

Vote 32

Trade and Industry

| | 2004/05 To be appropriated | 2005/06 | 2006/07 |
|--------------------------|--|----------------|----------------|
| MTEF allocations | R2 848 423 000 | R3 023 502 000 | R3 213 546 000 |
| Statutory amounts | - | - | - |
| Responsible Minister | Minister of Trade and Industry | | |
| Administering Department | Department of Trade and Industry | | |
| Accounting Officer | Director-General of Trade and Industry | | |

Aim

*The aim of **the dti** 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 the future. **The dti** 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 dti** will contribute towards achieving government's vision of an adaptive economy, characterised by accelerated economic growth, employment creation and greater equity by 2014.*

Programme purpose and measurable objectives

Programme 1: Administration

Purpose: Provide strategic leadership to the department and associated entities, and facilitate the successful implementation of the department's mandate.

Programme 2: International Trade and Economic Development

Purpose: Develop trade and investment links with key economies globally and promote economic development, through negotiating preferential trade agreements, supporting a strong and equitable multilateral trading system, and fostering economic integration with the continent within the NEPAD framework.

Measurable objective: Increased market access for South African exports in targeted countries, through the successful conclusion of trade agreements which are aimed at ensuring fair, predictable and where possible, preferential treatment, for South African products in foreign markets.

Programme 3: Enterprise and Industry Development

Purpose: Provide leadership in the development of policies and strategies that create an enabling environment for competitiveness, equity and enterprise development.

Measurable objective: Promote competitiveness in the economy by increasing the participation of historically disadvantaged individuals and the geographic spread of economic activities, to contribute to an annual increase in the value-added of production in the economy.

Programme 4: Consumer and Corporate Regulation

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions, that provide access to redress for investors, inventors and consumers and provide policy coherence and certainty, and efficient regulatory services for business.

Measurable objective: Business certainty and access to redress by economic citizens, through the provision of appropriate policy frameworks, legislation and regulation, as well as efficient and fair regulatory services.

Programme 5: The Enterprise Organisation

Purpose: Stimulate and facilitate the development of sustainable competitive enterprises through the efficient provision of effective and accessible supply-side incentive measures.

Measurable objective: Increase investment in infrastructure, human resource development, value-added manufacturing and services, and technology and innovation, through the efficient provision of effective and accessible supply-side incentives to enterprises.

Programme 6: Trade and Investment South Africa

Purpose: Provide strategic vision and direction to key growth sectors in the economy, increase the level of direct investment flow, and develop South Africa's capacity to export to various markets.

Measurable objective: Increased levels of direct investment and exports in aggregate and in government's priority sectors.

Programme 7: Marketing

Purpose: Promote increased and expanded awareness of the department by effectively branding and packaging its products and services. Ensure customer access through efficient distribution channels.

Measurable objective: Increased awareness of and access to the department's products and services by economic citizens, through effective marketing activities and the development of appropriate distribution channels.

Strategic overview and key policy developments: 2000/01 – 2006/07

The dti believes that a modern, well-functioning economy requires that the state play an active leadership role. In providing this leadership, the state should ensure that there is policy certainty and stability, and that regulatory services are efficient and transparent. In addition, the state should promote functioning markets for goods and services, provide incentives to overcome market failures, encourage efficient platforms for competitiveness, and promote greater levels of equity in access to information and opportunities for all economic citizens. In pursuing these aims, there are a number of critical policy challenges confronting **the dti** over the medium term, including targeting support to the second economy (emerging enterprises and the informal sector), and continuing to promote the alignment of economic actors in the different spheres of government, in agencies and parastatals, and in the private sector, with government's Vision 2014. This vision is targeted towards an adaptive economy, characterised by growth, employment and equity and built on the full potential of all persons, communities and geographic areas.

The dti will focus on achieving seven key objectives over the 2004/05 to 2006/07 period. These medium-term objectives reflect the primary economic outcomes that **the dti** believes are necessary to generate higher levels of economic growth, employment and equity. These objectives are to: increase the contribution of small enterprises, in particular, to the economy; significantly take

forward broad-based black economic empowerment (BEE); increase the level of direct investment in the manufacturing and services sectors; increase market access opportunities for, and export of, South African goods and services; contribute towards building skills, technology and infrastructure platforms from which enterprises can benefit; reposition the economy in the higher value-added segments of manufacturing and services; and contribute towards providing accessible, transparent and efficient access to redress (fair and just recourse) for economic citizens such as consumers.

Enterprise development

To develop enterprises, **the dti** will focus on promoting entrepreneurship and small business development and developing sector-specific support programmes for small and medium-sized enterprises. Efforts will also be directed at developing new instruments for promoting access to finance, particularly by black enterprises. The strategy is to increase their contribution to GDP by creating an enabling environment for new enterprises and growing existing enterprises, through strengthening partnerships, reducing regulatory burdens on enterprises, stimulating entrepreneurial capacity, and improving the capacity of the agencies of **the dti** to deliver.

Integrating the first and second economies

Targeting support to the second economy (the emerging and informal sectors) will involve the establishment of a micro-credit Apex Fund, which was approved during the Cabinet lekgotla in 2003, and the development of a comprehensive co-operatives support programme and programmes aimed at the economic empowerment of women. Attention will also be paid to developing new products and services, which address the specific needs of economic citizens operating in the second economy. Innovative ways of delivering products and services to these citizens will also be explored, and partnerships with business chambers and local government will be pursued. A particularly dominant theme underpinning **the dti's** work in the future is the need to ensure that all economic citizens have access to information and redress (when needed), to encourage their more productive participation in the economy.

Integrated manufacturing

In 2002, **the dti** published its Integrated Manufacturing Strategy (IMS), which sets out **the dti's** contribution towards leveraging higher levels of growth, employment and equity in the manufacturing sector over 10 years, with the intention of creating an integrated and advanced manufacturing sector in South Africa. The IMS is supported by cross-cutting strategies to: promote BEE; increase market access for South African goods and services; support enterprise development, including co-operatives; modernise the regulatory environment; and increase investment, employment and output in several priority sectors of the economy in line with the Microeconomic Reform Strategy published by government in 2001.

Functioning of markets

Key policy developments over the next three years to improve the functioning of markets include developing and implementing new consumer protection policy, with a specific focus on reforming consumer credit law. The establishment of a consumer protection agency is planned towards the end of the MTEF period. Corporate law reform and a review of competition policy are other areas of focus over the next three years.

Broad-based black economic empowerment

Government's focus on BEE will be supported through an additional allocation intended to leverage private investment over the medium term. The successful implementation of the department's BEE strategy will be evaluated against the following policy objectives:

- increasing the number of black people who have ownership and control of existing and new enterprises in priority sectors that government has identified in its microeconomic reform strategy
- increasing the number of new black enterprises, black-empowered enterprises and black-engendered enterprises
- increasing the number of black people in senior and executive management positions in enterprises
- increasing the proportion of ownership and management of economic activities vested in community and broad-based enterprises and co-operatives
- increasing ownership of land and other productive assets
- improving access to infrastructure, increasing acquisitions of skills, and increasing participation in productive economic activities in under-developed areas
- promoting accelerated and shared economic growth
- increasing income levels of black people and reducing income inequalities between and within the race groups.

These objectives are underpinned by four principles: BEE is broad-based, an inclusive process, associated with good governance, and part of government's growth strategy. The department's BEE strategy is an interpretation of the Broad-based Black Economic Empowerment Act (53 of 2003) and serves as a lever for implementing government's BEE initiatives.

Policy coherence and alignment

The dti will continue to work to strengthen the Economic and Employment Cluster, promote co-operative governance around economic policy, and ensure the strategic alignment and performance of its many agencies.

Expenditure estimates

Table 32.1: Trade and Industry

| Programme | Expenditure outcome | | | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|--|---------------------|-----------------------------|------------------|------------------------|------------------|----------------------------------|------------------|------------------|
| | Audited | Audited Preliminary outcome | | | | | | |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | 2004/05 | 2005/06 | 2006/07 |
| 1 Administration | 94 339 | 140 833 | 191 501 | 199 339 | 190 337 | 236 141 | 250 551 | 265 582 |
| 2 International Trade and Economic Development | 36 591 | 47 739 | 78 182 | 95 327 | 89 698 | 97 900 | 103 774 | 109 999 |
| 3 Enterprise and Industry Development | 846 930 | 800 514 | 826 408 | 1 020 472 | 1 001 483 | 1 015 878 | 1 078 791 | 1 152 158 |
| 4 Consumer and Corporate Regulation | 81 053 | 93 531 | 134 798 | 116 136 | 110 844 | 130 480 | 138 309 | 146 608 |
| 5 The Enterprise Organisation | 493 327 | 529 699 | 579 740 | 925 337 | 872 334 | 943 218 | 1 001 782 | 1 061 889 |
| 6 Trade and Investment South Africa | 605 807 | 403 572 | 526 264 | 375 976 | 357 005 | 348 082 | 368 967 | 391 103 |
| 7 Marketing | 1 765 | – | 56 434 | 63 763 | 72 882 | 76 724 | 81 328 | 86 207 |
| Total | 2 159 812 | 2 015 888 | 2 393 327 | 2 796 350 | 2 694 583 | 2 848 423 | 3 023 502 | 3 213 546 |
| Change to 2003 Budget Estimate | | | | 121 369 | 19 602 | 4 078 | 7 143 | |

Economic classification

| | 326 095 | 437 644 | 497 401 | 520 173 | 481 173 | 639 161 | 686 229 | 727 400 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| Current payments | | | | | | | | |
| Compensation of employees | 174 404 | 218 884 | 219 053 | 226 465 | 212 465 | 281 945 | 298 862 | 316 792 |
| Goods and services | 151 691 | 218 760 | 278 348 | 293 708 | 268 708 | 357 216 | 387 367 | 410 608 |
| Interest and rent on land | – | – | – | – | – | – | – | – |
| Financial transactions in assets and liabilities | – | – | – | – | – | – | – | – |
| Unauthorised expenditure | – | – | – | – | – | – | – | – |

| | Expenditure outcome | | | | | Medium-term expenditure estimate | | |
|---|---------------------|------------------|------------------|------------------|------------------|----------------------------------|------------------|------------------|
| | Audited | Audited | Preliminary | Adjusted | Revised | 2004/05 | 2005/06 | 2006/07 |
| | 2000/01 | 2001/02 | outcome | | | | | |
| R thousand | | | | | | | | |
| Transfers and subsidies to: | 1 825 135 | 1 568 328 | 1 886 185 | 2 258 027 | 2 205 260 | 2 195 593 | 2 322 783 | 2 470 789 |
| Provinces and municipalities | 352 | 463 | 58 635 | 296 333 | 296 333 | 100 729 | 223 654 | 231 674 |
| Departmental agencies and accounts | 1 291 728 | 1 015 942 | 1 145 681 | 1 130 777 | 1 121 010 | 1 097 441 | 1 167 220 | 1 245 893 |
| Universities and technikons | - | - | - | - | - | - | - | - |
| Foreign governments & international organisations | 5 774 | 4 209 | 19 181 | 20 370 | 20 370 | 22 000 | 23 320 | 24 718 |
| Public corporations & private enterprises | 517 281 | 516 714 | 520 847 | 716 221 | 673 221 | 900 265 | 828 922 | 884 057 |
| Non-profit institutions | 10 000 | 31 000 | 141 841 | 94 325 | 94 325 | 75 155 | 79 664 | 84 444 |
| Households | - | - | - | 1 | 1 | 3 | 3 | 3 |
| Payments for capital assets | 8 582 | 9 916 | 9 741 | 18 150 | 8 150 | 13 669 | 14 490 | 15 357 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - |
| Machinery and equipment | 8 582 | 9 916 | 9 741 | 18 150 | 8 150 | 13 669 | 14 490 | 15 357 |
| Cultivated assets | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - | - |
| Land and subsoil assets | - | - | - | - | - | - | - | - |
| Total | 2 159 812 | 2 015 888 | 2 393 327 | 2 796 350 | 2 694 583 | 2 848 423 | 3 023 502 | 3 213 546 |

Expenditure trends

From 2000/01 to 2006/07, the allocation to the department's budget has been relatively uneven. However, overall spending increases by an annual average of 6,8 per cent per year, taking expenditure from R2,2 billion in 2000/01 to R3,2 billion in 2006/07. Over the following three years, expenditure increases at an annual average of 4,7 per cent per year.

The new *Marketing* programme sees the fastest growth in spending over the MTEF period, with an annual average increase of 10,6 per cent to reach R86,2 million in 2006/07. This helps to fund the expansion of the department's customer care centre and thereby improve access to the department. *Administration* also sees significant growth over the next three years, increasing at an annual average of 10,0 per cent to reach R265,6 million in 2006/07. Over the full seven-year period, expenditure on this programme grows at an annual average of 18,8 per cent. This growth in funding goes towards: the development of capacity and systems for performance measurement and monitoring and evaluation; economic research and statistical analysis; and costs related to the department's move in April 2004 to a new fully serviced and modern facility. Expenditure on the *International Trade and Economic Development* programme has also grown rapidly over the seven-year period, increasing at an annual average rate of 20,1 per cent to reach R110,0 million in 2006/07. This growth is due to expanding responsibilities related to trade negotiations in support of NEPAD.

