

2007/08

Department of Trade and Industry **Annual Report**

Strengthening the Real Economy



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Strategic Objectives of **the dti**

- Promoting the co-ordinated implementation of the Accelerated Shared Growth Initiative for South Africa (AsgiSA);
- Promoting direct investment in growth of the industrial and services economy, with particular focus on employment creation;
- Raising the level of exports and promoting equitable global trade;
- Promoting broader participation, equity and redress in the economy; and
- Contributing to Africa's development and regional integration within the New Partnership for Africa's Development (NEPAD).



Organisational Structure of the dti



Strengthening
the Real Economy



Department of Trade and Industry
Annual Report 2007/08

the dti Leadership



Mandisi Mpahlwa
(Minister)



Elizabeth Thabethe
(Deputy Minister)



Dr Rob Davies
(Deputy Minister)

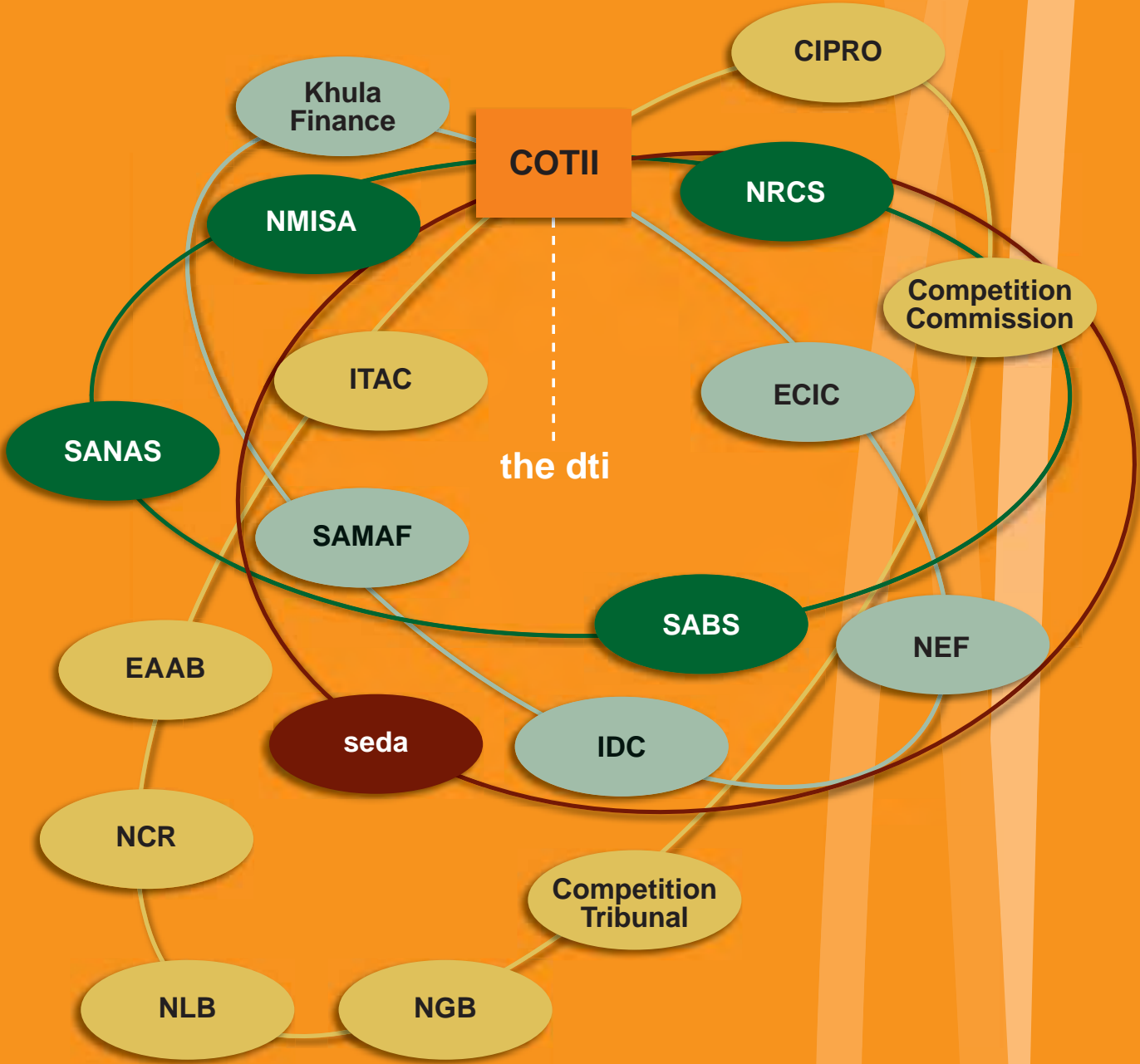


Tshediso Matona
(Director-General)

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the dti Group



Foreword by the Minister

It is with great pleasure that I look back on the year under review, and the progress made by the Department of Trade and Industry (**the dti**) and the economy of South Africa. We have built a stronger economy than the one we inherited in 1994 and the achievement cannot be downplayed or denied.

While it is true that the economy faces challenges such as the shifts in macro-economic variables, the downturn in the global environment, electricity supply concerns and energy and food price challenges, it is important to note that government's interventions in the real economy will, in time, mitigate against these challenges that we face. What is required is to reinforce and scale up these current policy commitments. We have good reason to be confident about the future of the South African economy, and **the dti**'s role within it.

That role is the focus of this Annual Report 2007/08, which details key interventions by **the dti** that have contributed to and will build on our solid economic achievements.

The Department's key achievement during this year has been the finalisation of the National Industrial Policy Framework (NIPF) and its implementation through the Industrial Policy Action Plan (IPAP). Progress has been made in the implementation of key actions in lead sectors as well as sustained implementation of plans in AsgiSA priority sectors and progress in cross-cutting initiatives. While implementation of industrial policy has been focused on low-hanging fruit (industrial policy "in the small"), as a Department we will now be shifting to strategic and purposive interventions focused on influencing the very structure of the economy (industrial policy "in the large"). This shift will involve scaling up industrial interventions, focusing on more labour-intensive and value-adding activities, addressing the negative trade balance and strengthening our capacity to implement industrial policy.

Having an industrial policy framework has enabled us to clarify for ourselves how the different areas of the Department's mandate fit together and to sharpen the actions we have to undertake. Additionally, the finalisation of the framework has also taught us how we relate to other departments and the necessity for inter-departmental and intra-departmental relationships within the framework of the economic cluster. As lead department of the economic cluster, **the dti** has guided a process of innovation within the institution, ensuring that the cluster evolves into a more coherent organisation better able to facilitate and co-ordinate economic growth and transformation. In addition, as convenor of the Trade and Industry Chamber of the National Economic Development and Labour Council (NEDLAC), the Department has ensured that our key stakeholders of Business and Labour are not only privy to, but part of our plans to drive industrial development.

Beyond the direct work of industrial policy, it is vital that our markets function optimally to attract new entrants and to protect consumers. The modernisation and transformation of the policy and regulatory framework has therefore been a key feature of **the dti**'s work. In this respect, the development of a national credit policy framework and the subsequent passing of the National Credit Act of 2005 with the launch of the National Credit Regulator have fundamentally changed the micro-lending and general credit industry, by instilling responsible lending practices by industry and ensuring full disclosure by both the lender and borrower during credit transactions.

South Africa's citizens are now also provided with greater protection than ever before, as the Consumer Protection Bill will ensure that consumer rights are now codified and institutions for the effective resolution of consumer complaints and enforcement of the law will be established.

Our development of a world-best regulatory environment has almost been completed; a policy framework for a new regulatory dispensation for companies culminated in the development of a new Companies Bill that is expected to be passed into law this year. Concurrently, a review of the competition regulatory landscape was undertaken and the resultant amendment Bill is expected to be passed into law during the course of 2008.

The Department made excellent progress in the arena of technical infrastructure and a key achievement has been the finalisation of the Accreditation for Conformity Assessment Calibration and Good Laboratory Practice, and the National Measurement Standards and Measurement Units Acts in 2007. The Standards Bill and the National Regulator for Compulsory Specifications (NRCS) Bill will soon be finalised. The massive project for the legislative reform of the South African technical infrastructure, to place us on a par with the best in the world, will then have been completed.

To break the stranglehold of underdevelopment and the legacy of the past in our nation has required bold interventions focusing on unlocking the potential and will of our people, especially in our ability as a Department to assist the formation and support of small enterprises. In particular, we now know, as argued for in the integrated small business strategy, that improving access to business support information, access to business finance, particularly micro and small enterprise finance, market access and a co-ordinated service delivery to the public and private sector, are the critical interventions that will make a difference. In this regard, we have established a comprehensive enterprise support infrastructure centered on the Small Enterprise Development Agency (**seda**) for non-financial support and Khula and the South African Micro-Finance Apex Fund (SAMAF) for enterprise finance, including micro-enterprises and co-operatives. With regard to Broad-Based Black Economic Empowerment (B-BBEE) and its accompanying Codes of Good Practice which were completed last year, these are important instruments to facilitate increasing the participation of the historically disadvantaged, thereby strengthening the productive capacity of our economy. Our efforts to support this process will intensify in the year ahead and we will soon be in a position to announce the establishment of an Advisory Council on accreditation verification agencies and gazette a number of sector charters in addition to the several that have already been gazetted.

Our assessment of the South African economy emphasises the requirement to increase higher value-added exports, and to promote trade and inward investment. Thanks largely to the efforts of the Department, market access has increased substantially since 2004, helping to boost our exports, and we continue to pursue new markets. In this regard we have pursued negotiations and concluded a free trade agreement with the European Free Trade Association (EFTA) comprising Switzerland, Norway, Lichtenstein and Iceland, that offers full duty free access for South African industrial exports to those markets, providing new opportunities for our textiles and clothing industry. We have pursued negotiations with Mercosur, comprising Brazil, Argentina, Paraguay and Uruguay, and we are close to concluding these negotiations. In September 2007, we initiated a similar negotiating process with India.

Taking advantage of this market expansion we have, in the last year, mobilised domestic and international investment, generating a pipeline of 74 projects worth R206 billion with a job creation possibility of over 30,000 jobs. Domestic investment projects are worth R153 billion and Foreign Investments are worth R53 billion. We have been able to achieve this by focusing on customer needs by reducing red tape and providing a “one stop shop” service to investors. Exports too have performed well and continue to show great promise. We launched a new strategy that is targeted and focused on high growth areas.

We have also continued to pay attention to broadening the frontiers of regional integration, focusing on consolidating the Southern African Customs Union (SACU) in alignment with the next steps in deepening regional integration through the Southern African Development Community (SADC).

I wish to extend my gratitude to the Deputy Ministers, Elizabeth Thabethe and Rob Davies, the Director-General, Tshediso Matona, the senior management and staff in the Department and the leadership the Council of Trade and Industry Institutions (COTII) for another year of devoted service to **the dti** cause.

MANDISI MPAHLWA
MINISTER
TRADE AND INDUSTRY

Introduction by the Director-General

The key overall achievement of **the dti** in 2007/08 is the finalisation and kickstarting of implementation of key policy initiatives and strategies that are needed to sustain the rising rate of growth of the South African economy, as well as to promote long-term job creation and the broadening of participation of previously excluded citizens, enterprises and regions in the economy. This output marks the continuing maturing of the work of the Department, going back at least since the current top **dti** leadership took office. It confirms that the Department has a good grasp of government's policies and priorities, and is fully seized with the challenging task of translating these policies into programmes and implementation.

In this way, **the dti** is rising to the challenge that the government's **Accelerated and Shared Growth Initiative (AsgiSA)** has posed for the department. In short, this challenge calls on **the dti** to step up its work and strengthen its role in driving industrial development, enterprise development, economic inclusion, and fair, equitable and competitive markets, all of which are imperative to the realisation of AgsiSA's goals.

The **National Industrial Policy Framework (NIPF)** and **Industrial Policy Action Plan (IPAP)** were adopted by Cabinet and launched in 2007 after **the dti** undertook extensive interdepartmental and stakeholder consultations on them. This represents by far the most significant and strategic achievement of **the dti**, in that the NIPF and the Action Plans that follow from it outline the direction and interventions that must be taken decisively and robustly to consolidate and advance industrial development in South Africa in the medium to long-term. The more specific sector work undertaken simultaneously with the NIPF, focusing *inter alia* both on the economy's leading industrial sector of automotive manufacturing, via the review of the **Motor Industry Development Programme (MIDP)**, and the declining **clothing and textile sector**, confirms the need for clear policy and well-planned specific measures to respond to the varied fortunes of different sectors in industry.

Moreover, the processes of developing and implementing industrial policy action plans have brought to the fore, more sharply than ever, the organisation and co-ordination challenges **the dti** must overcome along with our agencies, the so-called **Council of Trade and Industry Institutions (COTII)**, as well as in relation to co-operation with other key departments (including via the **Cluster** system), other spheres of government, and with industry and private sector actors.



Addressing this challenge must be the rallying focus as **the dti** increasingly emphasises effective policy and strategy implementation in the period ahead, in line with the **Business Unusual** injunction that the President directed at departments and all of government in his 2008 State of the Nation Address. For **the dti**, responding to this injunction will be enabled by the sharper clarity we have now achieved on the policy and strategic direction of our work.

In the period under review, key aspects of the work of **the dti**, and especially industrial policy and **Broad-Based Black Economic Empowerment (B-BBEE)**, attracted a great deal of public debate and commentary, featuring contending ideological perspectives. This confirms the centrality of **the dti** in South Africa's economy and in the ongoing discourse on it, and calls on us to enhance the analytical rigour underpinning our policies and interventions in the economy. This is an important stimulant of continuing learning and improvement in the work of **the dti**.

Other equally important achievements in 2007/08 include the ongoing implementation of the integrated small business development strategy, with the focus in the year *inter alia* being on supporting **access to markets** through a targeted procurement programme by government of small business goods and services; the review of **access to finance** and a business case for direct lending by **Khula Enterprise Finance Ltd**, as well as co-ordination of small business support by national, provincial and municipal government; and the clarification of the type of services and offerings from the Small Enterprise Development Agency's (**seda**'s) growing nationwide network of support offices.

Work on establishing a framework for implementation of the B-BBEE policy and legislation continued with the roll-out of the **B-BBEE Codes of Good Practice**, the Gazetting of **Sector Charters** and the development of guidelines and standards for the conduct of **verification** of B-BBEE in the market place.

Far-reaching strides in regulatory reform were achieved in 2007/08 with completion of the reviews of policy and legislation on **companies, competition and consumer protection**, and the development of proposed new Acts in these critical areas of regulation that are scheduled to be passed by Parliament in 2008/09.



All of these key policy initiatives and strategies, and others contained in this Annual Report, have as their concern the need to ensure that the real economy plays a far stronger role in sustaining economic growth in South Africa and achieving AsgiSA's goals, as well as enabling the economy to better adapt and adjust to emerging shocks, such as the current account deficit and the global economic downturn. With this in mind, the theme chosen for the 2007/08 **dti** Annual Report is “**Strengthening the Real Economy**”.

The achievements reported here also raise the ongoing issues of **organisational performance and development**, including **capacity-building**, all of which are challenges that will assume central priority in the period ahead.

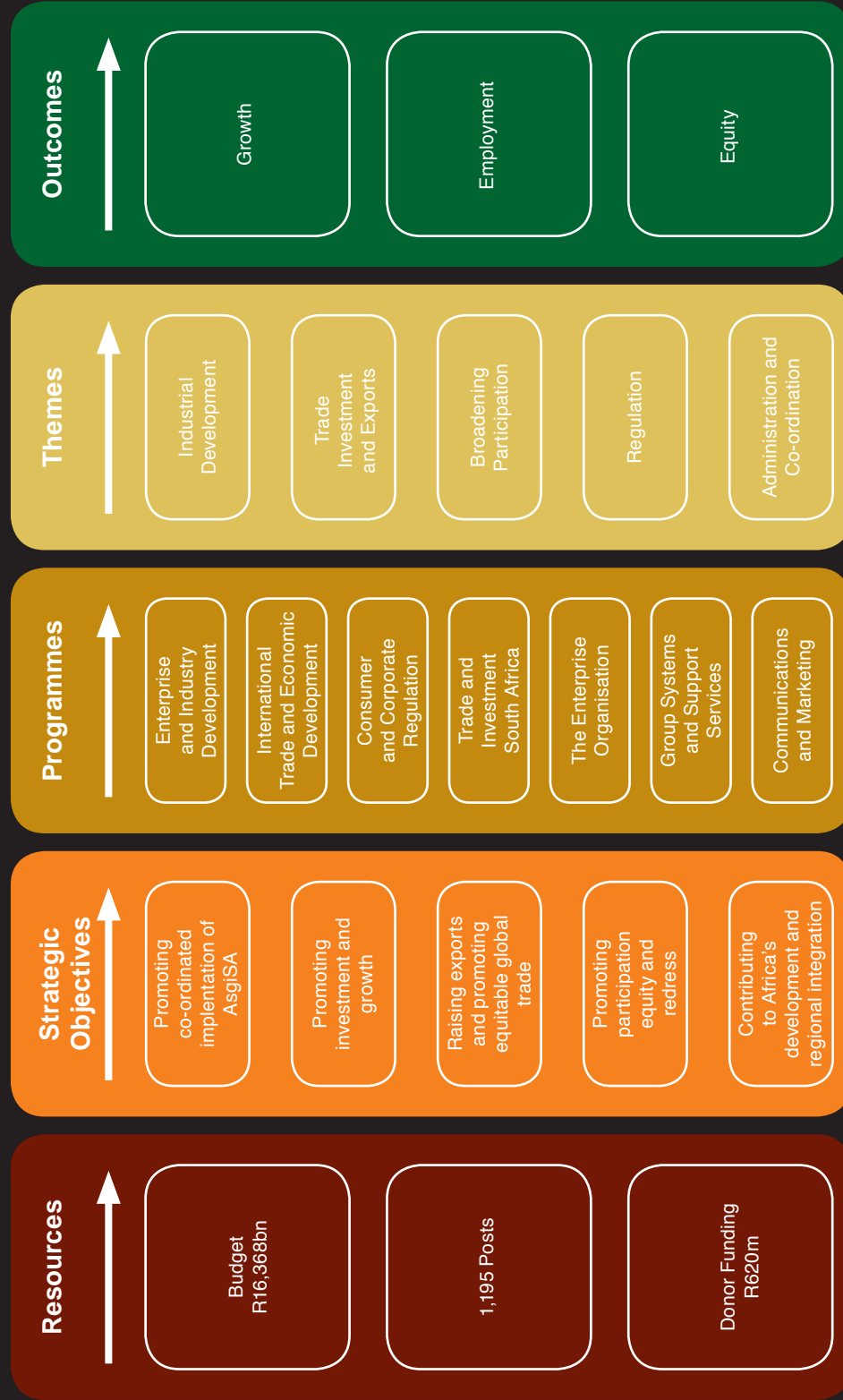
In sum, **the dti** is on the cusp of an exciting transition from successfully elaborating clear policies and strategic plans, to the emphasis on implementation and delivery. This entails consolidating our achievements thus far, and sharpening our focus, in order to take the next strong leap forward. I am confident that the department and its staff and all our agencies in COTII are eager and look forward to the exciting and challenging period ahead in the work of **the dti**.

In conclusion, I would like to sincerely thank Minister Mandisi Mpahlwa and Deputy Ministers Dr Rob Davies and Ms Elizabeth Thabethe, for their confidence, guidance, and support of the work of the Department, and to thank **the dti**'s Deputy Directors-General, senior managers and the entire **dti** staff for their commitment, professionalism and hard work, all of whom have enabled the achievements reported in this 2007/08 **dti** Annual Report.



TSHEDISO MATONA
DIRECTOR-GENERAL
TRADE AND INDUSTRY

A Strategic Map for the dti



Council of Trade and Industry Institutions

Overview 2007/08

Achievements, Progress and Challenges

Introduction

the dti plays a vital and strategic role in meeting the economic policy objectives set by government. Key amongst these is the role of the Department in leading the implementation of the National Industrial Policy Framework (NIPF) in support of the Accelerated and Shared Growth Initiative of South Africa (AsgiSA) goals.

the dti is guided by the following medium-term strategic objectives:

- Promoting the co-ordinated implementation of AsgiSA;
- Promoting direct investment in growth of the industrial and services economy, with particular focus on employment creation;
- Raising the level of exports and promoting equitable global trade;
- Promoting broader participation, equity and redress in the economy; and
- Contributing to Africa's development and regional integration within the New Partnership for Africa's Development (NEPAD).

During the financial year under review, **the dti** made significant progress with regard to its mandate. The Department's achievements are outlined in this Annual Report by each of its seven programmes with key achievements, progress and challenges covered here under the themes of:

- Industrial Development;
- Trade, Investment and Exports;
- Broadening Participation;
- Regulation; and
- Administration and Co-ordination.

These five themes reflect the integrated work of the divisions of **the dti**.

Industrial Development

This theme covers the development of policies and strategies that promote competitiveness, enterprise development and the efficient administration of support measures.

National Industrial Policy Framework (NIPF)

During the past financial year, **the dti** played a strategic role in the implementation of the National Industrial Policy Framework (NIPF). The NIPF sets out government's broad approach to industrialisation within the context of AsgiSA and identifies priority sectors to promote the growth of a strong local industrial and services economy. Implementation of the NIPF is outlined in the Industrial Policy Action Plan (IPAP) approved by Cabinet in July 2007. The IPAP outlines industrial policy actions for immediate implementation, including sectoral actions, cross-cutting actions (including industrial financing) and measures to improve government's organisation and capacity to implement industrial policy. Progress has been achieved in all three of these areas.

The first phase of the Department's project to review the Motor Industry Development Programme (MIDP) is complete, including an assessment of MIDP performance against its objectives – namely, the promotion of trade, creation and stabilisation of employment, and ensuring that vehicles are affordable to local consumers. The second phase, which is currently underway, seeks to redesign the MIDP in a manner that ensures consistency with South Africa's multilateral trade obligations, whilst also taking the industry on a path of higher growth and job creation.

Considerable progress has been made through engagements with key stakeholders in the finalisation of the Sector Summits in Chemicals and Metals and Engineering, which identify key actions plans for implementation in these sectors. On forestry, progress has been made in afforestation measures and other support in KwaZulu Natal and the Eastern Cape. New interventions are being developed for Mpumalanga and Limpopo provinces.

In clothing and textiles, new stabilisation measures have been developed and are being consulted with stakeholders. There has also been considerable progress in the implementation of action plans in the AsgiSA priority sectors of Business Process Outsourcing (BPO), Tourism and Bio-fuels.

Incentives for Industries and Enterprises

During the past financial year, substantial work was done to align the industrial financing regime to industrial policy objectives. Reviews of incentives such as the review of the Small Medium Enterprise Development Programme (SMEDP) were undertaken. The focus on changes made with regard to industrial financing includes developing new incentives for small manufacturers and businesses in priority sectors.

The revisions to the Film and TV production rebate were completed this year to enable effective support of both local and foreign productions. The Department launched a comprehensive BPO government assistance programme in March 2007, which included incentives for investment and training in BPO. This has resulted in the commitment of at least 9,000 jobs by eleven international investors that have located in South Africa, with a total investment value of over R900 million.

A revised and more targeted Export Marketing and Investment Assistance (EMIA) programme was finalised with the aim of developing and increasing potential exporters to boost export growth and help small enterprises grow. Incentives for Co-operatives are now up and running, and at the other end of the scale the Industrial Development Zones (IDZs) in Coega, East London, Richards Bay and OR Tambo International Airport have all received extensive funding from **the dti**, giving rise to investments of over R5 billion.

Trade, Investment and Exports

This theme covers the promotion of economic development by working to build an equitable multilateral trading system that facilitates development, strengthens trade and investment links with key economies, and fosters African development, including through regional and continental integration and development co-operation in line with NEPAD.

the dti recognises the importance of promoting trade and inward investment, and encouraging exports, in order to leverage global growth for the development of our economy, focusing on both our existing main trading partners and dynamic fast-growing emerging markets.

The Department is in the process of reviewing and updating South Africa's trade policy with the aim of strengthening the alignment of trade policy with the priorities set by AsgiSA and the NIPF. The focus will be to increase market access for South African exports, with a particular focus on higher value-added exports. As part of this process, **the dti** has launched a tariff policy ensuring that tariffs support industrial policy priorities.

Multilateral Trade Relations – The WTO Doha Development Negotiation Round

the dti has played a critical role during the year under review, supporting South Africa and other developing nations in the Doha Round of the World Trade Organisation (WTO) talks for a fairer deal in a rules-based international trading system.

the dti signed off on South Africa's negotiating positions for the WTO, and continued to promote the development agenda in concert with other developing countries. The Department participated in the consolidation of the G20 group of developing countries, and provided leadership in forming the Non-Agricultural Market Access II (NAMA II) group of developing countries, which seeks to ensure a developmental outcome in the industrial tariff negotiations.

Bilateral Trade Relations

Key bilateral trade links have been developed with the European Union (EU), European Free Trade Association (EFTA), USA, India, Brazil and China. Highlights for the year under review include a preferential trade agreement between the Southern African Customs Union (SACU) (South Africa, Botswana, Lesotho, Namibia and Swaziland) and Mercosur (Brazil, Argentina, Paraguay and Uruguay). In addition, a framework agreement to proceed with negotiations on a preferential trade agreement with India was signed in October 2007.

During the Summit of the India-Brazil-South Africa Forum (IBSA) held in October 2007, agreement was reached to work towards increasing intra-IBSA trade to US\$15 billion. Research has been undertaken to develop a research programme to explore the merits of a tri-lateral trade arrangement involving the SACU, Mercosur and India.

the dti has signed an Additional Protocol to the SA-EU Free Trade Agreement in October 2007, which takes into account the accession of Bulgaria and Romania to the European Union. **the dti** also led the conclusion of the free trade agreement with the European Free Trade Association (EFTA), which led to the ratification of the SACU-EFTA Free Trade Agreement by the South African Parliament, and will improve access to these markets.

Africa and Regional Integration

the dti has played a meaningful role in continental projects within the New Partnership for Africa's Development (NEPAD) framework, while deepening integration among the countries of the SACU and the Southern African Development Community (SADC).

Important progress has been made on trade integration in SADC and South Africa believes that the SADC FTA should be consolidated by focusing future work on improving the rules of origin, enhancing trade facilitation, and addressing non-tariff barriers. The key policy issue that arises both in the SACU and the SADC is that the region's underdeveloped production structures limit the potential benefits that arise from a more open regional trading environment.

Exports and Investment Promotion

During the past financial year, **the dti** achieved an investment pipeline of R206 billion on 74 projects with the potential for 25,684 jobs. Through the implementation of its Export Strategy, the Department generated 679 trade opportunities, which exceeds its annual target by over 50%, and trained 131 emerging exporters through mentorship programmes to promote their services and products in Belgium, Sweden, Germany, Brazil, South Korea, Ghana and the Democratic Republic of Congo. **the dti** has introduced an Emerging Exporters Scheme to support the export drive of a number of, mostly BEE, emerging exporters to identified markets.

Broadening Participation

This theme covers the development of policies and strategies that promote enterprise growth, empowerment and equity in the economy.

the dti recognises broadening the participation of the historically disadvantaged into the mainstream of the South African economy as a key priority. No successful nation can thrive without drawing on the full resources of all its people, hence the importance of **the dti's** role in fulfilling the objectives of the NIPF.

Broad-Based Black Economic Empowerment

During 2007/08 **the dti** concluded its leadership work on the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice. In line with these B-BBEE Codes and the priorities of AsgiSA and the NIPF, **the dti's** incentive programmes have been revised, especially for small enterprise development. Strengthened incentive programmes include the Black Business Supplier Development Programme (BBSDP) where 1,320 projects were approved, the Export Market and Investment Assistance (EMIA) programme supporting emerging exporters, and the Film and Television Production Incentive.

Additional progress made on this front relates to the gazetting of the Agri-BEE, Tourism and Forestry Sector Charters, the development of Verification Guidelines to standardise the empowerment verification process, the development of a BEE IT Portal, and a fully functional Equity Equivalent Secretariat for foreign investors.

Small, Medium and Micro Enterprises Support

A key focus of **the dti** through the Economic Cluster has been on strengthening integrated state financial and business development support for small enterprises through reinforced institutional mechanisms and more effective co-ordination. A delivery network integrating both financial and non-financial support for small enterprises is complete and covers the entire country.

the dti offers a range of support to small, medium and micro enterprises through programmes offered through its agencies. These include Khula Enterprise Finance, the Small Enterprise Development Agency (**seda**), the South African Micro-Finance Apex Fund (SAMAF), and the Industrial Development Corporation (IDC).

The Department obtained Cabinet approval for the ten products for preferential procurement from small enterprises. Approval was also granted for measures to step up the 30-day payment cycle compliance. In broadening consultation with the small business sector, **the dti** offered public consultation sessions through the National Small Business Advisory Council that was held in 2007/08.

the dti has a responsibility to facilitate the creation of an enabling environment for the development and growth of co-operatives in all sectors of the economy. Progress has been made in the development of the legislative framework, policies, strategies and support programmes for co-operatives.

Gender and Women Empowerment

In responding to the challenge of accelerating the economic empowerment of women, **the dti** established the Isivande Women's Fund. The Fund aims to provide financial and business development support services to women-owned enterprises. The programme roll out is planned for August 2008.

Regional Industrial Development

The strategy for Regional Industrial Development has been developed in support of the NIPF and will focus on existing regional disparities. Going forward, business cases for various proposals will be developed as part of an implementation plan for the Regional Industrial Development Strategy (RIDS).

Regulation

This theme focuses on the development and implementation of coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulatory services for economic citizens.

the dti has achieved major advances in its regulatory agenda, which includes corporate law reform, consumer law reform, credit law reform and competition policy and law review. The Companies Bill which regulates the companies registration system was passed by Parliament during this current period. The Corporate Laws Amendment Act which amends the Companies Act (1973) was introduced in the current year to encourage entrepreneurship and enterprise development.

The Competition Amendment Bill has undergone extensive consultation and was approved by the Cabinet during 2007/08. A significant achievement for the Department in this regard was the completion of the intensely complex task of producing the new Consumer Protection Bill. The development of measures to protect indigenous knowledge through better intellectual property protection also formed part of the Department's work in this area.

The Competition Commission has been successful in investigating anti-competitive practices such as collusion on price fixing during the past financial year. The impact of these investigations resulted in the successful prosecutions of companies such as Tiger Brands that was fined R99 million (10% of its annual turnover). Adcock Ingram also admitted that it was involved in collusion in the pharmaceutical sector and the company was appropriately fined. These successful investigations and prosecutions will be a deterrent to other companies in other sectors not to involve themselves in anti-competitive practices. A competitive domestic economy is key to fair pricing and to international competitiveness and export growth.

Administration and Co-ordination

This theme covers the efficient and effective co-ordination and systems within **the dti**, and with stakeholders and partners.

Greater Integration and Co-ordination within the dti

Co-ordination, integration and implementation are the themes that bind the work of **the dti**. As part of a 'Business Unusual' approach to planning, implementation and monitoring and evaluation, **the dti** is developing a cluster framework according to the five themes highlighted above. This clustering will ensure co-ordinated service delivery that introduces both a team- and project-based approach to service delivery. The framework will be used to draw on and maximise the Department's capacity to promote a culture of integrated service delivery.

Stakeholder Integration

the dti has an obligation to strengthen stakeholder partnerships and engagements to ensure improved implementation of key interventions to achieve the AsgiSA objectives of halving unemployment and poverty by 2014. Such engagements are made possible through specific fora such as the Economic Cluster, NEDLAC's Trade and Industry Chamber and the Industry Forum where **the dti** is the lead co-ordinator.

Within the Economic Cluster, **the dti** has guided a process of innovation ensuring that the Economic Cluster evolves into a more coherent institution better able to facilitate and co-ordinate economic growth and transformation, including the implementation of the NIPF.

Through NEDLAC Trade and Industry Chamber bi-annual strategic sessions, Deputy Minister Davies, together with senior officials and social partners, deliberated and agreed on the implementation of the Growth and Development Summit consultation obligations. Through the Technical Sectoral Liaison Committee of NEDLAC, the Department has led discussions that seek to lay a foundation for a more industrial policy-influenced trade agenda. The Industry Forum, where **the dti** engages with industry in an effort to build partnerships in the interest of accelerated and shared economic growth, is also a key stakeholder forum that enables the implementation of the NIPF.

Through MinMEC and MinMEC Technical, **the dti** also continues to engage Provinces and Municipalities (via SALGA), to strengthen co-ordination and concretise a shared agenda to facilitate the implementation of the joint mandate of economic development.

Human Resources

In the quest to fill the 329 vacancies, as at April 2007, 117 new appointments and 43 transfers to the Department were made. However, some new vacancies arose in the process as part of natural attrition. A challenge is to retain well trained professionals who have been exposed to a variety of unique and diverse economic activities and opportunities within the Department.

In contributing to human resource development, **the dti** Learning Centre delivered various management and functional training and development interventions to employees of the Department.

Marketing and Communications

Through its Marketing and Communications initiatives, **the dti** facilitates access and promotes its products and services, for their application and use in stimulating economic growth, equity and employment. A total of 102 events and exhibitions were successfully organised and concluded in 2007. This included the 'Taking **the dti** to the People' Campaign that sought to reach out to peri-urban and rural communities so as to gain a better understanding of **the dti**'s products and services that could benefit the establishment of small enterprises. Fifteen media briefings were held and 68 publications, including an annual report, policies, services and offerings were issued. Work has begun on the production of TV and radio shows to be aired by mid-2008.

Challenges

Notwithstanding the progress made by **the dti**, the past financial year presented the Department with some challenges in terms of delivering on its mandate.

The cross-cutting nature of industrial policy puts additional emphasis on intra-governmental co-ordination, planning and leadership. This will require **the dti** to continue to strengthen its social partnerships by utilising and improving, where necessary, mechanisms that have been established for this purpose. Inter-governmental co-ordination will also require attention if the Department is to ensure the effective implementation of the NIPF.

The scaling up of industrial policy interventions will require increased resourcing and alignment to the Medium Term Strategic Framework (MTSF) and budgeting cycles. Relevant Departments will need to develop consistent criteria and methodology for funding industrial policy initiatives to enable predictability in the resourcing of industrial policy.

In addition to the above, the enhancement of industrial policy opportunities, through large building programmes and procurement by the State, is a key area that **the dti** will be strengthening, not only from the perspective of the opportunities to create jobs, but also because it is necessary to respond to the risk that our balance of payment deficit presents if more of our requirements are not sourced locally.

To adequately improve the competitiveness of down-stream industries, additional attention will be paid to the abuse of dominance in various input sectors through the charging of import parity prices. With regard to the tariff review process that is currently underway, **the dti** will continue to investigate in accordance with industrial policy objectives, cutting tariffs below levels required by our international agreements, especially where they serve only to raise costs.

It is through engaging with these challenges and increased focus on co-ordination and implementation, that **the dti** will be able to build on its achievements and in fulfill its mandate.

The Performance of the South African Economy

The South African economy faced a number of challenges in the year under review. These challenges included rising local interest rates, the global economic slowdown, fall-out of from the sub-prime crisis, rising input costs, the electricity emergency, soaring oil prices and rising food prices, rising inflation and falling consumer demand. But **the dti's** stance is that effective implementation of its initiatives in the real economy are key to mitigating against these challenges. Furthermore, one year of challenges has failed to reverse the positive trends and fundamental strengths of the economy. This resilience speaks of an economy that is diversified and growing, with the capacity to overcome and adapt, and to maintain a path of growth and transformation.

Since 2004 the South African economy has been growing, additional jobs have been created, and the pace of economic expansion has been strengthened by robust investment and domestic expenditure. South Africa is currently enjoying the longest sustained period of economic growth on record, and three consecutive years of GDP growth (at 5.1% in 2007). The increase in fixed investment, underpinned by the R420 billion public sector capital expenditure, as well as increased fixed investment activity by the private sector, highlights a shift to a more sustainable source of growth going forward. Fixed investment grew dramatically from 15% in 2004 to 21% in 2007, and investment by public enterprises grew by 32.6% in 2007. Real income per capita (average income per person) rose from R20,600 in 2001 to R25,840 in 2007 and the rate of unemployment fell from 31.2% in March 2003 to 23% in September 2007. This meant an increase of approximately 1.8 million jobs.

