<b>Current payments</b>	<b>49 012</b>	<b>34 093</b>	<b>72 473</b>	<b>63 434</b>	<b>81 714</b>	<b>79 296</b>	<b>83 586</b>
Compensation of employees	11 471	13 631	16 606	18 995	23 630	25 050	26 800
Goods and services	37 541	20 462	55 867	44 439	58 084	54 246	56 786
<i>of which:</i>							
<i>Administrative fees</i>	55	8	10	–	–	–	–
<i>Advertising</i>	6 359	7 091	15 903	12 959	16 088	15 500	16 000
<i>Assets less than the capitalisation threshold</i>	4	3	251	–	–	–	–
<i>Audit cost: External</i>	–	–	–	113	–	–	–
<i>Bursaries: Employees</i>	–	58	22	–	–	–	–
<i>Catering: Departmental activities</i>	44	725	1 341	750	800	850	900
<i>Communication</i>	79	188	157	407	400	440	480
<i>Computer services</i>	–	–	47	–	–	–	–
<i>Consultants and professional services: Business and advisory services</i>	20 305	495	6 079	4 521	9 000	7 000	6 500
<i>Consultants and professional services: Legal costs</i>	–	–	105	–	–	–	–
<i>Contractors</i>	4 264	2 075	9 087	9 859	14 700	12 000	12 500
<i>Agency and support / outsourced services</i>	98	–	–	–	–	–	–
<i>Entertainment</i>	–	–	–	100	55	55	55
<i>Inventory: Materials and supplies</i>	–	–	–	224	–	–	–
<i>Inventory: Stationery and printing</i>	447	376	315	1 801	2 000	2 200	2 400
<i>Lease payments</i>	81	40	27	10	41	51	51
<i>Travel and subsistence</i>	1 189	1 559	2 638	3 857	3 000	3 500	4 000
<i>Training and development</i>	–	24	461	–	–	–	–
<i>Operating expenditure</i>	2 725	2 954	5 222	5 244	7 000	7 150	7 900
<i>Venues and facilities</i>	1 891	4 866	14 202	4 594	5 000	5 500	6 000
<b>Transfers and subsidies</b>	<b>10 008</b>	<b>67</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	8	–	–	–	–	–	–
Non-profit institutions	10 000	–	–	–	–	–	–
Households	–	67	2	–	–	–	–
<b>Payments for capital assets</b>	<b>6 822</b>	<b>1 500</b>	<b>3 649</b>	<b>6 690</b>	<b>520</b>	<b>560</b>	<b>600</b>
Machinery and equipment	6 822	1 500	3 649	6 577	400	440	480
Software and other intangible assets	–	–	–	113	120	120	120
<b>Payments for financial assets</b>	<b>–</b>	<b>25 857</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>65 842</b>	<b>61 517</b>	<b>76 124</b>	<b>70 124</b>	<b>82 234</b>	<b>79 856</b>	<b>84 186</b>

Table 35.37 Communication and Marketing (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	8	-	-	-	-	-	-
Regional Services Council levies	8	-	-	-	-	-	-
Non-profit institutions							
Current	10 000	-	-	-	-	-	-
Proudly South African Campaign	10 000	-	-	-	-	-	-
Households							
Other transfers to households							
Current	-	67	2	-	-	-	-
Gifts, Donations and Sponsorships	-	67	2	-	-	-	-

### Expenditure trends

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

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

## Additional tables

Table 35.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2008/09		2008/09	2009/10			2009/10
1. Administration	398 094	395 201	345 522	420 858	47 278	468 136	415 636
2. International Trade and Economic Development	90 340	92 916	108 573	112 656	17 750	130 406	125 606
3. Empowerment and Enterprise Development	1 062 887	1 069 460	1 091 118	1 157 026	16 830	1 173 856	1 157 056
4. Industrial Development	376 700	443 590	392 749	414 586	12 331	426 917	410 317
5. Consumer and Corporate Regulation	130 680	119 277	111 610	157 834	7 676	165 510	148 580
6. The Enterprise Organisation	2 402 281	2 416 557	2 400 699	3 439 983	(83 099)	3 356 884	3 382 884
7. Trade and Investment South Africa	297 431	297 813	310 233	283 051	11 000	294 051	295 903
8. Communication and Marketing	73 831	71 718	76 124	65 724	4 400	70 124	52 824
<b>Total</b>	<b>4 832 244</b>	<b>4 906 532</b>	<b>4 836 628</b>	<b>6 051 718</b>	<b>34 166</b>	<b>6 085 884</b>	<b>5 988 806</b>