Expenditure on the *Trade and Investment South Africa* programme has been relatively uneven, but over the seven-year period has fallen from R605,8 million in 2000/01 to an expected R391,1 million in 2006/07, an annual average decline of 7,0 per cent. The decrease is due to the shifting of functions to the newly created Export Credit Insurance Corporation (ECIC) and from Trade and Investment South Africa (TISA) to *The Enterprise Organisation*. Expenditure on *Enterprise and Industry Development* has been stable, rising from R846,9 million in 2000/01 to R1,2 billion in 2006/07, an annual average increase of 5,3 per cent.

The remaining significant programme is *The Enterprise Organisation*, which has grown from R493,3 million in 2000/01 to R1,1 billion in 2006/07. The significant growth is due to two

fundamental increases during 2003/04. The first increase was an approved rollover. Secondly, the Export Market and Investment Assistance (EMIA) programme was transferred from *Trade and Investment South Africa* to *The Enterprise Organisation*.

Within the department's budget for 2004/05, more resources (an increase of 18,5 per cent) have been allocated to the *Administration* programme, due to the creation of a new subprogramme, External Relations and Policy Co-ordination, and the shifting of the transfer payment for the Fund for Research into Industrial Development Growth and Equity into this programme.

Departmental receipts

A large portion of the departmental receipts originate from the incentive scheme debts and the interest on them, as well as dividends received on A and B shares, to the value of R17,4 billion (fair book value June 2003), in the Industrial Development Corporation. The bulk of the shares are listed, and affected by market movements. Total incentive scheme debt was valued at R509,7 billion on 30 June 2003. Lengthy legal procedures influence income projection to a large extent. Other receipts are of a miscellaneous nature, and include debts recovered from employees and the recovery of incidental costs.

Table 32.2: Departmental receipts

| | Revenue outcome | | | Adjusted appropriation | Medium-term revenue estimate | | |
|--|-----------------|----------------|---------------------|------------------------|------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Tax receipts | - | - | - | - | - | - | - |
| Sales of goods and services produced by department (excl capital assets) | 811 | 688 | 53 | 58 | 66 | 72 | 74 |
| Sales of scrap, waste, arms and other used current goods (excl capital assets) | - | - | - | - | - | - | - |
| Transfers received | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | - | - | - | - | - | - | - |
| Interest, dividends and rent on land | 52 992 | 61 020 | 62 000 | 68 200 | 73 000 | 75 500 | 77 000 |
| Sales of capital assets | - | - | - | - | - | - | - |
| Financial transactions in assets and liabilities | 25 112 | 47 025 | 83 877 | 78 757 | 91 061 | 69 085 | 72 000 |
| Total departmental receipts | 78 915 | 108 733 | 145 930 | 147 015 | 164 127 | 144 657 | 149 074 |

Programme 1: Administration

The programme provides strategic leadership to the department and associated entities. Under its Management subprogramme, executive management provides support for the offices of the Minister, Deputy Minister, and Director-General, and the department's strategy and planning unit. The External Relations and Policy Co-ordination subprogramme provides support for policy co-ordination, as well as research management, statistical analysis and modelling. The Corporate Services subprogramme incorporates the functions of human resource management and the department's learning centre, financial management, corporate governance and compliance management, information systems and facilities management.

Expenditure estimates

Table 32.3: Administration

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|---------------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Minister ¹ | 582 | 646 | 691 | 747 | 791 | 831 | 872 |
| Deputy Minister ² | 427 | 477 | 511 | 552 | 585 | 614 | 645 |
| Management | 22 356 | 23 203 | 77 868 | 26 302 | 37 498 | 40 015 | 42 430 |
| External Relations and Policy Co-ordination | 1 000 | 4 756 | 12 878 | 22 082 | 27 000 | 28 620 | 30 338 |
| Corporate Services | 69 974 | 111 751 | 99 553 | 149 656 | 170 067 | 180 271 | 191 085 |
| Government Motor Transport | – | – | – | – | 200 | 200 | 212 |
| Total | 94 339 | 140 833 | 191 501 | 199 339 | 236 141 | 250 551 | 265 582 |
| Change to 2003 Budget Estimate | | | | (3 107) | 27 755 | 29 421 | |

¹ Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

² Payable as from 1 April 2003. Salary: R441 288. Car allowance: R110 322.

Economic classification

| | 82 138 | 128 897 | 166 935 | 175 773 | 222 617 | 236 636 | 250 832 |
|---|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Current payments | | | | | | | |
| Compensation of employees | 33 318 | 36 215 | 39 793 | 47 445 | 59 025 | 62 567 | 66 321 |
| Goods and services | 48 820 | 92 682 | 127 142 | 128 328 | 163 592 | 174 069 | 184 511 |
| Interest and rent on land | – | – | – | – | – | – | – |
| Financial transactions in assets and liabilities | – | – | – | – | – | – | – |
| Unauthorised expenditure | – | – | – | – | – | – | – |
| Transfers and subsidies to: | 8 247 | 9 257 | 18 752 | 9 216 | 7 244 | 7 258 | 7 694 |
| Provinces and municipalities | 87 | 115 | 117 | 72 | 90 | 95 | 101 |
| Departmental agencies and accounts | 7 160 | 9 142 | 14 635 | 2 143 | 151 | 160 | 170 |
| Universities and technikons | – | – | – | – | – | – | – |
| Foreign governments & international organisations | – | – | – | – | – | – | – |
| Public corporations & private enterprises | 1 000 | – | 4 000 | 7 000 | 7 000 | 7 000 | 7 420 |
| Non-profit institutions | – | – | – | 1 | 1 | 1 | 1 |
| Households | – | – | – | – | 2 | 2 | 2 |
| Payments for capital assets | 3 954 | 2 679 | 5 814 | 14 350 | 6 280 | 6 657 | 7 056 |
| Buildings and other fixed structures | – | – | – | – | – | – | – |
| Machinery and equipment | 3 954 | 2 679 | 5 814 | 14 350 | 6 280 | 6 657 | 7 056 |
| Cultivated assets | – | – | – | – | – | – | – |
| Software and other intangible assets | – | – | – | – | – | – | – |
| Land and subsoil assets | – | – | – | – | – | – | – |
| <i>Of which: Capitalised compensation</i> | – | – | – | – | – | – | – |
| Total | 94 339 | 140 833 | 191 501 | 199 339 | 236 141 | 250 551 | 265 582 |

Details of transfer payments and subsidies:

| Provinces and municipalities | | | | | | | |
|---|-------|-------|--------|-------|-----|-----|-----|
| Municipalities | | | | | | | |
| Current | 87 | 115 | 117 | 72 | 90 | 95 | 101 |
| Regional Services Council levies | 87 | 115 | 117 | 72 | 90 | 95 | 101 |
| Departmental agencies and accounts (Entities) | | | | | | | |
| Current | 7 160 | 9 142 | 14 635 | 2 143 | 151 | 160 | 170 |
| Sector Education and Training Authority | 160 | 142 | 135 | 143 | 150 | 159 | 169 |
| Council for Scientific and Industrial Research: Delight Project | 7 000 | 9 000 | 14 500 | 2 000 | 1 | 1 | 1 |

| R thousand | Expenditure outcome | | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|--------------|---------------|--------------|------------------------|----------------------------------|--------------|---------|
| | Audited | Audited | Preliminary | 2003/04 | | 2004/05 | 2005/06 | 2006/07 |
| | 2000/01 | 2001/02 | outcome | | | | | |
| Public corporations (Other transfers) | | | | | | | | |
| Current | 1 000 | - | 4 000 | 7 000 | 7 000 | 7 000 | 7 420 | |
| Fund for Research into Industrial Development, Growth and Equity | 1 000 | - | 4 000 | 7 000 | 7 000 | 7 000 | 7 420 | |
| Non-profit institutions | | | | | | | | |
| Current | - | - | - | 1 | 1 | 1 | 1 | |
| Integrated Business Register | - | - | - | - | 1 | 1 | 1 | |
| Sector Wide, Enterprise, Employment and Equity Programme | - | - | - | 1 | - | - | - | |
| Households (Other transfers to households) | | | | | | | | |
| Current | - | - | - | - | 1 | 1 | 1 | |
| National Supplies Procurement Fund | - | - | - | - | 1 | 1 | 1 | |
| Capital | - | - | - | - | 1 | 1 | 1 | |
| Government Motor Transport | - | - | - | - | 1 | 1 | 1 | |
| Total | 8 247 | 9 257 | 18 752 | 9 216 | 7 244 | 7 258 | 7 694 | |

Expenditure trends

Overall expenditure increases significantly, from R94,3 million in 2000/01 to R265,6 million in 2006/07, an average annual increase of 18,8 per cent. The Corporate Services subprogramme has seen the largest increase, rising from R70,0 million in 2000/01 to R191,1 million in 2006/07, an average annual increase of 18,2 per cent. This has funded new functions such as internal audit, corporate governance and agency management, and the establishment of a learning centre for the department. Expenditure in this subprogramme increases by 50,3 per cent in 2003/04 as a result of payments to the concessionaire providing the new fully serviced campus facility to the department. The new External Relations and Policy Co-ordination subprogramme also sees significant growth, rising from R1,0 million in 2000/01 (the year the subprogramme was introduced) to R30,3 million in 2006/07, an annual average increase of 76,6 per cent, as the subprogramme becomes established.

The Management subprogramme has seen steady growth in expenditure, from R22,4 million in 2000/01 to R42,4 million in 2006/07, an average annual increase of 11,3 per cent. This increase has funded an executive management unit, established in 2000, to provide more effective strategic management, policy co-ordination and support to the department. In 2003, a new unit responsible for strategy, business planning, and monitoring and evaluation was also created.

Programme 2: International Trade and Economic Development

International Trade and Economic Development is responsible for the development of South Africa's international trade strategy, promoting international trade on a bilateral, multilateral and regional basis, and the industrial development of the South African Customs Union (SACU), the Southern African Development Community (SADC) and Africa. This programme includes international trade administration, including compliance with international non-proliferation treaties; promoting economic links with countries in Africa and the Middle East, through trade and investment agreements, and through the framework of NEPAD; and overseeing South Africa's system for international trade administration system and managing the tariff regime.

Expenditure estimates

Table 32.4: International Trade and Economic Development

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------|---------------------|---------------|---------------|------------------------|----------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary | | | | |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| International Trade Development | 19 335 | 19 909 | 42 712 | 33 352 | 36 336 | 38 516 | 40 826 |
| African Economic Development | – | 5 825 | 7 254 | 18 147 | 17 736 | 18 800 | 19 928 |
| International Trade Administration | 17 256 | 22 005 | 28 216 | 43 828 | 43 828 | 46 458 | 49 245 |
| Total | 36 591 | 47 739 | 78 182 | 95 327 | 97 900 | 103 774 | 109 999 |
| Change to 2003 Budget Estimate | | | | 781 | 3 354 | 3 555 | |

Economic classification

| | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Current payments | 29 651 | 44 312 | 63 830 | 33 813 | 37 248 | 39 482 | 41 851 |
| Compensation of employees | 20 884 | 28 079 | 40 817 | 20 783 | 21 804 | 23 112 | 24 499 |
| Goods and services | 8 767 | 16 233 | 23 013 | 13 030 | 15 444 | 16 370 | 17 352 |
| Interest and rent on land | – | – | – | – | – | – | – |
| Financial transactions in assets and liabilities | – | – | – | – | – | – | – |
| Unauthorised expenditure | – | – | – | – | – | – | – |
| Transfers and subsidies to: | 5 830 | 2 547 | 12 619 | 61 014 | 60 527 | 64 159 | 68 008 |
| Provinces and municipalities | 56 | 89 | 113 | 20 | 33 | 35 | 37 |
| Departmental agencies and accounts | – | – | – | 43 828 | 43 828 | 46 458 | 49 245 |
| Universities and technikons | – | – | – | – | – | – | – |
| Foreign governments & international organisations | 5 774 | 2 458 | 10 560 | 7 000 | 7 000 | 7 420 | 7 865 |
| Public corporations & private enterprises | – | – | 1 946 | 10 166 | 9 666 | 10 246 | 10 861 |
| Non-profit institutions | – | – | – | – | – | – | – |
| Households | – | – | – | – | – | – | – |
| Payments for capital assets | 1 110 | 880 | 1 733 | 500 | 125 | 133 | 140 |
| Buildings and other fixed structures | – | – | – | – | – | – | – |
| Machinery and equipment | 1 110 | 880 | 1 733 | 500 | 125 | 133 | 140 |
| Cultivated assets | – | – | – | – | – | – | – |
| Software and other intangible assets | – | – | – | – | – | – | – |
| Land and subsoil assets | – | – | – | – | – | – | – |
| <i>Of which: Capitalised compensation</i> | – | – | – | – | – | – | – |
| Total | 36 591 | 47 739 | 78 182 | 95 327 | 97 900 | 103 774 | 109 999 |

Details of transfer payments and subsidies:

| | | | | | | | |
|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Current | 56 | 89 | 113 | 20 | 33 | 35 | 37 |
| Regional Services Council levies | 56 | 89 | 113 | 20 | 33 | 35 | 37 |
| Departmental agencies and accounts (Entities) | | | | | | | |
| Current | - | - | - | 43 828 | 43 828 | 46 458 | 49 245 |
| International Trade Administration | - | - | - | 43 828 | 43 828 | 46 458 | 49 245 |
| Foreign governments and international organisations | | | | | | | |
| Current | 5 774 | 2 458 | 10 560 | 7 000 | 7 000 | 7 420 | 7 865 |
| World Trade Organisation | 3 916 | - | 7 954 | 4 000 | 4 000 | 4 240 | 4 494 |
| Organisation for the Prohibition of Chemical Weapons | 1 858 | 2 458 | 2 606 | 3 000 | 3 000 | 3 180 | 3 371 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|---------------------|--------------|---------------------|------------------------|----------------------------------|---------------|---------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Public corporations (Other transfers) | | | | | | | |
| Current | - | - | 1 946 | 10 166 | 9 386 | 10 002 | 10 660 |
| Development Bank of Southern Africa: Regional Spatial Development Initiatives | - | - | - | 8 000 | 8 000 | 8 480 | 8 989 |
| Protechnik Laboratories | - | - | 1 946 | 2 166 | 1 386 | 1 522 | 1 671 |
| Capital | - | - | - | - | 280 | 244 | 201 |
| ProTechnik Laboratories | - | - | - | - | 280 | 244 | 201 |
| Total | 5 830 | 2 547 | 12 619 | 61 014 | 60 527 | 64 159 | 68 008 |

Expenditure trends

Overall expenditure has increased from R36,6 million in 2000/01 to R110,0 million in 2006/07, an average annual increase of 20,1 per cent. The majority of this growth came between 2000/01 and 2003/04, with an average annual increase of 37,6 per cent. Over the following three years, average annual growth is expected to flatten out to 4,9 per cent as a result of a stabilisation in the activities of the programme.