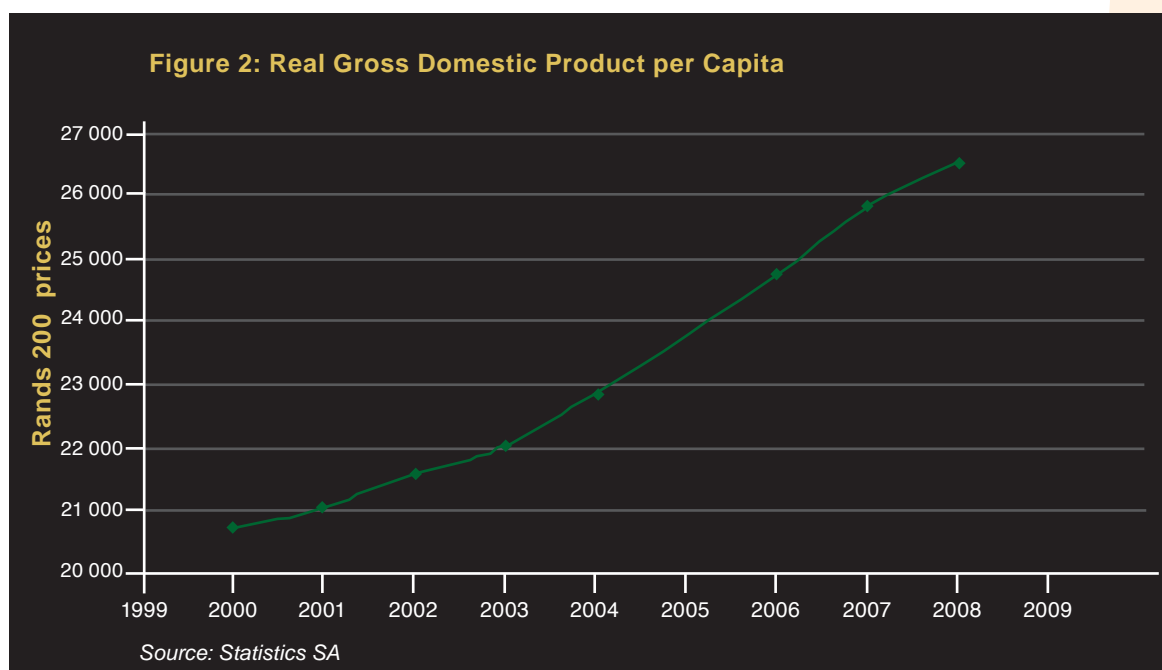


Gross Domestic Product

For the period 2004-2007 South Africa recorded robust economic expansion, registering a real growth rate of 5.1% in 2007. The real GDP trend can be seen in Figure 1 below.



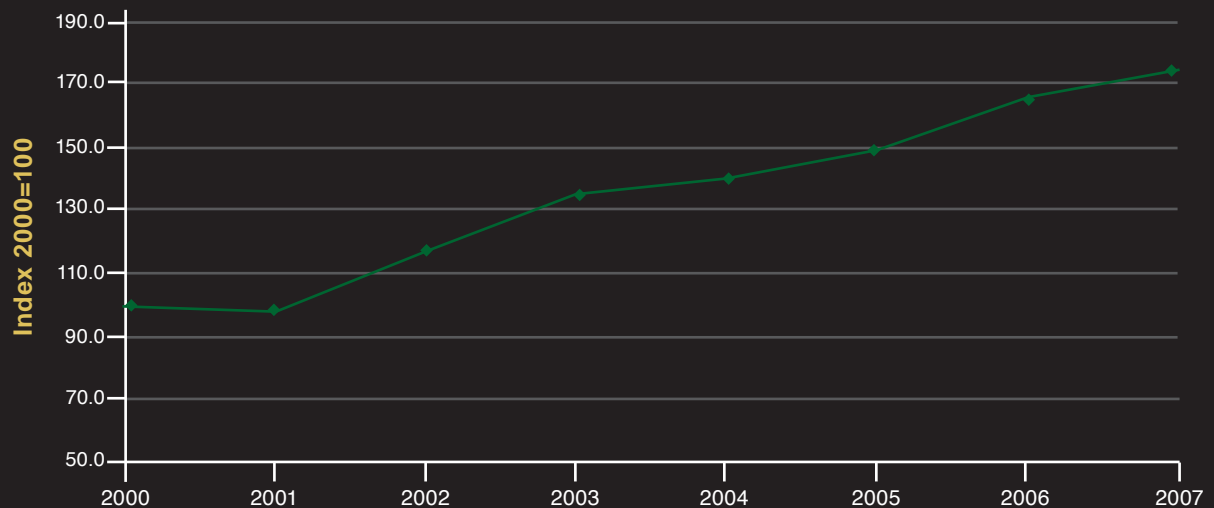
The main contributors to the increase in economic activity were the service-oriented sectors of the economy. This trend reflects the fact that employment gains have broadened the consumer base and fed into strong growth in consumer spending. The trend towards increased wealth is highlighted further in Figure 2 below which depicts the increased trend in GDP per capita between 2000 and 2008.



Employment

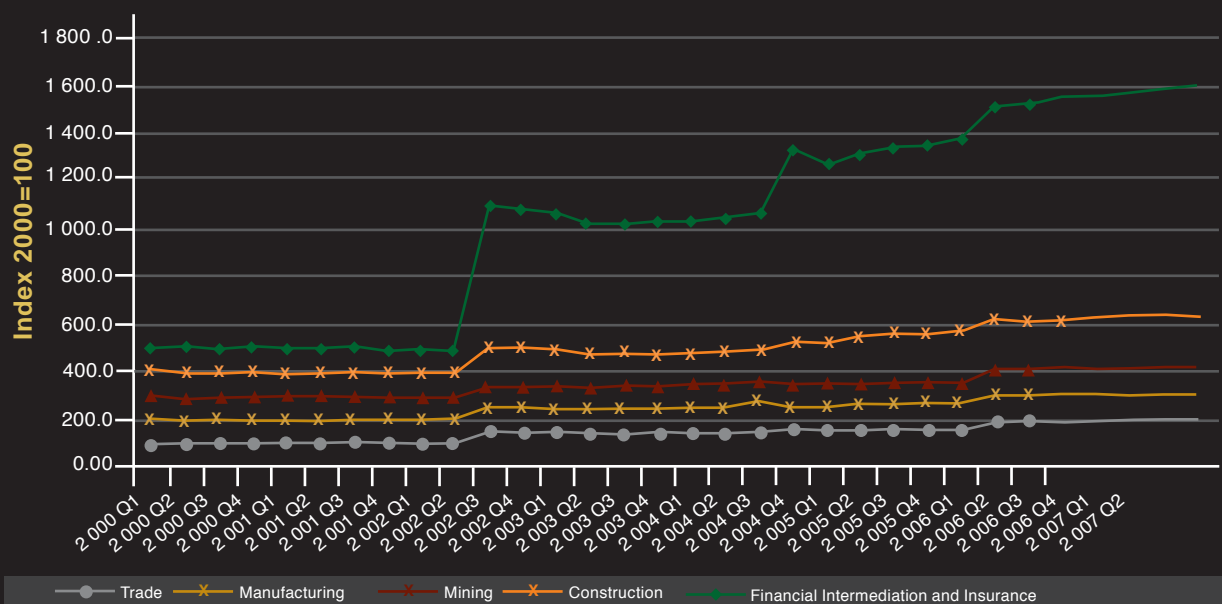
Expansion of employment opportunities is the most effective measure to combat poverty. From 2000-2007, growth in the economy had a positive impact on employment. Increased employment opportunities and wealth impacted positively on household consumer confidence, driving further growth.

Figure 3: Formal Non-Agricultural Employment
Total employment in the non-agricultural sectors



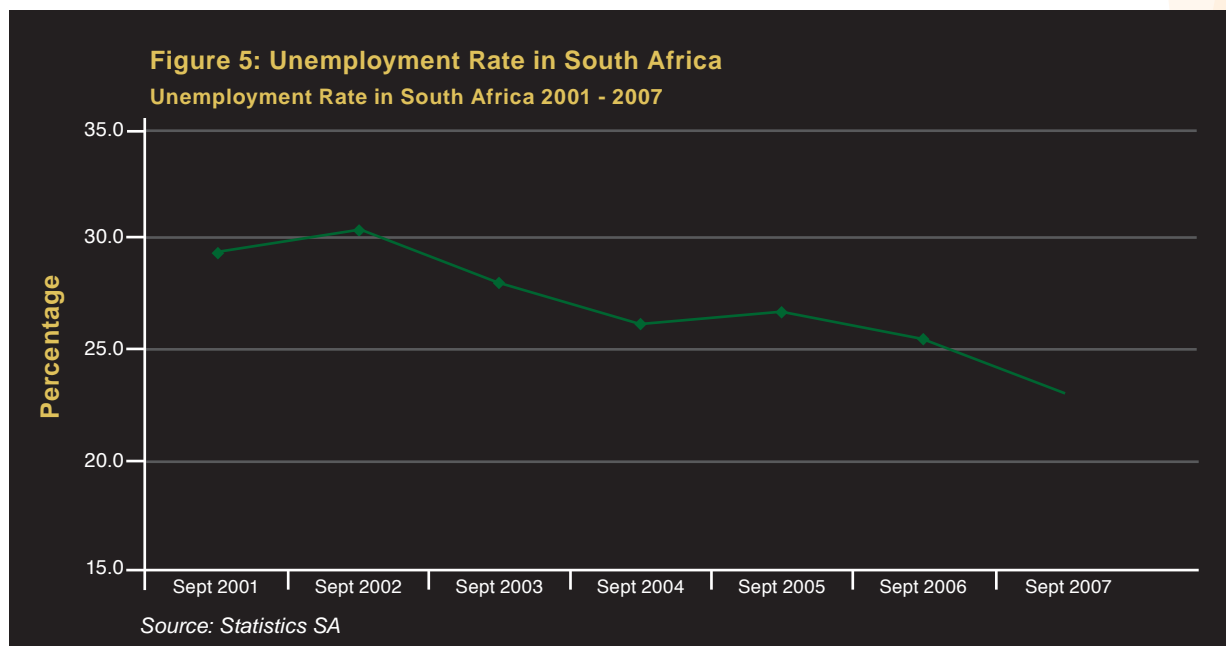
Source: South African Reserve Bank

Figure 4: Employment in the Private Sector



Source: South African Reserve Bank

The number of people employed in South Africa has risen from 11,181,000 in September 2001 to 13,234,000 in September 2007. Employment growth was particularly strong from September 2004 to September 2007, with over 1.5 million additional people being absorbed into the economy. The wholesale and retail (trade) sectors continued to make the single largest contribution to employment growth.



The official unemployment rate declined from 25.5% in September 2006 to 23.0% in September 2007. Labour force absorption in South Africa stood at 56.5% in September 2007; however, this is still relatively low compared to other countries.

Sectoral Growth

In line with global trends, the period under review has been characterised by strong growth in the services sectors. In recent years the construction sector has grown the strongest, underpinned by increased building construction activity as well as substantially higher levels of fixed investment across the economy; for example, manufacturing sector investment has expanded by 11% per annum since 2004. The strong consumer boom has been reflected in high growth rates in the trade (wholesale and retail) and the financial service sector. Brisk growth in the manufacturing sector was mainly due to strong domestic demand as exporters faced a challenging global trading environment.

Coming off a high base, eight out of the ten manufacturing divisions experienced a decrease in the utilisation of production capacity from 86.1% in May 2007 to 84.8% in May 2008. The decrease was experienced mostly by three manufacturing sectors, namely motor vehicles, parts, accessories and other transport equipment; glass and non-metallic mineral products; and food and beverages. Capacity utilisation, however, is still high, with 85% utilisation considered as operating at full capacity.

Figure 6: Manufacturing Production Capacity

Manufacturing capacity utilisation-% change



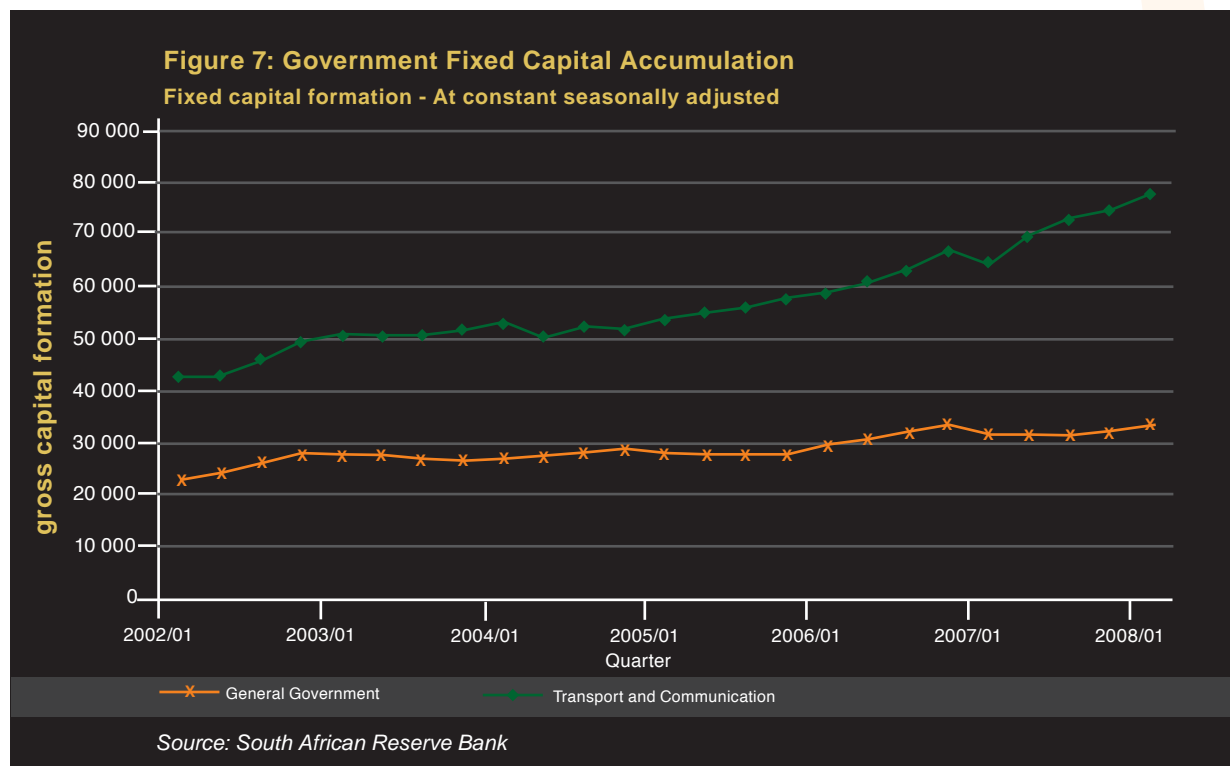
Source: Statistics SA

TABLE 1: UTILISATION OF PRODUCTION CAPACITY BY LARGE ENTERPRISES IN THE MANUFACTURING INDUSTRY

Manufacturing divisions	Weights	May 2007(%) ¹	May 2008(%)	% points difference May 2007 and May 2008
Food and beverages	16.4	83.5	80.6	-2.90
Textiles, clothing, leather and footwear	5.4	82.6	82.4	-0.20
Wood and wood products, paper, publishing and printing	11.0	87.6	86.6	-1.00
Petroleum, chemical, rubber and plastic products	22.5	83.9	85.2	1.30
Glass and non-metallic mineral products	3.9	90.4	87.1	-3.30
Basic iron and steel, non-ferrous metal, metal products and machinery	22.4	87.6	85.4	-2.20
Electrical machinery	2.7	82.2	81.2	-1.00
Radio, television, communication apparatus and professional equipment	1.3	87.5	87.5	0.00
Motor vehicles, parts, accessories and other transport equipment	8.6	88.5	83.6	-4.90
Furniture and 'other' manufacturing division	5.8	93.3	92.6	-0.70
Total manufacturing	100.0	86.1	84.	-1.3

¹The weighted total of utilisation is the sum of the rate per division multiplied by its weight in the base year

Source: Statistics South Africa



Total fixed capital formation continued to register growth through 2007 and into 2008. Government investment was a major contributor, with the following being examples of large expenditure items:

- R5 billion allocated to the 2010 FIFA Soccer World Cup;
- Denel was allocated R5,1 billion to improve its defence infrastructure; and
- R21 billion for the improvement of national roads and infrastructure, with a further R7,1 billion allocated to the Gautrain project.

Despite consecutive increases in interest rates, private capital formation proved robust and performed relatively well, registering an annual gain of 14.8% in 2007.

Foreign Trade

Robust domestic demand over the past three years, coupled with production capacity constraints in the domestic manufacturing sector, resulted in a widening demand-supply gap in the South African economy.

The demand for imported capital goods is likely to remain strong over the short- to medium-term due to investment by the public and private sector, continuing the negative trade deficit.

TABLE 2: BALANCE OF PAYMENTS ON CURRENT ACCOUNT AND FINANCIAL ACCOUNT

	2007			2008		
R billions	1 st qr	2 nd qr	3 rd qr	4 th qr	Year	1 st qr
Trade balance	-50,8	-31,4	-52,0	-26,7	-40,3	-61,4
Balance on current account	-133,0 (-6,9% of GDP)	-126,1 (-6,5% of GDP)	-163,3 (-8,1% of GDP)	-157,7 (-7,5% of GDP)	-145,0 (-7,3% of GDP)	-194,6 (-9,0% of GDP)

Source: South African Reserve Bank

The trade deficit increased from R26,7 billion in the fourth quarter of 2007 to R61,4 billion in the first quarter of 2008. The deficit on the current account of the South African balance of payments increased from R157,7 billion in the fourth quarter of 2007 to R194,6 billion in the first quarter of 2008. In relation to GDP, the current-account deficit weakened from 7.5% to 9.0% over the period – a magnitude previously only observed in the first quarter of 1982.



Conclusion

The enabling role that **the dti** plays in the economy has as its objective the reduction of inequality, addressing the challenge of poverty and reducing unemployment. Macro-economic stability is not an end itself. It is a stepping stone that establishes conditions conducive for the department to undertake more complex longer-term initiatives and strategies focusing on the real economy.

Within this context, and despite the challenges enumerated in the introduction of this section, the medium-term outlook for the South African economy remains strong. Largely on the back of increased government infrastructure spend, investment growth is expected to be strong up until at least 2011 towards the target of 25% of GDP. This will provide opportunities not only for the sectors in which investment takes place, but will also bring down costs in the economy and provide opportunities for input industries. In addition, many large scale projects have been announced in the private sector. Within manufacturing, these include investments in petrochemicals, iron and steel, cement and automotive sectors.

While the global economy is experiencing a general slowdown, growth is expected to remain buoyant in developing countries, which will affect the focus of **the dti**. While the recent drop in consumer spending has led to decreased demand, at the same time the rise in investment expenditure provides a basis for more sustainable growth. Backed by an industrial policy that aims to leverage this expenditure, the benefits of investment will not only be in increased productivity but also in the growth of those sectors that are vital to a capital expenditure programme of this scale.

A key constraint that **the dti** will need to address together with other departments and the private sector in the immediate future, is that of South Africa's skills shortages.

Some of the challenges that have been highlighted will give rise to new opportunities, which **the dti** will pursue. From within the challenge of climate change, the opportunity of the development of environmental goods and services emerges. Within the energy emergency, opportunities emerge for related industries such as solar energy products and energy-efficient devices.

The general weakening of the currency that is expected to take place over the medium-term provides a window of opportunity for South African exporters. Despite the global economic slowdown, the South African economy remains robust, and the upside potential, considerable. These are times for well-grounded optimism.

Review of the dti Divisions 2007/08

Group Systems and Support Services Division (GSSSD)

Purpose:

Provide strategic leadership to the Department and its agencies, and facilitate the successful implementation of the Department's mandate through supportive systems and services.

Measurable objectives:

- To ensure value-adding business resource management solutions in the areas of Financial Services, Human Resources, Accommodation Services / Space, Corporate Governance and Risk Management, ICT Management, and Legal Services.
- To develop a supportive stakeholder network.
- To ensure internal divisional business excellence.

Highlights

- Year-on-year unqualified audit reports by the Auditor-General.
- Strengthening capacity through the filling of senior management and key positions.
- Significant progress in promoting employment equity.
- Increase in the intake of interns and awarding of bursaries to build internal capacity.
- Economic empowerment of SMMEs, women and people with disabilities through procurement spend.
- Improved turnaround time for the payment of suppliers and service providers.

Achievements

Financial Management

the dti has consistently maintained high standards of financial management, with the Department receiving unqualified audit reports over the past few years. The role of finance in promoting economic empowerment through procurement is also evident in its application of Procurement policy, which has resulted in 83% of procurement orders issued during the year under review going to small, medium and micro-sized businesses (SMMEs), 70% supporting historically disadvantaged individuals and 39% of orders being awarded to women-owned businesses, and 3% to disabled-owned businesses. Further, suppliers are paid within an average of 14 days of receipt of their accounts.

Corporate Governance

the dti has a robust risk management system in place, high levels of compliance with respect to disclosures and a zero tolerance of fraud. Ethics promotion campaigns are done at least twice per annum and 99% of all Senior Managers have disclosed their financial interests. To demonstrate its zero tolerance approach, disciplinary action was initiated for the remaining 1% who did not submit their financial disclosure forms.

Human Resources

Based on the two student surveys conducted recently by independent communications firms, the recruitment prospects are promising, as students have identified **the dti** as one of the preferred employers of the future.

As part of its commitment to 'grow its own trees', **the dti** Learning Centre has delivered various management and functional training and development interventions to employees. This was further supported by the Economic Diplomacy capacity-building interventions to the Department of Foreign Affairs' Heads of Missions and other diplomatic trainees. The bursary programme is one of the interventions adopted to contribute towards building capacity in Economics or Public Policy and Management-related studies. By March 2008, 88 employees had benefited from the bursary programme for their post graduate studies. A further 29 bursaries were awarded to historically disadvantaged students for their Masters degree studies in Economics. In deepening its efforts to attract students, **the dti** has now embarked on a bursary programme for under-graduate studies.

the dti internship programme has been expanded to 33 new interns in support of the organisational capacity requirements. This programme is supported through holistic training and development of interns. In line with the Apex Project 15, **the dti** performance management is receiving closer attention in order to go beyond compliance to improving organisational effectiveness. Significant progress has been made in promoting employment equity with blacks representing 80% of total staff and women representing 58% , and with those in senior management positions representing 40%.

Facilities

GSSSD also introduced measures with the assistance of the concessionaire party of **the dti** campus on electricity consumption reduction. Starting from an already low baseline of consumption, as the campus was constructed with high emphasis on being environmentally friendly, it still managed to reduce its utilisation of electricity for the third quarter of the year under review by 9.5% compared to the corresponding period in 2006/07.

Legal

Legal Services have risen to the challenge of having to address complex matters on behalf of **the dti**. A case in point is the awarding of the National Lottery tender.

Information and Communication Technology

In order to ensure business continuity, **the dti** has commenced with the process of setting up an off-site disaster recovery facility that would mitigate the risk of data loss in case of an emergency.

Office of the Director-General

The Office of the Director-General (ODG) comprises the Economic Research and Policy Co-ordination (ERPC), Agency Management, Internal Audit and the Strategy Unit. The ODG is responsible for corporate governance, transversal co-ordination of work within **the dti**, monitoring and evaluation and management of stakeholder engagements such as the Economic Cluster, NEDLAC's Trade and Industry Chamber and the Industry Forum. The ODG ensures **the dti**'s focus on improved service delivery, consultation and collaboration. Key achievements have been improved work programmes in both the Economic Cluster and the NEDLAC Trade and Industry Chamber and the development of a Stakeholder Management Framework that will facilitate better engagement with strategic stakeholders.

Challenges

Despite the considerable effort made to fill 160 of the 329 vacancies that existed at the beginning of the year under review, the reduction of the vacancy rate to an acceptable level still poses a challenge. The skills pool from which the Department is recruiting, particularly its professionals, is limited due to a country-wide scarcity of skills; as a result, innovative approaches to this challenge are required. This is compounded by the fact that **the dti** staff has skills that are sought after in the labour market, which has increased the staff turnover rate and thereby has tended to negate most of the recruitment efforts.

International Trade and Economic Development Division (ITED)

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 in Africa within the NEPAD framework.

Measurable objective:

Increased market access for South African exports in targeted countries, improved economic integration with the continent, and efficient trade administration.

Highlights

- Fifteen trade agreements completed.
- Promoted trade, development and integration in Southern Africa leading to the launch of a free trade area in SADC.
- Cross-border infrastructure through Spatial Development Initiatives in Maputo, Walvis Bay, Tanzania, Democratic Republic of Congo, Transfrontier Parks.
- Trade Negotiations continue, including in the Doha Round, and within the context of the SADC Economic Partnership Agreement with EU, with Mercosur, 2007 EU-SA deal on automobiles, Additional Protocol for Bulgaria and Romania.
- Implementation of IBSA initiative, Partnership for Growth and Development (PGD) with China, FTA with SACU FTA with the European Free Trade Association.

Achievements

ITED provides policy leadership with respect to trade, and economic relations, as part of government's broader efforts to forge the terms and conditions of South Africa's integration into the global economy. The effort over the past four years has been extensive and intensive, and has built on and refined, work initiated in the first post-apartheid decade. The engagement has required moving along a steep learning curve, from isolation under apartheid to integration, participation and, indeed, leadership in important areas.

As external engagement is premised on national developmental imperatives, ITED has sought to continually broaden and strengthen national consultative mechanisms. Consultation between Departments, particularly within the intra-governmental cluster system, with Parliament and with stakeholders, primarily through NEDLAC, has steadily improved. Within **the dti** family, shaping the content of our international engagement requires working closely with EIDD and the International Trade Administration Commission (ITAC) to determine the structure of South Africa's tariff regime in order to support South Africa's industrial development policy objectives, while taking into account the impact on employment. In 2007, ITED launched a review of South Africa's trade policy in order to update the policy and ensure that it is more closely aligned to industrial policy.

African Development and Integration

Economic work in Africa has focused on engagement in the Southern African Development Community (SADC), the Southern African Customs Union (SACU), the African Union (AU) and the New Partnership for Africa's Development (NEPAD), underpinned by a strong bilateral country focus. On the bilateral front, ITED pursues a systematic methodology that includes strategic and technical missions to identify areas of co-operation with African countries. Negotiating investment agreements is a key part of this work. In this regard, seven bilateral trade agreements and four investment treaties have been concluded and signed.

An important part of the work involves cross-border infrastructure development in which the spatial development initiatives (SDIs) are central. Of particular note is the progress registered on the Maputo Development Corridor; the Walvis Bay and Transfrontier Parks; the opening of the Mata-Mata Border Post and Tourist Access Facility shared by Botswana, Namibia, and South Africa; the Mtwara Development Corridor in Tanzania; Implementation of the DRC-Bas Congo SDI; relaunch of the SDI programme in Angola and the SDI conference in Namibia. The success achieved in regional SDIs has laid the basis for extending the programme across Africa. Collaborative work with the NEPAD Secretariat and the African Development Bank to co-ordinate this evolving programme has been initiated.

The achievement of African multilateral economic work includes working with extra-continental partners to secure their support for the programme and project priorities defined at the continental level. This is expressed in ongoing engagements with China, under the Forum for China Africa Co-operation (FOCAC), at the Africa-India Summit, the Africa-EU strategy, and with Japan under the Tokyo International Conference on International Development (TICAD).

Third, great effort is given to promoting trade, development and integration in southern Africa. **the dti**, jointly with the Department of Foreign Affairs (DFA) and National Treasury, has developed a comprehensive and integrated approach to regional integration. This was approved in March 2008 and will guide South Africa as it pursues deeper integration in Southern Africa.

Important progress has been made on trade integration in the SADC. By 2008, 85% of goods traded were duty free and, by 2012, 99% will be duty free. Indeed, the SADC Free Trade Agreement (FTA) will be officially launched at the next SADC Summit scheduled for August 2008 in South Africa.

Trade Relations and Negotiations

ITED leads an extensive engagement with countries around the globe on its own initiative and also as part of government's wider efforts to broaden trade and investment relations globally. The Trade Development and Co-operation Agreement (TDCA) with the European Union (EU) is now eight years into implementation, and has contributed positively to bilateral trade and investment flows. The agreement has been buttressed by the 2007 deal on automobiles. More recently, greater attention has been devoted to expanding trade and investment with recently acceded members that offer new, largely untapped opportunities for South African exports. In October 2007, ITED was responsible for negotiating and concluding the Additional Protocol to draw Bulgaria and Romania into the TDCA.

Although we were unable to conclude free trade negotiations, a co-operative trade arrangement (Trade, Investment, Development and Co-operation or TIDCA) between the SACU and the USA that will build on the trade benefits offered under the Africa Growth and Opportunity Act, is close to conclusion.

Over the past five years the importance of building trade and investment relations with the new poles of economic growth in the world – that is, countries of the South – has become ever more compelling. ITED, along with other departments of government, has made an ongoing contribution to the IBSA initiative (India, Brazil, South Africa) particularly with respect to trade facilitation, small and medium enterprise (SME) co-operation and strengthening business-to-business linkages. With China, ITED has led the engagement to implement the Partnership for Growth and Development (PGD) that aims to promote value-added South African exports to China and increase inward investment in projects for beneficiation. Our objective is to ensure balance and sustainability in the economic relationship with China.

On the negotiating front, ITED has continued to lead South Africa's participation in the Doha Round of World Trade Organization (WTO) negotiations. We have sought to advance the developmental objectives of the Doha Round. In this respect, ITED has participated in consolidating the G20 group of developing countries and provided leadership in forming the NAMA II (Non-Agricultural Market Access) group of developing countries that seeks a developmental outcome in the industrial tariff negotiations. This role has been built on intense consultations within the National Economic Development and Labour Council (NEDLAC), and represents a high point of ITED's consultative efforts.

ITED also led the negotiation and conclusion of the free trade agreement with the European Free Trade Association (EFTA) comprising Switzerland, Norway, Lichtenstein and Iceland. This agreement offers full duty free access for South African industrial exports to those markets, and provides important new opportunities for the clothing industry. This agreement was to enter into force in May 2008. ITED has pursued negotiations with Mercosur, comprising Brazil, Argentina, Paraguay and Uruguay. These negotiations are close to conclusion. While the scope of the market opening is limited, the Agreement will create an institutional framework for managing our trade relations with these countries of the South. In September 2007, ITED initiated a similar negotiating process with India.

Of particular importance have been the negotiations between the SADC and the EU under the Economic Partnership Agreement (EPA). The EU remains the region's single most important trade and investment partner and in this negotiation, ITED seeks both to build on the trade access we have achieved under the TDCA and to consolidate southern Africa's trade relations with the EU. These complex and sometimes difficult negotiations are ongoing.

All these negotiations have been pursued with partners in the SACU, following the conclusion of the SACU Agreement of 2002 that requires the union to negotiate trade agreements as a bloc.

Challenges

ITED's central challenge is to continue to build the institutional and human capacity for trade policy and negotiation. Continuing to improve co-ordination and consultation within the department, across government and with stakeholders remains an important priority.

On the trade policy front, the key challenges will include ensuring that trade policy is more closely aligned to South Africa's industrial and other policies that aim to promote balanced and equitable economic growth and development. It also requires that we establish policy positions in issue areas that link trade to services, investment, competition, intellectual property, labour and environment. The trade policy review will assist in this regard. In Africa and southern Africa, the key challenge is to ensure that trade integration is complemented with policies that build the region's and continent's production capacity and rehabilitate infrastructure. ITED will continue to strengthen trade and investment relations with countries of the North, while placing emphasis on building relations with countries of the South, particularly in Africa.



Enterprise and Industry Development Division (EIDD)

Purpose:

Provide leadership in the development of policies and strategies that promote and foster competitiveness, enterprise development, empowerment and equity in the economy.

Measurable objective:

A more competitive economy per sector and enterprise level; a greater contribution to the economy by small enterprises; and increased participation in the economy by historically disadvantaged people and communities.

Highlights

- The National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP) were finalised and launched.
- Implementation progress of actions in all sectors of IPAP, such as completion of first phase of MIDP review and BPO support and in cross-cutting initiatives such as industrial financing.
- Integrated state financial and business development support for small enterprises strengthened, including strengthened institutional mechanisms and more effective co-ordination as well as Co-operatives Regulations approved.
- Implementing gazetted Codes of Good Practice for B-BBEE.

Achievements

In terms of scope of work, EIDD has the most diverse programme in **the dti**. Its role is to provide leadership in the development of policies and strategies that create an enabling environment for industry development, competitiveness, equity and enterprise development. EIDD plays a central role in the formulation of the National Industrial Policy Framework (NIPF) to meet Government's developmental objectives and in the implementation of the Industrial Policy Action Plan (IPAP) for growth and employment creation by growing and diversifying manufacturing and tradable services.

It also focuses on the economically marginalised by implementing interventions such as self employment through the growth of small, medium and micro enterprises (SMMEs) and Co-operatives, and targeting women in the rural areas. EIDD also plays an instrumental role in promoting and expanding women's access to economic opportunities and facilitates the increased participation of previously disadvantaged individuals through empowerment and equity policies.

Industrial Competitiveness and Sectors

IPAP spells out industrial policy actions for immediate implementation and it also serves as a mechanism to fast-track the implementation of four lead sectors which have emerged from research and intensive interactions with stakeholders. These lead sectors are Metal fabrication, Capital and Transport equipment; Automotives and Components; Chemicals, Plastic fabrication and Pharmaceuticals; and Forestry, Pulp and Paper, and Furniture. A number of projects have been implemented in support of the development of these sectors.

In addition to these lead sectors, there is also a need to stabilise the clothing and textiles industry to preserve capabilities and employment. In an effort to achieve this, robust engagement with all stakeholders took place in order to arrive at a common approach to make this labour-intensive sector more competitive. This interaction with stakeholders will contribute to the formulation of a new Competitiveness Programme for the sector. A number of initiatives have been started to improve the sector's competitiveness and to retain jobs

The first phase of the Motor Industry Development Program (MIDP) review project has been completed. It included an assessment of the MIDP's performance against its set of objectives for trade promotion, employment stabilisation/creation and ensuring affordability of vehicles to the local consumer. The second phase currently underway seeks to redesign the MIDP in a manner that is consistent with South Africa's multilateral trade obligations, whilst also taking the industry on a path of higher growth and job creation. A final report on the second phase is expected later in 2008.

Significant achievements in the Business Process Outsourcing and Offshoring (BPO&O) sector include the commitment of at least 9,000 jobs by the eleven international investors that have located in South Africa, with a total investment value of over R820 million.

Other sectors that receive attention in the IPAP are agro-processing, film and TV, crafts, and diamond beneficiation and jewellery. The NIPF also emphasises work on the strategic sectors of the economy. In the year under review this included interventions such as three new aerospace programmes – the National Aerospace Centre of Excellence, a human resource development programme housed at Wits University; the Centurion Aerospace Village (CAV) industrial cluster; and the Aerospace Supply Chain Improvement and Supplier Development Programme.

IPAP cross-cutting actions include the development of targeted industrial financing, the enhancement of innovation and technology, intellectual property protection and reducing input costs through competition policy. Progress on these interventions that fall under **the dti** are covered below under the achievements of TEO and CCRD. Progress has also been made with regard to measures to improve government's organisation and capacity to implement industrial policy.

The Regional Industrial Development Strategy (RIDS) has been developed in support of the NIPF. RIDS proposes interventions to address regional disparities. A programme was initiated in 2008 to build capacity within the districts to improve the local economy as an important element of RIDS.

The South African National Accreditation System (SANAS) and the National Metrology Institute of South Africa (NMISA) became statutory organisations on 1 May 2007 through the promulgation of the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, and the Measurement Units and Measurement Standards Act, respectively. The Minister launched the two organisations on 11 February 2008, confirming government's commitment to improving the global technical competitiveness of South African industry, and protecting consumers from unsafe products.

The National Cleaner Production Centre (NCPC), an initiative of government with the assistance of the United Nations Industrial Development Organisation (UNIDO), continued to perform energy efficiency audits in 42 companies of the agro-processing, chemical, textile and clothing industrial sectors. The NCPC managed to provide participant companies with efficiency improvement options, effecting savings of some R9,5 million. The Department plans to expand the activities of the centre significantly from 2008 to 2013 to adequately address South Africa's energy and climate change challenges.