### Economic classification

<b>Current payments</b>	<b>984 334</b>	<b>969 838</b>	<b>908 110</b>	<b>979 792</b>	<b>152 353</b>	<b>1 132 145</b>	<b>1 006 425</b>
Compensation of employees	375 386	411 993	383 077	450 481	62 537	513 018	469 018
Goods and services	608 948	557 845	525 033	529 311	89 816	619 127	537 407
<b>Transfers and subsidies</b>	<b>3 832 732</b>	<b>3 904 404</b>	<b>3 903 542</b>	<b>5 037 384</b>	<b>(120 632)</b>	<b>4 916 752</b>	<b>4 950 394</b>
Departmental agencies and accounts	1 043 825	1 108 681	1 117 238	1 178 645	18 671	1 197 316	1 187 386
Universities and technikons	–	10 500	10 500	–	3 000	3 000	3 000
Foreign governments and international organisations	23 217	28 839	34 169	37 589	(3 567)	34 022	28 794
Public corporations and private enterprises	2 762 015	2 745 253	2 730 360	3 817 128	(145 209)	3 671 919	3 720 719
Non-profit institutions	2 475	6 075	6 075	2 597	5 000	7 597	7 597
Households	1 200	5 056	5 200	1 425	1 473	2 898	2 898
<b>Payments for capital assets</b>	<b>15 178</b>	<b>32 290</b>	<b>21 070</b>	<b>34 542</b>	<b>2 445</b>	<b>36 987</b>	<b>31 987</b>
Machinery and equipment	13 216	26 066	14 847	33 885	(1 418)	32 467	27 467
Software and other intangible assets	1 962	6 224	6 223	657	3 863	4 520	4 520
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>3 906</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>4 832 244</b>	<b>4 906 532</b>	<b>4 836 628</b>	<b>6 051 718</b>	<b>34 166</b>	<b>6 085 884</b>	<b>5 988 806</b>

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

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

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

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

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

2. As at 30 September 2009.

Table 35.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R thousand)	283 591	327 488	383 077	525 662	557 843	590 437	628 460
Training expenditure (R thousand)	3 202	963	2 524	9 297	11 000	11 500	12 000
Training as percentage of compensation	1.1%	0.3%	0.7%	1.8%	2.0%	1.9%	1.9%
Total number trained in department (head count)	450	545	-	1 627			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	74	105	-	150			
<i>Learnerships trained (head count)</i>	15	20	-	10			
<i>Internships trained (head count)</i>	-	-	-	34			
Households receiving bursaries (R thousand)	300	780	1 200	1 425	1 514	1 590	1 600
Households receiving bursaries (head count)	5	13	-	42			

Table 35.D Summary of conditional grants to provinces and municipalities<sup>1</sup>

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Conditional grants to provinces							
<b>6. The Enterprise Organisation</b>							
Industrial development zones grant	58 200	-	-	-	-	-	-
<b>Total</b>	<b>58 200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. Detail provided in the Division of Revenue Act (2010)

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

Project description: Department of Trade and Industry campus project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2009/10	2010/11	2011/12	2012/13
R thousand						
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>99 461</b>	<b>152 883</b>	<b>167 236</b>	<b>159 676</b>	<b>168 946</b>	
PPP unitary charge	99 461	148 183	157 758	151 570	160 960	
Advisory fees	-	4 500	9 178	7 606	7 461	
Project monitoring cost	-	200	300	500	525	
<b>Total</b>	<b>99 461</b>	<b>152 883</b>	<b>167 236</b>	<b>159 676</b>	<b>168 946</b>	