The growth in expenditure between 2000/01 and 2003/04 is spread across the three subprogrammes, and is the result of increased funding for an expansion in the trade negotiations agenda, the promotion of trade and investment links with other African countries, and support for NEPAD, as well as for the establishment of the International Trade Administration Commission (ITAC).

Service delivery objectives and indicators

Recent outputs

International

In line with the 2002/03 ENE targets, negotiations for preferential trade agreements began with the United States and European Free Trade Agreement (EFTA). In addition, negotiations in preparation for and during the World Trade Organisation's (WTO) Cancun ministerial meeting represented a major set of outputs for the International Trade Development subprogramme. These outputs included consultations with other government departments, the private sector and Parliament, and the development of strategic alliances with other developing countries. The first WTO review of the South African Customs Union was successfully conducted in April 2003.

Africa and the Middle East

Nine bilateral trade and investment treaties were concluded with countries in Africa and the Middle East in 2003. Eight bi-national commissions and similar interactions were held, and eleven inward investment missions were organised. Support has been provided to the NEPAD secretariat through the secondment of staff, and various NEPAD Business Forum workshops were hosted.

Trade administration

The International Trade Administration Commission was successfully established in June 2003, replacing the Board on Tariffs and Trade. Over 10 000 import and export permits have been issued, 13 anti-dumping investigations completed, and more than 5 000 rebates, drawback permits and duty credit certificates issued.

Medium-term output targets**International Trade and Economic Development**

| Measurable objective: Increased market access for South African exports in targeted countries, through the successful conclusion of trade agreements which are aimed at ensuring fair, predictable and where possible, preferential treatment, for South African products in foreign markets. | | | |
|--|---|---|--|
| Subprogramme | Output | Measure/Indicator | Target |
| International Trade Development | Bilateral and multilateral trade agreements (with increased market access in key countries in the Americas, Europe and Asia) | Consult on and conclude negotiating positions for US, EFTA, Mercosur, India, China and the rest | Conclude free trade agreements within timeframe first quarter 2005 to end 2006 with US, EFTA, Mercosur, India, China, Egypt, Nigeria, Kenya WTO Doha Round negotiations by 2006 |
| African Economic Development | Bilateral and regional trade and investment agreements to establish framework for supporting African economic development, in line with NEPAD | Number of draft texts exchanged between countries Number of technical and business missions to key countries | Conclude at least 10 agreements with key countries during 2004/05 Undertake at least 10 technical and business missions during 2004/05 |
| International Trade Administration | Review of customs tariff policy Implementation of safeguard regulations | Improved turnaround times Promulgation of safeguard regulations | 10% reduction in response times by April 2005 November 2004 |

Programme 3: Enterprise and Industry Development

The *Enterprise and Industry Development* programme seeks to provide leadership in the development of policies and strategies that create an enabling environment for competitiveness, equity and enterprise development. Activities include: a specific focus on strengthening the platforms that underpin competitiveness such as technology, skills, logistics and standards; developing enterprises by increasing the rate at which sustainable SMMEs are created and grown, therefore making a contribution to GDP and employment; implementing government's broad-based BEE strategy; developing and implementing programmes to achieve the economic empowerment of women and a more equitable geographic spread of sustainable economic activity; and developing and implementing a co-operatives development strategy.

Expenditure estimates**Table 32.5: Enterprise and Industry Development**

| Subprogramme | Expenditure outcome | | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|---------------------|----------------|---------------------|------------------|------------------------|----------------------------------|------------------|--|
| | Audited | Audited | Preliminary outcome | | | | | |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | |
| Competitiveness Cluster | 604 936 | 646 512 | 691 223 | 789 105 | 827 753 | 879 833 | 941 263 | |
| Enterprise Development | 205 594 | 129 297 | 125 934 | 152 027 | 163 928 | 173 474 | 183 882 | |
| Equity and Empowerment | 36 400 | 24 705 | 9 251 | 79 340 | 24 197 | 25 484 | 27 013 | |
| Total | 846 930 | 800 514 | 826 408 | 1 020 472 | 1 015 878 | 1 078 791 | 1 152 158 | |
| Change to 2003 Budget Estimate | | | | 54 577 | 23 119 | 27 326 | | |

2004 Estimates of National Expenditure

| R thousand | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|----------------|---------------------|------------------------|----------------------------------|------------------|------------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Economic classification | | | | | | | |
| Current payments | 10 415 | 17 278 | 25 737 | 50 498 | 67 572 | 69 655 | 73 834 |
| Compensation of employees | 7 509 | 12 450 | 16 954 | 22 610 | 28 995 | 30 735 | 32 579 |
| Goods and services | 2 906 | 4 828 | 8 783 | 27 888 | 38 577 | 38 920 | 41 255 |
| Interest and rent on land | – | – | – | – | – | – | – |
| Financial transactions in assets and liabilities | – | – | – | – | – | – | – |
| Unauthorised expenditure | – | – | – | – | – | – | – |
| Transfers and subsidies to: | 836 281 | 782 754 | 800 140 | 969 374 | 947 486 | 1 008 267 | 1 077 403 |
| Provinces and municipalities | 23 | 61 | 47 | 34 | 44 | 47 | 50 |
| Departmental agencies and accounts | 782 758 | 735 693 | 698 706 | 828 629 | 805 285 | 857 534 | 917 626 |
| Universities and technikons | – | – | – | – | – | – | – |
| Foreign governments & international organisations | – | – | 6 387 | 8 209 | 5 000 | 5 300 | 5 618 |
| Public corporations & private enterprises | 43 500 | 16 000 | 52 000 | 83 001 | 83 003 | 87 983 | 93 262 |
| Non-profit institutions | 10 000 | 31 000 | 43 000 | 49 501 | 54 154 | 57 403 | 60 847 |
| Households | – | – | – | – | – | – | – |
| Payments for capital assets | 234 | 482 | 531 | 600 | 820 | 869 | 921 |
| Buildings and other fixed structures | – | – | – | – | – | – | – |
| Machinery and equipment | 234 | 482 | 531 | 600 | 820 | 869 | 921 |
| Cultivated assets | – | – | – | – | – | – | – |
| Software and other intangible assets | – | – | – | – | – | – | – |
| Land and subsoil assets | – | – | – | – | – | – | – |
| <i>Of which: Capitalised compensation</i> | – | – | – | – | – | – | – |
| Total | 846 930 | 800 514 | 826 408 | 1 020 472 | 1 015 878 | 1 078 791 | 1 152 158 |
| Details of transfer payments and subsidies: | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Current | 23 | 61 | 47 | 34 | 44 | 47 | 50 |
| Regional Services Council levies | 23 | 61 | 47 | 34 | 44 | 47 | 50 |

| R thousand | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary | | 2004/05 | 2005/06 | 2006/07 |
| | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Departmental agencies and accounts (Entities) | | | | | | | |
| Current | 638 118 | 587 896 | 563 743 | 681 629 | 658 285 | 701 714 | 752 457 |
| Council for Scientific and Industrial Research: Research contribution | 301 112 | 302 877 | 297 751 | 323 014 | 348 326 | 372 151 | 400 240 |
| Council for Scientific and Industrial Research: Technology Transfer Centre | - | - | 5 000 | 2 000 | 2 000 | 2 120 | 2 247 |
| Council for Scientific and Industrial Research: Technology for Women in Business | - | 6 000 | 6 000 | 6 000 | 6 000 | 6 360 | 6 742 |
| Council for Scientific and Industrial Research: National Cleaner Production Centre | - | - | 1 000 | 1 000 | 1 000 | 1 060 | 1 124 |
| South African Bureau of Standards: Research contribution | 79 052 | 81 369 | 85 000 | 91 407 | 98 099 | 104 991 | 114 170 |
| South African National Accreditation System | 5 334 | 5 800 | 9 500 | 8 000 | 6 000 | 6 360 | 6 742 |
| Council for Scientific and Industrial Research: National Measuring Standards | 32 000 | 31 000 | 33 000 | 33 000 | 32 860 | 34 832 | 36 922 |
| National Productivity Institute: Workplace Challenge | 12 000 | 5 000 | 7 000 | 11 408 | 7 000 | 7 420 | 7 865 |
| Khula | 141 000 | 64 000 | 20 000 | 25 000 | 25 000 | 26 500 | 28 090 |
| Ntsika Enterprise Promotion Agency | 50 000 | 35 000 | 40 000 | 40 000 | 40 000 | 42 400 | 44 944 |
| National Manufacturing Advisory Centre Coordinating Body | 11 300 | 28 000 | 54 500 | 80 000 | 80 000 | 84 800 | 89 888 |
| National Empowerment Fund | - | 23 000 | 4 500 | 59 500 | 10 000 | 10 600 | 11 236 |
| South African Bureau of Standards: Small Business Technical Consulting | 3 320 | 850 | 492 | 1 300 | 2 000 | 2 120 | 2 247 |
| South African Bureau of Standards: Autos | - | 5 000 | - | - | - | - | - |
| Council for Scientific and Industrial Research: Chemical Websites | 3 000 | - | - | - | - | - | - |
| Capital | 144 640 | 147 797 | 134 963 | 147 000 | 147 000 | 155 820 | 165 169 |
| National Research Foundation: Technology and Human Research for Industry Programme | 138 640 | 136 797 | 134 963 | 135 000 | 135 000 | 143 100 | 151 686 |
| Council for Scientific and Industrial Research: Technology Transfer Capital Guarantee Fund | 6 000 | 6 000 | - | 2 000 | 2 000 | 2 120 | 2 247 |
| Council for Scientific and Industrial Research: Technology Venture Capital | - | 5 000 | - | 10 000 | 10 000 | 10 600 | 11 236 |
| Foreign governments and international organisations | | | | | | | |
| Current | - | - | 6 387 | 8 209 | 5 000 | 5 300 | 5 618 |
| United Nations Industrial Development Organisation | - | - | 6 387 | 8 209 | 5 000 | 5 300 | 5 618 |
| Public corporations (Other transfers) | | | | | | | |
| Current | 36 400 | - | - | - | 1 | 1 | 1 |
| Development Bank of Southern Africa: Spatial Development Initiatives | 36 400 | - | - | - | - | - | - |
| Development Bank of Southern Africa: Community Public Private Partnership | - | - | - | - | 1 | 1 | 1 |
| Capital | 7 100 | 16 000 | 52 000 | 83 000 | 83 000 | 87 980 | 93 259 |
| Industrial Development Corporation: Support Programme for Industrial Innovation | 7 100 | 16 000 | 52 000 | 83 000 | 83 000 | 87 980 | 93 259 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|---------------------|-----------------|-----------------------------|------------------------|----------------------------------|------------------|------------------|
| | Audited 2000/01 | Audited 2001/02 | Preliminary outcome 2002/03 | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | | | | | | | |
| Private enterprises (Other transfers) | | | | | | | |
| Current | - | - | - | 1 | 2 | 2 | 2 |
| Environmental Support Fund | - | - | - | - | 1 | 1 | 1 |
| Cluster development projects | - | - | - | 1 | 1 | 1 | 1 |
| Non-profit institutions | | | | | | | |
| Current | 10 000 | 31 000 | 43 000 | 49 501 | 54 154 | 57 403 | 60 847 |
| National Co-Operatives Association of Southern Africa | - | - | 2 000 | 3 500 | 3 500 | 3 710 | 3 933 |
| Proudly South African Campaign | - | 14 000 | - | 4 001 | - | - | - |
| Godisa Trust: Technology Incubator Development | 10 000 | 17 000 | 40 000 | 40 000 | 48 654 | 51 573 | 54 667 |
| South African Women's Empowerment Network | - | - | 1 000 | 2 000 | 2 000 | 2 120 | 2 247 |
| Total | 836 281 | 782 754 | 800 140 | 969 374 | 947 486 | 1 008 267 | 1 077 403 |

Expenditure trends

Overall expenditure on *Enterprise and Industry Development* grows moderately, from R846,9 million in 2000/01 to R1,2 billion in 2006/07, an average annual increase of 5,3 per cent. Over the next three years, expenditure is expected to increase at an annual average rate of 4,1 per cent. Much of this increase goes to the Competitiveness Cluster subprogramme, which has seen expenditure increase from R789,1 million in 2003/04 to an expected R941,3 million in 2006/07, an annual average increase of 6,2 per cent.