Enterprise Development

For Enterprise Development the focus has been on the implementation of the integrated strategy to support small enterprises through a matrix of programmes implemented through **the dti** family of institutions. Khula Enterprise Finance has consistently increased the total approvals from its portfolio mix of products, rising from R231 million in 2003 to R740 million in 2007. The Small Enterprise Development Agency (**seda**) has expanded to a footprint of 47 service outlets countrywide.

In this year, **seda** reached out to more than 50,000 enterprise owners through a network of 43 service points across the country. **seda** also manages the **seda** Technology Programme (STP) which provides technology incubation for SMMEs and technology transfer to second economy applicants. This has a network of 24 Incubation centres. Although there are success stories, the challenge remains to increase the number of sustainable small businesses that can operate independently from the incubators. STP intends to establish an additional five incubators in 2009.

The South African Micro-Finance Apex Fund (SAMAF) has expanded to a network of 47 financial intermediaries of which 36 cover poverty nodes of South Africa. SAMAF has now reached a critical mass towards strengthening the development of the micro-lending network capacity and making provision for micro-loans biased to the poor.

Cabinet approved the policy for public procurement of ten products from small enterprises. Furthermore, approval for measures to step up the 30-day payment cycle compliance through proposed compliance monitoring measures is an additional milestone. **the dti** also broadened small business sector consultation through the public consultation sessions that the National Small Business Advisory Council held in 2007/08.

Major progress was made in finalising Co-operatives Regulations, research and proclamation of the Co-operatives legislation, culminating in the July 2008 National Co-operatives Conference where there were more than 2,000 participants from various countries in Europe, North America and Africa. Looking into the future, various support programmes will be developed in order to deal with various aspects, including revival of ailing co-operatives that have a potential for sustainability and support for secondary co-operatives and other networks.

The report of the various agencies of **the dti** will be released separately but mention needs to be made of the contribution of the Industrial Development Corporation (IDC) whose financial support will lead to the creation of a projected 32,000 new jobs and the saving of 1,200 jobs, many in the textiles sector. Companies funded should contribute to an additional R17 billion in annual exports once projects are fully implemented. R5,2 billion of funding went towards companies with at least 25% black shareholding.

Equity and Empowerment

During the year under review solid progress was made with regard to Broad-Based Black Economic Empowerment (B-BBEE). This included the gazetting of Transformation Charters (Agri-BEE, Forestry and Property) and the draft Sector Code for Tourism, the finalisation of Verification Guidelines to standardise the BEE verification process, the development of a BEE IT Portal, and a fully functional Equity Equivalent Secretariat for foreign investors. The end of the Transitional Period will signify the full implementation of the B-BBEE Codes of Good Practice, which will facilitate transformation across the economy. The overall implementation of B-BBEE is looking positive, which will be inclusive of all intended beneficiaries. A further milestone achieved was the designation of the National Empowerment Fund (NEF) as a BEE Facilitator in terms of the Codes of Good Practice. The NEF approved a total of 75 transactions, to the value of R587 million during this period of review.

To further deal with the challenges faced by women in accessing finance and thus inhibiting establishment, growth and sustainability of women-owned enterprises, the Isivande Women's Fund is being established to provide finance and business support services to women-owned enterprises.

Challenges

The broad scope of the Division has not always been conducive to enabling appropriate focus on a number of strategic projects, and therefore consideration is being given to appropriately dividing its work. A further challenge is the requirement to recruit skills in sector desks to enable effective management of sector strategies.

Consumer and Corporate Regulations Division (CCRD)

Purpose:

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

Measurable objective:

Business certainty and access to redress by economic citizens through the provision of appropriate policy frameworks, legislation and regulations, and through efficient and fair regulatory services.

Highlights

- Various law reform processes completed, which resulted in the Competition Amendment Bill, Consumer Protection Bill, and the Companies Bill.
- Stronger enforcement of Competition Law by the Competition Authorities.

Achievements

One of the core functions of government is to create a fair and conducive environment for doing business, that supports the rights of both business and consumers. CCRD within **the dti** is the custodian of the legal framework creating rules for engagement in the marketplace, via the regulatory environment and policy-making. Implementation of these regulations takes place through **the dti** agencies such as the Competition Authorities and Companies and Intellectual Property Registration Office (CIPRO).

Fair, responsible and competitive markets are essential because they empower citizens and prevent unethical behaviour, on the one hand, and protect ethical businesses from unethical competition on the other, leading to a more globally competitive private sector environment with higher quality products and service levels. They reduce costs for the economy arising out of consumer exploitation, enforcement actions and legal (and health) costs. A fair and responsible domestic market is an essential adjunct to compete for value-added business worldwide.

Policy and Legislative Development

During the year under review, CCRD oversaw a review of Competition Policy and new competition legislation, and the production of a new Companies Bill, now passing into legislation, that addresses a key AsgiSA-identified obstacle to growth in South Africa – over concentration and monopoly abuse in corporate South Africa. CCRD also completed the mammoth task of introducing updated consumer protection legislation. The challenge posed by codifying a modern legislative framework for consumer protection can be gauged by noting the fact that it involved bringing together and modernising legislation from over 70 other laws, some of them dating back to the Second World War. Equally CCRD has finalised a policy and a Bill that deals with the protection and commercialisation of indigenous knowledge, a key part of our intellectual property system. This will assist in the assimilation of the second economy into the first economy.

The 2007/08 financial year saw CCRD processing four Bills for Cabinet approval. These Bills were subjected to wider public consultation. They were vigorously debated at NEDLAC and in the main they enjoy the support of Labour, Business and the community at NEDLAC level. In the main, initial briefings before the Portfolio Committee for Trade and Industry also took place in the last quarter of 2007/08 parliamentary session.

Finally, CCRD was involved in legislation to protect the 2010 FIFA Soccer World Cup and associated merchandise, as part of South Africa's agreement with that international sporting body. In this regard, the Minister issued a notice, designating the 2010 FIFA Soccer World Cup as a "protected event", as well as a notice that deals with the protection of certain FIFA marks. What is gratifying is that, as a protected event, the 2010 FIFA Soccer World Cup offers economic opportunities that accrue to small businesses from previously disadvantaged communities.

Enforcement and Compliance

Buttressing the legislation were measures introduced by CCRD during 2007/08 to protect consumer interests more widely, including a national consumer awareness campaign. This also meant speeding up the resolution of consumer complaints, with 90% of such claims resolved within 20 days. During the 2007/08 financial year, 641 consumer complaints were resolved within 13 days. R695,736 was recovered on behalf of consumers, while 21 proactive investigations and 58 reactive investigations were finalised. Successful education and awareness campaigns were conducted through workshops, distribution of 2,500 copies of the IP brochure, 4 radio slots, 3 TV appearances, 56 presentations, 6 exhibitions, 28 outreach initiatives, 8 mini campaigns and 12 advice weeks.

The Office of the Company and Intellectual Property Enforcement held 42 workshops with Prosecutors, SAPS and SARS. During the period under review, 3 company inspections were finalised and a total of 90 Intellectual Property (IP) complaints resolved.

For more than five years, the Competition Commission had been investigating anti-competitive practices such as collusion on price fixing. The impact of the investigation was felt in 2007 when successful prosecution at the Tribunal occurred as well as admission of collusion. Tiger Brands was fined R99 million (10% of its annual turnover). Adcock Ingram also admitted that it was involved in collusion in the pharmaceutical sector and the company was appropriately fined. These successful investigations and prosecutions will be a deterrent to other companies in other sectors not to involve themselves in anticompetitive practices. A competitive domestic economy is key to fair pricing and to international competitiveness and export growth.

Challenges

Monitoring and evaluating the impact of legislation and policies developed remains a critical challenge. The capacity and expertise to undertake such monitoring and evaluation is also paramount. A challenge that is inherent to this area of work is the alignment of targets with consultation and legislative processes.

The Enterprise Organisation (TEO)

Purpose:

Provide efficient administration of enterprise support measures.

Measurable objective:

Efficient and effective administration of enterprise support measures.

Highlights

- 8 BPO&O projects approved
- Revised Film Incentive launched
- All outstanding SMEDP projects evaluated
- Enhanced Export Marketing Scheme for emerging enterprises
- IDZ investments: Coega – R4.7 billion; East London – R850 million; Richards Bay – R2.3 billion

Achievements

The Enterprise Organisation (TEO) facilitates **the dti**'s interventions aimed at increasing investment in developmental projects in South Africa. Through TEO, **the dti** injects billions of rands into incentivising strategic sectors of business and high potential economic activities, informed by national policy. An enormous responsibility and accountability therefore rests on the Division to ensure that scarce resources in a society with urgent development needs are not ineffectually dissipated or fraudulently misdirected. The clean audits that TEO receives year on year are an impressive tribute to **the dti**'s high standards of governance and fiscal discipline.

Just like other divisions of **the dti**, the work of TEO has been fundamentally reshaped by the demands of AsgiSA, the NIPF and, most recently, the President's Apex priorities. During the year under review this included amending and introducing new industrial and business incentives arising from recommendations of a root and branch incentives review finalised in 2006. Changes are aimed mainly at focusing incentives more on downstream, job-creating projects as well as developing new incentives for prioritised AsgiSA sectors.

Incentives Administration

During the past year, substantial success was achieved in the implementation of the Business Process Outsourcing and Offshoring (BPO&O) incentive scheme, as well as the amended film incentive scheme. Eight BPO&O projects, which are expected to create well over 9,132 jobs over the next three years, were approved. Of the approved projects, seven were export-focused, generating more than 90% of their revenue from exports, while one project complied with the Department's guidelines on designated high unemployment areas.

Amendments to the film incentive scheme have broadened the scope of the scheme to develop the domestic film industry by making qualification easier for smaller local productions. This has been enthusiastically received by local filmmakers. In the last two months of the financial year, during which time the amendments were effective, a total of four local productions were approved.

The Division also finalised evaluation and adjudication of the more than 2,000 investment projects that applied by August 2006 for the SMEDP incentive, just before the scheme was suspended. A record number of 4,631 grant disbursements to the value of R1,040 billion were made to successful SMEDP investment projects. The improvements in efficiency and effectiveness of incentive administration were made possible by a substantially upgraded IT support architecture to speed up and simplify procedures and increase efficiencies by, for instance, reducing turnaround times. The benefits will be clearly seen in the years ahead.

New Incentives Development

The Industrial Policy Action Plan (IPAP), approved by Cabinet in 2007, incorporated recommendations on the development of new incentives arising from the incentives review.

The Small Enterprise Development Programme is to be replaced with a new Enterprise Investment Programme (EIP), informed by the National Industrial Policy Framework (NIPF). Work on the new scheme is nearing completion and the EIP will be launched in the 1st quarter of the new financial year. Expected changes from the SMEDP incentive scheme include improved alignment between projects receiving incentives and the sector priorities elaborated in the NIPF. The tourism component of the EIP will focus on job creation and developing the tourism market in less developed areas outside the three metros of Johannesburg, Cape Town and Ethekekwini.

Substantial work was done starting with National Treasury as part of the R5 billion in new tax incentives for industrial policy announced by the President in February 2008. It is expected that in addition to promoting the establishment of greenfield manufacturing projects, the new incentive will also assist our manufacturing industries to upgrade and expand so as to meet growing domestic consumption requirements and contribute to exports, as well as exploit opportunities arising out of the massive infrastructure investment by government in the energy and transportation sectors.

Incentive Programmes

Investment Grants & Tax Incentives

- Critical Infrastructure Programme
- Capital Goods Feasibility Study Fund
- Business Process Outsourcing and Offshoring
- Co-operatives Incentive Scheme
- Strategic Industrial Projects
- Film and TV Production Rebate Scheme

Competitiveness

- Black Business Supplier Development Programme

Trade Facilitation

- Export Marketing and Investment Assistance (EMIA)

US-based TeleTech is the largest BPO provider in the world which generates 4 million customer interactions and over \$1.2 billion in commerce daily. Teletch serves five of the Fortune 10 companies and has 33,200 BPO seats globally. TeleTech has 87 BPO centers in 19 countries supporting 45 countries in 50 languages, supported by world-class infrastructure, centrally managed and delivered.

TeleTech's first site in South Africa is in Cape Town and will focus on UK and USA work. Additional sites are planned for East London, Durban, Port Elizabeth, Soweto, Paarl, Bloemfontein, Nelspruit, Ixopo, East Rand, Mafikeng, Polokwane and Pietermaritzburg by 2012 with a total of 10,000 direct jobs.

the dti is supporting TeleTech's phase 1 investment of R275.5m over the first two years which will create 5,344 jobs by September 2010. To date 650 jobs are in place. The total investment over five years will be R4 billion with 50,000 direct and indirect jobs created. TeleTech is committed to achieving level 4 compliance with B-BBEE (65% score) and will establish a market-leading learning and development platform in partnership with schools and universities.



IDZ Investments

The Coega Development Corporation (CDC) secured nine investors during the year with a combined investment value estimated at R4,7 billion and estimated job creation in excess of 3,000. Most of these investors, some being subject to a positive EIA process, will be establishing their operations during 2008 and 2009 financial years. The CDC generated own revenue totalling R34 million, mainly from rentals in the construction village and other services rendered by the CDC for the tenants and for the Eastern Cape Province.

The East London IDZ (ELIDZ) has received funding from the Eastern Cape Province to cover operational and administration costs. ELIDZ also finalised location agreements with four investors, three in the automotive sector, with an estimated total investment value of R140 million and more than 150 jobs expected. Total investments secured by March 2008 in the ELIDZ were 15, with a total investment value of R600 million.

At Richards Bay IDZ (RBIDZ), two key investors have been secured, namely a ferrochrome smelter and a pulp mill to the total value of R2,3 billion. Tata Steel commenced with operations of the first furnace in March 2008 and is permanently employing some 70 people on site, which will rise to 140 during full capacity production.

One of the investors that located in Coega in 2007 is Dynamic Commodities, responsible for the manufacture and export of frozen yoghurt and peppers. The enterprise has a 55ha plantation which provides 25 jobs per hectare and the factory employs 650 people, of whom 80% are women. All employees are sourced from the Port Elizabeth area. The investor exports peppers mainly to Germany and aims to export 20,000 tons of peppers during 2008/09. Frozen yoghurt is exported to the USA, Canada and Europe in volumes amounting to 25 tons per day. Staff receive expert onsite training, including from a qualified microbiologist from Germany, with high health and safety standards applied. The suppliers of fruits and peppers are mostly emerging farmers from the areas around Port Elizabeth.

Challenges

The new EIP programme will require further improvements to the IT infrastructure to ensure continued improvements to the efficiency of incentive administration. The Division will also need to embark on a process of enhancing the project appraisal skills of officials in order to equip them to effectively implement the EIP and new tax incentives.

In the year ahead TEO will continue to rollout new incentives in accordance with recommendations of the incentives review. The competitiveness scheme aimed at upgrading firms in the manufacturing sector will receive special focus in the year ahead. Attention will also be given to improving monitoring and evaluation of incentive schemes so as to assess effectiveness and improve communication to key stakeholders.

Trade and Investment South Africa (TISA)

Purpose:

Provide strategic vision and direction to key growth sectors in the economy, increase the level of direct investment 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.

Highlights

- R206 billion pipeline of new investments secured and manufacturing grew by 25.1% in 2007 over 18,75% in 2006.
- National Exporter Database and Export Portal implemented.
- 37 trade missions, 21 national pavilions supported.
- Investment Promotion and Facilitation Strategy completed.

Achievements

TISA has a national mandate to contribute to the development of the South African economy by facilitating and promoting investment and developing and promoting exports. The Division is at the client-facing end of **the dti's** value chain with the primary mission to increase South Africa's capability and capacity to promote exports to targeted markets, and increase and retain the level of foreign and domestic direct investment flow. In pursuit of its mission, it also manages the Department's network of 43 foreign offices, and contributes to the strategic alignment of other investment and trade authorities in South Africa.

TISA, like the other **dti** divisions, has aligned and integrated itself with AsgiSA and the National Industrial Policy Framework (NIPF), as well as improved alignment with the Department of Foreign Affairs (DFA) in particular and other Departments in general, Provincial Investment Promotion Agencies (PIPAs) and the International Marketing Council (IMC).

In order to optimally achieve its objectives, the Division is organised into three business units, namely Export Promotion and Development, Investment Promotion and Facilitation, and International Operations Management. These are connected through numerous value chains but, also very importantly, present a single face to customers.

Export Promotion and Development

TISA's Export Strategy is designed to align and co-ordinate South Africa's export development and promotion efforts. It is intended to support the achievement of the goals set by the industrial policy by increasing access for South African products and services in international markets. In this way, **the dti** contributes towards accelerated and shared economic growth in South Africa, including employment creation. South Africa has committed itself to an outward-oriented growth strategy as part of its 2014 Vision to make South Africa globally competitive in exports.

"Ford Motor Company had the opportunity to work very closely with **the dti** on strengthening our business in South Africa over the past 12 months. We greatly appreciate the importance of partnership and believe that close private-public sector co-operation is the key to meeting national economic goals, in this highly competitive global economy. We look forward to continuing to build a stronger and closer working relationship with our key partner in future"

*Hal Feder
President and CEO of Ford
Motor Company of Southern Africa*

The Export Strategy consists of seven themes, namely Global Competitiveness, Market Access, Prioritisation of Markets, National Trade Information System, Exporter Development, Export Mechanisms, and Export Incentives and Financing.

Exports have grown consistently despite exchange rate fluctuations. In 2006 exports grew at 19.6% from the previous year, and in 2007 at 24.6%. Manufacturing exports performed well and grew by 18.75% in 2006 and in 2007 at 25.1%.

An electronic Export Portal and a national Exporter Database are also currently being developed. Some 37 trade missions, 21 national pavilions and two international trade initiatives were supported by TISA in 2007/08. Intensive work has led to higher effectiveness and closer co-ordination of the work of **the dti** and the Export Councils.

Investment Promotion and Facilitation

The Investment Promotion and Facilitation Strategy (IPFS) was approved by the Executive Board of **the dti** on 15 April 2008. The IPFS has the following themes: Sectoral Analysis and Project Marketing, Policy and Communications, Investment Promotion, Investor Facilitation and Servicing, Effective Investment Incentives and Effective Institutional

Arrangements and Country Prioritisation. Investment attraction activities have moved from a generic to a more targeted approach, resulting in a pipeline of R206 billion worth of investment projects, of which investments valued at R171 billion were initiated in fiscal 2007/08. Investors and exporters will in future be serviced through a one-stop facilitation centre, including a support centre as part of the Presidential Apex priorities.

The new CEOs' Forum, founded by TISA, brings the CEOs of the PIPAs, along with some Metros, into a much closer relationship in promoting trade and investment, and indeed marketing South Africa abroad in a coherent, persuasive and brand-inspired manner. As a consequence, PIPA staff are eligible for FER postings, allowing for the sharing of skills and specialist expertise. Work has begun to strengthen networks with provincial and local investment promotion agencies and implement co-ordinated outward trade and investment projects to key priority markets.

"This company would not be where it is today were it not for the assistance of the Department of Trade and Industry. It was at the major international food shows that we identified most of our international partners and agents."

Phil Ovens

MD of Pepperdew International

Foreign Economic Offices

the dti's Foreign Economic Offices are managed by TISA and include the management, business planning, procurement, financial planning, staffing and reporting of foreign economic representatives (FERs).

The placement of FERs is a practice whereby suitable officials are placed by **the dti** in foreign missions. There are currently 43 foreign offices comprising 100 staff members (35 South Africans and 65 foreign nationals). This, when added to the 116 Department of Foreign Affairs offices, provides **the dti** with an added footprint and buttress of a relatively untapped resource for expanding and improving economic relations. Hence, the foreign offices are an integral part of **the dti** and are fully integrated in the trade, investment and trade relations work the Department has to deliver upon for South Africa.

TISA is collaborating with the Canadian Trade Facilitation Office to design a world class training programme for prospective FERs. The first programme is in place and the first graduates should emerge by the third quarter in fiscal 2008/09. All of this forms part of a redefined national Foreign Economic Office Strategy that is informed by AsgiSA and the NIPF.

2010

TISA is also the lead division in **the dti** responsible for co-ordinating the Department's involvement in the FIFA 2010 Soccer World Cup. To this end, **the dti** created the appropriate regulatory environment for the government guarantees to be issued to FIFA. **the dti** was able to secure that at least 30% of the budget of the Local Organising Committee (LOC) be allocated to SMMEs, with B-BBEE procurement policies to apply. The Division also conducted 2010 Economic Opportunity Workshops in Gauteng, Limpopo and Mpumalanga. This work will also be rolled out to all the other provinces in the new financial year.

"We managed to sign our first contract with a distributor in the DRC and yes, we believe it was an excellent opportunity and we look forward to many more!! It is always important to visit a country in order to completely understand the culture, logistics and (from our side) the registration process. We therefore feel that the introduction to the (Ministry of Health) through your organisation was worth its weight in gold."

*Annalise Grobler
CEO of Aqua Salveo*

Challenges

TISA will need to ensure that the exporter base grows markedly and put actions in place to ensure that the export climate and commitment in South Africa is enhanced. South Africa will also have to capitalise on new high-growth markets, whilst maintaining its existing market share in traditional markets. In order to increase the levels of Foreign Direct and Domestic Investment, special attention will have to be given to how South Africa can attain higher levels of investment inflows, in view of challenges faced by developing countries and biased perceptions of South Africa as a preferred investment destination.

Looking to the future, TISA will embark on country-specific export and investment drives to ensure that South Africa capitalises on the opportunities, particularly those which the Far East and Middle East present. In order to do so, it will have to ensure that its network of foreign offices and other key stakeholders, such as the provinces and the DFA, work as a single cohesive mechanism to promote South African Exports and Investments.

Marketing Division

Purpose:

Promote greater awareness of the Department's products and services.

Measurable objective:

Promote awareness of the Department's products and services.

Highlights

- **the dti** participated in 102 events, exhibitions and izimbizos to promote **the dti** brand, and improve the uptake of products and services.
- The Division embarked on the 'Taking **the dti** to the People' outreach campaign to create awareness and educate rural and peri-urban communities about **the dti** and COTI's products and services.
- Media visits were conducted to improve media relations and understand their information needs.
- 68 publications, focusing on key strategic outputs of the Department, were produced to disseminate and communicate the roles and responsibilities of **the dti** programmes, products and services, for the benefit of the South African economic citizenry.
- **the dti** Customer Contact Centre handled 691,573 enquiries, which amounted to a 5.4% increase from the previous financial year.

Achievements

In order to fulfil its objectives, **the dti** requires stakeholder-specific communications strategies, through which it can identify key stakeholders, clarify the desired relationship with each market segment, and define and meet the specific communication needs of each.

The Communications and Marketing Division achieved significant milestones during the financial year 2007/08, chief of which was the streamlining of the Division's activities to be more outward-focused, proactive, and serve to improve interaction with stakeholders and marginalised communities.

In collaboration with **the dti** divisions, **the dti** agencies, as well as other stakeholders, the Communications and Marketing Division planned, organised and managed outreach events in all provinces, targeted at potential and existing small and micro enterprises.

The 'Taking **the dti** to the People' campaign, one of the flagship projects of the Division, delivered a sustained awareness and education role by serving as a platform to communicate **the dti**'s key strategic messages on small business development. The project also created a unique networking opportunity at local and provincial levels, to consolidate government's overall economic growth objectives. More specifically, the campaign sought to involve those from peri-urban and rural communities, in gaining a better understanding of how **the dti**'s support services could benefit the successful establishment of their small enterprises.

Other events took the form of conferences, exhibitions, programme launches, amounting to 102 being successfully organised and concluded during 2007/08, including the 'Taking **the dti** to the People' Campaign events.

In addition the Division focused on strengthening its media networks during the reporting period. To this end, visits were organised to key media houses to determine their needs and experiences in dealing with the Department. This resulted in improved relations with the media and more positive coverage.

The Division produced 68 publications, including **the dti** Annual Report, policy documents, product information and other division's reports, as required. **the dti** Customer Contact Centre assisted 691,573 clients, with most queries relating to Close Corporation registrations, financial services and incentives, consumer-related services, import and export control, and Black Economic Empowerment (BEE) issues.

Challenges

Despite significant achievements the Division also faced a number of challenges during the period under review. These included achieving appropriate co-ordination of marketing activities across **the dti**, the need to effectively respond to media enquiries, and the visibility of multiple sub-brands with the potential to dilute **the dti** mother brand.

During 2008/09, the Division will focus its attention on rising to these challenges by filling strategic vacancies, and improving upon the Division's human and financial systems, to effectively support the objectives of the Department.



Programme Performance for the year ended 31 March 2008

Summary of programmes

The activities of the Department of Trade and Industry are organised in the following programmes:

- Programme 2: International Trade and Economic Development
- Programme 3: Enterprise and Industry Development
- Programme 4: Consumer and Corporate Regulation
- Programme 5: The Enterprise Organisation
- Programme 6: Trade and Investment South Africa
- Programme 7: Marketing

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 in Africa within the NEPAD framework.

Measurable objective:

Increased market access for South African exports in targeted countries, improved economic integration with the continent, and efficient trade administration.

Service delivery objectives and indicators:

Recent outputs

International Trade Development

South Africa has played a leadership role in WTO Doha Round negotiations, notably in the Non-Agricultural Market Access (NAMA). There have been three negotiating sessions of the South African Development Community (SADC), the European Union (EU) and the Economic Partnership Agreement (SADC-EU Free Trade agreement), where South Africa has played a prominent role to align these processes with the South Africa – EU Free Trade agreement and the Trade Development and Co-operation Agreement (TDCA). It is anticipated that an interim agreement on the SADC EPA negotiations relating to the trade in goods negotiations, will be concluded in 2008. The agreement with Mercosur has been concluded and Ministerial signature will be obtained. All member States except Namibia have ratified the South African Customs Union (SACU EFTA) Free Trade agreement. A Trilateral SACU-India-Mercosur trade arrangement has been initiated and a SACU-India Preferential Trade Agreement was launched during October 2007.

Key bilateral trade links and negotiations have been developed with the EU, EFTA, USA, India and Brazil (IBSA), and more recently a strategic growth and development partnership has been undertaken with China which aims to provide a strategic framework for engagement. The clothing and textile quotas were instituted to provide relief to South African companies. South Africa has engaged the USA regarding the proposed draft Trade Investment and Development Co-operation Agreement.

African Economic Development

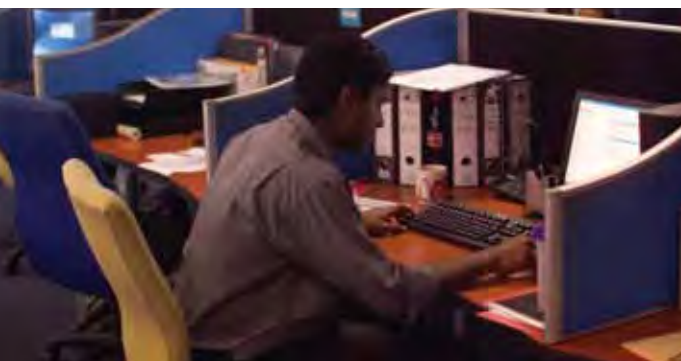
Two Heads of State visits were facilitated and these strengthened links with the DRC and Mozambique. On the DRC, we identified a range of investment opportunities for South African firms along the spatial development initiative Bas Congo. With Mozambique, work will deepen co-operation to implement the Maputo-Phalaborwa Iron and Steel initiative. To promote African and regional integration, 29 missions were undertaken to key countries. A SADC Ministerial Task Force and the SADC Summit of Heads of State discussed regional integration, the proposed SADC FTA, as well as the formation of the SADC Customs Union. The division has jointly facilitated the Council of African Ministers of Industry Conference. The NEPAD Projects conference aimed at forging closer alignment with business to highlight key projects.

Service Delivery Objectives and Indicators

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
International Trade Development	Bilateral and multilateral trade and investment agreements to improve market access globally and with key countries in the Americas, Europe and Asia	Trade co-operation agreement with US concluded	December 2007	US SACU TIDCA – Texts exchanged, differences narrowed	US delayed response
		Advance preferential trade negotiations with India	March 2008	India PTA – launched in October 2007	
		Conclude SACU–Mercosur preferential trade agreement	December 2007	Prerequisites established	
				Mercosur PTA – conclusion by 12th round in April 2008	Logistical postponement
	Management of government relations and work programme through bi-national commissions and joint ministerial commissions	Implement China MoU, including restrictions on clothing and textiles	Ongoing administration until the end of 2008	China – PGD: Leading preparation and negotiation. Products identified, projects ongoing.	Products identified and projects ongoing
		Align South African-European Union free trade agreement with SADC EPA	January 2008	<p>China Safeguards MoU – ongoing implementation</p> <ul style="list-style-type: none"> • Trade Chapter linked to EPA Outcome • Co-operation chapters concluded • Ongoing discussion on Wines & Spirits & Cheese • EU Enlargement Protocol – preparation for ratification 	

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
International Trade Development	Improve integration of trade and industrial policy; tariff policy review and strengthened tariff administration	Assessment of tariff regime	July 2007 Draft chapters on tariff review and trade performance since 1994	Draft chapters completed	Staff capacity constraints
		Establish inter-departmental task team for tariff administration	July 2007	<ul style="list-style-type: none"> Task team established by Deputy Minister: Davies. Project manager appointed. Internal and external reference groups established and inputs received from ITAC, NDA & TIPS. Ongoing consultations 	
		Final framework policy document to guide investment agreements	Establish a dti-led intra - governmental task team to develop a policy framework for SA Investment Protection Agreements	Internal consultations on key elements of policy. Presentation to ExBo Cab memo prepared Project plan with timelines developed	

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
African Trade Development	Bilateral and regional trade and investment agreements to establish a framework for supporting African economic development	Number of bilateral agreements concluded with key countries in 2007/08	12 agreements	15 Agreements completed: BITs <ul style="list-style-type: none"> • Africa: 4 signed, 3 ready for signature, 5 ongoing negotiations • Asia: 2 ongoing negotiations • Middle East: 4 ongoing negotiations BTAs/MoUs <ul style="list-style-type: none"> • Africa – 7 • Europe – 5 • Middle East – 3 ongoing 	
		South African strategy for the SADC customs union approved	March 2008 Cabinet Memo on SA's approach to Regional Integration and advance this approach	SADC Joint DFA/NT/dti Cab Memo on SA's approach submitted SADC EPA – participated in 5 Negotiating Rounds and preparatory Meetings Negotiations ongoing	Onerous EC demands that SA cannot accept



SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
		Support and consolidate SACU	<p>Conclude SACU–Mercosur preferential trade agreement</p> <p>Conclude SACU – India Preferential Trade Agreement negotiations Text</p> <p>Initiate and Conclude SACU-India-Brazil Trilateral Trade Negotiations (text)</p> <p>Presidential Approval of SACU Annexes and Policies</p>	<p>See above</p> <p>See above</p> <ul style="list-style-type: none"> • IBSA Trilateral Trade Arrangement (TTA) - Hosted first SACU MERCOSUR-India • TTA meeting in Oct 2007. • IBSA – Business Forum held & progress reported on PTA's and TTA <p>SACU Ongoing progress and participation SACU meetings</p>	
	Increased regional intra-Africa trade and successful technical and business missions	Number of technical and business missions to key countries in 2007/08	15 missions	<p>29 missions:</p> <ul style="list-style-type: none"> • 12 x Technical • 6 x Fact-finding • 5 x Inward • 6 x Business fora <p>Mission postponed - 1</p>	Iraqi request for postponement
		Support NEPAD and African development	<p>Continental frameworks on trade, investment and economic development Finalised SA Nepad Strategy</p> <p>Host CAMI conference</p>	<ul style="list-style-type: none"> • Nepad Projects Conference to define action plan • Co-hosted with EIDD the CAMI conference • Participated in AU Summit & Ministerial meetings • Coordinated SA participation at WEF 	Strategy still under intra-governmental consideration

Programme 3: Enterprise and Industry Development

Purpose:

Provide leadership in the development of policies and strategies that promote and foster competitiveness, enterprise development, empowerment and equity in the economy.

Measurable objective:

A more competitive economy per sector and enterprise level; a greater contribution to the economy by small enterprises; and increased participation in the economy by historically disadvantaged people and communities.

Service delivery objectives and indicators

Recent outputs

Industrial Competitiveness

The National Industrial Policy Framework (NIPF) has been finalised and approved by Cabinet for implementation. In order to facilitate its implementation, the Industrial Policy Action Plan (IPAP) was developed under the auspices of the Industrial Strategy Focus Group of the Economic and Employment Cluster and also approved by Cabinet. The IPAP spells out industrial policy actions for immediate implementation such as sectoral actions, including the four lead sectors. Cross-cutting actions include industrial financing, and measures to improve government's organisation and capacity to implement industrial policy.

The Regional Industrial Development Strategy (RIDS) has been developed in support of the NIPF. The RIDS proposes interventions to address the regional disparities, key to this being the financing of regional development. The department will be looking at developing business cases for various funding proposals in the RIDS.

Programmes and projects are being developed and implemented in support of the Strategic Framework for the development of the forestry, timber, pulp and paper industries, such as the Furniture Technology Incubator project in Mthata in the Eastern Cape. This project has started and the centre is expected to be fully operational by the end of 2008.

The Standards Bill and the National Regulator for Compulsory Specifications Bills have been approved by Parliament. The Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, and the Measurement Units and Measurement Standards Act, were promulgated on 1 May 2007.

Enterprise Development

Progress with the development of the small business sector includes the micro finance institution (SAMAF) becoming fully operational. The co-operatives regulations were approved by the Minister and the proclamation was signed by the President on the 2nd of May 2007, thus allowing the implementation of the Act. CIPRO has put in place new systems for co-operatives registration.

Equity and Empowerment

The Gender and Women's Empowerment Unit has made progress in establishing a Women's Fund with money being pledged by both **the dti** and the private sector for exclusive use by women. The Fund will provide financial and business development support services to women owned enterprises, in order to ensure an increase in the rate of success for such enterprises. The model and the business plan for the Fund has been developed and approved.

The Codes of Good Practice for B-BBEE were gazetted on the 9 February 2007 and this is regarded as one of the major milestones in the journey towards economic transformation that will boost economic growth and bridge the gap between the first and second economy. B-BBEE will provide opportunities to participate in the economy, and to access markets via preferential procurement and enterprise development. Institutional mechanisms responsible for monitoring and evaluation of B-BBEE are in the process of being established across the country, which include the establishment of the BEE Advisory Council for monitoring and evaluation, alignment of the B-BBEE Act with other pieces of legislation, the establishment and implementation of verification systems, marketing and communication of B-BBEE.

Customised Sector Programmes

The first phase of the Motor Industry Development Program (MIDP) review project has been completed. It included an assessment of the MIDP's performance against its set of objectives for trade promotion, employment stabilisation/creation and ensuring affordability of vehicles to the local consumer. The second phase currently underway seeks to redesign the MIDP in a manner that makes it consistent with RSA's multilateral trade obligations, whilst also taking the industry on a higher growth path and job creation. A final report on the second phase is expected during the 2008 calendar year.

In 2004, Business Process Outsourcing was identified as a sector with the potential to create employment and attract substantial investment. In order to ensure the opportunity presented globally is taken, **the dti** implemented a strategic marketing initiative attracting global players to the market and a comprehensive government assistance and support programme that includes incentivising investment as well as training in business process outsourcing.