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

Project name	Department of Trade and Industry Public Private Partnership(PPP) campus
Brief description	Department of Trade and Industry Public Private Partnership campus Meintjie Street, Pretoria. Design, Construct and Facility Management Services over period of 25 years
Date PPP agreement was signed	8/1/2003
Duration of PPP agreement	25 years
Escalation index for unitary fee	CPIX linked - July every year on anniversary
Variations / amendments to PPP agreement	Variation orders as per allowed schedules - but no formal amendment to date was signed on the Public Private Partnership Agreement
Cost implications of variations/amendments	Costed per each variation order. Strategic Space strategy will inform over the medium term the quantum of variation orders to be executed.
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	The outstanding debt amount as per financial model

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

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2009/10	2010/11	2011/12	2012/13
R thousand						
Projects signed in terms of Treasury Regulation 16	–	3 433	3 051	3 234	3 428	
PPP unitary charge <sup>1</sup>	–	3 433	3 051	3 234	3 428	
<b>Total</b>	–	<b>3 433</b>	<b>3 051</b>	<b>3 234</b>	<b>3 428</b>	

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

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

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

Table 35.G Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
<b>Foreign</b>												
<b>In cash</b>												
European Union	Sector wide enterprise employment and equity program	Industrial Development	450 000	Public corporations and private enterprises	One of the focus areas of the project has been training and mentoring through the use of best practices from all over the world in the fields of export, entrepreneurship and other related fields	-	100 417	197 825	-	-	-	-
European Union	Risk capital facility programme	Empowerment and Enterprise Development	450 000	Public corporations and private enterprises	Facilitation of Broad-based black economic empowerment in the small and medium size enterprises sector	185 000	-	182 387	-	150 000	-	-
Finland	Finland small, medium and micro enterprises development programme	Empowerment and Enterprise Development	44 722	Departmental agencies and accounts	Support small enterprises development through technical support by Small enterprise development agency	16 062	10 062	-	18 598	-	-	-
Sweden	Economic development support	Empowerment and Enterprise Development	37 183	Departmental agencies and accounts	Business linkages training and skills development for broad-based black economic empowerment , Women empowerment and trainee programmes such as the broad-based black economic empowerment review and training programme, educational partnership programme and the Small enterprise development agency academy programme	-	19 432	17 751	-	-	-	-
<b>In kind</b>												
United States Agency for International Development	Economic growth support	Consumer and Corporate Regulation	151 121	Goods and services	Technical support to financial sector, private sector and competitiveness. The programme supported the DTI regulatory policy, the research and legislative review process and participation in the technical evaluation	-	54 139	42 000	54 982	-	-	-
<b>Total</b>			<b>1 133 026</b>			<b>201 062</b>	<b>184 050</b>	<b>439 963</b>	<b>73 580</b>	<b>150 000</b>	<b>-</b>	<b>-</b>

Table 35.H Summary of expenditure on infrastructure

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Critical Infrastructure Programme	New economic infrastructure	Various	1 819 666	88 213	60 215	75 051	105 639	115 680	118 540	181 742
Coega Development Corporation	New foreign investors each year	Various	9 502 475	249 812	725 963	718 425	859 889	475 000	499 700	513 867
East London Industrial Development Zone	New foreign investors each year	Various	1 916 232	130 000	124 850	154 030	249 373	-	-	-
Richards Bay Industrial Development Zone Company	New foreign investors each year	Various	721 658	-	-	-	68 423	-	-	-
Centurion aerospace village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park.	Construction	260 000	-	-	20 000	-	5 000	10 000	15 000
South African Bureau of Standards plant infrastructure	Renovation of South African Bureau of Standards building	Construction	315 420	-	-	-	-	174 240	93 180	48 000
<b>Maintenance</b>										
Critical Infrastructure Programme	New economic infrastructure	Various	318 000	-	-	-	-	-	-	-
<b>Total</b>			<b>14 853 451</b>	<b>468 025</b>	<b>911 028</b>	<b>967 506</b>	<b>1 283 324</b>	<b>769 920</b>	<b>721 420</b>	<b>758 609</b>