Transfers and subsidies make up the vast proportion of programme expenditure, although current payments have been increasing rapidly. Contributions towards the CSIR and the SABS, reflected within transfers and subsidies to departmental agencies and accounts, form about 46,0 per cent of the total allocation for the programme in 2003/04. Expenditure on compensation of employees has risen from R7,5 million in 2000/01 to R32,6 million in 2006/07, an annual average increase of 27,7 per cent. This is due to a restructuring of the department in 2002/03 and the subsequent recruitment of new staff members. There was also an increase in expenditure on goods and services (an annual average of 55,6 per cent per year between 2000/01 and 2006/07) as a result of expanded activities relating to the development of policies on black economic empowerment (BEE), technology and competitiveness.

Service delivery objectives and indicators

Recent outputs

Considerable policy and advocacy work has been carried out in this programme, particularly in support of government's Microeconomic Reform Strategy and **the dti's** Integrated Manufacturing Strategy. This includes research on the identification of critical skills shortages in the economy and the identification of bottlenecks in the national logistics systems and interventions to address these.

Selected outputs from the Competitiveness Cluster subprogramme include projects to the value of R64,2 million supported in terms of the Support Programme for Industrial Innovation (SPII); more than a thousand researchers, 2 650 students, and 376 industry partners have been supported in terms of the Technology and Human Resources for Industry Programme (THRIP); and 199 new technical standards have been issued and 183 standards have been revised.

Outputs from the Enterprise Development and Empowerment and Equity subprogrammes include amendments to the National Small Business Act (26 of 2003) that were approved by Parliament paving the way for the creation of a new National Small Business Advisory Council in 2004. In addition the broad-based black economic empowerment strategy was published, and the Broad-Based Black Economic Empowerment Act (53 of 2003) was approved by Parliament, providing the framework within which black economic empowerment will be promoted and greater certainty to business about government's position on this important subject.

Medium-term output targets

Enterprise and Industry Development

| Measurable objective: Promote competitiveness in the economy by increasing the participation of historically disadvantaged individuals and increasing the geographic spread of economic activities, to contribute to an annual increase in the value-added of production in the economy. | | | |
|---|---|--|---|
| Subprogramme | Output | Measure/Indicator | Target |
| Competitiveness Cluster | Technology and innovation support | Number of technology incubators Rand value of projects supported Number of researchers, students and enterprises supported | 4 incubators established per year R160 million per year (SPII) R270 million per year (THRIP) 875 researchers per year 2 200 students per year 353 enterprises per year |
| | Centres of Excellence | Establish Technology Transfer Centre Establish Technology Venture Capital Fund Number of centres established | June 2005 June 2005 13 centres established over 3 years |
| | Policies and strategies to support competitiveness | Policy framework on technical standards and related infrastructure approved by Cabinet | Fourth quarter of 2004/05 |
| Enterprise Development | Small enterprise development strategy | Tabling of Franchising Bill in Parliament | Fourth quarter of 2004/05 |
| | | Establish a chair of entrepreneurship | March 2005 |
| | | Establish Small Business Advisory Council | First quarter of 2004/05 |
| | | Launch of Apex Fund for micro-enterprises | Second quarter of 2004/05 |
| | | Establish Small Business Agency | Third quarter of 2004/05 |
| Equity and Empowerment | Co-operatives development strategy | Tabling of co-operatives legislation in Parliament | Third quarter of 2004/05 |
| | | Establishment of Co-operatives Advisory Board | Third quarter of 2004/05 |
| | Broad-based BEE strategy | Publication of revised strategy | First quarter of 2004/05 |
| | | Publication of regulations and codes of good practice | Second quarter of 2004/05 |
| | Rolling out of South African Women's Entrepreneurship Network | Publication of women's economic empowerment strategy | Fourth quarter of 2004/05 |
| | | Self-sufficient South African Women's Enterprise Network | Fourth quarter of 2004/05 |

Programme 4: Consumer and Corporate Regulation

Consumer and Corporate Regulation develops and implements coherent, predictable and transparent regulatory solutions that provide access to redress for investors, inventors and consumers, and that provide policy coherence and certainty, and efficient regulatory services for

business. Activities include ensuring effective and efficient enforcement of legislation and facilitating consumer education and business compliance.

Expenditure estimates

Table 32.6: Consumer and Corporate Regulation

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------|---------------------|---------------|---------------------|------------------------|----------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Policy and Legislative Development | – | – | 5 895 | 6 651 | 12 008 | 12 728 | 13 492 |
| Enforcement and Compliance | 64 453 | 67 180 | 10 328 | 14 485 | 22 945 | 24 322 | 25 781 |
| Regulatory Services | 16 600 | 26 351 | 118 575 | 95 000 | 95 527 | 101 259 | 107 335 |
| Total | 81 053 | 93 531 | 134 798 | 116 136 | 130 480 | 138 309 | 146 608 |
| Change to 2003 Budget Estimate | | | | (4 276) | 10 068 | 10 672 | |

Economic classification

| | | | | | | | |
|---|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Current payments | 62 153 | 65 530 | 16 117 | 20 718 | 57 520 | 60 971 | 64 629 |
| Compensation of employees | 31 421 | 37 364 | 6 936 | 11 803 | 23 779 | 25 206 | 26 718 |
| Goods and services | 30 732 | 28 166 | 9 181 | 8 915 | 33 741 | 35 765 | 37 911 |
| Interest and rent on land | – | – | – | – | – | – | – |
| Financial transactions in assets and liabilities | – | – | – | – | – | – | – |
| Unauthorised expenditure | – | – | – | – | – | – | – |
| Transfers and subsidies to: | 16 697 | 26 434 | 118 596 | 95 018 | 71 213 | 75 486 | 80 016 |
| Provinces and municipalities | 97 | 83 | 21 | 18 | 36 | 38 | 41 |
| Departmental agencies and accounts | 16 600 | 24 600 | 17 500 | 48 177 | 48 177 | 51 068 | 54 132 |
| Universities and technikons | – | – | – | – | – | – | – |
| Foreign governments & international organisations | – | 1 751 | 2 234 | 2 000 | 2 000 | 2 120 | 2 247 |
| Public corporations & private enterprises | – | – | – | – | – | – | – |
| Non-profit institutions | – | – | 98 841 | 44 823 | 21 000 | 22 260 | 23 596 |
| Households | – | – | – | – | – | – | – |
| Payments for capital assets | 2 203 | 1 567 | 85 | 400 | 1 747 | 1 852 | 1 963 |
| Buildings and other fixed structures | – | – | – | – | – | – | – |
| Machinery and equipment | 2 203 | 1 567 | 85 | 400 | 1 747 | 1 852 | 1 963 |
| Cultivated assets | – | – | – | – | – | – | – |
| Software and other intangible assets | – | – | – | – | – | – | – |
| Land and subsoil assets | – | – | – | – | – | – | – |
| <i>Of which: Capitalised compensation</i> | – | – | – | – | – | – | – |
| Total | 81 053 | 93 531 | 134 798 | 116 136 | 130 480 | 138 309 | 146 608 |

Details of transfer payments and subsidies:

| | | | | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Current | 97 | 83 | 21 | 18 | 36 | 38 | 41 |
| Regional Services Council levies | 97 | 83 | 21 | 18 | 36 | 38 | 41 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|---------------|---------------------|------------------------|----------------------------------|---------------|---------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Departmental agencies and accounts (Entities) | | | | | | | |
| Current | 16 600 | 24 600 | 17 500 | 48 177 | 48 177 | 51 068 | 54 132 |
| National Gambling Board | 12 500 | 7 000 | 9 500 | 11 000 | 11 000 | 11 660 | 12 360 |
| Competition Commission | - | 8 600 | - | 28 177 | 28 177 | 29 868 | 31 660 |
| South African Bureau of Standards: Trade Metrology | 1 600 | 8 000 | 8 000 | 9 000 | 9 000 | 9 540 | 10 112 |
| National Lotteries Board | 2 500 | 1 000 | - | - | - | - | - |
| Foreign governments and international organisations | | | | | | | |
| Current | - | 1 751 | 2 234 | 2 000 | 2 000 | 2 120 | 2 247 |
| World Intellectual Property Organisation | - | 1 751 | 2 234 | 2 000 | 2 000 | 2 120 | 2 247 |
| Non-profit institutions | | | | | | | |
| Current | - | - | 98 841 | 44 823 | 21 000 | 22 260 | 23 596 |
| Micro-Finance Regulatory Council | - | - | 12 000 | 9 000 | 15 000 | 15 900 | 16 854 |
| Companies and Intellectual Property Registration Office | - | - | 86 841 | 35 823 | 6 000 | 6 360 | 6 742 |
| Total | 16 697 | 26 434 | 118 596 | 95 018 | 71 213 | 75 486 | 80 016 |

Expenditure trends

Overall expenditure increases from R81,1 million in 2000/01 to R146,6 million in 2006/07, an average annual increase of approximately 10,4 per cent. However this masks significant fluctuations in expenditure, with an increase to R134,8 million in 2002/03, followed by a decline to R116,1 million in 2003/04 as a result of the newly created trading entity, the Companies and Intellectual Property Registration Office (Cipro), which will derive its own revenue in future years. As a result, the relative allocation between current payments and transfers and subsidies has shifted between 2001/02 and 2002/03, to provide for the establishment and maintenance of enhanced regulatory functions.

From 2002/03 onwards, the majority of expenditure is allocated to transfers and subsidies for the agencies providing regulatory services. Increases in the Regulatory Services subprogramme over the medium term will fund the establishment of a new consumer protection agency in line with the department's medium-term policy priorities.

Significant increases are expected in expenditure on the compensation of employees, which will rise from R11,8 million in 2003/04 to R26,7 million in 2006/07, an annual average increase of 31,3 per cent. This is the result of the introduction of new activities such as BEE and small enterprise development with an associated increase in employees.

Service delivery objectives and indicators

Recent outputs

Legislation

In 2003, gambling and liquor Bills were tabled in Parliament and a significant amount of time was allocated to managing the legislative process, including intensive negotiations with key stakeholders.

The corporate law reform, consumer law reform and credit law reform projects started. These are multi-year projects that will deliver outputs towards the end of 2004/05.

Enforcement and compliance

Progress has been made in improving enforcement and compliance. A case management system has been developed and will be fully operational in 2004. Two successful prosecutions in terms of the Counterfeit Goods Act (37 of 1997) had been made by September 2003, and the average processing time for the resolution of cases has fallen from 178 days to 105 days – a 40 per cent improvement.

Regulatory agencies

Management and monitoring of a number of regulatory agencies – including the Companies and Intellectual Property Registration Office (Cipro), the Competition Commission and Competition Tribunal, the National Gambling Board, the National Lotteries Board, the Estate Agency Affairs Board and the Micro Finance Regulatory Council – have been a focus in 2003/04, and a benchmarking study to establish service delivery standards has been initiated. Cipro was established as an independent trading entity in April 2002. In the first six months of the 2003/04 financial year, Cipro generated R16,4 million in revenue. In the period from January 2003 to August 2003, Cipro has registered 71 500 new close corporations, 6 792 new patent applications and 15 082 new trademark applications.

Medium-term output targets

Consumer and Corporate Regulation

Measurable objective: Business certainty and access to redress by economic citizens, through the provision of appropriate policy frameworks, legislation and regulation, as well as efficient and fair regulatory services.

| Subprogramme | Output | Measure/Indicator | Target |
|------------------------------------|---|---|--|
| Policy and Legislative Development | Consumer credit policy and legislation | Credit policy and Bill published for public comment and introduced into Parliament | Credit policy and Bill published for comment by May 2004 Bill introduced into Parliament by August 2004 |
| | Consumer policy and legislation | Consumer policy and Bill published for comment | Consumer policy published for comment by April 2004 Consumer Bill published for comment by March 2005 |
| | Corporate law reform policy | Public consultation on policy framework completed and drafter's memorandum finalised | Policy framework published for comment in February 2004 Guidelines for legislation drafted by December 2004 |
| Enforcement and Compliance | National consumer help-line | Help-line launched | October 2004 |
| | Efficient complaint resolution | Improvement in outreach and turnaround time for consumer complaints | 10% increase in outreach and 10% reduction in response time by March 2005 |
| Regulatory Services | Service level agreements with regulatory agencies | Number of service level agreements concluded with regulatory agencies | 7 service level agreements concluded by March 2005 |
| | New liquor authority, and consumer protection and credit agencies | Liquor authority established Credit regulator operational Credit regulator established Consumer protection agency designed | April 2004 January 2005 January 2005 March 2005 |

Programme 5: The Enterprise Organisation

The Enterprise Organisation stimulates and facilitates the development of sustainable competitive enterprises through the efficient provision of effective and accessible supply-side incentive measures, including the Small and Medium Enterprise Development Programme, the Critical Infrastructure Programme, and the Skills Support Programme. *The Enterprise Organisation* also manages the development of new incentive programmes in response to the department's policies and strategies, and supports small enterprises and black owned enterprises in their use of the department's incentive programmes.