As part of the Industrial Action Plan, 40 key action programmes were implemented.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
Industrial Competitiveness	National industrial policy framework (NIPF) and annual industrial policy programme	Finalisation of NIPF and annual industrial policy programme	September 2007	IPAP approved by Cabinet in July 07 and both the NIPF and IPAP were launched by the Minister in August 2007	
	Industrial policy Centres of Excellence	Number of Centres of Excellence established	1 centre	Proposals and business plans for the Advanced Engineering Centre of Excellence and Centre for Entrepreneurship finalised and request for funding approval submitted Advisory Board for Advanced Engineering Centre of Excellence and Centre for Entrepreneurship have been established	In process of sourcing funds
	Industrial policy think- tank	Think- tank established	December 2007	ToR have been drafted	The deviation was due to the fact that work could only begin after the approval and launch of the NIPF and IPAP, which took place in August 2007, almost at the end of the second quarter of the financial year
	Strategic framework for forestry, timber and pulp industry	Approval of strategic framework	March 2008	Done and forms part of the IPAP and consequently programs are being designed for implementation	None It forms part of the IPAP and consequently programmes are being designed for implementation

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Services Sector Strategies	Rollout of the BPO Strategy, Social Services Strategy and Tele-communications policy	March 2008	<p>Roll-out of BPO programmes is on target. BPO is a Multi-year programme and interim goals have been achieved.</p> <p>Draft strategy for social Services finalised for further discussion with stakeholders.</p> <p>Developmental Tele-communications pricing submission prepared for Cabinet</p>	
	Regional industrial development strategy (RIDS)	<p>Strategy approved</p> <p>Finalisation of RIDS and annual regional industrial development programme</p>	September 2007	<p>RIDP was approved as Special Programme 9 of the NIPF</p> <p>Development of RIDS Action Plan with inputs from DPLG and the Industrial Development Corporation Ltd regarding to similar and joint initiatives</p>	
	Technical infrastructure	Number of companies implementing cleaner Production activities	10 companies	10 companies	

SERVICE DELIVERY ACHIEVEMENTS

Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Technical regulatory framework	Approval of the Standards Bill, and the National Regulator for Compulsory Specifications Bill	March 2008	Standards Bill and National Regulator for Compulsory Specifications Bill delayed. Trade and Industry Portfolio Committee passed a motion of desirability. Second reading. Presentation made to the Select Committee on Economic and Foreign Affairs of the NCOP in March 2008. NCOP passed a motion of desirability on 22 May 2008	Deviation due to delay with proofreading of translations into IsiXhosa
	Support programme for industrial innovation	Number and value of projects supported	Support 75 projects to the value of R75 million by March 2008	74 projects supported at a total grant value of R 78.3 million. Total project value of R 306 m. 34% by number was BEE.	
	Technology and Human Resources for Industry Programme (THRIP)	Number of researchers assisted	Support 700 researchers by March 2008	680 researchers supported in terms of the annual applications	
		Number of students supported	Support 2 500 students by March 2008	2 054 students supported, 54% black and 38% female in terms of the annual applications	

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
		Number of enterprise supported	Support 198 enterprises by March 2008	395 enterprises supported, 67% SMME's and 22% BEE in terms of the annual applications	
Enterprise Development	Plans for recapitalisation of Khula and additional funding for seda to fund the growth strategy	Recapitalisation plan approved	December 2007	Recapitalisation bid forwarded with the MTEF proposal	
	Khula Retail	Feasibility and business case completed	December 2007	Business Case to be presented to Cabinet	
	Cooperatives technical assistance fund	Approval of establishment of the fund	September 2007	The fund activities are part of seda Co-operatives Business Development Support Programme	
	Cooperatives regulations	Regulations approved by Parliament	July 2007	Regulations approved by May 2007. Regulations implemented by August 2007.	
	Cooperatives Advisory Board	Appointment of board members by Minister	September 2007	Candidates have been short-listed.	Internal discussions regarding amendments to Co-operative Act and National Small Business Act to take place, which will have an impact as to whether the Small Business Advisory Board and Co-operatives Board should be merged, are due to take place.
Equity and Empowerment	Implementation of Broad-Based BEE Act and policy	Operational BEE Advisory Council	June 2007	Cabinet Memo drafted and is currently under consideration.	the dti to submit list of approved candidates to the Presidency in preparation for approval.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Women's Empowerment Fund	Source funding identified for fund	March 2008	Isivande Women's Fund announced by the Deputy President and Minister. Funding has been sourced. Old Mutual as partner.	
Customised Sector Programmes	Sectoral prospects	Priority sectors forecast	1 annual publication of quantitative and qualitative information for all priority sectors	7 annual publications (Sectoral Prospects) of quantitative and qualitative information for all priority sectors have been completed.	
	Industrial policy training programme	Number of officials enrolled and trained	20 officials trained by 30 June 2008	Industrial policy training programme is currently being reviewed by CD: Industrial Policy regarding its content and relevance.	By 30 June 2008
	Approved business plans	Number of business plans approved	7 sector development strategies and programmes and business plans approved by 31 March 2008	8 sector development strategies and programmes and business plans	
	Implement key action programmes	Number of key action programmes implemented	21 key action programmes implemented by end 2007/08. (Chemicals 5, Metals 6, Clothing & Textile 4 and Tourism 6)	40 key action programmes implemented as part of Industrial Policy Action Plan	

Programme 4: Consumer and Corporate Regulation

Purpose:

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

Measurable objective:

Business certainty and access to redress by economic citizens through the provision of appropriate policy frameworks, legislation and regulations, and through efficient and fair regulatory services.

Service delivery objectives and indicators

Recent outputs

Policy and Legislative Development

The National Gambling Amendment Bill was presented to the Select Committee on Economic and Foreign Affairs whilst the Companies Bill was finalised. The Companies Bill also encourages transparency and high standards of corporate governance.

Enforcement and Compliance

During the 2007/08 financial year, 641 consumer complaints were resolved within 13 days. R695,736 was recovered on behalf of consumers, while 21 proactive investigations and 58 reactive investigations were finalised.

Successful education and awareness campaigns were conducted through workshops, distribution of 2,500 copies of the IP brochure, 4 radio slots, 3 TV appearances, 56 presentations, 6 exhibitions, 28 outreach initiatives, 8 mini campaigns and 12 advice weeks.

The Office of the Company and Intellectual Property Enforcement held 42 workshops with Prosecutors, SAPS and SARS. During the period under review, 3 company inspections were finalised and a total of 90 IP complaints resolved.

During 2007/08 financial year, 201 certificates for registration of Macro manufacturers and distribution of liquor were issued.

Regulatory Services

During the period under review, training was conducted on company investigations and alternative dispute resolution for 100% of OCP and OCIPE investigators.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
Policy and Legislative Development	Corporate Law Reform	Company Bill approved by Parliament	March 2008	Comments updated and the Companies Bill was finalised. Cabinet memo submitted to Minister	Delays experienced as a result of extended public consultation.
	National Gambling Legislation	National Gambling Amendment Bill promulgated	March 2008	The Bill was presented to the Select Committee on Economic and Foreign Affairs. The Department received and reviewed negotiating mandates from Provinces on the Bill and provided written responses.	
	Assessment of the effectiveness of the Liquor Act	Research report completed and workshops held	Sept 2007	Final draft report presented by consultants and disapproved by CCRD	Report did not meet quality standards
	Review of the regulatory framework for estate agents	Bill introduced to Parliament	March 2008	Consultations with relevant stakeholders. Draft policy developed but not yet approved.	Unanticipated delays due to extended consultation with other government departments to harmonise and co-ordinate the policy framework.
	Review of competition policy	Bill introduced into Parliament, following public comment	March 2008	Policy and draft Amendment Bill finalised and presented to Economic Cluster, Presidency and relevant departments and key stakeholders	Delays due to further consultations undertaken. Bill to be presented to Cabinet on 23 April 2008.
	Intellectual property law reform	Research report completed	March 2008	No progress	Project manager position advertised, but no suitable candidate found. Project to be reviewed.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Impact Assessment of the National Lotteries Regulatory Framework	Research report completed and work shopped.	March 2008	Draft research report completed and awaiting input from reference group.	Research took longer than planned. Report to be finalised and workshopped by June 2008.
Enforcement and Compliance	Increased Awareness	Number of Awareness Campaigns	40 Presentations 8 Outreach initiatives 4 Exhibitions 4 Mini Campaigns 4 Open days/ advice weeks	56 Presentations 28 Outreach initiatives 6 Exhibitions 8 Mini Campaigns 12 Open day/ advice weeks	
	Complaints Resolution	Percentage or number of consumer complaints resolved	90% or 480 Consumer complaints resolved within 20 days of receipt	1,643 enquiries, 657 consumer complaints received and 641 resolved within 13 days (97%) R 695,736 recovered from consumers	
	Investigations	Number of Pro-active & re-active investigations completed		25 Pro-active investigation conducted, 21 finalised, 4 ongoing 58 Re-active investigations finalised 3 general investigations	Delays as a result of protracted negotiation with respondents on pro-active investigations
	Cross- Border Enforcement	Terms of Reference (TOR) of SADC Consumer Protection Forum completed	March 2008	Document on desktop research on establishment of forum. No progress on terms of reference	

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Study on Capacity Building needs and funding mechanism	Report on Study and funding of strategy developed	March 2008	Study and report 100% completed by Community Agency for Social Enquiries (CASE)	
	Awareness of Company & Intellectual Property Law	Number of workshops to SMME's; paralegals; industry associations; Universities; brochure & media campaigns	6 workshops 1 Brochure 3 Media campaigns	<ul style="list-style-type: none"> • 13 workshops • 1 Brochure on IP guidelines, complaint procedures and role of OCIPE developed and 2500 copies distributed • 4 Radio slots • 3 TV appearances 	
	Training	Educational material based on research on counterfeit goods developed and available	Booklet by Sept 2007	Booklet developed on Counterfeit Goods Act and updated according to recent developments in Courts	
		Number of workshops with Prosecutors, SAPS, SARS and dti	6 Workshops	<ul style="list-style-type: none"> • 4 technical IP training workshops conducted in Pta, Jhb, Durban and Cape Town • 38 other workshops held e.g. identification, detection and general enforcement, directors duties, shareholder rights etc 	
	Company Inspections	Number of inspections by inspectors appointed by the Minister of Trade & Industry with turnaround time (tat) of 18 months	8 Inspections finalised	<ul style="list-style-type: none"> • 3 Inspections finalised • 1 Draft report completed • 4 Inspections still in progress 	Delays due to resignation of investigators

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Intellectual Property complaints	Number of Intellectual Property (IP) complaints resolved within an average turnaround time (tat) of 90 days	200 IP complaints finalised	Total of 90 IP complaints resolved	Complaints in this portfolio slack as industry also uses civil methods through attorneys and not always reporting to OCipe
	Registration of Macro manufacturers and distributors of liquor	Number of registration certificates issued	120 certificates	Total of 201 Registration certificates issued	
	National Liquor Register (NLR) established	Website access to register	June 2008	NLR has been created and in the process of being loaded on the website	Delays experienced to link provincial information to NLR. Migration of system from Competition Commission server to the dti server
Regulatory Services	Capacity building of investigators	Percentage of investigators trained in aspects of forensic investigations and alternative dispute resolution	90% of investigators	Training conducted on company investigations and alternative dispute resolution for 100% of OCP and OCipe investigators	
	Establishment of new regulatory agencies	Companies Commission operational	April 2009	No progress	Delays experienced due to delay in finalisation of Companies Bill
		Consumer Commission operational	April 2009	Business Case completed and submitted to National Treasury in May 2007.	Delay in finalisation of Consumer Bill

Programme 5: The Enterprise Organisation

Purpose:

Provide efficient administration of enterprise support measures.

Measurable objective:

Efficient and effective administration of enterprise support measures.

Service delivery objectives and indicators

Recent outputs

Incentive Administration

492 EMIA applications were approved and 314 claims paid.

Of the 21 local, Foreign and Co-Productions approved, 13 claims to the value of R97m were paid.

1,901 applications to the Black Business Supplier Development Programme were approved and 1,798 of those applications were paid.

4,918 claims to the value of R1,040 billion were paid under the Enterprise Development Programme.

Coega IDZ with the focus on investor driven infrastructure such as top structures, factories, buildings, bulk water and electricity supply secured 9 investors with a combined investment value of R4,7 billion.

Under the East London IDZ, five investments worth R850 million were secured. In addition to this, location agreements to the value of R140 million were concluded with four investors and 150 jobs are expected.

New Incentive Administration

The revised film production incentive was introduced in February 2008 for a period of six years up to 2014.

Business Development and Aftercare

274 presentations were done at targeted workshops with 20,700 people attending and all nine provinces were reached.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
Incentive Administration	Export Market and Investment Assistance	Number of companies assisted	205 companies	<ul style="list-style-type: none"> • 492 Applications approved • 314 Claims paid 	Targets exceeded. Rule changes to stimulate access Targets achieved
	Film and television production rebates	Number of film and television productions approved	60 Small local productions 32 Large foreign productions	<ul style="list-style-type: none"> • 25 Local, Foreign and Co-Productions approved • 14 claims paid Value: R97m 	Targets not achieved as New programme was launched February 2008 All applications and claims finalised in 2 weeks
	Black Business Supplier Development Programme	Number of projects approved and number of claims paid	1 320 projects to be approved and 1 220 claims to be paid.	<ul style="list-style-type: none"> • 1901 applications approved • 1798 claims paid 	Targets exceeded. Since 03/04 applications increased by 820%
	Enterprise development programme	Number of applications approved and claims paid	2 000 applications to be approved and 3 000 claims to be paid	<ul style="list-style-type: none"> • 3 597 applications approved • 4 631 claims paid to the value of R1,040bn 	Targets exceeded Temporary staff assist with the processing of applications Targets exceeded. The allocated budget for Apr 07 to Mar 08 was R635m. The target was met in Nov 07 Additional funds were approved by National Treasury for Dec 07 to Mar 08 to the value of R404m
	Critical infrastructure programme administration and management	Number of applications approved and claims paid	8 applications to be approved and 6 claims to be paid	<ul style="list-style-type: none"> • 7 approved projects averaging R1.3bn, resulting in R9.5bn investment. • 7 contacts issued 	The deviation in the number of projects approved was due to projects referred back and declined projects by the Board. The unit presented 18 projects in total. However, the targeted investment of R4bn was exceeded by R5.5bn to R9.5bn.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
		Value of investment in infrastructure projects	R500m	<ul style="list-style-type: none"> 22 claims worth R360m were paid 	The unit has realised savings of R6.2m or 1.6% of the total budget, as a result of clients scaling down on their infrastructure spending.
	Developmental electricity pricing programme (DEPP) – administration and management	Number of applications adjudicated and claims paid Value of investment projects supported by the DEPP	<ul style="list-style-type: none"> 3 applications adjudicated R2bn 	<ul style="list-style-type: none"> 1 DEPP application worth R16bn of Investment was presented to the Adjudication Committee and declined 1 DEPP application received, awaiting feedback on availability of power from the Municipality with R1.5bn worth of investment. 	The project has been evaluated but due to unavailability of electricity, it was declined. Delays from Eskom on availability of electricity delayed the adjudication of DEPP applications.
	Industrial Development Zone (IDZ) programme regulation and administration	Conclude collaboration agreements between stakeholder on the IDZ programme at national level, and between three spheres of government	August 2007	Total transfers to the IDZs worth R897m were disbursed on the basis of the business plans from the IDZ entities and funding agreements	

SERVICE DELIVERY ACHIEVEMENTS

Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
		Richards Bay IDZ: Bulk infrastructure	March 2008	<p>The 3 agreements have been concluded by the stakeholders.</p> <p>Application for an Operator Permit submitted to the dti & currently under evaluation.</p> <p>Land initially excluded from the Land Sale Agreement is being addressed</p> <p>The Audit Report recommendations on RBIDZ are being implemented.</p> <p>2 key investments worth R2.3bn have been secured.</p> <p>Negotiations in progress with the other 16 investors</p>	
		Coega IDZ: Investor driven infrastructure such as top structures/ factories/ buildings bulk water and electricity supply, zone infill dedicated for specific investors	March 2008	<p>A Report and draft Stakeholder Compacts were submitted.</p> <p>Total transfers to Coega amount to R750.7m for the year.</p> <p>CDC generated revenue totalling R34m from rentals.</p> <p>Secured 9 investors with a combined investment value of R4,7bn</p>	

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
		East London (ELIDZ) Investor driven infrastructure for the Automotive Supplier Park (ASP), top structures/ factories/ buildings, bulk water and electricity supply	March 2008	<ul style="list-style-type: none"> • Total transfers to ELIDZ: R146m. • 100% of the funding received from the dti was spent on investment-driven infrastructure projects • ELIDZ finalised location agreements with 4 investors; 3 in the automotive sector, total investment of R140m and 150 jobs expected. • 15 investments secured to date and are worth R850m. 	

SERVICE DELIVERY ACHIEVEMENTS

Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
New Incentive Development	Package of new incentives and Enterprise Development Bill	Cabinet approval obtained	End 2007	<p>Report on Incentives review completed:</p> <ul style="list-style-type: none"> • Action plan approved for introduction of new incentives to support implementation of the NIPF • Incentive package to include 'generic' incentives and 'sector targeted' incentives for prioritised service-oriented sectors, namely Tourism, BPO and Film • Targeted outcomes in the areas of investment, small enterprise, industrial competitiveness and broadening economic participation • New tax incentives proposed to attract strategic investment 	



SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
		Design and rollout of incentives in line with Cabinet approval	March 2008 Revision of the Small Medium Enterprise Development Programme (SMEDP) June 2007	Enterprise Investment Programme (to replace SMEDP) developed and planned for implementation from April 2008 for six years up to 2014. ENE allocations of R719m	
			Introduce new Tourism Incentives Mar 2008	Tourism Support Programme developed and planned for implementation from April 2008 for six years up to 2014. Share budget with EIP.	
			Introduce incentive for local small-budget film productions Dec 2007	Revised film production incentive introduced, effective 01 Feb 2008 for six years up to 2014. ENE allocations of R665m	
			Amendments to the Black Business Supplier Development (BBDP) June 2007	Consultations with seda and USAID technical support in progress.	
Business Development & Aftercare	Business Development support to enterprises	Number of presentations at targeted workshops and numbers reached	240 presentations reaching 10 354 clients	<ul style="list-style-type: none"> • 274 presentations at targeted workshops • 20 700 in attendance in the targeted regions 	Targets exceeded, all nine provinces reached

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 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.

Service delivery objectives and indicators

Recent outputs

Investment Promotion and Facilitation

The Investment Promotion and Facilitation Unit embarked on 89 investment presentations, 6 investment pavilions and 39 investment missions to secure investments. The Unit also attended 2 international investment conferences and participated in 6 ministerial/ presidential missions.

Export Development and Promotion

2,304 Publications were distributed and 1,350 customers were reached. This represents an increase in the distribution of publications which was mainly due to events and other partner organisations. 173 small new exporters were trained and 6 proactive projects in export promotion implemented. 56 EMIA missions funded missions took place.

International Operations

The division manages 43 foreign offices in 36 countries. A new foreign office strategy has been finalised but not yet implemented.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
Investment Promotion and Facilitation	Investment seminars, presentations, investment pavilions, missions & conferences	Number of seminars, presentations, pavilions, missions and conferences.	90 investment presentations	89 investment presentations	
			6 investment pavilions	6 investment pavilions	On target
			12 investment missions	39 investment missions	Several unplanned from foreign companies and countries
			5 ministerial or presidential missions	6 ministerial/ presidential missions	Unplanned mission emanating from the Dep. Presidents Office
			3 international investment conferences	2 international investment conferences	The UK Conference was cancelled due to a dispute with the co-organisers.
Export Development and Promotion	Export development information	Number of publications and number of customers reached	2 000 publications distributed per year reaching 1 500 customers	2304 Publications were distributed and 1350 customers were reached	Increase in the distribution of publications was due to events and other partner organisations. The decrease in the clients reached was due to the change of focus from Exporters to Officials of PIPAs and Local Authorities
	Small exporter development programme	Number of new exporters trained	150 new small exporters	173 Small new exporters were trained	There was an increased demand from jewellery, tourism and leather sectors

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
	Export promotion projects	Number of proactive projects in export promotion implemented	6 projects	6 projects were implemented: 1. IBM Finland (Part of ACI In-Store Promotions) 2. Design SA - Atlanta project 3. OSM Austria - Middle Europe with the Deputy Minister 4. IBM - Indonesian Wine Distributors scheduled to take place end of September 2007 5. OSM - Senegal SA Day 6. IBM - Russia Ostrich & Rooibos Tea	
		Number of international trade initiative projects identified and scoped	6 international trade initiatives projects identified and scoped in Africa, South America, China, S.E. Asia and India	2 ITI projects which were previously identified and scoped were implemented: 1. ITI Africa (Zambia and Tanzania) in Oct 07 2. ITI Russia in May 07 The following ITIs were identified and scoped: 1. ITI South America (replaced) 2. ITI Australasia (cancelled) 3. ITI China (postponed)	1. South America ITI was cancelled and was replaced by a more strategic trade fair in Havana, Cuba 2. Australasia ITI cancelled due to insufficient human resources 3. China ITI was postponed to take place during the 10th year anniversary celebrations between SA and PRC in 2008
	National pavilions, mini-pavilions and trade missions	Number of pavilions, mini-pavilions and trade missions	5 mini-pavilions abroad	5 mini-pavilions took place	On track

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
			2 pavilions in South Africa	1 Local pavilion took place	SA Fashion Week pavilion was cancelled, due to a Policy decision by the DDG: TISA.
			3 national pavilions in support of international trade initiatives	2 national pavilions in support of ITI's took place	IETF was cancelled
			21 national pavilions	17 National pavilions took place	4 National Pavilions were cancelled, due to an insufficient number of EMIA applications received: <ul style="list-style-type: none"> • China Mining • Global Free Trade Zone • GITEX • Footwear USA
				4 National Pavilion Stand Packages funded	3 National Pavilion stand packages cancelled: <ul style="list-style-type: none"> • Fruit Logistica Thailand • London Wine • Prowein
			44 trade missions funded but organised through export councils and provincial investment promotion agencies	56 EMIA funded trade missions took place	The following additional adhoc Missions were funded: <ul style="list-style-type: none"> • Sanlam SA Fashion Week • INVPROM OIM to Brazil • IIM from Spain to Inv Conference • Rooibos IBM from Russia • Ostrich IBM from Russia • Dep. Min. OSM to Slovakia • BPO IIM from UK • INVPROM OIM to USA • SA Freedom event in Senegal • Swiss IIM • Finnish Dept. Store IBM • Agrifica (Agrifood) IBM

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
			6 international trade initiatives missions	2 international trade initiatives funded: <ul style="list-style-type: none"> • Russia ITI • Africa ITI 	The remainder of the ITI's were cancelled due to unforeseen circumstances
International Operations	Management of the network of foreign offices	Number of foreign offices managed effectively	43 foreign offices in 36 countries	All offices managed appropriately. Each office has been managed within budget and personnel provision.	On target
	Align international operations across government, particularly with the Department of Foreign Affairs	Alignment strategy drafted	March 2008	Foreign Office strategy finalised. Awaiting date for presentation to EXBO.	On target



Programme 7: Marketing

Purpose:

Promote greater awareness of the department's products and services.

Measurable objective:

Promote awareness of the department's products and services.

Service delivery objectives and indicators

Recent outputs

Brand Management

During 2007/08, the department successfully managed and supported 102 events, exhibitions and izimbizos.

Marketing Communications

68 print and electronic publications were produced for the department reaching 18 million economic citizens.

A total of 15 media releases were distributed. The achievements for media comprised of 106 daily media monitors, 15 media reports forwarded to EXBO, 15 media releases and 14 media briefings.

Distribution

The review of the contract centre processes was completed in June 2007. A cluster communication strategy was approved.

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
Brand Management	Promotion of the brand	Number of targeted internal and external events/ exhibitions held; sector focused awareness campaigns; BEE, consumer education, co-operatives, investment and export promotions held; and business forums/ workshops held	100 events, exhibitions, including izimbizos	102 events and exhibitions	
Marketing Communications	Targeted news monitoring / analysis reports	Frequency of media monitoring	Daily	43 old format media monitor 63 new format media monitor	
	Recommendations/ formulated responses for Exbo	Number and frequency of media reports for the Minister, the 2 Deputy Ministers and the Director General	50 weekly reports		
	Media relations management	Number of executive board media reports	25 bi-weekly executive board media reports	15 media briefings	
	Response to media enquiries/ requests for interviews	Number of recommendations and responses	50 weekly recommendations and responses	Response within one week on average	
	Electronic/print publications/ messages	Number and frequency of media briefings	10 media briefings per quarter	14 media briefings 15 media releases	
		Number of economic citizens reached	20 million economic citizens	18 million economic citizens reached	New strategy in process
		Number and frequency of publications	60 publications per year	68 publications	

SERVICE DELIVERY ACHIEVEMENTS					
Sub-programme	Output	Measure/ Indicator	Actual performance against target		Reason for deviation
			Target	Actual	
Distribution	Resolution of client/ customer enquiries	Turnaround time in resolving enquiries	Minimum 95% service level 95% of enquiries handled within 60 seconds 100% of escalated enquiries responded to within 48 hours	64% Service level of enquiries handled are within 64 seconds	
	Customer contact centre operations optimised	Review contract centre processes	June 2007	Review completed in June 2007	
		Deploy new and advanced contact centre technology solutions	June 2007		
		Conduct customer satisfaction surveys	September 2007		
		Integrate contact centre technology applications with back-end databases	September 2007	Completed in June 2007	
	Customer surveys	Number of satisfaction and perception surveys conducted	4 surveys, including 1 comprehensive annual survey	0 surveys	Decision taken to put project on hold for 2007
	Integrated Department of Trade and Industry customer relationship management strategy developed	Consultation with stakeholders	December 2007	Cluster communication strategy approved	
		Finalise project scope and terms of reference	February 2008		
		Redesign website	March 2008	Terms of reference to be developed together with OCIO	Project delayed due to Documentum Enterprise Resource System

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Human Resources Oversight

Department of Trade and Industry - April 2007 to March 2008

Expenditure

TABLE 2.1 - Personnel Costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment (including temporary workers and interns)
Administration	310,843	69,402	0	0	22.3	238	291
International Trade and Economic Development	133,522	32,125	0	0	24.1	335	96
Enterprise and Industry Development	1,793,292	60,718	0	0	3.4	355	171
Consumer and Corporate Regulation	148,525	29,692	0	0	20.0	288	103
The Enterprise Organisation	2,563,105	38,928	0	0	1.5	245	159
Trade and Investment South Africa	284,547	82,992	0	0	29.2	761	109
Marketing	61,517	13,631	0	0	22.2	159	86
Z=Total as on Financial Systems (BAS)	5,295,351	327,488	0	0	6.2	323	1,015

TABLE 2.2 - Personnel Costs by Salary Band

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees (including temporary workers and interns)
Lower skilled (Levels 1-2)	1,636	0.5	125,846	327,488	13
Skilled (Levels 3-5)	5,314	1.6	102,192	327,488	52
Highly skilled production (Levels 6-8)	43,937	13.4	182,311	327,488	241
Highly skilled supervision (Levels 9-12)	149,507	45.7	367,339	327,488	407
Senior management (Levels 13-16)	108,813	33.2	675,857	327,488	161
Contract (Levels 6-8)	801	0.2	200,250	327,488	4
Contract (Levels 9-12)	4,750	1.5	339,286	327,488	14
Periodical Remuneration	12,730	3.9	103,496	327,488	123
TOTAL	327,488	100	322,648	327,488	1,015

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Administration	45,063	64.9	361	0.5	469	0.7	2,415	3.5	69,402
International Trade and Economic Development	20,872	65.0	51	0.2	225	0.7	929	2.9	32,125
Enterprise and Industry Development	39,548	65.1	33	0.1	243	0.4	1,681	2.8	60,718
Consumer and Corporate Regulation	19,387	65.3	1	0.0	191	0.6	863	2.9	29,692
The Enterprise Organisation	25,540	65.6	469	1.2	272	0.7	1,285	3.3	38,928
Trade and Investment South Africa	24,497	29.5	1	0.0	58	0.1	1,310	1.6	82,992
Marketing	6,612	48.5	0	0.0	45	0.3	309	2.3	13,631
TOTAL	181,519	55.4	916	0.3	1,503	0.5	8,792	2.7	327,488

TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	1,002	61.2	0	0.0	31	1.9	113	6.9	1,636
Skilled (Levels 3-5)	3,234	60.9	41	0.8	94	1.8	310	5.8	5,314
Highly skilled production (Levels 6-8)	27,493	62.6	611	1.4	616	1.4	2,061	4.7	43,937
Highly skilled supervision (Levels 9-12)	92,313	61.7	264	0.2	698	0.5	4,170	2.8	149,507
Senior management (Levels 13-16)	24,271	50.3	0	0.0	-14	0.0	1,066	2.2	48,231
Contract (Levels 6-8)	568	70.9	0	0.0	3	0.4	0	0.0	801
Contract (Levels 9-12)	2,925	61.6	0	0.0	0	0.0	52	1.1	4,750
Contract (Levels 13-16)	29,713	49.0	0	0.0	75	0.1	1,020	1.7	60,582
Periodical remuneration									12,730
TOTAL	181,519	55.4	916	0.3	1,503	0.5	8,792	2.7	327,488

Employment

TABLE 3.1 - Employment and Vacancies by Programme at End of Period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration	338	252	25.4	2
International Trade and Economic Development	158	101	36.1	0
Enterprise and Industry Development	221	168	24	0
Consumer and Corporate Regulation	118	90	23.7	0
The Enterprise Organisation	164	138	15.9	0
Trade and Investment South Africa	122	106	13.1	0
Marketing	70	36	48.6	0
TOTAL	1191	891	25.2	2

TABLE 3.2 - Employment and Vacancies by Salary Band at End of Period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	14	14	0	0
Skilled (Levels 3-5), Permanent	58	51	12.1	0
Highly skilled production (Levels 6-8), Permanent	317	243	23.3	0
Highly skilled supervision (Levels 9-12), Permanent	573	406	29.1	0
Senior management (Levels 13-16), Permanent	172	120	30.2	0
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	3	3	0	0
Contract (Levels 9-12)	14	14	0	2
Contract (Levels 13-16)	40	40	0	0
TOTAL	1191	891	25.2	2

TABLE 3.3 - Employment and Vacancies by Critical Occupation at End of Period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related	261	161	38.3	0
Finance and economics related	53	40	24.5	0
Financial and related professionals	5	4	20	0
Financial clerks and credit controllers	3	3	0	0
Head of department/Chief executive officer	1	1	0	0
Human resources related	27	21	22.2	0
Information technology related	7	4	42.9	0
Legal related	2	2	0	0
Library mail and related clerks	5	5	0	0
Logistical support personnel	17	15	11.8	0
Other administrative and related clerks and organisers	5	5	0	0
Other occupations	63	61	3.2	0
Regulatory inspectors	2	2	0	0
Risk management and security services	2	2	0	0
Secretaries and other keyboard operating clerks	27	22	18.5	0
Security officers	4	3	25	0
Senior managers	212	155	26.9	0
Statisticians and related professionals	1	1	0	0
Trade/industry advisers and other related professionals	494	384	22.3	2
TOTAL	1191	891	25.2	2
Refinement of classification of critical occupations resulted in difference between data in tables 3.3, 5 (5.2 and 5.4) and 7 due to opening and end balances				

Evaluation

TABLE 4.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	14	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0	0
Contract (Levels 6-8)	3	0	0	0	0	0	0
Contract (Levels 9-12)	14	0	0	0	0	0	0
Contract (Band A)	21	0	0	0	0	0	0
Contract (Band B)	14	0	0	0	0	0	0
Contract (Band C)	4	0	0	0	0	0	0
Contract (Band D)	1	4	4	4	100	0	0
Skilled (Levels 3-5)	58	25	39.6	6	100	0	0
Highly skilled production (Levels 6-8)	317	43	13.5	5	100	1	100
Highly skilled supervision (Levels 9-12)	573	5	0.8	1	100	0	0
Senior Management Service Band A	137	0	0	0	0	0	0
Senior Management Service Band B	31	0	0	0	0	0	0
Senior Management Service Band C	4	0	0	0	0	0	0
Senior Management Service Band D	0	0	0	0	0	0	0
TOTAL	1191	77	6.4	16	100	1	100

TABLE 4.2 - Profile of Employees whose positions were Upgraded due to their Posts being Upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	6	0	0	3	9
Male	5	1	0	1	7
Total	11	1	0	4	16
Employees with a Disability	0	0	0	0	0

TABLE 4.3 - Employees whose Salary Level Exceed the Grade Determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Chief Director	1	14	16	Attraction and scarcity of skills	1
Chief Director	5	14	15	Attraction and scarcity of skills	5
Director	2	13	14	Attraction and scarcity of skills	2
Director	1	11	14	Foreign posting	1
Senior Administration Officer	1	7	8	Attraction of skills	1
Senior Provisioning Administration Clerk	1	6	7	Position downgraded	1
Total	11				11
Percentage of Total Employment	1.2%				

TABLE 4.4 - Profile of Employees whose Salary Level Exceeded the Grade Determined by Job Evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	7	1	0	2	10
Total	8	1	0	2	11
Employees with a Disability	0	0	0	0	0

Employment Changes

TABLE 5.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2007)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	27	0	0	0
Skilled (Levels 3-5), Permanent	42	13	4	9.5
Highly skilled production (Levels 6-8), Permanent	226	34	14	6.2
Highly skilled supervision (Levels 9-12), Permanent	384	46	42	10.9
Senior management (Levels 13-16), Permanent	51	5	4	7.8
Contract (Levels 6-8)	2	1	3	150
Contract (Levels 9-12)	17	7	8	47.1
Contract (Levels 13-16)	104	11	20	19.2
TOTAL	853	117	95	11.1
Turnover rate is calculated as terminations divided by the number of employment at the beginning of the period				

TABLE 5.1(A) - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2007)	Transfers in to the Department	Transfers out of the department	Turnover Rate
Lower skilled (Levels 1-2), Permanent	27	0	0	0
Skilled (Levels 3-5), Permanent	42	5	2	4.8
Highly skilled production (Levels 6-8), Permanent	226	23	5	2.2
Highly skilled supervision (Levels 9-12), Permanent	384	4	16	4.2
Senior management (Levels 13-16), Permanent	51	9	4	7.8
Contract (Levels 6-8)	2	0	0	0
Contract (Levels 9-12)	17	2	0	0
Contract (Levels 13-16)	104	0	0	0
TOTAL	853	43	27	3.2
Turnover rate is calculated as terminations divided by the number of employment at the beginning of the period				

TABLE 5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2007)	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Administrative related	142	30	19	13.4
Advocates	1	0	0	0
Client inform clerks(switchboard, reception, information clerks)	2	0	0	0
Communication and information related	1	0	0	0
Computer programmers	1	0	1	100
Custodian personnel	1	0	0	0
Diplomats	5	0	1	20
Economists	1	0	0	0
Engineering sciences related	1	0	0	0
Finance and economics related	98	6	7	7.1
Financial and related professionals	13	0	4	30.8
Financial clerks and credit controllers	5	0	0	0
Food services aids and waiters	3	0	0	0
Head of department/Chief executive officer	1	0	0	0
Human resources and organisational development and related professionals	5	0	2	40
Human resources clerks	3	0	0	0
Human resources related	24	1	7	29.2
Information technology related	2	0	0	0
Legal related	1	0	0	0
Librarians and related professionals	1	0	0	0
Library mail and related clerks	12	0	0	0
Light vehicle drivers	1	0	0	0
Logistical support personnel	17	0	0	0
Material-recording and transport clerks	6	0	1	16.7
Messengers, porters and deliverers	6	0	0	0
Other administrative and related clerks and organisers	9	2	0	0
Other administrative policy and related officers	1	0	1	100
Other information technology personnel	1	0	0	0
Other occupations	46	1	3	6.5
Rank: Unknown	2	0	0	0
Regulatory inspectors	2	0	0	0
Secretaries and other keyboard operating clerks	27	5	3	11.1
Security officers	4	1	1	25
Senior managers	120	25	19	15.8
Trade/industry advisers and other related professionals	288	89	53	18.4
TOTAL	853	160	122	14.3
Turnover rate is calculated as terminations divided by the number of employment at the beginning of the period				

TABLE 5.3 - Reasons why Staff are leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment
Death	5	5.3	0.6
Resignation	67	70.5	7.8
Expiry of contract	15	15.8	1.7
Retirement	8	8.4	0.9
TOTAL	95	100	11
Resignations as % of Employment		10.6%	

TABLE 5.4 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2007)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	142	21	14.8	78	54.9
Advocates	1	1	100	1	100
Client inform clerks (switchboard, reception, information clerks)	2	0	0	2	100
Communication and information related	1	0	0	1	100
Computer programmers	1	0	0	0	0
Custodian personnel	1	0	0	0	0
Diplomats	5	0	0	5	100
Economists	1	1	100	1	100
Engineering sciences related	1	0	0	1	100
Finance and economics related	98	13	13.3	58	59.2
Financial and related professionals	13	1	7.7	11	84.6
Financial clerks and credit controllers	5	0	0	2	40
Food services aids and waiters	3	0	0	0	0
Head of department/Chief executive officer	1	1	100	2	200
Human resources and organisational development and related professionals	5	1	20	0	0
Human resources clerks	3	0	0	1	33.3
Human resources related	24	2	8.3	16	66.7
Information technology related	2	0	0	2	100
Legal related	1	1	100	0	0
Librarians and related professionals	1	0	0	0	0
Library mail and related clerks	12	0	0	5	41.7
Light vehicle drivers	1	0	0	0	0
Logistical support personnel	17	1	5.9	15	88.2
Material-recording and transport clerks	6	1	16.7	6	100
Messengers, porters and deliverers	6	0	0	1	16.7
Other administrative and related clerks and organisers	9	0	0	6	66.7
Other administrative policy and related officers	1	0	0	1	100
Other information technology personnel	1	0	0	1	100
Other occupations	46	0	0	22	47.8
Rank: Unknown	2	0	0	0	0
Regulatory inspectors	2	0	0	0	0
Secretaries and other keyboard operating clerks	27	2	7.4	16	59.3
Security officers	4	0	0	2	50
Senior managers	120	11	9.2	80	66.7
Trade/industry advisers and other related professionals	288	58	20.1	149	51.7
TOTAL	853	116	13.6	484	56.7
Refinement of classification of critical occupations resulted in difference between data in tables 3.3, 5 (5.2 and 5.4) and 7 due to opening and end balances					

TABLE 5.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2007)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	27	0	0	1	3.7
Skilled (Levels 3-5), Permanent	42	1	2.4	23	54.8
Highly skilled production (Levels 6-8), Permanent	226	15	6.6	132	58.4
Highly skilled supervision (Levels 9-12), Permanent	384	71	18.5	222	57.8
Senior management (Levels 13-16), Permanent	51	21	41.2	28	54.9
Contract (Levels 6-8)	2	1	50	1	50
Contract (Levels 9-12)	17	0	0	2	11.8
Contract (Levels 13-16)	104	7	6.7	75	72.1
TOTAL	853	116	13.6	484	56.7

Employment Equity

TABLE 6.1 - Total Number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers	46	6	7	59	16	37	3	3	43	10	128
Professionals	142	12	15	169	45	168	11	25	204	48	466
Clerks	8	1	0	9	0	20	4	1	25	21	55
Service and sales workers	1	1	0	2	2	1	0	0	1	0	5
Plant and machine operators and assemblers	1	0	0	1	0	0	0	0	0	0	1
Elementary occupations	25	0	1	26	3	20	1	1	22	6	57
Other	35	0	2	37	4	107	6	3	116	22	179
TOTAL	258	20	25	303	70	353	25	33	411	107	891

TABLE 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	3	0	1	4	1	0	0	0	0	0	5
Senior Management, Permanent	39	5	5	49	16	31	3	3	37	12	114
Professionally qualified and experienced specialists and mid-management, Permanent	122	11	15	148	33	133	7	23	163	37	381
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	48	2	0	50	11	143	8	5	156	51	268
Semi-skilled and discretionary decision making, Permanent	18	0	0	18	0	28	2	0	30	4	52
Unskilled and defined decision making, Permanent	8	0	0	8	0	4	1	0	5	0	13
Contract (Top Management)	3	0	2	5	0	3	0	0	3	0	8
Contract (Senior Management)	11	1	2	14	7	8	1	1	10	2	33
Contract (Professionally qualified)	1	1	0	2	2	0	3	0	3	1	8
Contract (Skilled technical)	5	0	0	5	0	3	0	1	4	0	9
TOTAL	258	20	25	303	70	353	25	33	411	107	891

TABLE 6.3 - Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	24	0	0	18	1	38	1	3	19	5	72
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	8	0	0	8	0	22	0	0	22	4	34
Semi-skilled and discretionary decision making, Permanent	17	0	0	5	0	8	0	0	8	0	25
Contract (Top Management)	0	0	0	0	0	2	0	0	2	0	2
Contract (Senior Management)	6	0	0	6	0	6	0	0	6	0	12
Contract (Professionally qualified)	5	1	0	6	1	1	1	0	2	1	10
Contract (Skilled technical)	1	0	0	1	0	3	0	0	3	0	4
TOTAL	61	1	0	44	2	81	2	3	63	10	160

TABLE 6.4 - Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Senior Management, Permanent	5	0	2	7	1	11	1	1	13	1	22
Professionally qualified and experienced specialists and mid-management, Permanent	6	0	2	8	2	9	2	2	13	2	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	15	1	1	17	0	13	1	2	16	3	36
Semi-skilled and discretionary decision making, Permanent	4	0	0	4	0	4	0	0	4	2	10
Contract (Top Management)	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management)	6	0	0	6	0	9	0	1	10	3	19
Contract (Professionally qualified)	0	0	0	0	0	1	0	0	1	0	1
Contract (Skilled technical)	0	0	0	0	0	1	0	0	1	0	1
TOTAL	37	1	5	43	3	49	4	6	59	11	116

TABLE 6.5 - Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	1	1
Senior Management, Permanent	1	0	0	1	0	1	0	0	1	1	3
Professionally qualified and experienced specialists and mid-management, Permanent	13	0	1	14	6	12	2	3	17	6	43
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	8	0	0	8	2	3	0	0	3	5	18
Semi-skilled and discretionary decision making, Permanent	1	0	0	1	0	9	0	1	10	0	11
Contract (Top Management)	0	0	0	0	0	1	0	0	1	0	1
Contract (Senior Management)	9	5	3	17	1	5	1	2	8	7	33
Contract (Professionally qualified)	6	0	0	6	0	1	1	0	2	0	8
Contract (Skilled technical)	1	0	0	1	0	3	0	0	3	0	4
TOTAL	39	5	4	48	9	35	4	6	45	20	122

TABLE 6.6 - Disciplinary Action

Disciplinary Action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
TOTAL	4	0	0	4	0	0	0	0	0	0	4

TABLE 6.7 - Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers	16	4	4	24	4	13	3	4	20	12	60
Technicians and Associate Professionals	81	5	9	95	10	122	8	16	146	14	265
Clerks	28	0	0	28	2	119	5	5	129	17	176
Elementary Occupations	1	0	0	1	0	0	0	0	0	0	1
TOTAL	126	9	13	148	16	254	16	25	295	43	502
Employees with disabilities	1	0	0	1	0	1	0	0	1	2	4

Performance

TABLE 7.1 - Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	126	354	35.6	1,392	11,048
African, Male	68	258	26.4	1,079	15,868
Asian, Female	19	33	57.6	312	16,421
Asian, Male	10	25	40.0	306	30,600
Coloured, Female	11	25	44.0	143	13,000
Coloured, Male	8	20	40.0	250	31,250
Total Blacks, Female	156	411	38.0	1,847	11,840
Total Blacks, Male	86	303	28.4	1,635	19,012
White, Female	47	107	43.9	666	14,170
White, Male	30	70	42.9	689	22,967
TOTAL	319	891	35.8	4,837	15,163

TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	16	14	114.3	42	2,625
Skilled (Levels 3-5)	13	51	25.5	43	3,308
Highly skilled production (Levels 6-8)	81	243	33.3	496	6,123
Highly skilled supervision (Levels 9-12)	147	406	36.2	2,090	14,218
Contract (Levels 6-8)	1	3	33.3	10	10,000
Contract (Levels 9-12)	2	14	14.3	16	8,000
TOTAL	260	731	35.6	2,697	10,373

TABLE 7.3 - Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	61	161	37.9	509	8,344
Finance and economics related	34	40	85	347.4	10,218
Financial and related professionals	4	4	100	14.8	3,700
Financial clerks and credit controllers	2	3	66.7	7.8	3,900
Head of department/Chief executive officer	0	1	0	26	0
Human resources related	9	21	42.9	183	20,333
Information technology related	0	4	0	0	0
Legal related	0	2	0	0	0
Library mail and related clerks	2	5	40	4.16	2,080
Logistical support personnel	6	15	40	38.4	6,400
Other administrative and related clerks and organisers	2	5	40	8	4,000
Other occupations	25	61	41	106.8	4,272
Regulatory inspectors	0	2	0	0	0
Risk managers and security services, Permanent	0	2	0	0	0
Secretaries and other keyboard operating clerks	11	22	50	49.8	4,527
Security officers	0	3	0	0	0
Senior managers	59	155	38.1	2,140	36,271
Statisticians and related professionals	1	1	100	4	4,000
Trade/industry advisers and other related professionals	103	384	26.8	1,398	13,572
TOTAL	319	891	35.8	4,837	15,163
Refinement of classification of critical occupations resulted in difference between data in tables 3.3, 5 (5.2 and 5.4) and 7 due to beginning to opening and end balances					

TABLE 7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	43	119	36.1	1,457	33,884	2.2	66,090
Band B	14	34	41.2	532	38,000	2.5	21,248
Band C	2	6	33.3	151	75,500	2.2	6,838
Band D	0	1	0	0	0	0	1,294
TOTAL	59	160	36.9	2,140	36,271	2.2	95,470

Foreign Workers

TABLE 8.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total Employment	Employment at End of Period	Percentage of Total Employment	Total Change in Employment
Highly skilled supervision (Levels 9-12)	3	0.35	1	0.11	-2
Contract (Levels 6-8)	0	0	1	0.11	1
Contract (Levels 9-12)	1	0.12	0	0	-1
Contract (Levels 13-16)	0	0	1	0.11	1
Periodical Remuneration	2	0.23	1	0.11	-1
TOTAL	6	0.7	4	0.44	-2

TABLE 8.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning Period	Percentage of Total Employment	Employment at End of Period	Percentage of Total Employment	Total Change in Employment
Other occupations	0	0	1	0.11	1
Professionals and managers	6	0.7	3	0.33	-3
TOTAL	6	0.7	4	0.44	-2

Leave

TABLE 9.1 - Sick Leave for Jan 2007 to Dec 2007

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification
Lower skilled (Levels 1-2)	53.5	80.4	9	1.4	6	9	43
Skilled (Levels 3-5)	351	89.5	39	6	9	82	314
Highly skilled production (Levels 6-8)	1829.5	82	199	30.4	9	772	1500
Highly skilled supervision (Levels 9-12)	2144.5	80.6	305	46.6	7	2,205	1728
Senior Management (Levels 13-16)	259	76.4	71	10.9	4	496	198
Contract (Levels 6-8)	6	100	1	0.2	6	3	6
Contract (Levels 9-12)	61	88.5	8	1.2	8	63	54
Contract (Levels 13-16)	134	81.3	22	3.4	6	269	109
TOTAL	4838.5	81.7	654	100	7	3,899	3952

TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2007 to Dec 2007

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Highly skilled production (Levels 6-8)	339	100	2	66.7	170	167	339	3
Highly skilled supervision (Levels 9-12)	27	100	1	33.3	27	30	27	3
TOTAL	366	100	3	100	122	197	366	3

TABLE 9.3 - Annual Leave for Jan 2007 to Dec 2007

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took Leave
Lower skilled (Levels 1-2)	300.08	23	13
Skilled (Levels 3-5)	963	17	56
Highly skilled production (Levels 6-8)	4768.16	19	250
Highly skilled supervision (Levels 9-12)	8240.76	19	444
Senior Management (Levels 13-16)	2325	19	125
Contract (Levels 6-8)	56	11	5
Contract (Levels 9-12)	210	14	15
Contract (Levels 13-16)	834	15	55
TOTAL	17697	18	963

TABLE 9.4 - Capped Leave for Jan 2007 to Dec 2007

	Total Days of Capped Leave taken	Average Number of Days taken per Employee	Average Capped Leave per Employee as at 31 December 2007	Number of Employees who took Capped Leave	Total Number of Capped Leave available at 31 December 2007	Number of Employees as at 31 December 2007
Lower skilled (Levels 1-2)	3	3	32	1	349	11
Skilled (Levels 3-5)	4	4	69	1	1733	25
Highly skilled production (Levels 6-8)	59	4	18	14	1493	83
Highly skilled supervision (Levels 9-12)	114	7	40	16	5956	148
Senior Management (Levels 13-16)	10	2	43	5	2243	52
Contract (Levels 13-16)	12	6	25	2	222	9
TOTAL	202	5	37	39	11996	328

TABLE 9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees (includes temporary workers and interns)	Average Payment per Employee (R)
Leave payout for 2007/08 due to non-utilisation of leave for the previous cycle	506	68	7,441
Capped leave payouts on termination of service for 2007/08	238	6	39,667
Current leave payout on termination of service for 2007/08	890	136	6,544
TOTAL	1,634	210	7,781

HIV/AIDS

TABLE 10.1 - Steps Taken to Reduce the Risk of Occupational Exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Occupational Health Practitioner	Yes
First Aiders	Yes

TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [Tick Yes/No and Provide Required Information]

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms N Raliphada, Director: Organisational Development and Transformation was appointed to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The dedicated unit is called Quality of WorkLife. 3 Employees are responsible to promote health and wellbeing, even though the one post is vacant. The budget is part of the Directorate: Organisational Development and Transformation.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		Occupational & Primary Health Care; Counselling; Implementation of National Health & AIDS Calendar; Wellness Days;Health Risk Project
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms P Kwena; Ms L Khoza, Ms F Gallie; Ms M Sibaca; Ms M Mphahlele; Ms N Nhlangothi; Ms C Martin; Mr L Fick; Mr F Stevens; Ms R Makholane; Ms L Phahla; Ms B Ndlovu; Ms R Kwanaitse; Ms S Skhosana; Ms N Raliphada; Sr E Sebata; Mr S Sekgato; Mr K Mokaba. Members represent organised labour, gender, race and occupational levels, including senior managers.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		All the HR policies were audited (desk top audit) during the latter part of the financial year by a service provider and reviewed, including the HIV&AIDS Policy to assess whether it unfairly discriminates against employees or job applicants.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Policies such as the HIV&AIDS as well as the Employment Equity policy have been developed to eliminate and/or prevent discrimination and unfair treatment. The grievance procedure is also used if people feel that they are discriminated against. Awareness programmes to create awareness around discrimination against people who are affected and infected are also implemented. Diversity Management training is offered.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Employees who come for Voluntary Counselling and Testing (VCT) are currently referred to the Department of Health. On average, we receive 1-2 requests per month for VCT. We also market the local clinic for employees to go directly if they want to do VCT.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	Not applicable

Labour Relations

TABLE 11.1 - Collective Agreements

Subject Matter	Date
None	0

TABLE 11.2 - Misconduct and Discipline Hearings Finalised

Outcomes of Disciplinary Hearings	Number	% of Total
Dismissal	1	25
Final Written warning	3	75
TOTAL	4	100

TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings

Type of Misconduct	Number	% of Total
Abuse of state property	1	25
Theft	3	75
TOTAL	4	100

TABLE 11.4 - Grievances Lodged

Number of Grievances Addressed	Number	% of Total
Resolved	14	61
Not Resolved	9	39
TOTAL	23	100

TABLE 11.5 - Disputes Lodged

Number of Disputes Addressed	Number	% of total
Upheld	0	0
Dismissed	0	0
Total	0	0

TABLE 11.6 - Strike Actions

Strike Actions	-
Total number of person working days lost	26
Total cost (R'000) of working days lost	30
Amount (R'000) recovered as a result of no work no pay	30

TABLE 11.7 - Precautionary Suspensions

Precautionary Suspensions	-
Number of people suspended	5
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	240.2
Cost (R'000) of suspensions	268

Skills Development

TABLE 12.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other Short Courses	Other Forms of Training (ABET)	Total
Legislators, senior officials and managers	Female	53	0	16	0	16
	Male	75	0	14	0	14
Professionals	Female	252	0	0	0	0
	Male	214	0	0	0	0
Other	Female	182	0	300	0	300
	Male	41	0	202	0	202
Clerks	Female	46	6	119	0	119
	Male	9	4	88	0	88
Service and sales workers	Female	1	0	0	0	0
	Male	4	0	0	0	0
Elementary occupations	Female	28	0	41	41	82
	Male	29	0	7	7	14
Gender sub totals	Female	518	6	476	41	523
	Male	373	4	311	7	322
Total		891	10	787	48	845

TABLE 12.2 - Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other Short Courses	Other Forms of Training (ABET)	Total
Legislators, senior officials and managers	Female	53	0	31	0	31
	Male	75	0	29	0	29
Professionals	Female	252	0	0	0	0
	Male	214	0	0	0	0
Other	Female	182	0	160	0	160
	Male	41	0	105	0	105
Clerks	Female	46	0	145	0	145
	Male	9	0	31	0	31
Service and sales workers	Female	1	0	0	0	0
	Male	4	0	0	0	0
Elementary occupations	Female	28	0	0	21	21
	Male	29	0	1	12	13
Gender sub totals	Female	518	0	336	21	357
	Male	373	0	166	12	178
Total		891	0	502	33	535

Injuries

TABLE 13.1 - Injury on Duty

Nature of Injury on Duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	1	100

Consultants

Table 14.1

CREATED DATE	PROJECT TITLE	No. of consultants that worked on the project.	Duration: Work days	Contract value	% Ownership by HDI groups	% management by HDI groups	No. consultants from HDI groups
23/Apr/07	Services : Consulting - Media Monitoring Programme	8	120	152,651.70	49	49	5
24/Apr/07	Services : Consulting - Teammate Annual Maintenance Charge - (dti - Internal Audit) - Philip Hood	1	240	43,427.92	56	56	0
24/Apr/07	Services : Consulting - Full Onsite Inspection For AM42 Tannery Pty Ltd (Mogwase)	1	1	7,980.00	0	0	0
24/Apr/07	Services : Consulting Full Onsite Inspection for Iwka Automotive SA Pty Ltd (Port Elizabeth)	1	1	8,550.00	0	0	0
25/Apr/07	Services : Consulting Site Inspection Heng Long Import & Export Pty Ltd	1	1	8,783.70	41	41	0
25/Apr/07	Services : Consulting - Investigate Methods that will Encourage Business to Re-Invest in their Operations (the dti)	5	60	168,720.00	0	0	0
24/May/07	Services : Consulting - to Redraft The Codes Of Good Practice & Conduct a Detailed Legal Audit in Preparation for Final Publication - Tender: dti 01/07-08	5	20	185,370.00	46	66	4
24/May/07	Services Consulting for Sunil Bopanna	1	240	746,400.06	25	25	1
28/May/07	Services Consulting Restructuring of the Integrated Cooperatives Development Strategy - Chia-Chao Wu	1	28	63,555.00	56	56	1
28/May/07	Services Consulting Full Onsite Inspection for Futurama 105cc	1	1	7,068.00	0	0	0
28/May/07	Advisory Consulting Services Consulting Full Onsite Inspection for Quanlilong Pipes Pty Ltd	1	1	7,980.00	0	0	0
04/Jun/07	Advisory Consulting Services Consulting Export Promotion: Claims (TISA)	1	40	74,100.00	51	51	0
15/Jun/07	Advisory Consulting Services Consulting to Conduct a Study for Publicly Funded Technologies Transferred to Other Countries - Tender: dti 20/06-07 - R.Preussier	1	80	496,835.00	25	25	1
15/Jun/07	Advisory Consulting Services Consulting Imaging of Documentation SITA Tender 348 - (Previous Or-18340)	2	80	182,451.39	25	25	0
15/Jun/07	Advisory Consulting Services Job Evaluation Services to be done for ASD: Technical & Innovatino Post (EIDD)	1	3	1,368.00	30	30	0
15/Jun/07	Advisory Consulting Services Consulting Completion of the Second Economy Research	1	140	200,000.00	100	100	1
21/Jun/07	Services Consulting Forensic Audit Function for 24 Months Period: 1 April 2006 - 31 March 2008 - Tender: dti 59/05-06 -	2	480	669,659.59	56	56	2
21/Jun/07	Advisory Consulting Services Consulting to Develop & Implement Preferential Procurement Strategy & to Review & Amend the Current Procurement Policy (Tender: dti 46/05-06) -	1	120	778,960.41	18	18	0
28/Jun/07	Advisory Consulting Services Consulting Full Outsite Inspection for Impresa Sociele Ferrero Manufacturing SA Pty Ltd	1	1	8,493.00	0	0	0
10/Jul/07	Advisory Consulting Services Consulting Full On Site Inspection for Aldabu Pty Ltd	2	125	9,234.00	0	0	0
10/Jul/07	Advisory Consulting Services Consulting Conduct a Research on the Annual Review of Small Business in SA - Tender: dti 21/06-07 -	1	80	1,843,266.00	26	26	0
10/Jul/07	Advisory Consulting Services Consulting Conduct a Research on the Assessment of the Liquor Act 59 of 2003 Tender: dti 23/06-07	1	1	540,000.00	100	100	1
10/Jul/07	Services: Consulting to Assist in the Scoping of the dti Initiatives that Contribute to the Small Enterprise Development & Addressing the Growth & Development Challenges of the Second Economy - R. Hess	2	7	44,448.00	0	0	0
16/Jul/07	Services Consulting Translation Of dti 's Strategic Publications into French	1	30	15,045.15	100	100	1
16/Jul/07	Services Consulting - Implementing the Strategic Framework on Gender and Women's Economic Empowerment 2007: Designing the Model for Implementing the SA Women's Fund	1	120	125,400.00	34	34	0
25/Jul/07	Services Consulting Full Onsite Inspection for Orono Trading 66 Pty Ltd	2	40	6,156.00	0	0	0
25/Jul/07	Services Consulting Full Onsite Inspection for Nioro Plastics Pty Ltd	1	2	8,219.40	100	100	1
30/Jul/07	Advisory Consulting Freelance Editor for The Intellectual Property Policy Document	2	6	11,850.00	0	0	0
13/Aug/07	Establishment of a Panel of Consultants to Conduct Investigations and to be Appointed as Inspectors in Terms of Sections 254, 257, 258 And 259 of the Companies Act (No. 61 Of 1973) for a Period of Twenty-Four (24) Months	1	1	500,000.00	56	56	1
10/Aug/07	Services Consulting Editorial Services For the dti Annual Report	1	240	25,680.00	0	0	0

Table 14.1 Continued

CREATED DATE	PROJECT TITLE	No. of consultants that worked on the project.	Duration: Work days	Contract value	% Ownership by HDI groups	% management by HDI groups	No. consultants from HDI groups
15/Aug/07	Services Consulting Research on the Review of the Definition of Small Business in South Africa	1	240	753,540.00	100	100	1
31/Aug/07	Services to Conduct a Study on the Status of Aquaculture Production & Trade in SA	2	132	283,529.00	0	0	0
31/Aug/07	Advisory Consulting Services Consulting Commemoration of Women's Month: 30 August 2007	1	43	8,500.00	100	100	1
12/Sep/07	Services Consulting for Carna Beckley Period: 18 September 2007-17 September 2008	3	40	812,318.00	25	25	0
12/Sep/07	Advisory Consulting Services for Mr Thelonius Louw (IT Consultant) Period: 08 September 2007-07 September 2008	1	240	865,920.00	25	25	1
28/Sep/07	Services Consulting One of a Kind Trade Show in August 2007	3	5	28,800.00	100	100	3
17/Oct/07	Services Consulting to Develop a Schematic Overview & Blueprint of Integrated Craft Hubs	1	1	153,762.00	100	100	1
01/Nov/07	Services Consulting Extension of Contract for the Performance of Additional Work as Assigned by the South African Non-Proliferation Council of Weapons of Mass Destruction	1	14	34,009.82	0	0	0
02/Nov/07	Recruitment (Consultants) IT Related Organisational Design Exercise In Ocio (the dti) - C. Terblanche	1	20	190,380.00	0	0	0
12/Nov/07	Advisory Consulting Services Consulting Women's Access to Finance Survey	1	60	198,800.00	100	100	1
12/Nov/07	Advisory Consulting Services Consulting Business Analyst: M Mngadi Period: 23 October - 31 December 2007 - H. Parak	1	43	R 140,000	25	25	1
21/Nov/07	Services Consulting Forensic Audit Services (Previous Or-20362) dti 59/05-06	2	480	600,000.00	56	56	1
21/Nov/07	Services Consulting Co-Source of Internal Audit Function (Previous Or-20822) dti 69/05-06	25	480	600,000.00	50	50	13
09/Jan/08	Advisory Consulting Services - Fine Tuning and Finalisation of the Business Plan For 2008/9	1	20	25,080.00	100	100	1
25/Jan/08	Services Consulting (Counselling/Psychologist Services to a dti Employee	1	6	2,495.00	0	0	0
29/Jan/08	Service Consulting - Conduct 9 Research on the Annual Review of Small Businesses in SA -Tender: dti 21/06-07	1	80	921,633.00	26	26	0
29/Jan/08	Services Consulting to Advise on a Financial Assessment Toolkit for the New Investment Incentive Scheme	1	13	85,000.00	100	100	1
29/Jan/08	Services Consulting to Extend to Contract of WT Buhrmann to Advise on a Financial Assessment Toolkit for the New Investment Incentive Scheme	1	5	30,000.00	0	0	0
29/Jan/08	Services Consulting to Advise on a Financial Assessment Toolkit for the New Investment Incentive Scheme	1	13	85,000.00	0	0	0
07/Feb/08	Services Consulting Facilitation of four Workshops for Verification Agencies on Verification Standards and Methodology	1	12	105,564.00	100	100	1
14/Feb/08	Services Consulting for Proposal on Employment Equity Bench-Marking	1	28	63,555.00	56	56	0
15/Feb/08	Services Consulting for Productive Asset Allowance Applications & Claims Adjudication - Prof. Steyn	1	100	1,700,000.00	51	51	0
23/Feb/08	Services Consulting Extension of Contract for the Performance of Additional Work as Assigned by the South African Non-Proliferation Council of Weapons of Mass Destruction (Previous Or-21033)	1	52	120,000.00	0	0	0
28/Feb/08	Services Consulting Full-Site Inspection for Ami-Tech SA	1	1	5,671.50	41	41	1
28/Feb/08	Services Consulting Full-Site Inspection for Black Stone Tek	1	1	5,671.50	41	41	0
18/Mar/08	Services Consulting to Conduct an Organisational Development Diversity Management in the BEE Unit	2	3	171,057.00	100	100	1
18/Mar/08	Services Consulting to Conduct a Market Research Exercise for ERPC	2	20	45,000.00	25	25	0
22/Mar/08	Services Consulting National Task Team on Women's Economic Empowerment Strategic Planning Session on 13-14 March 2008 - Invoice No: 180	2	2	40,983.00	100	100	2
26/Mar/08	Services Consulting for Two (2) Posts Job Evaluation in Procurement (SCM) GSSSD	1	1	2,508.00	100	100	1
26/Mar/08	Advisory Consulting Services Consulting Automotives Special Advisor to the Minister - Period: 01 September 2007 - 31 July 2008 - Noordhoek Cape Town	1	120	1,347,500.00	0	0	0
28/Mar/08	Study to Investigate the Development of Trackless and Related Mining Technology in the South African Platinum Industry	1	80	499,700.00	0	0	0
12/Nov/07	Consulting Services : Appointment of ICT Security to Perform ICT Security Audit for the dti Campus	3	40	170,280.00	0	0	0
TOTAL		151	5,688	26,595,292.15			

Annual Financial Statements for the year ended 31 March 2008

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Report of the Audit Committee to the Executive Authority and Parliament of The Republic of South Africa

We are pleased to present our report for the financial year ended 31 March 2008.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder.

During the current year four meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Non Executive Members	
Mr L Yanta (Chairperson)	4
Mr A C Coombe	3
Mr D Braithwaite	4
Ms P Ndumo	3
Ms Ndumo and Mr Braithwaite were appointed to the Audit Committee during the 1st quarter of the 2007/08 year	
Executive Member	
Mr T Matona (Director-General)	4

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has appropriate terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The systems of internal control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. From the various reports of the Internal Auditors and of the Auditor-General, the Audit Committee noted that no significant or material non-compliance with prescribed policies and procedures have been reported. In line with the PFMA and the King II Report requirements, Internal Audit provided the Audit Committee and management with assurance that the internal controls are generally appropriate and effective as well as advising of certain instances where controls are not yet effective. This outcome is achieved by means of an appropriate risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. A separate Risk Management Committee exists that monitors and oversees the control of risk areas throughout the dti.

Quality of Management Reports

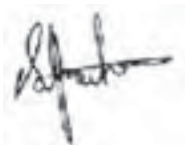
The Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the appropriateness of accounting policies and practices; and
- Reviewed significant adjustments resulting from the annual audit.

The Audit Committee concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.



Chairperson of the Audit Committee

6 August 2008

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE 32: DEPARTMENT OF TRADE AND INDUSTRY FOR THE YEAR ENDED 31 MARCH 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Trade and Industry which comprise the appropriation statement, statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 128 to 182.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Department of Trade and Industry as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the PFMA.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

MATTER OF GOVERNANCE	YES	NO
Audit committee		
• The department had an audit committee in operation throughout the financial year.	X	
• The audit committee operated in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	X	
Internal audit		
• The department had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operated in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	X	
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines (section 40 of the PFMA for departments and constitutional institutions).	X	
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		X
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
• The prior year's external audit recommendations have been substantially implemented.	X	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

11. I have reviewed the performance information as set out on pages 51 to 88.

Responsibility of the accounting officer for the performance information

12. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

Responsibility of the Auditor-General

13. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

Content of strategic plan

16. The 2007 – 2010 strategic plan of the Department of Trade and Industry did not include measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the entity's programmes, as required by Treasury Regulation 5.2.3(d).

APPRECIATION

17. The assistance rendered by the staff of the Department of Trade and Industry during the audit is sincerely appreciated.



Pretoria

31 July 2008



Report of the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General review of the state of financial affairs

1.1 Strategic Overview

During the financial year under review **the dti** made significant progress in achieving its objectives, details of which are outlined under the different programmes elsewhere in the annual report. **the dti's** interventions during the financial year were guided by the following medium-term strategic objectives:

- Promoting the co-ordinated implementation of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA);
- Promoting direct investment and growth in the industrial and services economy, with particular focus on employment creation;
- Raising the level of exports and promoting equitable global trade;
- Promoting broader participation, equity and redress in the economy; and
- Contributing to Africa's development and regional integration within the New Partnership for Africa's Development (NEPAD) framework.

Over the course of 2007/08, the South Africa economy continued to experience positive growth, making it the third consecutive year of over 5% growth. The economy has experienced positive growth rates for twice as long as the next longest period of growth in recorded history, with about half a million jobs having been created every year for the past three years.

While these remarkable achievements are worth being celebrated, **the dti** has always been aware that much of our growth and employment creation has been achieved through strong commodity demand, consumer spending and a favourable global economy. During the 2007/08 financial year, the challenge faced by **the dti** was how to build on this positive momentum, while at the same time taking into consideration the global economic slow down, higher domestic interest rates, the current account deficit and constraints in the domestic supply of electricity.

Given its mandate of leading and facilitating sustainable economic development, **the dti** was required to play a strategic role in the implementation of the approved National Industrial Policy Framework (NIPF). Implementation of the NIPF was facilitated through the Industrial Policy Action Plan (IPAP) which was developed under the auspices of the Economic and Employment Cluster which is chaired by **the dti**. The IPAP guided industrial policy actions for immediate implementation such as sectoral actions, cross-cutting actions including industrial financing, and measures to improve government's organisation and capacity to implement industrial policy.

the dti has utilised its position as co-chair of the Economic and Employment Cluster to prioritise the implementation of key interventions that achieve the ASGISA objectives of halving unemployment and poverty by 2010. A Programme of Action (POA) was developed for the Economic and Employment Cluster to monitor and evaluate the extent to which the POA contributes to the ASGISA targets. The POA also contributed to a collective and capacitated approach between Government departments in the implementation of ASGISA projects.

During 2007/08, **the dti** continued to leverage strategic partnerships with important stakeholders such as business and labour in pursuing its objectives. In this regard, **the dti** played a leading role in the Trade and Industry Chamber of Nedlac through engagements with social partners around policy interventions. Over and above its interaction at Nedlac, **the dti** continued with regular interactions with sector associations through the Industry Forum on issues relating to policy development and implementation.

1.2 Overview of Key policy developments

Initiatives in the following key policy areas will support the strategic objectives of **the dti** as listed above:

Industrial Development

The National Industrial Policy Framework (NIPF) was finalised and approved by Cabinet and publicly launched on 31 May 2007. The NIPF sets out government's broad approach to industrialisation within the context of ASGISA and identifies priority sectors to promote the growth of a strong local industrial and services economy. The NIPF incorporates strategic issues regarding regional industrial development including proposals to address regional disparities, in particular financing regional development. To facilitate implementation of the NIPF, the Industrial Policy Action Plan (IPAP) was developed and approved by Cabinet.

The first phase of the Department's project to review the motor industry development programme (MIDP) was completed, and included an assessment of MIDP performance against its objectives of promoting trade, creating and stabilising employment, and ensuring that vehicles are affordable to local consumers.

Having identified business process outsourcing (BPO) as a sector with the potential to create employment and attract substantial investment, the Department launched a comprehensive BPO government assistance programme in March 2007, which included incentives for investment and training in BPO. So far, six applications have been approved.

Trade, Investment and Exports

At the multilateral level, South Africa plays a prominent and active role in the World Trade Organisation (WTO) as an important developing country member pursuing the objective of establishing a favourable developmental outcome for South Africa and other developing countries. Recently, this included playing a leadership role in the Non-Agricultural Market Access (NAMA) negotiations. In addition, South Africa concluded a trade agreement with Mercosur in the DOHA round of negotiations. Other trade initiatives were launched last year, including a trilateral arrangement between SACU-Mercosur and India and a

SACU-India preferential trade agreement. At the bilateral level, key links and negotiations were developed with the EU, the European Free Trade Association (EFTA), the USA, India, and Brazil, and more recently with China via a strategic growth and development partnership, which aims to provide a framework for strategic engagement with the country.

Given the importance of regional trade to the South African economy, and the implications of regional integration for domestic development, South Africa has embarked on a number of regional and bilateral trade initiatives within Africa and Southern Africa (including SACU and SADC) that will promote African economic development in the medium to long term. As part of this **the dti** also facilitated heads of state visits to the DRC and Mozambique.

Clothing and textile quotas were instituted to provide relief to South African companies and assist in job retention in this sector.

To promote exports and provide South African exporters with exposure to foreign markets, the department managed and supported a series of events, exhibitions and communications.

Broadening Participation

The Department's growth strategy includes a focus on broadening participation, equity and access to redress for all economic citizens, particularly for those previously marginalised. The codes of good practice for Broad-Based Black Economic Empowerment were gazetted in February 2007 to provide a guiding implementation framework for BEE policy and legislation. In the area of Women Empowerment, **the dti** initiated discussions with key financial institutions on the establishment of a women's fund, to provide financial and business development support services exclusively to female-owned enterprises.

The department continued its work in rolling out the support infrastructure for small business development through the Small Enterprise Development Agency's (**seda**) network of offices and Khula's partnership network. The micro finance institution (SAMAF) became fully operational in April 2006 and the Co-operatives Regulations received ministerial approval and presidential assent in May 2007. To support this, the Companies and Intellectual Property Registrations Office (CIPRO) has put in place new systems for co-operative registrations.

Regulation

The National Credit Act (2007) became fully effective in June 2007, and the Consumer Protection Bill seeks to entrench the rights of South African consumers, establishing new institutions to enforce these rights and providing consumers with access to redress. The legislation addresses historical systematic discrimination against the majority of consumers by increasing access to credit at reasonable rates and establishing the best legal framework for maintaining a fair, functioning consumer market.

In the 2007/08 financial year, the new Companies Bill (2007) was enacted with the aim of encouraging transparency and high standards of corporate governance, while promoting the efficiency of companies and their management. The work on reviewing competition law was concluded in the financial year past and amendments effected with a view to introduction to Parliament in 2008.

Other legislative developments included Parliamentary approval of the Standards Bill (2007) and the National Regulator for Compulsory Specifications Bill (2007), and promulgated the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act (2006) and the Measurement Units and Measurement Standards Act (2006) in May 2007.

Administration and Coordination

Through its role as co-chair of the Economic and Employment Cluster, **the dti** identified cross-cutting interventions that are likely to be most critical to the achievement of the 2014 goals. The Cluster considered various interventions that could be pre-requisites for South Africa to achieve the 2014 AsgiSA targets. These were interventions that could best “accelerate” or “share” growth. The interventions were incorporated into a three-year programme of action (POA) for the Economic Cluster that was endorsed by Cabinet which focused on increasing economic efficiencies, promoting dynamic growth sectors, integrating small and micro-enterprises and improving institutional arrangements.

1.3 Envisaged Outcomes

Consistent with the objectives of AsgiSA, the outcomes the department seeks to realize are as follows:

- an increase in manufacturing growth supported by sector strategies and increased industrial financing;
- broader economic inclusion;
- growth in investment rates;
- increased foreign direct investment;
- growth in exports and employment; and
- an overall growth in line with the AsgiSA target of six per cent.