Expenditure estimates

Table 32.7: The Enterprise Organisation

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|---------------------|----------------|---------------------|------------------------|----------------------------------|------------------|------------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| Incentive Administration | 493 327 | 529 699 | 579 740 | 925 337 | 929 382 | 987 116 | 1 046 343 |
| New Incentive Development | - | - | - | - | 2 469 | 2 617 | 2 774 |
| Business Development and After-Care | - | - | - | - | 11 367 | 12 049 | 12 772 |
| Total | 493 327 | 529 699 | 579 740 | 925 337 | 943 218 | 1 001 782 | 1 061 889 |
| Change to 2003 Budget Estimate | | | | 149 869 | 38 292 | 40 589 | |
| Economic classification | | | | | | | |
| Current payments | 20 799 | 28 410 | 57 617 | 41 987 | 47 757 | 52 594 | 55 750 |
| Compensation of employees | 8 306 | 13 799 | 22 488 | 29 000 | 32 925 | 34 900 | 36 994 |
| Goods and services | 12 493 | 14 611 | 35 129 | 12 987 | 14 832 | 17 694 | 18 756 |
| Interest and rent on land | - | - | - | - | - | - | - |
| Financial transactions in assets and liabilities | - | - | - | - | - | - | - |
| Unauthorised expenditure | - | - | - | - | - | - | - |
| Transfers and subsidies to: | 472 408 | 500 754 | 521 150 | 883 050 | 893 345 | 946 945 | 1 003 761 |
| Provinces and municipalities | 25 | 63 | 58 249 | 296 045 | 100 350 | 223 253 | 231 248 |
| Departmental agencies and accounts | - | - | - | - | - | - | - |
| Universities and technikons | - | - | - | - | - | - | - |
| Foreign governments & international organisations | - | - | - | - | - | - | - |
| Public corporations & private enterprises | 472 383 | 500 691 | 462 901 | 587 004 | 792 994 | 723 691 | 772 512 |
| Non-profit institutions | - | - | - | - | - | - | - |
| Households | - | - | - | 1 | 1 | 1 | 1 |
| Payments for capital assets | 120 | 535 | 973 | 300 | 2 116 | 2 243 | 2 378 |
| Buildings and other fixed structures | - | - | - | - | - | - | - |
| Machinery and equipment | 120 | 535 | 973 | 300 | 2 116 | 2 243 | 2 378 |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - |
| Land and subsoil assets | - | - | - | - | - | - | - |
| <i>Of which: Capitalised compensation</i> | - | - | - | - | - | - | - |
| Total | 493 327 | 529 699 | 579 740 | 925 337 | 943 218 | 1 001 782 | 1 061 889 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|----------------|---------------------|------------------------|----------------------------------|----------------|------------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Details of transfer payments and subsidies: | | | | | | | |
| Provincial agencies and funds | | | | | | | |
| Capital | - | - | 58 200 | 296 000 | 100 300 | 223 200 | 231 192 |
| Critical Infrastructure Programme | - | - | - | - | - | - | - |
| Coega Development Corporation | - | - | 58 200 | 38 000 | 60 300 | 133 200 | 161 192 |
| East London Development Corporation | - | - | - | 86 500 | 40 000 | 50 000 | 40 000 |
| Richards Bay Development Corporation | - | - | - | 171 500 | - | 40 000 | 30 000 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Current | 25 | 63 | 49 | 45 | 50 | 53 | 56 |
| Regional Services Council levies | 25 | 63 | 49 | 45 | 50 | 53 | 56 |
| Private enterprises (Subsidies on production) | | | | | | | |
| Current | 341 397 | 344 624 | 413 787 | 431 001 | 503 292 | 533 489 | 565 498 |
| Small and Medium Manufacturing Development Programme | 174 473 | 209 594 | 169 988 | 150 000 | 130 000 | 137 800 | 146 068 |
| Enterprise Development | - | 9 793 | 161 857 | 251 000 | 343 291 | 363 888 | 385 721 |
| Manufacturing Development Programme Incentives | 159 924 | 120 789 | 64 754 | 20 000 | 15 000 | 15 900 | 16 854 |
| Industrial Development Zones | - | - | 13 798 | 10 000 | 15 000 | 15 900 | 16 854 |
| Tax Holiday Scheme | 7 000 | 4 448 | 3 390 | 1 | 1 | 1 | 1 |
| Capital | - | - | - | 2 | - | - | - |
| Strategic Investment Programme | - | - | - | 1 | - | - | - |
| Skills Support Programme | - | - | - | 1 | - | - | - |
| Private enterprises (Other transfers) | | | | | | | |
| Current | 130 986 | 156 067 | 49 114 | 156 001 | 170 002 | 180 202 | 191 014 |
| Export Market and Investment Assistance | 106 592 | 110 331 | - | 88 000 | 112 000 | 118 720 | 125 843 |
| Competitiveness Fund | 20 053 | 39 010 | 39 980 | 30 000 | 45 000 | 47 700 | 50 562 |
| Sector Partnership Fund | 4 341 | 6 726 | 9 134 | 9 001 | 13 000 | 13 780 | 14 607 |
| Black Business Supplier Development Programme | - | - | - | 9 000 | 1 | 1 | 1 |
| Micro-Investor Fund | - | - | - | 20 000 | 1 | 1 | 1 |
| Capital | - | - | - | - | 119 700 | 10 000 | 16 000 |
| Other Critical Infrastructure Programme projects | - | - | - | - | 119 700 | 10 000 | 16 000 |
| Households (Other transfers to households) | | | | | | | |
| Current | - | - | - | 1 | 1 | 1 | 1 |
| Taxi Recapitalisation Allowance Scheme | - | - | - | 1 | 1 | 1 | 1 |
| Total | 472 408 | 500 754 | 521 150 | 883 050 | 893 345 | 946 945 | 1 003 761 |

Expenditure trends

The programme has seen very significant increases in expenditure over the last three years, rising from R493,3 million in 2000/01 to R925,3 million in 2003/04 – an annual average increase of 23,3 per cent. Over the next three years this growth slows, increasing at an annual average of 4,7 per cent, with expenditure expected to reach R1,1 billion in 2006/07. This has funded the introduction of a new suite of incentives since 2000/01, such as the Skills Support Programme, the Small and Medium Enterprise Development Programme (SMEDP), the extension of the SMEDP to the tourism sector and the Critical Infrastructure Programme. Another reason for the increased

allocation to *The Enterprise Organisation* is the transfer of the Export Marketing and Investment Assistance scheme from *Trade and Investment South Africa*.

The vast majority of expenditure is on transfers and subsidies. Expenditure on current payments has also risen significantly as a result of new activities related to the introduction of the new incentive programmes. Expenditure on compensation of employees is rising from R8,3 million in 2000/01 to R37,0 million in 2006/07, an annual average increase of 28,3 per cent.

Service delivery objectives and indicators

Recent outputs

Investment incentives

A number of strategic industrial projects were approved, leveraging investment in the South African economy of R3,81 billion. The SMEDP provided financial support to 980 enterprises. In total, the investment incentives generated nearly 30 000 new employment opportunities and supported the retention of 60 000 jobs in the manufacturing economy.

The Critical Infrastructure Programme supported seven infrastructure projects, leveraging investment of R850,0 million in infrastructure in various industrial development zones, including Coega, East London and Richards Bay.

The Export Marketing and Investment Assistant scheme has to operate in a volatile market, but assisted up to 2 160 exporters with general advice and a further 795 with information on specific export opportunities in the first six months of 2003/04. R344,0 million was generated through export sales.

Business development incentives

A total of 130 projects were approved under the Competitiveness Fund and 115 under the Sector Partnership Fund. An impact assessment of the efficacy of these two programmes has been initiated. In terms of the Skills Support Programme, 40 projects have been confirmed.

A new incentive programme was introduced in 2003 in support of the department's BEE strategy. The Black Business Supplier Development Programme has so far supported 112 black-owned enterprises.

Medium-term output targets

The Enterprise Organisation

Measurable objective: Increase investment in infrastructure, human resource development, value-added manufacturing and services, as well as technology and innovation through the efficient provision of effective and accessible supply-side incentives to enterprises.

| Subprogramme | Output | Measure/Indicator | Target |
|--------------------------|---|--|--------|
| Incentive Administration | Small and Medium Enterprise Development Programme (SMEDP) | Number_of successful SMEDP applications per year | 6 000 |

| Subprogramme | Output | Measure/Indicator | Target |
|-------------------------------------|---|---|---|
| | Implementation of business development programmes (the Foreign Investment Grant (FIG), Critical Infrastructure Programme (CIP), Black Business Supplier Development Programme (BBSDP), and Export Marketing and Investment Assistance programme (EMIA)) | Number of successful applications for each programme per year | 24 successful FIG applications 6 successful CIP applications 400 successful BBSDP applications 1 500 successful EMIA applications |
| | Strategic Industrial Programme (SIP) | Value of investment in South Africa leveraged per year | R2 billion |
| | Enterprise Development Act | Table draft legislation in Parliament | Second quarter of 2004/05 |
| | | Publish new regulations | First quarter of 2004/05 |
| | | Rationalise adjudication structures | Fourth quarter of 2004/05 |
| | Customer care | Call-centre operational for incentive applications | March 2005 |
| | | E-commerce platform for incentives established | March 2006 |
| New Incentive Development | New incentive programmes: Film sector Extension of SMEDP to biotechnology and agriculture Co-operatives Women-owned enterprises Review of Competitiveness Fund (CF) and Sector Partnership Fund (SPF) | Approval of new programmes by Cabinet Report to Cabinet on efficacy of programmes | Film, biotechnology and agriculture to be approved in first quarter of 2004/05 Co-operatives and women to be approved in second quarter of 2004/05 First quarter of 2004/05 |
| Business Development and After-Care | Business development support to enterprises | Increase in number of successful applications from small-, black- and women-owned enterprises Number of trained and accredited facilitators per year Number of partnerships with service providers per year | 30% increase per year 500 trainers 50 partnership agreements |

Programme 6: Trade and Investment South Africa

Trade and Investment South Africa provides strategic vision and direction to key growth sectors in the economy, and increases the level of direct investment flow through targeting investors and enhancing government policies and processes that impact on South Africa's appeal to investors. The programme develops South Africa's capacity to export into various markets through, among others: providing exporter training to South African exporters; funding technical interventions to help companies increase their competitiveness and overcome specific export barriers; and implementing programmes for the development of nine priority sectors in support of the department's Integrated Manufacturing Strategy and government's microeconomic reform strategy.

Expenditure estimates

Table 32.8: Trade and Investment South Africa

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---------------------------------------|---------------------|----------------|---------------------|------------------------|----------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| Investment Promotion and Facilitation | 132 349 | 227 993 | 265 602 | 159 814 | 72 843 | 77 213 | 81 846 |
| Export Development and Promotion | 463 542 | 166 995 | 260 662 | 216 161 | 243 021 | 257 602 | 273 056 |
| Customised Sector Programmes | 9 916 | 8 584 | - | 1 | 32 218 | 34 152 | 36 201 |
| Total | 605 807 | 403 572 | 526 264 | 375 976 | 348 082 | 368 967 | 391 103 |
| Change to 2003 Budget Estimate | | | | (90 881) | (125 877) | (133 430) | |

Economic classification

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Current payments | 119 229 | 153 217 | 111 155 | 136 489 | 131 425 | 147 367 | 156 209 |
| Compensation of employees | 72 001 | 90 977 | 85 097 | 83 000 | 100 412 | 106 437 | 112 822 |
| Goods and services | 47 228 | 62 240 | 26 058 | 53 489 | 31 013 | 40 930 | 43 387 |
| Interest and rent on land | - | - | - | - | - | - | - |
| Financial transactions in assets and liabilities | - | - | - | - | - | - | - |
| Unauthorised expenditure | - | - | - | - | - | - | - |
| Transfers and subsidies to: | 485 669 | 246 582 | 414 908 | 237 487 | 215 755 | 220 644 | 233 881 |
| Provinces and municipalities | 61 | 52 | 68 | 126 | 153 | 162 | 171 |
| Departmental agencies and accounts | 485 210 | 246 507 | 414 840 | 208 000 | 200 000 | 212 000 | 224 720 |
| Universities and technikons | - | - | - | - | - | - | - |
| Foreign governments & international organisations | - | - | - | 3 161 | 8 000 | 8 480 | 8 988 |
| Public corporations & private enterprises | 398 | 23 | - | 26 200 | 7 602 | 2 | 2 |
| Non-profit institutions | - | - | - | - | - | - | - |
| Households | - | - | - | - | - | - | - |
| Payments for capital assets | 909 | 3 773 | 201 | 2 000 | 902 | 956 | 1 013 |
| Buildings and other fixed structures | - | - | - | - | - | - | - |
| Machinery and equipment | 909 | 3 773 | 201 | 2 000 | 902 | 956 | 1 013 |
| Cultivated assets | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - |
| Land and subsoil assets | - | - | - | - | - | - | - |
| <i>Of which: Capitalised compensation</i> | - | - | - | - | - | - | - |
| Total | 605 807 | 403 572 | 526 264 | 375 976 | 348 082 | 368 967 | 391 103 |

Details of transfer payments and subsidies:

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Current | 61 | 52 | 68 | 126 | 153 | 162 | 171 |
| Regional Services Council levies | 61 | 52 | 68 | 126 | 153 | 162 | 171 |
| Departmental agencies and accounts (Entities) | | | | | | | |
| Current | 485 210 | 246 507 | 414 840 | 208 000 | 200 000 | 212 000 | 224 720 |
| Export Credit Insurance Corporation | 452 210 | 151 007 | 195 000 | 177 000 | 200 000 | 212 000 | 224 720 |
| Trade and Investment South Africa | 33 000 | 95 500 | 219 840 | 31 000 | - | - | - |
| Foreign governments and international organisations | | | | | | | |
| Current | - | - | - | 3 161 | 8 000 | 8 480 | 8 988 |
| Export Consultancy Trust Funds: | - | - | - | - | - | - | - |
| International Bank for Reconstruction and Development (World Bank) | - | - | - | 1 581 | 4 000 | 4 240 | 4 494 |
| International Finance Corporation | - | - | - | 1 580 | 4 000 | 4 240 | 4 494 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|---------------------|----------------|---------------------|------------------------|----------------------------------|----------------|----------------|
| | Audited | Audited | Preliminary outcome | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | |
| Public corporations (Other transfers) | | | | | | | |
| Current | - | - | - | - | 2 | 2 | 2 |
| Council for Scientific and Industrial Research: Maritime Industry Project | - | - | - | - | 1 | 1 | 1 |
| Industrial Development Corporation: South African Capital Good Feasibility Study Fund | - | - | - | - | 1 | 1 | 1 |
| Private enterprises (Other transfers) | | | | | | | |
| Current | 398 | 23 | - | 26 200 | 7 600 | - | - |
| Export Market and Investment Assistance | - | - | - | - | - | - | - |
| General Export Incentive Scheme | 398 | 23 | - | 16 000 | - | - | - |
| Youth Internship Programme | - | - | - | 10 200 | 7 600 | - | - |
| Total | 485 669 | 246 582 | 414 908 | 237 487 | 215 755 | 220 644 | 233 881 |

Expenditure trends

Overall expenditure on the programme decreases from R605,8 million in 2000/01 to R391,1 million in 2006/07. However, this masks significant fluctuations in expenditure, driven by uneven payments towards the Export Credit Insurance Corporation (ECIC) and the foreign mission offices, with a low of R348,1 million in 2004/05. Part of this volatility is due to MTEF allocations towards the ECIC being supplemented with an additional R41,0 in 2003/04. The other major reason for the volatility is the shift of functions between the Customised Sector Programmes subprogramme and Trade and Investment South Africa (Tisa). In 2002/03 and 2003/04, the activities of this subprogramme were outsourced to Tisa, but these are now to be shifted back to Customised Sector Programmes. As a result, there is no expenditure in the subprogramme between 2002/03 and 2003/04. In 2004/05 it is reintroduced at R32,2 million rising to R36,2 million in 2006/07, while no further provision is made over the MTEF period for Tisa (as reflected in transfers and subsidies to departmental agencies and accounts).

While the budget decreased substantially between 2002/03 and 2003/04, expenditure on goods and services increased by 105,3 per cent over the same period as a result of activities associated with the shifting of functions from Tisa into the department. For the same reason compensation of employees increases by 21,0 per cent between 2003/04 and 2004/05 as employees of Tisa are absorbed into the department.

Service delivery objectives and indicators

Recent outputs

Investments

Investments to the value of R3,6 billion were facilitated in the first half of the 2003/04 financial year. One-third of these investments is in the automotive sector. Fifty import and export missions took place over the same time period.

Export development

Export training and development seminars have been run in the Western Cape and Mpumalanga, and 220 enterprises received training. Nineteen enterprises participated in a pilot export-mentoring

programme. Almost 1 000 exporters received financial assistance, and more than 2 500 enterprises received non-financial assistance.

Considerable analysis and stakeholder interaction has taken place as part of the process of developing customised sector programmes for the priority sectors of the economy. The Export Credit Insurance Corporation has for the first nine months of 2003 underwritten projects up to R667,0 million, of which 65 per cent are in the SADC region. Of the projects in the SADC region, 87 per cent involve investment in infrastructure (railways), while 13 per cent are in the mining sector.

Medium-term output targets

Trade and Investment South Africa

| Measurable objective: Increased levels of direct investment and exports in aggregate and in government priority sectors. | | | |
|--|---|--|--|
| Subprogramme | Output | Measure/Indicator | Target |
| Investment Promotion and Facilitation | Investment missions | Number of missions to strategic countries | 6 ministerial missions by March 2005 32 sector-specific missions by end of March 2005 (4 missions per sector) |
| | Sector-specific investment seminars and exhibitions | Number of sector-specific investment seminars and exhibitions | 8 by end of March 2005 |
| | Investment facilitation | Processing time for investment queries | 48 hours turnaround time |
| | Investment strategy and framework | Memoranda of understanding with provincial investment promotion agencies | Second quarter of 2004/05 |
| Export Development and Promotion | National Export Development Strategy | Publication of strategy | Second quarter of 2004/05 |
| | Export development programme | Number of new exporters | 90 new exporters per year |
| | Export market opportunities | Frequency of publication on market opportunities Frequency of reports from foreign office regions Number of missions to foreign office regions | Quarterly Quarterly 40 missions over 36 months |
| Customised Sector Programmes | Working groups in priority sectors | Establishment of internal working groups and industry working groups | 6 internal and 6 industry working groups by second quarter of 2004/05 |

Programme 7: Marketing

Marketing is responsible for, among others: managing **the dti** brand and increasing awareness of the department's services through advertising campaigns; media liaison, publishing and internal communications activities; and operating the customer care centre, supporting **the dti's** electronic media and servicing the regional centres.

Expenditure estimates

Table 32.9: Marketing

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|---------------------|----------|---------------|------------------------|----------------------------------|---------------|---------------|
| | Audited | Audited | Preliminary | | | | |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| Brand Management | – | – | 17 889 | 19 196 | 26 753 | 28 358 | 30 059 |
| Marketing Communications | 1 765 | – | 5 475 | 21 485 | 24 864 | 26 357 | 27 938 |
| Distribution | – | – | 33 070 | 23 082 | 25 107 | 26 613 | 28 210 |
| Total | 1 765 | – | 56 434 | 63 763 | 76 724 | 81 328 | 86 207 |
| Change to 2003 Budget Estimate | | | | 14 406 | 27 367 | 29 010 | |

Economic classification

| | | | | | | | |
|---|--------------|----------|---------------|---------------|---------------|---------------|---------------|
| Current payments | 1 710 | – | 56 010 | 60 895 | 75 022 | 79 524 | 84 295 |
| Compensation of employees | 965 | – | 6 968 | 11 824 | 15 005 | 15 905 | 16 859 |
| Goods and services | 745 | – | 49 042 | 49 071 | 60 017 | 63 619 | 67 436 |
| Interest and rent on land | – | – | – | – | – | – | – |
| Financial transactions in assets and liabilities | – | – | – | – | – | – | – |
| Unauthorised expenditure | – | – | – | – | – | – | – |
| Transfers and subsidies to: | 3 | – | 20 | 2 868 | 23 | 24 | 26 |
| Provinces and municipalities | 3 | – | 20 | 18 | 23 | 24 | 26 |
| Departmental agencies and accounts | – | – | – | – | – | – | – |
| Universities and technikons | – | – | – | – | – | – | – |
| Foreign governments & international organisations | – | – | – | – | – | – | – |
| Public corporations & private enterprises | – | – | – | 2 850 | – | – | – |
| Non-profit institutions | – | – | – | – | – | – | – |
| Households | – | – | – | – | – | – | – |
| Payments for capital assets | 52 | – | 404 | – | 1 679 | 1 780 | 1 886 |
| Buildings and other fixed structures | – | – | – | – | – | – | – |
| Machinery and equipment | 52 | – | 404 | – | 1 679 | 1 780 | 1 886 |
| Cultivated assets | – | – | – | – | – | – | – |
| Software and other intangible assets | – | – | – | – | – | – | – |
| Land and subsoil assets | – | – | – | – | – | – | – |
| <i>Of which: Capitalised compensation</i> | – | – | – | – | – | – | – |
| Total | 1 765 | – | 56 434 | 63 763 | 76 724 | 81 328 | 86 207 |

Details of transfer payments and subsidies:

| | | | | | | | |
|--|----------|----------|-----------|--------------|-----------|-----------|-----------|
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Current | 3 | – | 20 | 18 | 23 | 24 | 26 |
| Regional Services Council levies | 3 | – | 20 | 18 | 23 | 24 | 26 |
| Private enterprises (Other transfers) | | | | | | | |
| Current | – | – | – | 2 850 | – | – | – |
| 2003 Nedbank Golf Challenge | – | – | – | 2 850 | – | – | – |
| Total | 3 | – | 20 | 2 868 | 23 | 24 | 26 |

Expenditure trends

This programme was first established in 2003/04 and expenditure on the programme will increase from R63,8 million in 2003/04 to R86,2 million in 2006/07, an annual average increase of 10,6 per cent. Because this is a new programme, initial experience has resulted in a reallocation of

activities between subprogrammes. As a result, both the Brand Management and Distribution subprogrammes see significant increases over the next three years, with both receiving annual average increases (Brand Management of 16,1 per cent and Distribution of 6,9 per cent).

Expenditure on goods and services increases by 22,3 per cent between 2003/04 and 2004/05, because work such as the preparation of communication materials, which was previously commissioned through institutions, will now be done by the programme.

Service delivery objectives and indicators

Recent outputs

The department's Customer Care Centre receives 40 000 calls per month. Over 98 per cent of these calls are answered within 30 seconds, and the number of dropped calls has fallen to 1,6 per cent, which is better than the international benchmark for call centres. The department's website receives 60 000 visitors a month. Phase 2 and 3 of **the dti** Business Express, a train that takes **the dti's** incentive and programme advisors around the country to market the department's services and products, was implemented in 2003 reaching 10 000 people. Advertising campaigns were targeted at reaching 4,7 million economic citizens throughout six of South Africa's provinces. The programme continued to publish high-quality, relevant and user-friendly publications, such as 'My Business' aimed at small enterprises, and 'Sisebenza Sonke', the department's official policy journal. New publications launched in 2003 include 'Business SA', which is targeted at foreign investors, and 'Research Bulletin'.

Medium-term output targets

Marketing

Measurable objective: Increased awareness of and access to the department's products and services by economic citizens, through effective marketing activities and the development of appropriate distribution channels.

| Subprogramme | Output | Measure/Indicator | Target |
|--------------------------|--|--------------------------------------|--|
| Brand Management | The dti Business Express | Number of economic citizens reached | 10 000 |
| | Advertising campaigns | Number of economic citizens reached | 4,7 million |
| Marketing Communications | Quarterly and monthly publications | Number produced and distributed | 6 publications distributed to 100 000 clients per year |
| | Foreign-language publications | Number produced and distributed | 1 foreign language publication per year |
| | Marketing intelligence | Frequency of feedback from clients | Annual survey of clients |
| Marketing Distribution | Excellent customer care via Customer Care Centre and website | Percentage of calls answered on time | 98% of all calls answered within 30 seconds |
| | | Time taken to respond to queries | 100% of queries responded to within 48 hours |

Public entities reporting to the Minister

Companies and Intellectual Property Registration Office

The Companies and Intellectual Property Registration Office (Cipro) is a recently established trading entity that receives income from the registration of companies, close corporations and intellectual property (patents, trademarks, copyright and designs).

Cipro will become self-sustaining by July 2006, and transfers and subsidies will therefore decline and be phased out by then. The allocation to Cipro decreases from R35,8 million in 2003/04 to R6,7 million in 2006/07, an average annual decrease of 42,7 per cent. The Department of Trade

and Industry is, however, currently engaged in a corporate law reform process that is likely to result in new functions for Cipro. Provision has been made for transfers to fund the new functions.

Competition Commission and Competition Tribunal

The Competition Commission and the Competition Tribunal are established in terms of the Competition Act (89 of 1998) and are responsible for promoting competitive market conditions through investigating and prosecuting anti-competitive activities, reviewing and approving mergers and exemption applications, conducting research, and disseminating information to businesses, consumers and other stakeholders.

The authorities are funded in equal proportion through income-generating activities and voted funds. They were initially funded by the department and generated significant funds through merger activities in the first four years of their operation. Most of the initial surpluses have now been exhausted, and it is expected that the funding needs of the authorities over the medium term will amount to R28,2 million in 2004/05 and increase to R31,7 million in 2006/07, an average annual increase of 6,0 per cent.

Council for Scientific and Industrial Research

Established in 1945 and currently regulated through the Scientific Research Council Act (46 of 1988), the Council for Scientific and Industrial Research (CSIR) is the premier industrial research organisation in Africa, committed to: innovation, supporting sustainable development and economic growth, and creating value for clients, partners and stakeholders. The CSIR is committed to providing technological solutions and information to contribute to realising national socio-economic priorities. The council's objective is to build appropriate competencies to provide South Africa with necessary technological capabilities, and to promote and develop a culture of science and technology. The council strives to lead technology awareness and to build strong linkages between labour and technology.

Over the MTEF period, the CSIR will focus on aligning the National Research and Development Strategy to build competence and capacity for stakeholders and customers.

The transfers to the council for research activities increase from R323,0 million for 2003/04 to R400,2 million in 2006/07. In addition, the council is commissioned to undertake specific research and technology development projects for the department, which account for further transfers of R56,0 million in 2003/04

Council of Trade and Industry Institutions

The Department of Trade and Industry has established the Council of Trade and Industry Institutions (Cotii) to promote the strategic and operational alignment of the various entities reporting to it. Cotii meets on a quarterly basis and is chaired by the Minister of Trade and Industry. It consists of the CEOs and chairpersons of each public entity. Considerable attention is being paid to ensure value for money from transfer payments, through reviewing institutional mandates, shareholder compacts and memoranda of understanding. A set of common performance indicators to measure and evaluate the impact of these entities is also being developed.