1.4 Overview of Expenditure Trends

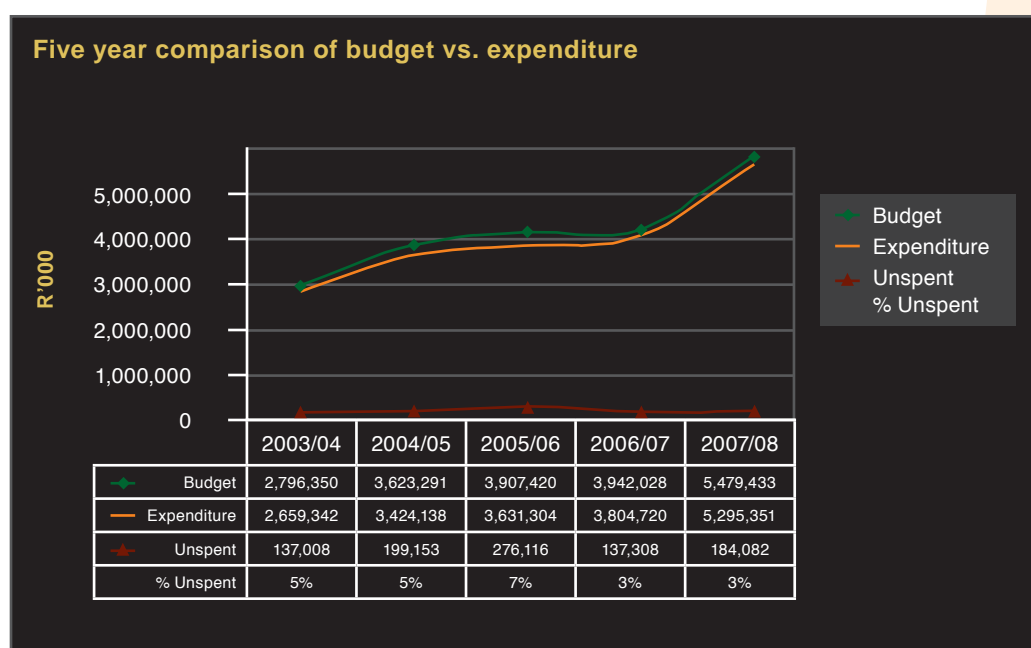
The budget allocation for the 2007/08 financial year was R5 479 433 000 as compared to R3 942 028 000 in 2006/07. The expenditure for 2007/08 was R5 295 351 000, i.e. 96, 6% of the budget, and in 2006/07 it was 96, 5%, i.e. R3 804 720 000. This spending pattern should be considered in the context of the departmental cost drivers, comprising mainly of transfer payments. Approximately 80% of the expenditure was paid to public entities and incentive schemes, and the remainder was utilised for the Department’s operational expenses. The majority of **the dti**’s transfer payments to business, incentive schemes, as well as the infrastructure and investment support programmes, reside within the EIDD and TEO divisions.

Under-spending occurred primarily in the Administration, Marketing and the TEO programmes. The under-spending of R184,082 million must be read in the context of five requests for roll-overs amounting to R101,441 million that are pending approval. Roll-overs were requested for the following:

PROGRAMME	ITEM /PROJECT	AMOUNT R'000
Administration	Disaster recovery system	2 900
The Enterprise Organisation (TEO)	Black Business Supplier Development Programme	3 800
	Business process outsourcing project	74 400
	Co-operatives Incentive scheme	14 129
	Critical Infrastructure Programme	6 212
	TOTAL	101 441

Subject to the approval of these requests, the under-spending will decrease to R82, 641 million, or 1, 5%, which was the result of staff vacancies and related under-spending on goods and services.

The expenditure pattern over the past five years, as compared with the budget allocations, is reflected in the following graph:



As reflected in the above graph, there has been consistency in the spending of the Department against the budget over the past five years, with the last two years reflecting the lowest under-expenditure.

1.5 Virements

A total amount of R46,5 million was re-directed between main divisions of the vote by means of virement transactions approved by the National Treasury, to address various changes in operational requirements. The most important operations for which re-directed funds were utilised, are as follows:

- The re-allocation of R15 million that was available for research purposes at the Economic Research and Policy Co-ordination-unit of Programme 1, to various other programmes for research projects.
- The re-allocation of R30 million to Trade and Investment South Africa (TISA), to pay interdepartmental claims received from the Department of Foreign Affairs in respect of mission offices abroad.
- The re-allocation of R1,5 million to the TISA, CCRD, and EIDD divisions for the compensation of employees.

1.6 Expenditure Trends per Programme

Programme 1: Administration

This programme provides strategic leadership to the Department of Trade and Industry and its agencies. It comprises support for the offices of the Minister, Deputy Ministers and Director-General. The Director-General's office consists of the Agency Management Unit, the Strategy Unit, Internal Audit as well as the Economic Research and Policy Coordination Unit. This programme also includes the Group Systems and Support Services Division (GSSSD), which houses human resource management and the learning centre, financial management, corporate governance, accommodation management, and information systems.

Expenditure increased from R278,9 million in 2006/07 to R310, 8 million in 2007/08, an increase of 11,4 %. The expenditure for Group Systems and Support Services Division (GSSSD) also increased by 11,4% from 2006/07 to 2007/08. This increase is largely the result of the payment to the concessionaire for the provision of a fully serviced office accommodation for the department.

Programme 2: The International Trade and Development Division (ITED)

This programme is responsible for the development of policies and to design policy instruments for economic activity aimed at further integrating South Africa into the global economy. This will be done by negotiating international trade agreements and to manage South Africa's tariff regime. This programme also fosters economic integration in Africa within the NEPAD framework.

The division experienced an increase in expenditure from R123, 9 million in 2006/07 to R133, 5 million in 2007/08, an increase of 7, 8%. The increase in expenditure is a result of exchange rate fluctuations, combined with an increase in foreign travel and an increase in the transfers to the International Trade Administration Commission.

Programme 3: The Enterprise and Industry Development Division (EIDD)

This programme provides leadership in the development of policies and strategies to create an enabling environment for competitiveness, equity and enterprise development.

Most of **the dti** group of institutions report to this division and its expenditure increased from R1 534 million in 2006/07 to R1 793,2 million in 2007/08, an increase of 16, 9%. The increase is largely a result of a higher level of funding to **the dti** agencies.

National Industrial Participation Programme

The South African Industrial Participation (IP) programme comprises two elements, namely a national (non-defence) and a defence element. **the dti** has been mandated with the management and monitoring of the National Industrial Participation Programme. The objectives include increasing the levels of foreign direct investment, market access for South African value added goods and services, job creation and skills development. This is achieved through the lever of government procurement. Participation in this programme becomes obligatory when the imported content of any public sector purchase of goods or services exceeds US \$10 million.

The table below sets out the updated progress on the achievement of the obligations that were due by the obligors under the Strategic Defence Package (SDP). The SDP accounts for approximately 85% of the total Programme in value terms. Three of the six obligors under the SDP reached maturity in their obligation within this reporting period. **the dti** is in the process of finalising these obligations. Each obligor has set penalty milestones to reach within their fulfilment period. Should they not meet these targets, a contractually prescribed breach procedure is followed allowing the obligor time to correct the situation. At the end of this process, the milestone is reassessed. Should it still be lagging behind, a recommendation on how to proceed is made to the Minister of Trade and Industry.

To date, in totality, the National Industrial Participation Programme has seen the implementation of over 173 projects and credits in excess of US\$ 12 billion awarded. This was primarily in the form of investments made as well as exports generated. These have led to the creation and/or retention of 14 000 direct jobs.

In 2007, **the dti**, at the request by Cabinet, undertook a commission of the independent Macroeconomic Impact Assessment (MIA) of the NIPP. The MIA revealed a number of positives for the NIPP, particularly in respect of capital utilisation and employment opportunities.

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2008

In order to monitor the obligors' progress **the dti** has endeavoured over the past years to develop an industrial participation electronic database that would allow staff to electronically update information. The current system has proved to be flawed and the unit is in the final steps of appointing an external company to redevelop a dependable management information system.

	Obligor 1	Obligor 2	Obligor 3	Obligor 4	Obligor 5	Obligor 6	Obligor 7
Value of Milestone due	\$4,300,000,000	€2,852,460,454	\$1,493,114,000	\$652,408,990	\$310,340,000	\$12,250,000	£32,400,000
Milestone Date	April 2007	January 2008	April 2007	April 2007	April 2005	February 2008	September 2006
Over/ Under Achieved	Achieved	Under achieved by €1,726,513,360. Performance = €1,125,947,094.	Under achieved by \$371,008,896. Performance = \$1,122,205,104.	Under achieved by \$11,672,319. Performance = \$640,736,671.	Achieved	Achieved	Achieved
Date milestone actually achieved	April 2007	Still in progress.	Still in progress.	Still in progress.	April 2007	February 2008	February 2007

Obligor 2: Milestone could not timeously be achieved due to the withdrawal of a strategic project which was out of the control of the obligor.

Obligor 3: A viable recovery plan has been presented and the last of the investment plans should be implemented shortly.

Obligor 4: A few last claims are in process of being submitted which should then satisfy this obligation in full.

Programme 4: Consumer and Corporate Regulation Division (CCRD)

CCRD's purpose is to develop and implement regulatory solutions for investors, inventors and consumers.

The division experienced a decrease in expenditure from R149, 5 million in 2006/07 to R148, 5 million in 2007/08, a decrease of 0,66 %. The decrease is a result of staff vacancies and savings realised on research expenditure.

Programme 5: The Enterprise Organisation Division (TEO)

The Enterprise Organisation supports **the dti's** strategic objectives of growth, equity and employment creation by providing efficient administration of enterprise support measures.

The expenditure increased from R1 431 million in 2006/07 to R2 563 million in 2007/08, an increase of 79, 2%. The increase is mainly due to higher levels of funding and expenditure for the Small Medium Enterprise Development Programme (SMEDP), and additional expenditure by the Coega Industrial Development Zone on infrastructure development.

Programme 6: The Trade and Investment South Africa Division (TISA)

This programme provides leadership to key growth sectors in the economy, and develops South Africa's capacity to export to various markets and increase direct investments in the country.

There was an increase in expenditure for this programme from R221,7 million in 2006/07 to R284,5 million in 2007/08, an increase of 28, 3%. The increase in expenditure was due to exchange rate fluctuations and foreign affairs claims against the department for payments made internationally being brought up to date.

Programme 7: Marketing Division

Marketing is responsible for promoting a greater awareness of **the dti** by packaging and branding its products and services and facilitating access to and an uptake of these.

This programme experienced a decrease from R65, 8 million in 2006/07 to R61,5 million in 2007/08, a decrease of 6, 5%. This decrease was largely due to limited marketing campaigns as a result of capacity constraints.

2. Services rendered by the department

2.1 Inventories

Inventories of **the dti** comprise primarily of stationery, which is valued by means of the latest average price of all items in the store. The value of the items was R1, 3 million.

3. Capacity constraints

Between 2006/07 and 2007/08, the approved establishment of **the dti** was increased by 9 positions to 1,191 posts, whilst the staff complement increased from 853 to 891. Of the approved establishment of 1,191 positions, 300 positions (25,2%) were vacant at 31 March 2008. Vacancies existed across all levels. Of the approved establishment of 1 182 positions for the previous reporting period, 329 posts (27,8%) were vacant at 31 March 2007.

A number of recruitment projects were launched during the reporting period, including the outsourcing of the recruitment process to reduce recruitment time frames, regular reporting at Executive Board (EXBO) and Operations Committee (OPSCOM) levels, and mass approvals for the triggering of vacancies. The results of these efforts should become evident during the 2008/09 reporting year.

4. Utilisation of donor funds

Three main agreements exist that support **the dti** objectives of which two contracts are with the European Commission (EC) as budget support programmes, and one with the United States Agency for International Development (USAID) for technical support. **the dti** also acted as an intermediary for funds that the Small Enterprise Development Agency (**seda**) receives from Finland to support SMME development.

The Sector Wide Enterprise, Employment and Equity Programme (SWEEEP) is a sector-wide programme agreed between South Africa and the European Commission to provide budget support to **the dti** for the implementation of various initiatives. Utilisation of this funding commenced during 2004 with the receipt of the first tranche of R78 million. The programme has received three tranches which totals R279, 461 million.

In addition to the SWEEEP programme, donor funding of R185 million was paid to the Industrial Development Corporation (IDC) on 23 February 2007 under the Risk Capital Facility (RCF), which is managed by the IDC. Phase 2 of the Risk Capital Facility has also been implemented during the 2007/08 financial year, committing some 50% of available funds.

The RCF 2 is playing a critical role in job creation and economic development, principally within under-developed and under-funded communities where its impact will be most significantly experienced.

The agreement with the United States Agency for International Development (USAID) supports economic growth in the financial sector, private sector competitiveness and agriculture, although no direct funding was disbursed to projects.

the dti has been instrumental as a controlling agent for agreements between the Finland SMME Development Programme and the Small Enterprise Development Agency (**seda**) whereby an amount of R30, 875 million was paid to **seda**.

5. Trading entities and public entities

The public entities listed below are under the control of the Minister of Trade and Industry:

Name of entity	Purpose of entity	Type of institution	Transfers 07/08 (06/07) R'000	Enabling Legislation/ Type of listing
Competition Commission	Promote an environment in which competition is allowed to flourish, investigate and address anti-competitive activities, and increase economic concentration in related markets.	Regulatory	23 221 (17 333)	Competition Act, 1998 (Act 89 of 1998) Schedule 3A
Competition Tribunal	The Competition Tribunal adjudicates competition matters, in accordance with the act and has jurisdiction throughout South Africa.	Regulatory	8 670 (8 000)	Competition Act, 1998 (Act 89 of 1998) Schedule 3A
Export Credit Insurance Corporation of South Africa (ECIC)	To facilitate and encourage South African export trade, by underwriting bank loans and investment outside the country, in order to enable foreign buyers to purchase capital goods and services from the Republic.	Specialist services	120 567 (51 839)	Export Credit and Foreign Investment Reinsurance Amendment Act, (Act 9 of 2001) Schedule 3B

Name of entity	Purpose of entity	Type of institution	Transfers 07/08 (06/07) R'000	Enabling Legislation/ Type of listing
Industrial Development Corporation	The IDC is a self financing national development finance institution whose primary objective is to contribute to economic growth by promoting entrepreneurship through building competitive industries and enterprises.	Development Finance	5 250 (5 000)	Industrial Development Act, 1940 (Act 22 of 1940) Schedule 2
Khula Enterprise Finance	Providing wholesale financial support services to retail financial intermediaries.	Development Finance	73 495 (34 090)	National Small Business Act (Act 102 of 1996) Schedule 3B
National Gambling Board of South Africa	Provide advice on the national gambling industry, and promote uniform norms and standards across provinces.	Regulatory	19 776 (19 645)	Gambling Act, 1996 (Act 33 of 1996) Schedule 3A
National Lotteries Board	To exercise national control over lottery activities.	Regulatory	Nil	Lottery Act, 1997 (Act 57 of 1997) Schedule 3A
South African Bureau of Standards	Promote standardisation and quality management in industry and commerce, and supervising trade metrology and units of measure.	Specialist services	138 612 (126 446)	Standards Act, 1993 (Act 29 of 1993) Schedule 3B
National Metrology Institute of South Africa	The National Metrology Institute of South Africa (NMISA) supports global competitiveness through the provision of fit-for purpose international acceptable measurement standards and measurements	Specialist services	46 768 (36 922)	Measurement Units and Measurement Standards Act (Act 18 of 2006) Schedule 3A
South African National Accreditation System	Provide an accreditation system for laboratories, certification, inspection and GLP Establish laboratory, personnel, and certification body in the RSA, as well as mutual recognition agreements with international accreditation organisations.	Regulatory	12 500 (10 034)	No enabling Act (Section 21 Co.) Schedule 3A
Trade and Investment South Africa	Provide professional support to foreign investors, to enhance foreign direct investment in South Africa	Section 21	Nil	No enabling Act (Section 21 Co.) Schedule 3A
National Empowerment Fund	The business of the NEF is to promote savings and investments among Historically Disadvantaged Persons (HDP) through its retail activities and to fund economic empowerment and black business through its investments division.	Development Finance	709 954 (561 127)	National Empowerment Fund, 1998 (Act 105 of 1998) Schedule 3A

Name of entity	Purpose of entity	Type of institution	Transfers 07/08 (06/07) R'000	Enabling Legislation/ Type of listing
South African Quality institute	SAQI is the umbrella body that co-ordinates the quality effort in South Africa in order to contribute towards the global competitiveness of the South African economy and the region as a whole.	Specialist services	Nil	Standards Act, 1993 (Act 29 of 1993) Schedule 3A
International Trade Administration Commission	ITAC focuses on improving administration and decision making processes to maintain South Africa's policy and legislative framework for tariff and trade remedy investigations	Regulatory	55 707 (49 245)	International Trade Administration Act, 2002 (Act 71 of 2002) Schedule 3A
Small Enterprise Development Agency	The mandate of seda is to implement small enterprise development support service and products through a national integrated service delivery network in order to improve the contribution of small enterprises to the economy, employment and equity.	Development finance	258 849 (311 426)	National Small Business Act, 2003 (Act 26 of 2003) Schedule 3B
Companies and Intellectual Property Registration Office	CIPRO as a trading entity of the dti is responsible for the registration of companies, close corporations, and intellectual property such as patents, copyright and trademarks	Regulatory	Nil	Established as a trading entity of the dti
South African Micro Apex Fund	SAMAF as a trading entity of the dti lends money to micro-businesses through partner organisations.	Development Finance	83 999 (130 000)	Established as a trading entity of the dti
National Credit Regulator	The National Credit Regulator is responsible for the regulation of the South African credit industry	Regulatory	44 514 (37,854)	National Credit Act, 2005 (Act 34 of 2005)
National Consumer Tribunal	The National Consumer Tribunal adjudicates a wide variety of applications and is responsible for hearing cases against credit providers that contravene the Act	Regulatory	*	National Credit Act, 2005 (Act 34 of 2005)

* The transfer payment of R7,3 million towards the National Consumer Tribunal was made through the National Credit Regulator during the reporting period.

6. Organisations to which transfer payments have been made

Transfer payments made towards entities are reflected in the above summary, as well as in Annexures 1C, E, F and G of the financial statements. The entities towards which transfer payments have been made are dependent on the fiscus for the funding of their operations which are in pursuit of **the dti** objectives.

7. Public Private Partnerships (PPP)

7.1 Office Accommodation

the dti entered into a 25-year contract with Rainprop (Pty) Ltd as the private party Concessionaire which will provide fully serviced office accommodation at **the dti** campus, which agreement was implemented during August 2003.

Continuation of building capacity in **the dti** to execute the PPP agreement took place during 2007/08 where the process of creating more positions and the filling of new posts was focused on. To continue with the assistance of particular specialist areas, **the dti** used specialist support services of Utho Capital as financial and BEE consultants and Thlokomelo Management Utilities Managers for utilities management. Payments to the amounts of R66 808 and R82 080 were made respectively towards for services.

Unitary payments totalling an amount of R127, 017 million, as per PPP agreement, were paid during the reporting period, whilst performance deductions to the amount of R61 447 were also recovered. Payments totalling an amount of R4, 088 million were made in respect of variation orders and an amount of R 7,446 million was paid in terms of pass-through costs such as rates, taxes, water, electricity and consumables. The Concessionaire has passed credits to **the dti** to the total amount of R236 866 for sundry items. **the dti** claimed the amount of R964 776 for security-related under-delivery. Details of the agreement and associated costs are reflected in Note 30 of the financial statements.

7.2 Fleet Management

the dti is participating in the Department of Transport's Fleet Management contract for the use of its pool vehicles.

8. Corporate governance arrangements

the dti continued to refine its corporate governance structure, thus establishing effective controls to strengthen its performance in key operational areas. All of the committees met regularly during the year under review and substantively addressed issues that fall within their mandate and it could be concluded that they operated effectively.

8.1 Executive Board (EXBO)

Strategic planning at **the dti** is directed from the EXBO, which process provides for a simplified and standard procedure for the planning across the Department. Strategic planning is performed on a three-year rolling basis and is aligned with the Medium Term Expenditure Framework (MTEF) process. On an operational level, business plans covering the financial year are compiled at business unit level within each programme to give effect to the strategic plan.

the dti's strategic planning process provides for the quarterly review of the implementation of the annual business plans by EXBO. The purpose of the quarterly performance review was to evaluate progress reports against set targets and to take corrective action where necessary.

8.2 Fraud Prevention

Management continued to report to the Risk Management Committee (RMC) according to the Fraud Prevention Plan Implementation Matrix, which is based on identified fraud risks. The Fraud Prevention plan is revised annually and was also done in 2007 to align it with the 2007/08 risk assessment process. A Promotion of Ethical Conduct workshop was also held during November 2007.

8.3 Risk Management Committee (RMC)

The Risk Management Committee (RMC) met on a quarterly basis during the reporting period. Another member of **the dti** Audit Committee was appointed to be a second independent external member to **the dti** Risk Management Committee to assist with oversight. The RMC is also chaired by one of these independent members of the Audit Committee. The Legislative Compliance Calendar was maintained for the year under review to mitigate legislative compliance risks for **the dti**.

An annual Risk assessment was also conducted that culminated in a Risk Register for 2007/08. This risk register will be reviewed annually to improve risk management practices in **the dti**, whilst an electronic risk management tool was also implemented whereby managers have to report on a quarterly basis on progress in addressing identified risks, as per the risk register.

8.4 Disclosure of Financial Interests by Senior Managers

For the 2006/07 disclosure period, 150 of the 152 (99%) senior managers disclosed their financial interests, which were noted by the Minister and submitted to the Public Service Commission. Two disciplinary letters were issued to the managers who had not complied. For the 2005/06 period, 138 of the 146 senior managers (95%) disclosed their financial interests.

8.5 Health and Safety

the dti reviewed the number of Occupational Health and Safety (OHS) representatives according to changed organisational requirements, which representatives will subsequently be trained and deployed. A process was also embarked on to appoint operational managers as operations directors within the various divisions in terms of OHS requirements. An Emergency Recovery and Response procedure was received from the concessionaire in respect of campus related requirements, and will be implemented during the 2008/09 financial year. In this regard, information booklets have been developed and finalised for distribution during 2008/09. Training for all designated safety staff has continued and will culminate with a full scale evacuation of **the dti** Campus in the 2008/09 financial year. Liaison with the Department of Labour regional office is taking place to improve operational compliance and planning for evacuation exercises.

8.6 Operations Committee (OPSCOM)

the dti continued using the departmental Operations Committee (OPSCOM) to advise on, and adopt operational policies and procedures related to finance, procurement, human resources and information technology. The Deputy Director-General: Group Systems and Support Services serves as chairperson of the OPSCOM, whilst Chief Directors and Chief Operating officers represent all dti divisions on the OPSCOM. The Committee met 11 times during the financial year. OPSCOM also did a self-assessment on its effectiveness during March 2008 and will consequently consider actions to implement the recommendations that emanated from the exercise in 2008/09.

8.7 Operational Policies

the dti continued to revise, develop and implement operational policies. During the reporting period, it adopted and/ or reviewed 14 departmental policies. Discussions on how to resolve the vacancy situation, HR planning, occupational health and safety issues and particular initiatives taken in these areas, were some of the items that were high on the agenda. These policies are maintained through a central policy register, and are placed on the departmental intranet where they can be accessed by all employees. The automated process flow on the leave application process commenced with roll-out during this year as part of Enterprise Content Management.

8.8 Internal Audit

The ability of the Internal Audit unit to react on identified audit risks and enhance its capacity to perform more specialist audits such as performance audits, information technology audits and corporate governance reviews, continued with its strengthened co-sourcing relationship with KPMG. The Internal Audit unit and the consortium are managing identified risks in the Fraud Prevention plan, the Risk Assessment plan, and also in respect of corporate governance.

The internal capacity of **the dti** in-house function was strengthened during the reporting period with the appointment of a third Deputy Director and four additional auditors. **the dti** internal Audit Function underwent the Institute of Internal Audit (IIA) Quality Assurance Review, necessary for compliance to the International Auditing Standards of the IIA.

the dti Internal Audit received an overall “generally comply” assessment (almost a 100% generally comply rating), with only two areas of partial compliance.

Forensic audit services continued to be outsourced to the consortium comprising PWC and Gcabashe Forensic Audit Services. The forensic audit capacity, along with the Internal audit capacity, enabled **the dti** to improve its internal and risk management controls and corporate governance processes.

8.9 Audit Committee

The Audit Committee is responsible for the monitoring of the internal control environment of **the dti**, through its oversight role on the Internal Audit function, as well as the review of quarterly management accounts, the annual financial statements, the external audit process and an oversight of the risk management environment.

All four scheduled Audit Committee meetings took place for the period under review.

8.10 Minimising the Impact of the Department on the Environment

In accordance with its environmental strategy and in compliance with the National Environmental Management Act (NEMA), **the dti** undertook the following environment related actions:

- **the dti** campus continued to address its impact on the environment by the efficient use of energy and water, landscaping, and efficient waste management, such as recycling and the re-use of equipment. **the dti** also embarked on an energy saving programme to alleviate electricity consumption and a draft plan was developed by the concessionaire early in 2008. This process will continue in 2008/09.
- The fourth progress report of **the dti** against the first and second editions to the Environmental Implementation Plan (EIP) was adopted by the Committee on Environmental Co-ordination (CEC) of the Department of Environmental Affairs and Tourism. Specific actions as reflected in the second edition include controls to ensure that recipients of grants adhere to environmental requirements, whilst specific grants for waste minimisation projects are allocated.

8.11 Departmental Tender Committee

The Departmental Tender committee continues to manage the awarding and the adjudication of tenders with a value ranging between R500 000 and R4 million, and to advise the Accounting Officer on values higher than R4 million. **the dti** regards this as important to ensure improved efficiency and decision-making. The Deputy Director-General of Group Systems and Support Services Division (GSSSD) serves as chairperson of the Tender committee. The Chief Operating officer: GSSSD, the Chief Financial officer, the Director: Supply Chain Management and representatives from the Legal Unit and the Economic Research and Policy Co-ordination Unit are members of the Tender Committee.

9. Discontinued activities / Activities to be discontinued

Not applicable to reporting period.

10. New / proposed activities

The National Metrology Institute of South Africa (NMISA) has been enacted as the successor of the previous National Metrology Institute as from 1 May 2007 in terms of the Measurement Units and Measure Standards Act, Act 18 of 2006 and will support the same objectives of the previous institute. The National Consumer Tribunal which is an outflow of the National Credit Act, has also been formed during the reporting period under review, and the tribunal will serve as an independent body for the adjudication of consumer protection matters.

11. Asset management

As part of the PPP agreement, the concessionaire will for the duration of the contract period, own and maintain assets such as the land, buildings and the majority of furniture items. Departmental assets excluded from this agreement include departmental vehicles, computer equipment and certain furniture items. Departmental assets are managed in accordance with the policies issued by the National Treasury, and an asset register is maintained on the Logistical Information System (LOGIS). **the dti** also met all of the requirements and due dates of the Asset Management Reform of National Treasury. An agreement is being concluded whereby the furniture assets purchased by **the dti** for their foreign offices will be officially transferred to the Department of Foreign Affairs.

12. Events after the reporting date

No events took place after the reporting date of 31 March 2008 that will impact on the financial position of **the dti** for the 2007/08 reporting period.

13. Performance information

the dti is currently engaging in a review of its strategic planning architecture. The review will inform the process of developing a more robust Monitoring and Evaluation system for the department. The objective in this exercise is to streamline reporting and simultaneously to provide information of a more strategic nature to the department's top management, thereby facilitating a shift to Results Based Management. **the dti's** strategic planning process already includes a quarterly review of the implementation of annual business plans by the Executive Board. The monthly and quarterly reporting in terms of the ENE also facilitated ongoing monitoring and evaluations.

14. SCOPA resolutions

No resolutions by the Standing Committee on Public Accounts (SCOPA) are applicable to **the dti**.

Approval

The attached Annual Financial Statements have been approved by me as the Accounting officer.



T MATONA

DIRECTOR-GENERAL

Date: 29 July 2008

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

Appropriation Statement

Appropriation per programme									
	2007/08							2006/07	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	312,242	(5,111)	(15,028)	292,103	285,798	6,305	97.8%	267,267	257,953
Transfers and subsidies	6,166	394	-	6,560	6,169	391	94.0%	5,523	5,204
Payment for capital assets	25,471	4,717	-	30,188	18,876	11,312	62.5%	30,777	15,757
2. International Trade and Economic Development									
Current payment	61,532	(3,978)	(6,004)	51,550	51,009	541	99.0%	46,164	45,344
Transfers and subsidies	78,498	3,697	-	82,195	81,898	297	99.6%	78,962	78,131
Payment for capital assets	650	281	-	931	615	316	66.1%	573	397
3. Enterprise and Industry Development									
Current payment	131,355	(7,083)	(4,450)	119,822	111,497	8,325	93.1%	63,411	62,681
Transfers and subsidies	1,675,946	6,908	-	1,682,854	1,680,981	1,873	99.9%	1,472,800	1,471,150
Payment for capital assets	721	175	-	896	814	82	90.8%	767	490
4. Consumer and Corporate Regulation									
Current payment	46,403	(1,061)	400	45,742	39,131	6,611	85.5%	46,180	45,859
Transfers and subsidies	108,239	941	-	109,180	109,098	82	99.9%	103,763	103,393
Payment for capital assets	327	120	-	447	296	151	66.2%	743	263
5. The Enterprise Organisation									
Current payment	53,642	(200)	(895)	52,547	50,685	1,862	96.5%	42,093	41,773
Transfers and subsidies	2,649,526	200	-	2,649,726	2,511,756	137,970	94.8%	1,485,029	1,388,129
Payment for capital assets	1,070	-	(122)	948	664	284	70.0%	878	610
6. Trade and Investment South Africa									
Current payment	123,030	(100)	27,542	150,472	148,878	1,594	98.9%	158,084	156,400
Transfers and subsidies	134,316	-	-	134,316	134,316	-	100.0%	66,931	62,366
Payment for capital assets	1,148	100	122	1,370	1,353	17	98.8%	2,980	2,978
7. Marketing									
Current payment	66,851	(68)	(1,565)	65,218	59,950	5,268	91.9%	51,459	49,011
Transfers and subsidies	-	68	-	68	67	1	98.5%	10,008	10,008
Payment for capital assets	2,300	-	-	2,300	1,500	800	65.2%	7,636	6,823
TOTAL	5,479,433	-	-	5,479,433	5,295,351	184,082	96.6%	3,942,028	3,804,720
Reconciliation with Statement of Financial Performance									
Add:									
Prior year unauthorised expenditure approved with funding				-				-	
Departmental receipts				323,508				244,137	
Local and foreign aid assistance received				140,480				201,062	
Actual amounts per Statement of Financial Performance (Total revenue)				5,943,421				4,387,227	
Add:									
Local and foreign aid assistance					48,598				255,942
Prior year unauthorised expenditure approved with funding					2,925				-
Actual amounts per Statement of Financial Performance (Total expenditure)					5,346,874				4,060,662

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

Appropriation per economic classification									
	2007/08							2006/07	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	310,708	(30)	20,039	330,717	327,488	3,229	99.0%	288,177	283,591
Goods and services	484,347	(17,571)	(20,039)	446,737	393,588	53,149	88.1%	386,481	367,290
Financial transactions in assets and liabilities					25,872	(25,872)	0.0%	-	8,140
Transfers and subsidies									
Provinces and municipalities	-	8	-	8	8	-	100.0%	58,378	58,361
Departmental agencies and accounts	1,497,060	6,071	-	1,503,131	1,502,959	172	100.0%	1,369,363	1,369,077
Universities	1	-	-	1	-	1	0.0%	6,000	6,000
Foreign governments and international organisations	26,128	5,000	-	31,128	30,596	532	98.3%	26,710	20,082
Public corporations and private enterprises	3,123,586	-	-	3,123,586	2,984,171	139,415	95.5%	1,746,721	1,649,529
Non-profit institutions	5,000	-	-	5,000	5,000	-	100.0%	14,747	14,747
Households	916	1,129	-	2,045	1,551	494	75.8%	1,097	585
Payments for capital assets									
Buildings and other fixed structures	4,517	368	-	4,885	-	4,885	0.0%	6,006	4,005
Machinery and equipment	24,138	3,914	-	28,052	20,537	7,515	73.2%	29,411	15,807
Software and other intangible assets	3,032	1,111	-	4,143	3,581	562	86.4%	8,937	7,506
Total	5,479,433	-	-	5,479,433	5,295,351	184,082	96.6%	3,942,028	3,804,720

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

	2007/08							2006/07	
Programme 1 – Administration	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current Payment	895	14	-	909	908	1	99.9%	845	845
1.2 Deputy Minister									
Current payment	1,454	24	-	1,478	1,476	2	99.9%	1,380	1,380
1.3 Ministry									
Current Payment	22,174	1,506	(3,000)	20,680	20,593	87	99.6%	26,471	21,215
Transfers and subsidies	-		-	-	-	-	0.0%	7	7
Payment for capital assets	1,200	230	-	1,430	587	843	41.0%	1,100	722
1.4 Office of the Director General									
Current payment	45,699	(11,073)	(6,328)	28,298	26,902	1,396	95.1%	22,824	22,642
Transfers and subsidies	6,050	(30)	-	6,020	5,631	389	93.5%	5,414	5,170
Payment for capital assets	791	45	-	836	511	325	61.1%	1,088	254
1.5 Corporate Services									
Current payment	236,020	4,418	(5,700)	234,738	229,927	4,811	98.0%	211,106	206,322
Transfers and subsidies	116	416	-	532	530	2	99.6%	102	27
Payment for capital assets	23,480	4,442	-	27,922	17,778	10,144	63.7%	28,588	14,781
1.6 Government Motor Transport									
Payment for capital assets	-	-	-	-	-	-	0.0%	1	
1.7 Property Management									
Current payment	6,000	-	-	6,000	5,992	8	99.9%	4,641	5,549
Transfers and subsidies	-	8	-	8	8	-	100.0%	-	-
Total	343,879	-	(15,028)	328,851	310,843	18,008	94.5%	303,567	278,914

	2007/08							2006/07	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	76,119	(30)	(6,000)	70,089	69,402	687	99.0%	65,643	61,952
Goods and services	236,123	(5,081)	(9,028)	222,014	216,396	5,618	97.5%	201,624	195,994
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	7
Transfers and subsidies									
Provinces and municipalities	-	8	-	8	8	-	100.0%	53	44
Public corporations and private enterprises	5,250	-	-	5,250	5,250	-	100.0%	5,000	5,000
Households	916	386	-	1,302	911	391	70.0%	470	160
Payments for Capital Assets									
Buildings and other fixed structures	4,517	368	-	4,885	-	4,885	0.0%	6,006	4,005
Machinery and equipment	18,239	3,231	-	21,470	15,295	6,175	71.2%	15,850	4,246
Software and other intangible assets	2,715	1,118	-	3,833	3,581	252	93.4%	8,921	7,506
Total	343,879	-	(15,028)	328,851	310,843	18,008	94.5%	303,567	278,914

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

Programme 2 – International Trade and Economic Development	2007/08							2006/07	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 International Trade Development									
Current payment	35,727	(3,494)	(1,000)	31,233	30,858	375	98.8%	27,467	27,068
Transfers and subsidies	8,267	3,650	-	11,917	11,620	297	97.5%	15,878	15,048
Payment for capital assets	421	250	-	671	535	136	79.7%	386	229
2.2 African Economic Development									
Current payment	25,805	(484)	(5,004)	20,317	20,151	166	99.2%	18,697	18,276
Transfers and subsidies	14,524	47	-	14,571	14,571	-	100.0%	13,839	13,838
Payment for capital assets	229	31	-	260	80	180	30.8%	187	168
2.3 International Trade Administration									
Transfers and subsidies	55,707	-	-	55,707	55,707	-	100.0%	49,245	49,245
TOTAL	140,680	-	(6,004)	134,676	133,522	1,154	99.1%	125,699	123,872