Export Credit Insurance Corporation

The Export Credit Insurance Corporation (ECIC) is a self-sustained, state-owned, national export agency, registered as an insurer underwriting bank loans, supplier credits and investment into South Africa. The ECIC was established on 2 July 2001 by the Export Credit and Foreign Investments Re-insurance Amendment Act (9 of 2001) with the brief to fill a gap in the market in

the provision of medium- and long-term export credit insurance and investment guarantees on behalf of government.

The ECIC operates on business principles, and can be seen as a limited liability company controlled by an independent board of directors. It also administers an interest make-up transfer payment on behalf of the department, which is used by banking institutions and the Industrial Development Corporation to offer export credit loans to foreign buyers at internationally competitive rates. The agency will receive R177,0 million in 2003/04 increasing to R224,7 million in 2006/07 for this purpose.

The main outputs of the agency will encompass:

- providing insurance cover for capital projects abroad, mainly in the SADC region
- adding new exposure to the value of R2,1 billion
- issuing investment guarantees against political and transfer risks.

The ECIC faces a significant challenge in its strategy to break even on its insurance business. This is due to having to match lending in US dollars with funding in rands, and is further complicated by fluctuating international interest rates. As a short-term risk mitigation strategy, the ECIC has kept interest rates denominated in US dollars unaltered for some time, although this is proving to be a deterrent to potential capital goods exporters wishing to make use of the ECIC export credit loans.

Fund for Research into Industrial Development, Growth and Equity

The Fund for Research into Industrial Development, Growth and Equity was established in terms of an agreement between business, labour and government in Nedlac's Trade and Industry Chamber. The fund is administered by the Industrial Development Corporation.

It provides financial assistance for research directed towards: improving South Africa's economic competitiveness globally; injecting international and local expertise into industry; building individual and institutional capacity among stakeholders; and contributing to collaboration on policy and development issues.

The fund received transfers of R1,0 million in 2000/01, rising to R7,4 million in 2006/07, an average annual increase of 39,7 per cent.

Industrial Development Corporation

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

During 2003, IDC financing approvals amounted to R6,2 billion, representing an increase of 26 per cent from the previous financial year. More than 17 000 job opportunities were created as a result of the loans approved. SMMEs received 46 per cent of the value of loans approved and historically disadvantaged individuals received 33 per cent.

In 2003 the IDC received its first ever credit rating when Moody's Investors Service awarded it an investment grade rating of Baa2. A R50 million fund was also established, which is aimed at assisting communities to obtain a shareholding in IDC projects, and ultimately to facilitate socio-economic development related to these projects. The IDC's collaboration with the European Union and the European Investment Bank on the Risk Capital Facility enabled it to reach more black-empowerment SMMEs. This facility was utilised in 15 per cent of the IDC's BEE deals.

Khula

Khula was founded in 1996, and specialises in ensuring the enhanced availability of loan and equity capital to small, medium and micro-enterprises. Finance is made available by:

- offering loans, guarantees and seed funds to retail funding intermediaries in need of capital, risk-sharing and capacity
- offering guarantees and equity capital directly and indirectly to small, medium and micro-enterprises
- providing assistance and guidance on financing and opportunities.

Khula is registered as an insurer under the Insurance Amendment Act (49 of 1998), and is governed by the regulations of the Financial Services Board. Its credit guarantee arm undergoes an annual actuarial valuation as required by the Financial Services Board to determine the appropriate maximum gearing.

The programmes financed by Khula have developed much faster than expected owing to the demand for its services. Transfer payments increase from R25,0 million in 2003/04 to R28,1 million in 2006/07.

During 2003, the Anglo Khula Mining Fund, a joint venture between Khula and Anglo American was established. The R40 million fund will target black empowerment companies and advance their entry into mining and related sectors.

Through its network of intermediaries, Khula has assisted approximately 190 000 South Africans, 72 per cent of whom are women. As a result of its activities in 2002/03, an estimated 126 764 jobs have been created directly and an estimated 970 000 job opportunities are maintained indirectly through the activities of enterprises receiving Khula finance.

Micro Finance Regulatory Council

The Micro Finance Regulatory Council (MFRC) is an independent regulatory structure.

The council will be expanded through legislative amendments that will be reviewed by Parliament in the first half of 2003. Furthermore, a legislative reform process that will result in new consumer credit legislation and a statutory regulator is currently under way. It is expected that new legislation will be reviewed by Parliament in early 2004. It is for this reason that the Department of Trade and Industry has funded the MFRC and will be expanding its funding to the institution to allow it to set up a new credit regulator. All functions regarding the monitoring of unregistered micro-lenders will also be done by the MFRC.

Allocation amounts increase from R9,0 million in 2003/04 to R16,9 million in 2006/07.

National Empowerment Fund

The National Empowerment Fund Trust (NEF) was created by the National Empowerment Fund Act (105 of 1998) to redress economic equality for historically disadvantaged persons and increase their participation in the economy. The promotion of ownership of income-generating assets by historically disadvantaged persons was identified as an important way to achieve this. Emanating from the Act, the NEF's broad mandate includes: providing historically disadvantaged individuals with the opportunity to own equity in private businesses; supporting historically disadvantaged business ventures; promoting understanding of equity ownership; providing historically disadvantaged individuals with the opportunity to own shares in state-owned commercial enterprises; and encouraging and promoting savings and investment.

As part of an ongoing capitalisation process, the NEF was allocated R174,0 million in the form of M-Cell shares in 1998/9. R59,5 million has been allocated for 2003/04. The NEF will receive R10,0 million, R10,6 million and R11,2 million over the MTEF period.

National Enterprise Promotion Agency

The National Enterprise Promotion Agency (Ntsika) was established under the National Small Business Act (102 of 1996) as a section 21 company, to provide non-financial support services for small, medium and micro-enterprises. Ntsika provides access to training, information, capacity-building, counselling, markets and technology.

The transfers to Ntsika increase from R35,0 million in 2001/02 to R44,9 million in 2006/07.

National Gambling Board

The National Gambling Board was established in terms of the National Gambling Act (33 of 1996) to exercise control over gambling, provide advice to the Minister, and promote uniform norms and standards across provinces.

The board's 2003/04 budget of R11,0 million is expected to increase to R12,4 million over the medium term, because it will be given additional responsibilities in terms of the draft Gambling Bill that will be presented to Parliament in 2003. The board is exclusively funded by the Department of Trade and Industry, and has received R9,5 million from the department during 2002/03, as surpluses were accumulated in its initial years of operation. It is anticipated that these surpluses will be exhausted in 2003/04. The board receives transfers of R11,0 million in 2004/05, R11,7 million in 2005/06 and R12,4 million in 2006/07 from the department.

National Lotteries Board

The National Lotteries Board (NLB) is established in terms of the National Lotteries Act (57 of 1997) and the Amendment Acts 10 of 2000 and 46 of 2001. The board monitors and enforces the implementation of the National Lottery, as well as the establishment of private lotteries and promotional competitions. In addition, the board manages the National Lotteries Distribution Trust Fund (NLDTF) and takes responsibility the distributing agencies.

The board is funded from the NLDTF, but the Minister approves the board's budget and business plan. No funding for transfers has been allocated to the NLB over the MTEF period.

National Manufacturing Advisory Centre Co-ordinating Body

The National Manufacturing Advisory Centre Co-ordinating Body (Namac) provides manufacturing, information and related business development services through a range of support programmes to small, medium and micro-enterprises.

After receiving R54,5 million in 2002/03, the organisation's allocation increases to R89,9 million in 2006/07.

National Measuring Standards

The National Measuring Standards (NMS) organisation aims to promote South Africa's competitiveness through the provision of internationally acceptable measuring standards and measurements in terms of the Measuring Units and National Measuring Standards Act (76 of 1973).

It received R32,0 million in 2000/01, which increases to R36,9 million in 2006/07.

South African Bureau of Standards

The South African Bureau of Standards (SABS) administers the Standards Act (29 of 1993), promoting the use of standards and quality control in industry and commerce, and supervises trade metrology and units of measure. The bureau targets assistance towards small and emerging business through the South African Quality Institute, building awareness of quality principles and methodologies available in South Africa.

Transfer payments total R114,2 million in 2006/07.

South African Bureau of Standards Trade Metrology

The SABS Trade Metrology Unit is a statutory body that aims to do the following: approve instrumentation to ensure that they are replicated properly; verify measuring instruments and references in disputes; and control the accreditation of laboratories that carry out the verification of instruments, the calibrating of verification standards, and similar activities.

It receives R9,0 million in transfers in 2003/04, and increases to R10,1 million in 2006/07.

South African National Accreditation System

The South African National Accreditation System (SANAS) establishes laboratory, personnel and certification body accreditation in South Africa, and facilitates mutual recognition agreements with international accreditation organisations.

It will receive R8,0 million in 2003/04 which then declines to R6,7 million in 2006/07.

Technology and Human Research for Industry Programme (National Research Foundation)

Technology and Human Research for Industry Programme (THRIP) has been designed by the department to improve the competitiveness of South African industry by supporting research and technology development activities and enhancing the quality and quantity of appropriately skilled people. THRIP generated R176,1 million (2002/03) from the private sector and supported 251 projects, 881 black students and 667 female students.

The National Research Foundation (NRF) receives funding from THRIP. Transfers increase from R135,0 million in 2003/04 to R151,7 million in 2006/07, an average annual increase of 6,0 per cent.

Trade and Investment South Africa

Trade and Investment South Africa (Tisa) has been absorbed into the Department of Trade and Industry. The Tisa section 21 company will continue to exist while there are still employment contracts in place.

A final transfer payment of R31,0 million was made during 2003/04, but no provision for further transfers to the section 21 company has been made over the MTEF period.

Annexure

Vote 32: Trade and Industry

Table 32.10: Summary of expenditure trends and estimates per programme

Table 32.11: Summary of expenditure trends and estimates per economic classification

Table 32.12: Summary of personnel numbers and compensation of employees

Table 32.13: Summary of expenditure on training

Table 32.14: Summary of information and communications technology expenditure

Table 32.15: Summary of official development assistance expenditure

Table 32.16: Summary of expenditure on infrastructure

Table 32.17: Summary of departmental public-private partnership projects

Table 32.10: Summary of expenditure trends and estimates per programme

| | Expenditure outcome | | | | Medium-term expenditure estimate | | |
|--|---------------------|------------------|---------------------|----------------|----------------------------------|------------------|------------------|
| | Audited | Audited | Preliminary outcome | | Adjusted appropriation | Revised estimate | |
| R thousand | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| 1 Administration | 94 339 | 140 833 | 191 501 | | 202 446 | 199 339 | 190 337 |
| 2 International Trade and Economic Development | 36 591 | 47 739 | 78 182 | (3 107) | 94 546 | 95 327 | 89 698 |
| 3 Enterprise and Industry Development | 846 930 | 800 514 | 826 408 | 54 577 | 965 895 | 1 020 472 | 1 001 483 |
| 4 Consumer and Corporate Regulation | 81 053 | 93 531 | 134 798 | (4 276) | 120 412 | 116 136 | 110 844 |
| 5 The Enterprise Organisation | 493 327 | 529 699 | 579 740 | 9 869 | 915 468 | 925 337 | 872 334 |
| 6 Trade and Investment South Africa | 605 807 | 403 572 | 526 264 | 49 119 | 326 857 | 375 976 | 357 005 |
| 7 Marketing | 1 765 | - | 56 434 | 14 406 | 49 357 | 63 763 | 72 882 |
| Total | 2 159 812 | 2 015 888 | 2 393 327 | 121 369 | 2 674 981 | 2 796 350 | 2 694 583 |
| Change to 2003 Budget Estimate | | | | | | 121 369 | 19 602 |
| | | | | | 2 848 423 | 3 023 502 | 3 213 546 |
| | | | | | 4 078 | 7 143 | |

Table 32.11: Summary of expenditure trends and estimates per economic classification

| | Expenditure outcome | | | | Medium-term expenditure estimate | | | | | |
|---|---------------------|-----------|---------------------|--------------------|----------------------------------|------------------------|------------------|----------------------------------|-----------|-----------|
| | Audited | | Preliminary outcome | Main appropriation | Additional appropriation | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
| | 2000/01 | 2001/02 | 2002/03 | | | | | 2003/04 | 2004/05 | 2005/06 |
| Current payments | | | | | | | | | | |
| Compensation of employees | 174 404 | 218 884 | 219 053 | 257 346 | (30 881) | 226 465 | 212 465 | 281 945 | 298 862 | 316 792 |
| - Salaries and wages | 89 173 | 106 841 | 104 012 | 257 346 | (30 881) | 226 465 | 212 465 | 281 945 | 298 862 | 316 792 |
| - Social contributions | 85 231 | 112 043 | 115 041 | - | - | - | - | - | - | - |
| Goods and services | 151 691 | 218 760 | 278 348 | 325 368 | (31 660) | 293 708 | 268 708 | 357 216 | 387 367 | 410 608 |
| Interest and rent on land | - | - | - | - | - | - | - | - | - | - |
| - Interest | - | - | - | - | - | - | - | - | - | - |
| - Rent on land | - | - | - | - | - | - | - | - | - | - |
| Financial transactions in assets and liabilities | - | - | - | - | - | - | - | - | - | - |
| Unauthorised expenditure | - | - | - | - | - | - | - | - | - | - |
| Total current payments | 326 095 | 437 644 | 497 401 | 582 714 | (62 541) | 520 173 | 481 173 | 639 161 | 686 229 | 727 400 |
| Transfers and subsidies to: | | | | | | | | | | |
| Provinces and municipalities | | | | | | | | | | |
| - Provinces | 352 | 463 | 58 635 | 190 392 | 105 941 | 296 333 | 296 333 | 100 729 | 223 654 | 231 674 |
| - Provincial Revenue Funds | - | - | 58 200 | 190 000 | 106 000 | 296 000 | 296 000 | 100 300 | 223 200 | 231 192 |
| - Provincial agencies and funds | - | - | 58 200 | 190 000 | 106 000 | 296 000 | 296 000 | 100 300 | 223 200 | 231 192 |
| - Municipalities | 352 | 463 | 435 | 392 | (59) | 333 | 333 | 429 | 454 | 482 |
| - Municipalities | 352 | 463 | 435 | 392 | (59) | 333 | 333 | 429 | 454 | 482 |
| - Municipal agencies and funds | - | - | - | - | - | - | - | - | - | - |
| Departmental agencies and accounts | 1 291 728 | 1 045 942 | 1 145 681 | 1 001 726 | 129 051 | 1 130 777 | 1 121 010 | 1 097 441 | 1 167 220 | 1 245 893 |
| - Social security funds | - | - | - | - | - | - | - | - | - | - |
| - Departmental agencies (non-business entities) | 1 291 728 | 1 045 942 | 1 145 681 | 1 001 726 | 129 051 | 1 130 777 | 1 121 010 | 1 097 441 | 1 167 220 | 1 245 893 |

Table 32.11: Summary of expenditure trends and estimates per economic classification (continued)

| | Expenditure outcome | | | | Medium-term expenditure estimate | | | | | |
|--|---------------------|-----------|---------------------|--------------------|----------------------------------|------------------------|------------------|-----------|-----------|-----------|
| | Audited | Audited | Preliminary outcome | Main appropriation | Additional appropriation | Adjusted appropriation | Revised estimate | 2004/05 | 2005/06 | 2006/07 |
| | 2000/01 | 2001/02 | 2002/03 | | | | | 2003/04 | 2004/05 | 2005/06 |
| R thousand | | | | | | | | | | |
| Universities and technicians | - | - | - | - | - | - | - | - | - | - |
| Foreign governments & international organisations | 5 774 | 4 209 | 19 181 | 14 001 | 6 369 | 20 370 | 20 370 | 22 000 | 23 320 | 24 718 |
| Public corporations and private enterprises | 517 281 | 516 714 | 520 847 | 793 669 | (77 448) | 716 221 | 673 221 | 900 265 | 828 922 | 884 057 |
| - Public corporations | 44 500 | 16 000 | 57 946 | 116 666 | (16 500) | 100 166 | 100 166 | 99 669 | 105 229 | 111 543 |
| - Subsidies on production | - | - | - | - | - | - | - | - | - | - |
| - Other transfers | 44 500 | 16 000 | 57 946 | 116 666 | (16 500) | 100 166 | 100 166 | 99 669 | 105 229 | 111 543 |
| - Private enterprises | 472 781 | 500 714 | 462 901 | 677 003 | (60 948) | 616 055 | 573 055 | 800 596 | 723 693 | 772 514 |
| - Subsidies on production | 341 397 | 344 624 | 413 787 | 478 002 | (46 999) | 431 003 | 431 003 | 503 292 | 533 489 | 565 498 |
| - Other transfers | 131 384 | 156 090 | 49 114 | 199 001 | (13 949) | 185 052 | 142 052 | 297 304 | 190 204 | 207 016 |
| Non-profit institutions | 10 000 | 31 000 | 141 841 | 74 326 | 19 999 | 94 325 | 94 325 | 75 155 | 79 664 | 84 444 |
| Households | - | - | - | 3 | (2) | 1 | 1 | 3 | 3 | 3 |
| - Social benefits | - | - | - | - | - | - | - | - | - | - |
| - Other transfers to households | - | - | - | 3 | (2) | 1 | 1 | 3 | 3 | 3 |
| Total transfers and subsidies | 1 825 135 | 1 568 328 | 1 886 185 | 2 074 117 | 183 910 | 2 258 027 | 2 205 260 | 2 195 593 | 2 322 783 | 2 470 789 |
| Payments on capital assets | | | | | | | | | | |
| Buildings and other fixed structures | | | | | | | | | | |
| - Buildings | - | - | - | - | - | - | - | - | - | - |
| - Other fixed structures | - | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 8 582 | 9 916 | 9 741 | 18 150 | - | 18 150 | 8 150 | 13 669 | 14 490 | 15 357 |
| - Transport equipment | 473 | - | 775 | - | - | - | - | 278 | 295 | 313 |
| - Other machinery and equipment | 8 109 | 9 916 | 8 966 | 18 150 | - | 18 150 | 8 150 | 13 391 | 14 195 | 15 044 |

Table 32.11: Summary of expenditure trends and estimates per economic classification (continued)

| | Expenditure outcome | | | | Revised estimate | Medium-term expenditure estimate | | |
|---|---------------------|------------------|---------------------|------------------------|------------------|----------------------------------|------------------|---------|
| | Audited | Audited | Preliminary outcome | Adjusted appropriation | | 2004/05 | 2005/06 | 2006/07 |
| | 2000/01 | 2001/02 | 2002/03 | | | | | |
| R thousand | | | | 2003/04 | | | | |
| Cultivated assets | - | - | - | - | - | - | - | |
| Software and other intangible assets | - | - | - | - | - | - | - | |
| Land and subsoil assets | - | - | - | - | - | - | - | |
| <i>Of which: Capitalised compensation</i> | - | - | - | - | - | - | - | |
| Total payments on capital assets | 8 582 | 9 916 | 9 741 | 18 150 | 18 150 | 14 490 | 15 357 | |
| Total | 2 159 812 | 2 015 888 | 2 393 327 | 2 674 981 | 2 796 350 | 3 023 502 | 3 213 546 | |

Table 32.12: Summary of personnel numbers and compensation of employees¹

| Personnel numbers | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|--|--------------|--------------|------------|------------|------------|
| 1 Administration | 355 | 280 | 254 | 281 | 281 |
| 2 International Trade and Economic Development | 79 | 200 | 88 | 85 | 85 |
| 3 Enterprise and Industry Development | 216 | 80 | 78 | 97 | 97 |
| 4 Consumer and Corporate Regulation | 393 | 365 | 58 | 58 | 58 |
| 5 The Enterprise Organisation | 80 | 100 | 158 | 158 | 158 |
| 6 Trade and Investment South Africa | 82 | 180 | 132 | 180 | 180 |
| 7 Marketing | - | - | 73 | 75 | 75 |
| Total | 1 205 | 1 205 | 841 | 934 | 934 |
| Total compensation of employees (R thousand) | 174 404 | 218 884 | 219 053 | 226 465 | 281 945 |
| Unit cost (R thousand) | 144.7 | 181.6 | 260.5 | 242.5 | 301.9 |

¹ Full-time equivalent

Table 32.13: Summary of expenditure on training

| | Expenditure outcome | | | | Adjusted appropriation | | Medium-term expenditure estimate | | |
|--|---------------------|--------------|---------------------|--------------|------------------------|---------------|----------------------------------|---------|--|
| | Audited | Audited | Preliminary outcome | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | |
| | 2000/01 | 2001/02 | 2002/03 | | | | | | |
| R thousand | | | | | | | | | |
| 1 Administration | 1 149 | 3 968 | 1 715 | 1 215 | 4 722 | 5 005 | 5 306 | | |
| 2 International Trade and Economic Development | 585 | 898 | 408 | 408 | 1 744 | 1 849 | 1 960 | | |
| 3 Enterprise and Industry Development | 578 | 1 321 | 500 | 500 | 2 320 | 2 459 | 2 606 | | |
| 4 Consumer and Corporate Regulation | 2 136 | 709 | 290 | 245 | 1 902 | 2 016 | 2 137 | | |
| 5 The Enterprise Organisation | 40 | 414 | 165 | 164 | 2 634 | 2 792 | 2 960 | | |
| 6 Trade and Investment South Africa | 601 | 1 000 | - | 300 | 8 033 | 8 515 | 9 026 | | |
| 7 Marketing | - | - | - | 200 | 1 200 | 1 272 | 1 349 | | |
| Total | 5 089 | 8 310 | 3 078 | 3 032 | 22 555 | 23 908 | 25 344 | | |

Table 32.14: Summary of information and communications technology expenditure

| | Expenditure outcome | | | | Adjusted appropriation | | Medium-term expenditure estimate | | |
|---|---------------------|---------|---------------------|---------|------------------------|---------|----------------------------------|---------|--|
| | Audited | Audited | Preliminary outcome | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | |
| | 2000/01 | 2001/02 | 2002/03 | | | | | | |
| R thousand | | | | | | | | | |
| 1 Administration | - | 17 262 | 14 350 | 15 880 | 14 920 | 14 920 | - | | |
| Technology | - | 17 262 | 11 500 | 12 500 | 11 000 | 11 000 | - | | |
| IT services | - | - | 2 850 | 3 380 | 3 920 | 3 920 | - | | |
| 2 International Trade and Economic Development | - | 493 | 500 | 500 | 500 | 500 | - | | |
| Technology | - | 493 | 500 | 500 | 500 | 500 | - | | |
| IT services | - | - | - | - | - | - | - | | |
| 3 Enterprise and Industry Development | - | 4 466 | 600 | 600 | 636 | 636 | - | | |
| Technology | - | 4 466 | 600 | 600 | 636 | 636 | - | | |
| IT services | - | - | - | - | - | - | - | | |
| 4 Consumer and Corporate Regulation | - | 200 | 400 | 400 | 424 | 424 | - | | |
| Technology | - | 200 | 400 | 400 | 424 | 424 | - | | |
| IT services | - | - | - | - | - | - | - | | |

Table 32.14: Summary of information and communications technology expenditure (continued)

| R thousand | Expenditure outcome | | | | Adjusted appropriation 2003/04 | Medium-term expenditure estimate | | |
|--|---------------------|---------|---------------------|---------|-----------------------------------|----------------------------------|---------|--|
| | Audited | Audited | Preliminary outcome | 2004/05 | | 2005/06 | 2006/07 | |
| | 2000/01 | 2001/02 | 2002/03 | | | | | |
| 5 The Enterprise Organisation | - | - | 300 | 300 | 318 | 318 | - | |
| Technology | - | - | 300 | 300 | 318 | 318 | - | |
| IT services | - | - | - | - | - | - | - | |
| 6 Trade and Investment South Africa | - | 339 | 2 000 | 2 000 | 2 120 | 2 120 | - | |
| Technology | - | 339 | 2 000 | 2 000 | 2 120 | 2 120 | - | |
| IT services | - | - | - | - | - | - | - | |
| Total | - | 22 760 | 18 150 | 19 680 | 18 918 | 18 918 | - | |

Table 32.15: Summary of official development assistance expenditure

| Donor | Programme / project name | Cash or Kind | Expenditure Outcome | | | | Medium-term expenditure estimate | | | | | |
|----------------|--|--------------|---------------------|---------|---------|---------|----------------------------------|---------|---------|---|---|---|
| | | | 2000/01 | | 2001/02 | | 2002/03 | | 2003/04 | | | |
| | | | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | | | |
| R thousand | | | - | - | - | - | - | - | - | - | - | - |
| European Union | Khula: Private sector support | | - | - | 11 148 | - | - | - | - | - | - | - |
| | IDC: Private sector support | | - | - | 252 819 | - | - | - | - | - | - | - |
| | Nisika: Trade and investment development programme | | - | - | 23 092 | - | - | - | - | - | - | - |
| Total | | | - | - | 287 059 | - | - | 500 000 | - | - | - | - |

Table 32.16: Summary of expenditure on infrastructure

| Projects | Expenditure outcome | | | | Adjusted appropriation 2003/04 | Medium-term expenditure estimate | | | Long-term planning | | |
|--------------------------|---------------------|---------|---------------------|----------------|-----------------------------------|----------------------------------|----------------|---------|--------------------|---------|---------|
| | Audited | | Preliminary outcome | | | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| | 2000/01 | 2001/02 | 2002/03 | 2003/04 | | | | | | | |
| R thousand | | | | | | | | | | | |
| Infrastructure transfers | - | - | 58 200 | 296 000 | 220 000 | 233 200 | 247 192 | - | - | - | |
| Total | - | - | 58 200 | 296 000 | 220 000 | 233 200 | 247 192 | - | - | - | |

Table 32.17: Summary of departmental public-private partnership projects

| Project description | Total cost of project | Budgeted expenditure | Medium-term expenditure estimate | | |
|--------------------------------------|--------------------------|-------------------------|----------------------------------|----------------|----------------|
| | | | 2004/05 | 2005/06 | 2006/07 |
| R thousand | | | | | |
| Projects under implementation | 697 000 | 76 500 | 97 000 | 101 500 | 106 500 |
| PPP unitary charge | 697 000 | 62 500 | 95 000 | 100 000 | 105 000 |
| Advisory fees | - | 10 000 | 1 500 | 1 000 | 1 000 |
| Project monitoring cost | - | 4 000 | 500 | 500 | 500 |
| Total | 697 000 | 76 500 | 97 000 | 101 500 | 106 500 |