Economic Classification	2007/08							2006/07	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	35,598		(3,000)	32,598	32,125	473	98.5%	28,339	28,336
Goods and services	25,934	(3,978)	(3,004)	18,952	18,884	68	99.6%	17,825	17,008
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	19	17
Departmental agencies and accounts	57,655	150	-	57,805	57,635	170	99.7%	53,629	53,445
Foreign governments & international organisations	6,319	3,500	-	9,819	9,693	126	98.7%	11,443	10,798
Public corporations and private enterprises	14,524	-	-	14,524	14,524	-	100.0%	13,831	13,831
Households	-	47	-	47	46	1	97.9%	40	40
Payment for Capital Assets									
Machinery and equipment	633	298	-	931	615	316	66.1%	557	397
Software and other intangible assets	17	(17)	-	-	-	-	0.0%	16	-
Total	140,680	-	(6,004)	134,676	133,522	1,154	99.1%	125,699	123,872

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

	2007/08							2006/07	
Programme 3 – Enterprise and Industry Development	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Industrial Competitiveness									
Current payment	48,769	4,447	(1,340)	51,876	52,022	(146)	100.3%	36,799	36,544
Transfers and subsidies	533,477	260	-	533,737	533,172	565	99.9%	416,935	416,731
Payment for capital assets	400	55	-	455	453	2	99.6%	502	321
3.2 Enterprise Development									
Current payment	27,601	(9,255)	(1,110)	17,236	15,689	1,547	91.0%	12,292	11,995
Transfers and subsidies	415,043	6,598	-	421,641	421,315	326	99.9%	483,581	482,137
Payment for capital assets	106	-	-	106	82	24	77.4%	157	80
3.3 Equity and Empowerment									
Current payment	17,500	2,030	-	19,530	14,344	5,186	73.4%	14,320	14,142
Transfers and subsidies	724,955	50	-	725,005	724,954	51	100.0%	572,284	572,282
Payment for capital assets	215	17	-	232	176	56	75.9%	108	89
3.4 Customised Sector Programme									
Current payment	37,485	(4,305)	(2,000)	31,180	29,442	1,738	94.4%	-	-
Transfers and subsidies	2,471	-	-	2,471	1,540	931	62.3%	-	-
Payment for capital assets	-	103	-	103	103	-	100.0%	-	-
TOTAL	1,808,022	-	(4,450)	1,803,572	1,793,292	10,280	99.4%	1,536,978	1,534,321

	2007/08							2006/07	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	57,075		3,699	60,774	60,718	56	99.9%	33,806	33,616
Goods and services	74,280	(7,083)	(8,149)	59,048	50,779	8,269	86.0%	29,605	29,065
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	0.0%	26	24
Departmental agencies and accounts	1,344,145	5,000	-	1,349,145	1,349,143	2	100.0%	1,232,300	1,232,299
Universities and technikons	1	-	-	1	-	1	0.0%	6,000	6,000
Foreign governments and international organisations	3,700	1,500	-	5,200	4,875	325	93.8%	4,118	2,854
Public corporations and private enterprises	323,100	-	-	323,100	321,606	1,494	99.5%	225,269	225,088
Non-profit institutions	5,000	-	-	5,000	5,000	-	100.0%	4,747	4,747
Households	-	408	-	408	357	51	87.5%	340	138
Payment for capital assets									
Machinery and equipment	721	175	-	896	814	82	90.8%	767	490
Total	1,808,022	-	(4,450)	1,803,572	1,793,292	10,280	99.4%	1,536,978	1,534,321

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

	2007/08							2006/07	
Programme 4 – Consumer and Corporate Regulation	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Policy and Legislative Development									
Current payment	13,450	(2,050)	150	11,550	8,678	2,872	75.1%	8,770	8,562
Transfers and subsidies	-	-	-	-	-	-	0.0%	6	6
Payment for capital assets	-	48	-	48	35	13	72.9%	156	29
4.2 Enforcement and Compliance									
Current payment	29,738	900	250	30,888	27,464	3,424	88.9%	30,768	30,726
Transfers and subsidies	-	20	-	20	19	1	95.0%	261	260
Payment for capital assets	327	-	-	327	197	130	60.2%	534	234
4.3 Regulatory Services									
Current payment	3,215	89	-	3,304	2,989	315	90.5%	6,642	6,571
Transfers and subsidies	108,239	921	-	109,160	109,079	81	99.9%	103,496	103,127
Payment for capital assets	-	72	-	72	64	8	88.9%	53	-
TOTAL	154,969	-	400	155,369	148,525	6,844	95.6%	150,686	149,515

	2007/08							2006/07	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	29,538	-	258	29,796	29,692	104	99.7%	29,006	29,001
Goods and services	16,865	(1,061)	142	15,946	9,439	6,507	59.2%	17,174	16,858
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	0.0%	23	22
Departmental agencies and accounts	95,260	921	-	96,181	96,181	-	100.0%	82,933	82,832
Foreign governments and international organisations	2,360	-	-	2,360	2,279	81	96.6%	2,247	1,979
Public corporations and private enterprises	10,619	-	-	10,619	10,619	-	100.0%	18,313	18,313
Households	-	20	-	20	19	1	95.0%	247	247
Payments for Capital Assets									
Machinery and equipment	327	110	-	437	296	141	67.7%	743	263
Software and Intangible assets	-	10	-	10	-	10	0.0%	-	-
Total	154,969	-	400	155,369	148,525	6,844	95.6%	150,686	149,515

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

	2007/08							2006/07	
Programme 5 – The Enterprise Organisation	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Incentive Administration									
Current payment	43,115	(1,281)	(895)	40,939	39,823	1,116	97.3%	33,158	32,842
Transfers and subsidies	2,649,526	200	-	2,649,726	2,511,756	137,970	94.8%	1,485,029	1,388,129
Payment for capital assets	1,070	-	(122)	948	664	284	70.0%	878	610
5.2 New Incentive Development									
Current payment	3,771	(603)	-	3,168	3,126	42	98.7%	2,818	2,815
5.3 Business Development and After-Care									
Current payment	6,756	1,684	-	8,440	7,736	704	91.7%	6,117	6,116
TOTAL	2,704,238	-	(1,017)	2,703,221	2,563,105	140,116	94.8%	1,528,000	1,430,512

	2007/08							2006/07	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	39,864	-	(895)	38,969	38,928	41	99.9%	32,285	32,281
Goods and services	13,778	(200)	-	13,578	11,757	1,821	86.6%	9,808	9,492
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	58,222	58,222
Public corporations and private enterprises	2,649,526	-	-	2,649,526	2,511,605	137,921	94.8%	1,426,807	1,329,907
Households	-	200	-	200	151	49	75.5%	-	-
Payments for Capital Assets									
Machinery and equipment	1,070	-	(122)	948	664	284	70.0%	878	610
Total	2,704,238	-	(1,017)	2,703,221	2,563,105	140,116	94.8%	1,528,000	1,430,512

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

	2007/08							2006/07	
Programme 6 – Trade and Investment South Africa	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Investment Promotion and Facilitation									
Current payment	23,367	1,819	-	25,186	24,605	581	97.7%	29,112	27,450
Transfers and subsidies	-	-	-	-	-	-	-	509	506
Payment for capital assets	50	(20)	-	30	26	4	86.7%	424	424
6.2 Export Development and Promotion									
Current payment	26,955	(7,769)	-	19,186	18,937	249	98.7%	106,386	106,367
Transfers and subsidies	134,316	-	-	134,316	134,316	-	100.0%	64,850	60,308
Payment for capital assets	100	100	-	200	194	6	97.0%	2,387	2,386
6.3 Customised Sector Programmes									
Current payment	-	-	-	-	-	-	0.0%	22,586	22,583
Transfers and subsidies	-	-	-	-	-	-	0.0%	1,572	1,552
Payment for capital assets	-	-	-	-	-	-	0.0%	169	168
6.4 International Operations									
Current payment	72,708	5,850	27,542	106,100	105,336	764	99.3%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	998	20	122	1,140	1,133	7	99.4%	-	-
TOTAL	258,494	-	27,664	286,158	284,547	1,611	99.4%	227,995	221,744

	2007/08							2006/07	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	55,781	-	27,542	83,323	82,992	331	99.6%	86,958	86,934
Goods and services	67,249	(100)	-	67,149	65,871	1,278	98.1%	71,126	61,333
Financial transactions in assets and liabilities	-	-	-	-	15	(15)	0.0%		8,133
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	0.0%	27	24
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	501	501
Foreign governments and international organisations	13,749	-	-	13,749	13,749	-	100.0%	8,902	4,451
Public corporations and private enterprises	120,567	-	-	120,567	120,567	-	100.0%	57,501	57,390
Payments for Capital Assets									
Machinery and equipment	1,148	100	122	1,370	1,353	17	98.8%	2,980	2,978
Total	258,494	-	27,664	286,158	284,547	1,611	99.4%	227,995	221,744

NATIONAL DEPARTMENT: TRADE AND INDUSTRY, VOTE 32
APPROPRIATION STATEMENT for the year ended 31 March 2008

	2007/08							2006/07	
Programme 7 –Marketing	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Brand Management									
Current payment	17,984	67	-	18,051	17,313	738	95.9%	8,912	7,977
Transfers and subsidies	-	-	-	-	-	-	0.0%	1	1
7.2 Marketing Communication									
Current payment	19,596	(135)	(1,565)	17,896	13,902	3,994	77.7%	13,185	11,945
Transfers and subsidies	-	68	-	68	67	1	98.5%	3	3
Payment for capital assets	-	-	-	-	-	-	0.0%	406	55
7.3 Distribution									
Current payment	29,271	-	-	29,271	28,735	536	98.2%	29,362	29,089
Transfers and subsidies	-	-	-	-	-	-	0.0%	10,004	10,004
Payment for capital assets	2,300	-	-	2,300	1,500	800	65.2%	7,230	6,768
TOTAL	69,151	-	(1,565)	67,586	61,517	6,069	91.0%	69,103	65,842

	2007/08							2006/07	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	16,733	-	(1,565)	15,168	13,631	1,537	89.9%	12,140	11,471
Goods and services	50,118	(68)	-	50,050	20,462	29,588	40.9%	39,319	37,540
Financial transactions in assets and liabilities	-	-	-	-	25,857	(25,857)	-	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	8	8
Non-profit institutions	-	-	-	-	-	-	-	10,000	10,000
Households	-	68	-	68	67	1	98.5%	-	-
Payment for capital assets									
Machinery and equipment	2,000	-	-	2,000	1,500	500	75.0%	7,636	6,823
Software and intangible assets	300	-	-	300	-	300	0.0%	-	-
Total	69,151	-	(1,565)	67,586	61,517	6,069	91.0%	69,103	65,842

Notes to the Appropriation Statement

1. Detail of transfers and subsidies as per Appropriation Act (after Virement)

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement)

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement)

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	328,851	310,843	18,008	5%
Explanation of variance: Under spending is due to the savings related to recruitment advertising, headhunting and costs associated with competency assessment. In addition, the purchase and finalisation of the disaster recovery project and the implementation of the electronic contents management project were delayed.				
International Trade and Economic Development	134,676	133,522	1,154	1%
Enterprise and Industrial Development	1,803,572	1,793,292	10,280	1%
Consumer and Corporate Regulations	155,369	148,525	6,844	4%
The Enterprise Organisation	2,703,221	2,563,105	140,116	5%
Explanation of variance: The Staple food fortification programme to be administered by the Department of Health is not yet operational, and the transfer of funds could therefore not take place. Due to the time lag in the payment of incentive schemes there was under spending in the BPO incentive scheme. The Co-operatives Incentive Scheme was suspended in order to refine and capacitate the institution to better manage the scheme. The number of claims in respect of the Critical Infrastructure programme decreased, with the resulting decrease in expenditure.				
Trade and Investment South Africa	286,158	284,547	1,611	1%
Marketing	67,586	61,517	6,069	9%
Explanation of variance: Under spending is due to the review of the marketing campaigns of the department, with a resulting decrease in expenditure.				

4. Explanations of material variances from Amounts Voted (after Virement) Continued

Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	330,717	327,488	3,229	1%
Goods and services	446,737	393,588	53,149	12%
Financial transactions in assets and liabilities	-	25,872	(25,872)	0%
Transfers and subsidies				
Provinces and municipalities	8	8	0	0%
Departmental agencies and accounts	1,503,131	1,502,959	172	0%
Universities and technikons	1	0	1	100%
Public corporations and private enterprises	3,123,586	2,984,171	139,415	4%
Foreign governments and international organisations	31,128	30,596	532	2%
Non-profit institutions	5,000	5,000	0	0%
Households	2,045	1,551	494	24%
Payments for capital assets				
Buildings and other fixed structures	4,885	0	4,885	100%
Machinery and equipment	28,052	20,537	7,515	27%
Software and other intangible assets	4,143	3,581	562	14%
Explanation of variances:				
Goods and services – the under expenditure is largely a result of savings related to recruitment advertising, headhunting and costs associated with competency assessment and the review of the marketing campaigns of the department.				
Public corporations and private enterprises – the under expenditure is a result of transfer payments that could not be made due to the reasons indicated in the previous page under The Enterprise Organisation.				
Payment for capital assets – the under expenditure is a result of the delay in the finalisation of the disaster recovery project and the implementation of the electronic contents management project.				

Statement of Financial Performance

	Note	2007/08 R'000	2006/07 R'000
REVENUE			
Annual appropriation	1	5,479,433	3,942,028
Appropriation for unauthorised expenditure approved	9	-	-
Departmental revenue	2	323,508	244,137
Local and foreign aid assistance	3	140,480	201,062
TOTAL REVENUE		5,943,421	4,387,227
EXPENDITURE			
Current expenditure			
Compensation of employees	4	327,488	283,591
Goods and services	5	393,588	367,290
Financial transactions in assets and liabilities	6	25,872	8,140
Local and foreign aid assistance	3	48,598	255,942
Unauthorised expenditure approved	9	2,925	-
Total current expenditure		798,471	914,963
Transfers and subsidies	7	4,524,285	3,118,381
Expenditure for capital assets			
Buildings and other fixed structures	8	-	4,005
Machinery and equipment	8	20,537	15,807
Software and other intangible assets	8	3,581	7,506
Total expenditure for capital assets		24,118	27,318
TOTAL EXPENDITURE		5,346,874	4,060,662
SURPLUS		596,547	326,565
Add back fruitless and wasteful expenditure	10	101	42
SURPLUS FOR THE YEAR		596,648	326,607
Reconciliation of surplus for the year			
Voted funds	17	181,258	137,350
Departmental revenue	18	323,508	244,137
Local and foreign aid assistance	3	91,882	(54,880)
SURPLUS FOR THE YEAR		596,648	326,607

Statement of Financial Position

	Note	2007/08 R'000	2006/07 R'000
ASSETS			
Current assets		477,102	462,549
Unauthorised expenditure	9	69,626	72,551
Fruitless and wasteful expenditure	10	11	20
Cash and cash equivalents	11	181,233	83,944
Prepayments and advances	13	1,831	1,147
Receivables	14	224,401	304,887
Non-current assets		1,599,349	1,599,295
Investments	15	1,392,969	1,392,969
Loans	16	206,250	206,250
Other financial assets	12	130	76
TOTAL ASSETS		<u>2,076,451</u>	<u>2,061,844</u>
LIABILITIES			
Current liabilities		263,866	171,647
Voted funds to be surrendered to the National Revenue Fund	17	3,241	12,936
Departmental revenue to be surrendered to the National Revenue Fund	18	92,033	93,033
Payables	19	16,801	5,769
Local and foreign aid assistance repayable	3	151,791	59,909
TOTAL LIABILITIES		<u>263,866</u>	<u>171,647</u>
NET ASSETS		<u>1,812,585</u>	<u>1,890,197</u>
Represented by:			
Capitalisation reserve		1,599,219	1,599,219
Recoverable revenue		213,366	290,978
TOTAL		<u>1,812,585</u>	<u>1,890,197</u>

Statement of Changes in Net Assets

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Capitalisation Reserves			
Opening balance	15 & 16	1,599,219	1,599,219
Transfers:		-	-
Closing balance		<u>1,599,219</u>	<u>1,599,219</u>
Recoverable revenue			
Opening balance		290,978	312,512
Transfers		(77,612)	(21,534)
Debts written off	6.4	(23,973)	(7,488)
Debts revised	14.4	(99,872)	(2,736)
Debts recovered (included in departmental revenue)		(41,084)	(19,167)
Debts raised		87,317	7,857
Closing balance		<u>213,366</u>	<u>290,978</u>
TOTAL		<u>1,812,585</u>	<u>1,890,197</u>

Cash Flow Statement

	Note	2007/08 R'000	2006/07 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		5,690,526	4,193,075
Annual appropriated funds received	1.1	5,301,742	3,817,938
Appropriation for unauthorised expenditure received	9	-	-
Departmental revenue received		248,304	174,075
Local and foreign aid assistance received	3	140,480	201,062
Net (increase)/decrease in working capital		93,768	16,545
Surrendered to National Revenue Fund		(337,770)	(331,447)
Current payments		(798,370)	(914,921)
Unauthorised expenditure – Current payments		-	-
Transfers and subsidies paid		(4,524,285)	(3,118,381)
Net cash flow available from operating activities	20	<u>123,869</u>	<u>(155,129)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(24,118)	(27,318)
Proceeds from sale of capital assets		204	55
(Increase)/decrease in other financial assets		(54)	-
Net cash flows from investing activities		<u>23,968</u>	<u>(27,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		75,000	70,007
Increase/(decrease) in net assets		(77,612)	(21,534)
Net cash flows from financing activities		<u>(2,612)</u>	<u>48,473</u>
Net increase/(decrease) in cash and cash equivalents		97,289	(133,919)
Cash and cash equivalents at the beginning of the period		83,944	217,863
Cash and cash equivalents at end of period	21	<u>181,233</u>	<u>83,944</u>

Accounting Policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the financial statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the accounting system by not later than 31 March of each year. Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000)

1.4 Comparative figures

Prior year comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior year financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds and adjusted appropriated funds are recognised in the accounting records on the date when the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process, are recognised in the accounting records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance. Unexpended appropriated funds are surrendered to the National Revenue Fund, unless approval has been given by the National Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the financial statements. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2 Statutory appropriations

Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective. Total statutory appropriations are presented in the statement of financial performance.

Unexpended statutory appropriations are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.3 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are indicated in the disclosure notes to the annual financial statements.

2.3.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and/or regulations (excluding fines, penalties and forfeits).

Tax receipts are recognised in the statement of financial performance when received.

2.3.2 Sale of goods and services other than capital assets

The proceeds received from the sale of goods and /or the provision of services is recognised in the statement of financial performance when the cash is received.

2.3.3 Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory, unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.3.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

2.3.5 Sale of capital assets

The proceeds received on the sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.3.6 Financial transactions in assets and liabilities (Receipts)

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are indicated in the disclosure notes to the financial statements.

Cheques issued in previous accounting periods that expire before being banked, are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from revenue.

Foreign exchange gains are recognised in the statement of financial performance on payment of funds. The foreign exchange rate on the date of payment is used for the translation of the foreign currency to SA Rand.

2.3.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements. Fair value is regarded as the equivalent of what would have been paid had the gift, donation or sponsorship been borne by the department.

2.4 Local and foreign aid assistance

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury, or when the department directly receives the cash from the donor(s). The total cash amounts received during the year are reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the financial statements. Fair value is regarded as the equivalent of what would have been paid had the gift, donation or sponsorship been borne by the department.

Cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance. Unutilised amounts are recognised in the statement of financial position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the payroll system. Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance. All other payments are classified as current expense.

Social contributions include the employer's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the payroll system.

3.1.1 Short-term employee benefits

Short-term employee benefits comprise of leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the payroll system.

The department also provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the payroll system.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer to households when the final authorisation for payment is effected on the payroll system. Households in this context refer to past employees.

3.1.2.2 Employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the funds is effected on the payroll system. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the accounting system. The expense is classified as capital if the goods and services were used on a capital project, or an asset of R5 000 or more is purchased. All assets costing less than R5 000 are expensed as goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the accounting system. This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount is recorded under goods and services.

3.4 Financial transactions in assets and liabilities (Payments)

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts, but amounts are indicated as a disclosure note to the financial statements.

Foreign exchange losses are recognised in the statement of financial performance on the payment of funds. The foreign exchange rate on the date of payment is used for the translation of the foreign currency to SA Rand.

All other losses are recognised in the statement of financial performance when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered, unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person, or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding, it is recognised as expenditure in the statement of financial performance on the date of approval. The amount has to be funded from unspent funds or savings on the budget of the department.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person, or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the accounting system.

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the accounting system.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statements of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that is recoverable from another party.

Revenue receivables not yet collected are included in the disclosure notes. Amounts that are potentially irrecoverable are also indicated in the disclosure notes to the financial statements.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is indicated in the disclosure notes to the financial statements.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are indicated in the disclosure notes to the financial statements.

4.6 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes to the financial statements.

4.7 Capital assets

A capital asset is recorded on receipt of the item at historical cost. Cost of an asset is defined as the total cost of acquisition. Where the historical cost cannot be determined accurately, the capital asset may be stated at a fair value. Where fair value cannot be determined, the asset is included in the asset register at a nominal value of R1. Fair value is regarded as the equivalent of what would have been paid had the asset been borne by the department.

The disclosure notes reflect the total movement in the asset register for the current financial year.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to creditors where payments are authorised and processed for payment at financial year end but only reflects on the bank statement in the new financial year.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability, or as expenditure in the statement of financial performance, but are indicated in the disclosure notes to the financial statements.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

5.3 Accruals

Accruals represent goods and services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the accounting system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are indicated in the disclosure notes to the financial statements.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes to the financial statements.

5.5 Commitments

Commitments other than lease commitments, represent goods and services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments, whether of a current or capital nature, are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are indicated in the disclosure notes to the financial statements.

5.6 Voted Funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

5.7 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position at cost.

6. Net Assets

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting year. Amounts are transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial period becomes recoverable from a debtor in the current financial year.

7. Related party transactions

Related parties are departments that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is indicated in the disclosure notes to the financial statements.

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel, including their family members where relevant, is indicated in the disclosure notes to the financial statements.

9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function, or from utilising the state property, either by way of:
 - consideration to be paid by the department which derives from a Revenue Fund;
 - charges fees to be collected by the private party from users or customers of a service provided to them; or
 - a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosures notes to the financial statements.

Notes to the Annual Financial Statements

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds).

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2006/07
Programmes	R'000	R'000	R'000	R'000
1. Administration	328,851	318,079	10,772	280,770
2. International Trade and Economic Development	134,676	134,395	281	124,488
3. Enterprise and Industry Development	1,803,572	1,793,982	9,590	1,536,014
4. Consumer and Corporate Regulatory Division	155,369	151,090	4,279	150,121
5. The Enterprise Organisation	2,703,221	2,570,356	132,865	1,434,051
6. Trade and Investment South Africa	286,158	284,394	1,764	223,581
7. Marketing	67,586	49,446	18,140	68,913
Total	5,479,433	5,301,742	177,691	3,817,938

The Final Appropriation for 2006/07 amounted to R 3,942,028,000 which is reflected in the Statement of Financial Performance, whilst the amount reflected in the above table are the actual funds requested for the 2006/07 financial year.

Explanation of funds not requested/not received:

Refer to the Notes to the Appropriation Statement on page 137 for the reasons why funds were not requested/not received.

2. Departmental revenue to be surrendered to revenue fund

	Note	2007/08 R'000	2006/07 R'000
Tax revenue		3,655	2,106
Sales of goods and services other than capital assets	2.1	180	24,903
Fines, penalties and forfeits*		154,291	107,483
Interest, dividends and rent on land	2.2	86,315	75,237
Sale of capital assets	2.3	204	55
Financial transactions in assets and liabilities	2.4	78,863	34,308
Transfer received	2.5	-	45
Total revenue collected		323,508	244,137

*Refers to fines imposed by the Competition Commission. A directive from National Treasury indicated that all fines imposed by the Competition Commission be deposited via **the dti** into the National Revenue Fund.

	2007/08 R'000	2006/07 R'000
2.1 Sales of goods and services other than capital assets		
Sales of goods and services produced by the department	180	24,903
Other sales	180	24,903
Total	180	24,903
2.2 Interest, dividends and rent on land and buildings		
Interest	11,315	5,230
Dividends	75,000	70,007
Total	86,315	75,237
2.3 Sale of capital assets		
Other capital assets	204	55
Total	204	55
2.4 Financial transactions in assets and liabilities		
Nature of recovery		
Other Receipts including Recoverable Revenue	24,713	34,308
Receivables	54,119	-
Forex gain	31	-
Total	78,863	34,308
NB. Receivables consist of amounts paid over to the National Revenue Fund in respect of debts recovered and written-off.		
2.5 Transfers received		
Public corporations and private enterprises	-	45
Total	-	45
3. Local and foreign aid assistance		
Assistance received in cash from RDP		
Foreign		
Opening Balance	59,909	114,789
Revenue	140,480	201,062
Expenditure	(48,598)	(255,942)
Current year surplus/(deficit)	91,882	(54,880)
Closing Balance	151,791	59,909
Analysis of balance		
Local and foreign aid unutilised	151,791	59,909
Closing balance	151,791	59,909

4. Compensation of employees

	Note	2007/08 R'000	2006/07 R'000
4.1 Salaries and Wages			
Basic salary		206,034	180,991
Performance award		5,170	3,809
Service Based		1,399	767
Compensative/circumstantial		4,331	3,933
Periodic payments		8,946	6,451
Service bonus		11,256	9,598
Home Owners allowance		1,503	1,017
Other non-pensionable allowances		35,043	29,530
Foreign allowance		22,825	20,155
Total		296,507	256,251
N.B. Other non-pensionable allowances consists of car, housing, cash allowances and medical provision for SMS as well as internship allowances, benefits allowances and allowances to Ministerial staff.			
4.2 Social contributions			
4.2.1 Employer contributions			
Pension		22,163	19,458
Medical		8,792	7,857
Bargaining council		26	25
Insurance		-	-
Total		30,981	27,340
Total compensation of employees		327,488	283,591
Average number of employees		893	817

5. Goods and services

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Advertising		11,133	11,481
Attendance fees (including registration fees)		3,506	2,092
Bank charges and card fees		102	91
Bursaries (employees)		403	519
Catering		2,178	-
Communication		13,653	12,407
Computer services		8,785	4,851
Consultants, contractors and special services		44,623	76,730
Courier and delivery services		1,764	1,812
Tracing agents & Debt collections		1	1
Drivers' licences and permits		9	13
Entertainment		1,650	1,295
External audit fees	5.1	3,742	4,015
Equipment less than R5000		292	323
Freight service		24	9
Inventory	5.2	6,303	8,083
Legal fees		5,208	4,341
Maintenance, repairs and running costs		7,483	5,554
Medical Services		500	-
Municipal Services		2,273	1,014
Operating leases		20,543	23,443
Personnel agency fees		535	200
Photographic services		19	28
Plants, flowers and other decorations		127	157
Printing and publications		6,272	6,448
Professional bodies and membership fees		140	110
Resettlement costs		3,808	3,323
Subscriptions		2,869	2,662
Storage of furniture		236	174
Owned leasehold property expenditure		680	465
Translations and transcriptions		561	364
Travel and subsistence	5.3	74,469	66,285
Venues and facilities		167,876	128,325
Protective, special clothing & uniforms		181	84
Training & staff development		1,640	591
Total		393,588	367,290

NB. Venues and facilities – a large percentage of these costs relate to the Public Private Partnership expenditure.

	Note	2007/08 R'000	2006/07 R'000
5.1 External audit fees			
Regulatory audits		3,742	2,862
Other audits		-	1,153
Total		3,742	4,015
NB. The total Internal Audit costs, both co-sourced and in-house, amounted to R6,712 million and R4,787 million for 2007/08 and 2006/07 respectively.			
5.2 Inventory			
Domestic consumables		44	69
Food and Food supplies		-	1
Stationery and printing		6,238	7,996
Medical supplies		21	17
Total		6,303	8,083
5.3 Travel and subsistence			
Local		28,182	23,945
Foreign		46,287	42,340
Total		74,469	66,285
6. Financial transactions in assets and liabilities			
Other material losses written off	6.1	197	637
Debts written off	6.2	25,660	7,497
Forex losses	6.3	15	6
Total		25,872	8,140
6.1 Other material losses written off			
Labour Dispute		-	200
Other		-	187
Fruitless Expenditure		92	145
Court settlement		105	105
Total		197	637
6.2 Debts written off			
Staff Debts		119	91
General Export Incentive Scheme		25,476	7,386
Other		4	15
Regional Industrial Development Programme		43	-
Suppliers		18	-
Export Market Incentive Assistance		-	5
Total		25,660	7,497

	Note	2007/08 R'000	2006/07 R'000
6.3 Forex losses			
Mission Accounts		15	6
Total		15	6
6.4 Irrecoverable amounts written off			
General Export Incentive Scheme		(23,973)	(7,386)
Other		-	(102)
Total		(23,973)	(7,488)
7. Transfers and subsidies			
Provinces and municipalities	Annex 1A, 1B	8	58,361
Departmental agencies and accounts	Annex 1C	1,502,959	1,405,999
Universities	Annex 1D	-	6,000
Foreign governments and international organisations	Annex 1F	30,596	20,082
Public corporations and private enterprises	Annex 1E	2,984,171	1,612,607
Non-profit institutions	Annex 1G	5,000	14,747
Households	Annex 1H	1,551	585
Total		4,524,285	3,118,381
8. Expenditure for capital assets			
Buildings and other fixed structures	32	-	4,005
Machinery and equipment	32	20,537	15,807
Software and other intangible assets	33	3,581	7,506
Total		24,118	27,318
9. Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure			
Opening balance		72,551	72,551
Amounts approved by Parliament/Legislature (without funding)		(2,925)	-
Current expenditure		(2,925)	-
Unauthorised expenditure awaiting authorisation		69,626	72,551

9.2. Analysis of prior unauthorised expenditure (2007/08)

Incident	Disciplinary steps taken/ criminal proceedings	
HR Recruitment [Overspending of the vote]	Referred to SCOPA	6,375
EMIA Exhibitions [Overspending of the vote]	Referred to SCOPA	11,456
GEIS Intershore [Overspending of the vote]	Referred to SCOPA	14,186
GEIS Shurlock [Overspending of the vote]	Referred to SCOPA	229
GEIS [Overspending of the vote]	To be referred to SCOPA	31,075
Compensation in terms of bilateral treaty [Overspending of the vote]	To be referred to SCOPA	6,154
Staff debts written off [Overspending of the vote]	To be referred to SCOPA	98
Other [Overspending of the vote]	To be referred to SCOPA	53
		69,626

10. Fruitless and wasteful expenditure**10.1 Reconciliation of fruitless and wasteful expenditure**

	2007/08 R'000	2006/07 R'000
Opening balance	20	123
Fruitless and wasteful expenditure – current year	101	42
Current	101	42
Amounts condoned	(92)	(145)
Current expenditure	(92)	(145)
Transfer to receivables (condoned)	(18)	-
Fruitless and wasteful expenditure awaiting condonement	11	20

10.2 Analysis of current fruitless and wasteful expenditure (2007/08)

Incident	Disciplinary steps taken/ criminal proceedings	
No show for hotel and accommodation	Written off	91
Cancellation fee	Written off	1
No show	Under investigation	9
		101

11. Cash and cash equivalents

	2007/08 R'000	2006/07 R'000
Consolidated Paymaster General Account	181,169	83,871
Disbursements	-	43
Cash on hand	64	30
Total	181,233	83,944

12. Other financial Assets

	2007/08 R'000	2006/07 R'000
Non-current		
Local		
Staff Debts (Bursary, Salary overpayments, Rent Deposits)	59	37
Other	71	39
Total	130	76

13. Prepayments and advances

	2007/08 R'000	2006/07 R'000
Travel and subsistence	798	406
Prepayments	91	273
Advances paid to other entities	942	468
Total	1,831	1,147

14. Receivables

	<i>Note</i>	Less than one year	One to three years	Older than three years	Total	Total
Private enterprises	14.1	161	3,944	203,739	207,844	291,816
Staff debtors	14.2	1,896	321	1,714	3,931	3,778
Other debtors	14.3	120	4,962	1,613	6,695	3,702
Claims recoverable	Annex 4	5,931	-	-	5,931	5,591
Total		8,108	9,227	207,066	224,401	304,887

14.1 Private enterprises

	2007/08 R'000	2006/07 R'000
General Export Incentive Scheme	194,360	281,785
Regional Industrial Development Programme	502	588
Export Marketing and Investment assistance	8,523	7,894
Small Medium Enterprise Development Programme	2,665	65
Public Private Partnership	1,666	-
Other	128	1,484
Total	207,844	291,816

	Note	2007/08 R'000	2006/07 R'000
14.2 Staff Debtors			
Other		120	140
Rent Deposit		3,442	3,576
Bursary		83	53
Telephone		5	4
Travel and Subsistence		2	1
Petty Cash		-	4
LWP		1	-
SOVRIS		45	-
Court order		130	-
Theft		103	-
Total		3,931	3,778
14.3 Other debtors			
Bursary		134	221
Salary Overpayment Out of Service		1,529	257
Leave Without Pay		-	70
Other (Fraud, overpayment to creditors)		4,576	3,154
Medical		454	-
Tax		2	-
Total		6,695	3,702
14.4 Debts revised			
GEIS related		(99,872)	(2,736)
Total		(99,872)	(2,736)
15. Investments			
Non-Current			
Shares and other equity			
IDC A Shares – 1,000,000 at cost (100% shareholding)		1,000	1,000
IDC B Shares – 1,391,969,357 at cost (100% shareholding)		1,391,969	1,391,969
Total non-current		1,392,969	1,392,969
Analysis of non current investments			
Opening balance		1,392,969	1,392,969
Closing balance	Annex 2B	1,392,969	1,392,969
Although the above note reflects that the IDC is a wholly owned subsidiary of the dti, it is still considered a public entity similar to the other institutions which are wholly managed by the dti. As with the other institutions, the IDC's financial statements are not consolidated with that of the dti.			

16. Loans

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Public corporations		206,250	206,250
Total		206,250	206,250
Analysis of Balance			
Opening balance		206,250	206,250
Closing balance		206,250	206,250

The above loan was made to Ernani Investments (Pty) Ltd, a wholly owned subsidiary of the IDC, to be utilised to subscribe for shares in the capital of Khula Enterprises Limited. The loan is unsecured, interest free and has no repayment period.

17. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Opening balance		12,936	41,833
Transfer from Statement of Financial Performance		181,258	137,350
Voted funds not requested/not received	17.1	(177,691)	(124,090)
Paid during the year		(13,262)	(42,157)
Closing balance		3,241	12,936

17.1 Voted funds not requested/not received

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Funds to be rolled over		(101,441)	(109,400)
Funds not to be requested		(76,250)	(14,690)
		(177,691)	(124,090)

18. Departmental revenue to be surrendered to the Revenue Fund

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Opening balance		93,033	138,186
Transfer from Statement of Financial Performance		323,508	244,137
Paid during the year		(324,508)	(289,290)
Closing balance		92,033	93,033

19. Payables – current

Description	Notes	30 Days	30+ Days	Total	Total
Amounts owing to other entities	Annex 5	39	-	39	170
Other payables	19.1	16,762	-	16,762	5,599
Total		16,801	-	16,801	5,769

	Note	2007/08 R'000	2006/07 R'000
19.1 Other payables			
Description (Identify major categories, but list material amounts)			
PAYE		90	140
WTO		1,276	5,390
Other		24	69
OPCW		598	-
National Pavilions		5,766	-
Film incentive		8,043	-
PPP		965	-
Total		16,762	5,599
20. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		596,648	326,607
Add back non cash/cash movements not deemed operating activities		(472,779)	(481,736)
(Increase)/decrease in receivables – current		80,486	17,973
(Increase)/decrease in prepayments and advances		(684)	(758)
(Increase)/decrease in other current assets		2,934	103
Increase/(decrease) in payables – current		11,032	(773)
Proceeds from sale of capital assets		(204)	(55)
Expenditure on capital assets		24,118	27,318
Surrenders to Revenue Fund		(337,770)	(331,447)
Voted funds not requested/not received		(177,691)	(124,090)
Other non-cash items		(75,000)	(70,007)
Net cash flow generated by operating activities		123,869	(155,129)
21. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General Account		181,169	83,871
Disbursements		-	43
Cash on hand		64	30
Total		181,233	83,944

Disclosure Notes to the Annual Financial Statements

These items are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

22. Contingent liabilities

Liable to	Nature	Note	2007/08 R'000	2006/07 R'000
Motor vehicle guarantees	Employees	Annex 3A	1,059	978
Housing loan guarantees	Employees	Annex 3A	900	957
Other Guarantees	IDC	Annex 3A	1,193,793	1,179,263
Claims against the department		Annex 3B	9,691	11,713
Other departments (interdepartmental unconfirmed balances)		Annex 5	40	-
Total			1,205,483	1,192,911

23. Commitments

	Note	2007/08 R'000	2006/07 R'000
Current expenditure			
Approved and contracted		27,221	32,944
		<u>27,221</u>	<u>32,944</u>
Capital expenditure			
Approved and contracted		117	760
		<u>117</u>	<u>760</u>
Total Commitments		27,338	33,704

24. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	2,034	-	2,034	2,154
Machinery and Equipment	39	-	39	365
Total	2,073	-	2,073	2,519

	Note	2007/08 R'000	2006/07 R'000
Listed by programme level			
Administration		1,170	1,208
International Trade and Economic Development		32	73
Enterprise and Industry Development		309	601
Consumer and Corporate Regulation		116	345
The Enterprise Organisation		75	14
Trade and Investment South Africa		148	140
Marketing		223	138
		<u>2,073</u>	<u>2,519</u>
Confirmed balances with other departments	Annex 5	-	167
Confirmed balances with other government entities	Annex 5	-	3
		<u>-</u>	<u>170</u>

25. Employee benefits

	2007/08 R'000	2006/07 R'000
Leave entitlement	9,958	5,740
Thirteenth cheque	6,401	6,016
Performance awards	93	229
Capped leave commitments	10,203	9,843
Total	26,655	21,828

26. Lease Commitments

26.1 Finance leases**

2007/2008	Machinery and equipment	Total
Not later than 1 year	2,107	2,107
Later than 1 year and not later than 5 years	3,959	3,959
Total present value of lease liabilities	6,066	6,066
Analysis		
Condoned	6,066	6,066
Total	6,066	6,066
2006/2007	Machinery and equipment	Total
Not later than 1 year	1,494	1,494
Later than 1 year and not later than 5 years	537	537
Total present value of lease liabilities	2,031	2,031
Analysis		
Condoned	2,031	2,031
Total	2,031	2,031

**This note excludes leases relating to public private partnership as they are separately disclosed to note no.30.

27. Irregular expenditure

27.1 Reconciliation of irregular expenditure

	2007/08 R'000	2006/07 R'000
Opening balance	-	2,870
Add: Irregular expenditure – current year	-	1,210
Less: Amounts condoned	-	(4,080)
Current expenditure	-	4,080
Irregular expenditure awaiting condonement	-	-

28. Related party transactions

The entities listed in the table on pages 12 to 15 are related parties.

Revenue received/(paid)		2007/08	2006/07
Interest, dividends and rent on land	28.1	16,801	24,721
Total		16,801	24,721

28.1 Rental Income received

Name of Agency			
Competition Commission & Competition Tribunal		5,145	7,632
National Lotteries Board		1,443	2,202
National Gambling Board		-	202
Companies & Intellectual Property Rights Organisation		7,179	10,648
South African National Accreditation System		-	175
South African Quality Institute		153	741
International Trade Administration Commission		2,367	3,121
South African Micro-finance Apex Fund		514	-
Total		16,801	24,721

29. Key management personnel

	No. of Individuals	2007/08 R'000	2006/07 R'000
Political office bearers (provide detail below)	3	2,384	2,218
Officials			
Level 15 to 16	14	8,024	6,125
Level 14	4	2,298	2,382
Total		12,706	10,725

N.B. Level 15 to 16 personnel relates to 8 employees permanently employed for the full duration of the reporting period and 3 employees for portion of the period, as well as 3 employees that were acting in vacant positions. Key management personnel are those persons on salary level 14 and above.

Political office bearers consists of:

- Minister M Mpahlwa,
- Deputy Minister E Thabethe, and
- Deputy Minister RH Davies.

30. Public Private Partnership

ANNEXURE TO DISCLOSURE NOTE 29 (PPP)

Nature of the arrangement

the dti campus Public Private Partnership (PPP) is based on a partnership between **the dti** and the City of Tshwane under which the City owns the land. The City will also own all fixed assets erected thereon. **the dti** will enjoy the peaceful and undisturbed benefits of a sustained collaborative working and unified service delivery environment, to be provided by Rainprop (Pty) Ltd as the private sector partner, who signed an experience delivery agreement with **the dti**. A separate Project Enablement Agreement, ensuring renewal rights under succeeding re-biddings of the PPP or some other future arrangement, binds the City and **the dti**.

Significant terms of the arrangement as they might affect future cash flows

The construction of **the dti** campus was finalised during the first half of 2004, whereafter the move and decant took place between May 2004 and November 2004. The retail areas on the campus became operational shortly thereafter.

During the reporting period, **the dti** paid amounts totalling R148,887.99 to the following suppliers for support services relating to the PPP agreement:

- R66,807.99 Utho Capital, for financial and BEE advisory services
- R82,080.00 Thlokomelo Management for utilities management services

Unitary payments are based on a baseline amount of R108,6 million per annum, which will appreciate at CPIX on 1 July of each year. Cash flows in the form of unitary payments and payments to Rainprop (Pty) Ltd towards pass-through costs commenced during April 2004 and totalled R127,017 million for the 2007/08 reporting period, as compared to the R120,305 million for the 2006/07 financial year. Payments of R4,088 million were made during the reporting period in respect of variation orders, as compared to the R5,447 million that was paid during the 2006/07 financial year. *(Variation orders related to changes and additions to the design of the building, and changes to accommodate increased numbers of staff.)*

Cash flows in the form of pass-through cost to Rainprop (Pty) Ltd for services such as rates, electricity, water and consumables, amounted to R7,529 million. Performance deductions to the amount of R61,447 were charged and recovered from Rainprop (Pty) Ltd, whilst credits of R236,866 were received for sundry items.

Transactions that may affect future cash flows include an amount of R964,776 that was deducted for an under-supply of, and the incorrect grading of security guards in terms of the facilities management provision of the PPP agreement. A net saving of R7,927 million was also realized on furniture as part of the capital provision of the concessionaire agreement, which amount will be made available to **the dti** to fund security improvements.

Nature and extent of:

Right to use specified assets

The Concessionaire, who will have direct rights of use under its land availability agreement with the City, will manage the land and buildings owned by the City.

The Concessionaire, having in this manner mobilized the capital assets, will provide experienced delivery services to **the dti** as contractually defined by an “experience delivery matrix” over the term of the concession. **the dti** will enjoy the benefits as deemed contractually appropriate by the Concessionaire in the fulfilment of its obligations to **the dti**.

Obligation to provide rights or obtain services.

The City is obliged to provide rights to the Concessionaire under **the dti**/City Project Enablement Agreement, as explained above. At the same time, **the dti** has rights to obtain services under its concession agreement with the private sector PPP partner.

Obligations to acquire or build items of property, plant and equipment.

The Concessionaire will bear the risks of such obligations and associated risks.

Obligations to deliver, or rights to receive specified assets at the end of the concession period:

the dti will have no obligations of any kind to deliver either fixed or moveable assets to any party at the end of the agreement.

Fixed assets, including buildings erected thereon by the Concessionaire as part of its asset mobilisation programme for the project, will at the end of the agreement become assets of the City. **the dti** will have rights against the City to compel the transfer of the rights of use of those assets on behalf of **the dti**, to a successor or the Concessionaire for successive periods, number of successions not less than one.

The moveable assets mobilised by the Concessionaire will fall to the Concessionaire at the end of the agreement for re-use or disposal as it may deem fit, in accordance with the generic provisions of PPP practice.

Renewal and termination options:

the dti has rights of termination of contract or step-in as determined in the concession agreement, all such rights consistent with PPP practice in South Africa. The execution of such rights is subject to TA3 authority from Treasury.

Other rights and obligations:

A broad range of rights reflective of PPP practice, as regulated by Treasury under Chapter 16 of the PFMA, will apply. Rights of overhaul are part of the lifecycle maintenance and handover obligations of the Concessionaire, with lifecycle maintenance obligations are clearly specified in the Maintenance Reserve Account (MRA), as an integrated part of the concession agreement.

No changes in the arrangement occurred during the reporting period.

	2007/08	2006/07
Contract fee paid	134,546	129,355
Fixed component	127,017	120,305
Indexed component	7,529	9,050

31. Provisions

	2007/08 R'000	2006/07 R'000
Potential irrecoverable debts		
Private enterprises	207,682	280,759
Staff debtors	2,598	-
Other debtors	6,012	-
Total	216,292	280,759

32. Tangible Capital Assets

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'000
Building and other fixed structures	4,036	-	-	-	4,036
Non-residential buildings	31	-	-	-	31
Other fixed structures	4,005	-	-	-	4,005
Machinery and equipment	45,867	4,955	20,537	204	71,155
Transport assets	3,647	-	411	204	3,854
Computer equipment	35,887	4,863	16,868	-	57,618
Furniture and office equipment	5,189	92	1,800	-	7,081
Other machinery and equipment	1,144	-	1,458	-	2,602
Total tangible assets	49,903	4,955	20,537	204	75,191

32.1 ADDITIONS TO TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Cash	Non-cash	(Capital Work in Progress current costs)	Received current, not paid(Paid current year, received prior year)	Total
	Cost R'000	Fair Value R'000	Cost R'000	Cost R'000	Cost R'000
Machinery and equipment	20,537	-	-	-	20,537
Transport assets	411	-	-	-	411
Computer equipment	16,868	-	-	-	16,868
Furniture and office equipment	1,800	-	-	-	1,800
Other machinery and equipment	1,458	-	-	-	1,458
Total	20,537	-	-	-	20,537

32.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Cost/value price as per AR Sold for cash	Cost/value price as per AR Transfer out or destroyed or scrapped	Total disposals	Cost Cash Received Actual
Machinery and equipment	204	-	204	204
Transport assets	204	-	204	204
Total	204	-	204	204

32.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Building and other fixed structures	31	4,005		4,036
Non-residential buildings	31	-	-	31
Other fixed structures	-	4,005	-	4,005
Machinery and equipment	30,288	15,807	228	45,867
Transport assets	2,874	1,001	228	3,647
Computer equipment	22,719	13,168	-	35,887
Furniture and office equipment	3,625	1,564	-	5,189
Other machinery and equipment	1,070	74	-	1,144
Total tangible assets	30,319	19,812	228	49,903

Based on the values in the LOGIS asset register as at 31 March 2008, minor assets to the value of R10,679,044.14 is included in the asset register as well as in the balances disclosed in note 32.

33. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance Cost R'000	Current Year Adjust- ments to prior year balances Cost R'000	Additions Cost R'000	Disposals Cost R'000	Closing Balance Cost R'000
Computer software	7,756	2,285	3,581	-	13,622
Total intangible assets	7,756	2,285	3,581	-	13,622

33.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	Cost	Fair Value	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
Computer software	3,581	-	-	-	3,581
TOTAL	3,581	-	-	-	3,581

33.2 CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer Software	250	7,506	-	7,756
Total intangible assets	250	7,506	-	7,756

Annexures to the Annual Financial Statements

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO PROVINCES

NAME OF PROVINCE/GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Eastern Cape (IDZ)	-	-	-	-	-	-	-	-	-	58,200
	-	-	-	-	-	-	-	-	-	58,200

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Regional Service Council	-	-	8	8	8	100.0%	-	-	-	161
Levies - Various municipalities	-	-	8	8	8	100.0%	-	-	-	161

ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	%	R'000
International Trade Administration Commission	55,707	-	-	55,707	55,707	100.0%	49,245
National Productivity Institute: Workplace Challenge	8,258	-	-	8,258	8,258	100.0%	7,865
National Empowerment Fund	709,954	-	-	709,954	709,954	100.0%	561,127
South African Micro-finance Apex Fund	83,999	-	-	83,999	83,999	100.0%	130,000
Small Enterprise Development Agency	253,849	-	5,000	258,849	258,849	100.0%	311,426
National Research Foundation: Technology and Human Research for Technology	154,455	-	1,000	155,455	155,455	100.0%	149,100
National Gambling Board	18,855	-	921	19,776	19,776	100.0%	19,645
Competition Commission	23,221	-	-	23,221	23,221	100.0%	17,333
Trade and Investment SA	-	-	-	-	-	-	501
ProTechnik Laboratories (Current)	1,698	-	-	1,698	1,528	90.0%	1,527
ProTechnik Laboratories (Capital)	250	-	150	400	400	100.0%	2,673
South African National Accreditation System	12,500	-	-	12,500	12,500	100.0%	10,034
Small Enterprise Development Agency :Technology Programme	49,360	-	24,000	73,360	73,360	100.0%	62,747
Competition Tribunal	8,670	-	-	8,670	8,670	100.0%	8,000
National Credit Regulator	38,514	-	6,000	44,514	44,514	100.0%	37,854
National Metrology Institute of South Africa	46,768	-	-	46,768	46,768	100.0%	36,922
Total	1,466,058	-	37,071	1,503,129	1,502,959		1,405,999

ANNEXURE 1D

STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

	TRANSFER ALLOCATION				TRANSFER			2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Amount not transferred	% of Available funds Transferred	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
UNIVERSITIES								
Wits Business School Centre for Learning	-	-	1	1	-	1	0.0%	3,000
University of Pretoria Advance	-	-	1	1	-	1	0.0%	3,000
Total	-	-	2	2	-	2		6,000

ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers									
Industrial Development Corporation: Funds for Research into Industrial Development Growth & Equity	5,250	-	-	5,250	5,250	100.0%	-	5,250	5,000
Development Bank of South Africa: Regional Spatial Development Initiatives	14,524	-	-	14,524	14,524	100.0%	-	14,524	13,831
Industrial Development Corporation: Support Programme for Industrial Development	46,881	-	-	46,881	46,881	100.0%	46,881	-	5,000
Council for Scientific and Industrial Research: Aerospace	1	-	10,000	10,001	10,000	100.0%	-	10,000	5,700
Coega Development Corporation	510,263	-	215,700	725,963	725,963	100.0%	725,963	-	249,812
East London Development Corporation	88,610	-	36,240	124,850	124,850	100.0%	124,850	-	130,000
Richards Bay Development Corporation	29,240	-	(29,239)	1	-	0.0%	-	-	-
Council for Scientific Industrial Research: Technology for Women in Business	5,884	-	(5,883)	1	-	0.0%	-	-	6,404
Council for Scientific and Industrial Research: National Cleaner Production	4,500	-	-	4,500	4,500	100.0%	-	4,500	4,124
South African Bureau of Standards: Research	132,018	-	6,594	138,612	138,612	100.0%	-	138,612	126,446
Council for Scientific and Industrial Research: Fibre and Textile	-	-	1	1	-	0.0%	-	-	2,000
MINTEK: CSP	470	-	2,000	2,470	1,540	62.3%	-	1,540	500
Industrial Development Corporation: Women Empowerment Fund	10,000	-	-	10,000	10,000	100.0%	-	10,000	-
KHULA	73,495	-	-	73,495	73,495	100.0%	-	73,495	34,090
South African Bureau of Standards: Small Business technical consulting	1,309	-	-	1,309	748	57.1%	-	748	649
Industrial Development Corporation: Regional Industrial Spatial Development	7,000	-	23,000	30,000	30,000	100.0%	-	30,000	-
Council for Scientific and Industrial Research: Technology Venture Capital	5,830	-	-	5,830	5,830	100.0%	5,830	-	-
South African Bureau of Standards: Trade Metrology	10,619	-	-	10,619	10,619	100.0%	-	10,619	18,313
Export Credit Insurance Corporation	120,567	-	-	120,567	120,567	100.0%	-	120,567	51,839
Sub Total	1,066,461	-	258,413	1,324,874	1,323,379	100.0%	903,524	419,855	653,708

ANNEXURE 1E Continued

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Subsidies									
Small and Medium Manufacturing Development Programme	8,746	-	(3,000)	5,746	5,606	97.6%	-	5,606	10,972
Enterprise Development	628,569	-	411,800	1,040,369	1,040,163	100.0%		1,040,163	676,565
Industrial Development Zones	10,000	-	(10,000)	-	-		-	-	-
Business Process Outsourcing	40,000	70,000	-	110,000	35,588	32.4%	-	35,588	-
Film and Television Production	176,020	-	(80,000)	96,020	96,020	100.0%	-	96,020	72,400
Staple Food Fortification Programme	15,001	-	20,000	35,001	-	0.0%	-	-	-
SUBTOTAL	878,336	70,000	338,800	1,287,136	1,177,377		-	1,177,377	759,937
Private Enterprises									
Export Market and Investment Assistance	97,569	-	(6,800)	90,769	89,770	98.9%	-	89,770	75,669
Black Business Supplier Programme	26,250	-	6,000	32,250	28,490	88.3%	-	28,490	25,000
Other Critical Infrastructure Programme Project	73,427	-	(7,000)	66,427	60,215	90.6%	60,215	-	88,213
AICHI Exposition	1	-	(1)	-		0.0%	-	-	4,010
Co-Operatives Incentive Scheme	14,129	-	-	14,129	-	0.0%	-	-	3,753
South African Capital Goods Feasibility Study Fund	1	-	8,000	8,001	4,940	61.7%	-	4,940	1,277
National Automotive Industry Development Centre	-	-	-	-	-	-	-	-	1,040
ALCAN	300,000	-	-	300,000	300,000	100.0%	300,000	-	
Subtotal	511,377	-	199	511,576	483,415		360,215	123,200	198,962
Total	2,456,174	70,000	597,412	3,123,586	2,984,171		1,263,739	1,720,432	1,612,607

ANNEXURE 1F

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
World Trade Organisation	4,719	-	2,900	7,619	7,495	98.4%	9,238
Organisation for the Prohibition of Chemical Weapons	1,600	-	600	2,200	2,198	99.9%	1,561
United Nations Industrial Development Organisation	4,009	-	1,191	5,200	4,875	93.8%	2,853
International Bank for Reconstruction and Development	4,675	4,400	-	9,075	9,075	100.0%	-
International Finance corporation	4,674	-	-	4,674	4,674	100.0%	4,451
World International Property Organisation	2,360	-	-	2,360	2,279	96.6%	1,979
Total	22,037	4,400	4,691	31,128	30,596		20,082

ANNEXURE 1G

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	%	R'000
NON-PROFIT INSTITUTIONS							
Transfers							
South African Women Entrepreneurs Network	2,360	-	2,640	5,000	5,000	100.0%	4,747
Proudly South African Campaign	-	-	-	-	-		10,000
Total	2,360	-	2,640	5,000	5,000	100.0%	14,747

ANNEXURE 1H

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Received
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Employee social benefits	159	-	-	159	747	469.8%	169
Donations and gifts	1,189	-	-	1,189	804	67.6%	256
Bursaries	-	-	-	-	-		160
Total	1,348	-	-	1,348	1,551		585

Donations and gifts comprise of bursaries to non-employees, bereavement benefits, sponsorships and service awards.

ANNEXURE 11

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2007/08	2006/07
		R'000	R'000
Received in kind			
Secretary of State	Official visit to Portugal - Souvenir, book	-	7
Sudanese Government	ACP - EU Sudan - Accommodation	-	4
Australian Development Scholarship	Study scholarship in Australia	-	317
World Trade Organisation	Partially funded programme: WTO Trade Agreement Negotiations course in Geneva - Air ticket, accommodation & S&T allowance	-	53
Japan International Donor fund training - course	Foreign cooperation agency trade development II - travel costs (JICA)	-	71
Japan International cooperation Agency (JICA)	Donor funding training programme: Trade and Investment Promotion seminar - Travel costs	-	67
United Nations conference on Trade Development (UNCTAD)	SADC Trade Negotiating Forum on services meeting - Travel costs	-	42
World Trade Organisation	WTO Regional Seminar on the WTO and Regional Trade Agreements - Travel costs	-	12
Ford Foundation	Scholarship programme	-	69
Regenesys School of Public Management	Scholarship programme at the Regenesys School of Public Management	-	12
Denel Aerospace Systems	Verification inspection on industry request - Travel costs	-	25
World Trade Organisation	WTO Regional workshop for English speaking African Countries - Travel costs	-	10
Government of Singapore	Singapore Partnership programme - Travel costs	-	30
World Trade Organisation	WTO Regional Seminar on Trade Negotiations for English speaking African Countries - Travel costs	-	27
Trade Law Centre for Southern Africa (TRALAC)	Presentation at a conference arranged by TRALAC - Air ticket and accommodation	-	5
World Intellectual Property Organisation (WIPO)	Donor funded training: Advanced Programme on Industrial Property in the Global Economy - Travel costs	-	46
Singapore Co-operation Programme	Donor funded training: Urban and Industrial Environmental Management Seminar - Travel costs	-	6
Ausaid Scholarship	Study scholarship in Australia	-	296
seda Technology Programme	Trip to study SMME's and incubators – Travel costs	-	30
United Nations	United Nations Security Council – Travel costs	-	18
Swedish International Development Cooperation Agency (SIDA)	Donor funded training course: Generic Resources and Intellectual Property Rights - Travel costs	-	89
Swedish International Development Cooperation Agency (SIDA)	Donor funded training course: Generic Resources and Intellectual Property Rights - Travel costs	-	76
USAID	Services rendered as Project manager in relation to Corporate Law reform	-	158
WIPO	Attend the third global congress on combating counterfeits and piracy	-	15
Australian Development Scholarship	Study scholarship in Australia	-	204
Australian Development Scholarship	Study scholarship in Australia	-	206
Australian Development Scholarship	Study scholarship in Australia	-	305
Australian Development Scholarship	Study scholarship in Australia	-	161
The United Nations Institute for Training and Research (UNITAR)	National Chemical web portal	-	48
Diners club International	International Investment Council: President's meeting	-	200
International Trade Centre (ITC)	Attend "ServiceExportNet" meeting - Travel costs	-	18
InWent and Alensys	Attend Bio-fuel workshop and study tour - Travel costs	-	30
Australian Development Scholarship	Study scholarship in Australia	106	-
Swedish International Development Cooperation Agency (SIDA)	Training programme on Rules of Origin - Travel costs	22	-
US Department of Energy Oakridge National Laboratory	Attend a Commodity Identification Training workshop - Travel costs	29	-
Trade Law Centre for Southern Africa (TRALAC)	Postgraduate Diploma in Management Practice - Scholarship and travel costs	500	-
World Trade Organisation (WTO)	WTO Regional Seminar on Market Access for Non-agricultural Products - Travel costs	28	-
Trade Hub	Meeting for the finalisation of the SADC Phytosanitary Annex to Trade Protocol - Travel costs	12	-
AUSAID	Australian Development Scholarship	121	-
Swiss Government - Material Science & Technology Institute of Switzerland	Attend the e-Waste Study tour - Travel costs	8	-
French Institute of SA (IFAS)	Attend the APORDE seminar - Travel costs	34	-

ANNEXURE 1I Continued

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2007/08	2006/07
		R'000	R'000
Organisation of Economic Co-operation and Development	Participating in the OECD Global Forum on "Trade, Innovation and Growth" - Travel costs	19	-
Pro Consumers Mozambique	Attend the First International Conference on Consumers, Products and Services towards FIFA 2010 World Cup - Travel costs	57	-
Commonwealth Secretariat	Attend SADC Expert Group meeting on Competition Policy and Law - Travel costs	28	-
USAID	Services rendered as Project manager in relation to Corporate Law reform	263	-
United States Department	Partially funded programme - United States - Protection of Intellectual Rights - Travel costs	65	-
Japan-Singapore Partnership programme for the 21st Century (JSP21)	Attend Human Resource Management training - Travel costs	61	-
Worldbank	Attend training workshop on Competition Policy - Travel costs	10	-
The South African Breweries Limited (SAB)	Annual Beer Heritage Tour - Travel costs	15	-
VISA International	Attend and address the VISA International Government Services Conference - Travel costs	75	-
AUSAID	Scholarship in Public Sector Management in Australia -Travel costs & tuition for the programme	68	-
Ausaid Scholarship	Study scholarship in Australia	51	-
Ausaid Scholarship	Study scholarship in Australia	76	-
USAID	External training, Investment appraisal and risk analysis - Tuition and accommodation costs	56	-
Donor agency from United Kingdom (DFID)	Consultancy services from SSAS with implementation cost - Source data clean-up (SMEDP)	169	-
Ausaid Scholarship	Study scholarship in Australia	161	-
International Trade Centre (ITC)	Attend the "Serviceexportnet" meeting - Travel costs	10	-
BMW SA & Diners Club International	President's International Investment Council – Availability of 20 vehicles and event costs	150	-
Commonwealth Secretariat	Attend the Pan Commonwealth conference on professional service trade - Travel costs	40	-
International Association of Outsourcing Professionals	Attend the 2008 Outsourcing Word Summit - Conference fee	27	-
Miscellaneous		1	1
Total		2,262	2,658

ANNEXURE 1J

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in cash					
Sector Wide Enterprise Employment & Equity Programme (SWEEEP)	To provide sector support to SMME's	59,909	100,417	29,166	131,160
RDP Finland	To support enterprise, employment and equity for SMME development.	-	10,063	-	10,063
RDP Sweden	Promote business to business support.	-	30,000	19,432	10,568
Total		59,909	140,480	48,598	151,791

ANNEXURE 1K

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2008

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2007/08	2006/07
	R'000	R'000
Paid in cash		
Africa Genome Education Institute (AGEI) (Donation to Biological Science Leadership conference)	-	100
Winners of dti Consumer Awards (Awards for several categories)	-	75
SA Women in Construction (International Women Construction gala event)	-	20
Union of SA Federal Co-operations (Costs of Capacity building marathon for USAFCO event)	-	10
SA Institute of International Affairs (Costs of Oikos International simulation of a World Trade Organisation Doha Development Round Ministerial Conference event)	-	40
The dti via Harvey World Travel: Bravo Africa Quartet to perform at the Grahamstown National Arts Festival concert - costs accommodation.	-	17
Velli-anti Savolainen (Honorarium fee for external speakers during the WIPO conference, May 2005)	-	2
Bereavement benefits (dti officials)	14	-
NEDLAC: Strategic workshop on Trade and Industry as per GDS agreement (costs of venue, refreshments.)	50	-
Transworld Catering CC (Co-sponsorship of launch of the Black Business Womens Association. BBWA)	50	-
Environmental Management Accounting Network Africa Global conference (conference material, transport of delegates and general administration costs)	84	-
Dlamini Well Communication (Pty) Ltd (Sponsor a table at the International Women's Forum SA)	11	-
SA Agency for Science Technology Advancement: World Space Week celebrations (publishing of the Space Council work and its role in the Industry)	100	-
Trophy Africa (Sponsor the Enterprise Development Awards as token of appreciation to the winners - trophies)	29	-
Amacusi Guest House (Awards for the best performing Black Business Supplier Development Programme recipient)	10	-
Yana Music & Entertainment (Awards for the best performing Black Business Supplier Development Programme recipient - 3rd best achiever)	10	-
Recliner Specialist (Awards for the best performing Black Business Supplier Development Programme recipient - 6th best achiever)	10	-
Usizo Professional Consultancy (Awards for the best performing Black Business Supplier Development Programme recipient - 4th best achiever)	10	-
Shosholozo Biomedical (Awards for the best performing Black Business Supplier Development Programme recipient - 2nd best achiever)	10	-
Plumbing Solutions (Awards for the best performing Black Business Supplier Development Programme recipient - 1st best achiever)	20	-
Department of Economic Development & Tourism: North West Provincial Government (Sponsor the Summit on Enterprise Development, Local Growth and Second Economy- stationery, carry packs, name tags, printing for 500 delegates and gifts for 30 presenters)	69	-
SUBTOTAL	477	264
Made in kind**		
Multi-line marketing (Gifts for foreign dignitaries and counterparts)	-	99
A division of Associated Industries (Pty) Ltd (Gifts for presenters at the Second Regional Assistance and Protection course for African CWC States in SA)	-	6
Project House Design Marketing CC (Purchase of art and crafts - Belgium Prince visit delegation)	-	37
Project House Design Marketing CC (Purchase of art and crafts - various investment promotion events)	-	22
CSIR Poverty Alleviation (Purchase of art and crafts - International Investment Council meeting and delegates)	-	26
Project House Design Marketing CC (Miscellaneous goods for the International Investment Council meeting)	-	12
Project House Design Marketing CC (Miscellaneous goods for the Presidents International Investment Council meeting)	-	8
Multi-line marketing (Gifts for foreign dignitaries and counterparts)	-	30
Project House Design Marketing CC (Gifts for foreign dignitaries and counterparts)	-	17
Multi-line marketing (Gifts for foreign dignitaries and counterparts)	-	36
Indima Njongo (SA Russia Roundtable discussion forum - Executive business leather conference folders and executive pens)	-	6
Project House Design Marketing CC: SA Russia Roundtable discussion forum (Leather conference folders)	-	22
Project House Design Marketing CC: Purchase of Art and Crafts (Various investment missions abroad to China, USA and Belgium)	-	46
LA Promotions (Purchase of corporate gifts for the trade section in Cairo)	-	9
Project House Design Marketing CC (Costs of State visit by President of Czech Republic Business delegation)	-	11
Phesheya Marketing Communications (Pty) Ltd (Golf shirts for the SA delegation to the India International Trade Initiative)	-	12
Phesheya Marketing Communications (Pty) Ltd (Corporate gifts for the speakers of the India International Trade Initiative)	-	5
Phesheya Marketing Communications (Pty) Ltd (Corporate gifts for the speakers for the Middle East International Trade Initiative)	-	10
COSATU (WTO ministerial meeting held in Geneva (Air fare, accommodation of two COSATU officials)	-	79
Joint Trade and Investment Committee: 1st meeting of the Joint Trade and Investment committee (Yemen officials air fare and accommodation)	-	48
Col (Dr) BP Steyn: Biological and Toxins Weapon Convention (Air fare, accommodation and daily allowance)	-	82
African Investment Forum: Hosting the fifth Africa Investment forum (contribution towards the venue costs)	-	300

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2008

ANNEXURE 1K Continued

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2007/08	2006/07
	R'000	R'000
African Renaissance Committee of the IRPS Cluster (Promotional items for the South African National NEPAD Strategic workshop)	-	108
Inspectors and South African Escort Team (Inspection mandate handover during OPCW inspection, January 2007)	-	65
High commission in Mozambique (Sponsoring of 1 000 beaded logos during the opening ceremony of the SA Week in Mozambique)	-	25
Inspectors and South African Escort Team: Inspection of facilities at Protechnik Laboratories (travel costs)	-	39
Complete Management Services (Gifts for foreign dignitaries)	-	20
Shades of Ngwenya (Pty) Ltd (Gifts for delegates and speakers for the International Trade Initiative in Chigago)	-	26
Complete Management Services (Gifts for foreign dignitaries)	26	-
Pictorial Press: Third Regional OPCW assistance and protection course for CWC state parties (gifts to presenters)	5	-
Meropa Heritage: National workshop: Women's access to the financial markets (gifts to presenters)	11	-
Meropa Heritage: Women Economic Empowerment Mother's day seminar (gifts to women to acknowledge their role in uplifting the economic position of the country)	34	-
Sizanaolwazi CC: Cell C initiative "Take a girl to work" Empowering South African girls through Entrepreneurship (gifts as token for participation)	21	-
Kea-Nthabi's African Design: Hosting a business luncheon on Women Empowerment as part of the Italian Ministerial Visit (gifts)	6	-
Sizanaolwazi CC: Tokens to the women attending the commemoration of the Womens day in Thohoyandou, Venda (gifts)	30	-
Multi-line marketing (Gifts for foreign dignitaries and counterparts)	41	-
RS Sculptor: BBSDP award ceremony (trophies)	26	-
Malerato Crafts: BBSDP award ceremony (gifts)	43	-
Phesheya Marketing Communications (Gift to the retired CEO of Alcan)	6	-
Multi-line marketing (Gifts for foreign dignitaries and counterparts)	30	-
Sizanaolwazi CC: Event for commemoration of the Women's month (Gifts as token for participants)	19	-
Tshala Promotions: 16 days of activism (gifts for Leamogetswe children)	9	-
Zamzi Trading Enterprise CC (Gifts for women entrepreneurs during the Business Women Leadership awards - gifts)	18	-
Silver Solutions: business trips (Gifts for exchange)	95	-
Paddywack Promotional Products (Gifts)	12	-
Citikay International Import & Export (Gifts for foreign dignitaries and counterparts)	15	-
Organisation for Prohibition of Chemical Weapons: Cost for the sub-regional workshop (travel costs)	6	-
High Schools (Desktop computers as prizes for the winning schools)	21	-
Tertiary Institutions (34 books of the Enforcement of Intellectual Property project)	14	-
Conference on World Intellectual property (Transport for WIPO personnel and international delegates)	10	-
Miscellaneous (Exchange gifts with counterparts and business executives)	59	79
TOTAL	557	1,285

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/ PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2008

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 07/08	% Held 06/07	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	Yes/No
National/ Provincial Public Entity												No
Industrial Development Corporation of SA Ltd	Schedule 2	100%	100%	1,392,969,357	1,392,969,357	1,392,969	1,392,969	1,392,969	1,392,969	1,753	1,753	
Total						1,392,969	1,392,969	1,392,969	1,392,969	1,753	1,753	

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

AS AT 31 MARCH 2008 (CONTINUED)

		Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
Name of Public Entity	Nature of business	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Controlled entities									
Industrial Development Corporation of SA Ltd	Contribution to Economic growth, Industrial Development and Economic Empowerment through its financial activities	1,392,969	1,392,969	1,392,969	1,392,969	-	-	-	-
Total		1,392,969	1,392,969	1,392,969	1,392,969	-	-	-	-

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2007	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revaluations	Closing balance 31 March 2008	Guaranteed interest for year ended 31 March 2008	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles								
Stannic		609	507	566	485	-	588	-	-
Daimler Chrysler		129	471	-	-	-	471	-	-
		738	978	566	485	-	1,059	-	-
	Housing								
ABSA		-	265	-	-	-	265	-	-
African Bank		-	16	-	-	-	16	-	-
FNB		-	53	-	-	-	53	-	-
Fidelity Bank		-	23	-	-	-	23	-	-
Peoples Bank		-	17	-	17	-	-	-	-
Nedbank Ltd (NBS)		-	59	-	36	-	23	-	-
Nedbank		-	176	-	-	-	176	-	-
Saambou		-	130	-	-	-	130	-	-
Standard Bank		-	218	-	25	-	193	-	-
BoE Bank Ltd		-	-	21	-	-	21	-	-
		-	957	21	78	-	900	-	-
Total		738	1,935	587	563	-	1,959	-	-

ANNEXURE 3A (CONTINUED)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2007	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency (Profit)/Loss	Closing balance 31 March 2008	Guaranteed interest for year ended 31 March 2008	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
European Investment Bank	IDC	1,472,049	399,019	-	59,079	41,396	381,336	33,487	-
African Investment Bank	IDC	810,000	691,125	-	72,575	69,950	688,500	6,832	-
Nordic Investment Bank	IDC	243,000	89,119	-	14,333	8,239	83,025	613	-
Export-Import Bank of Japan	IDC	407,015	-	-	-	-	-	-	-
Total		2,932,064	1,179,263	-	145,987	119,585	1,152,861	40,932	-

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2008

Nature of Liability	Opening Balance 01/04/2007 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/reduced during the year R'000	Liabilities recoverable(Provide details hereunder) R'000	Closing Balance 31/03/2008 R'000
Claims against the department					
Welfit Oddy	2,189	-	2,189	-	-
Davston International Trading	67	-	-	-	67
Karibu Promotions	67	-	-	-	67
Specialised Plumbing Services and Drain Cleaners	67	-	-	-	67
Watertite Conservation	67	-	-	-	67
Obec Enterprises	67	-	-	-	67
Pipe Repair Joint Couplings	67	-	-	-	67
Wesela	67	-	-	-	67
Changing Tides 1065	67	-	-	-	67
CorpCapital Bank	5,554	-	-	-	5,554
Dr Nkem-Abotho	360	-	-	-	360
E van Zyl	125	-	-	-	125
Bohler Uddeholm	2,913	-	2,913	-	-
JHC Engelbreght	36	-	-	-	36
Witwatersrand Investment CC t/a Olympic Plastics	-	3,080	-	-	3,080
Total	11,713	3,080	5,102	-	9,691

ANNEXURE 4

INTER-GOVERNMENT RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Foreign Affairs	-	-	407	1,681	407	1,681
Local Government and Traditional Affairs, KZN Province	-	17	-	-	-	17
Economic Affairs & Tourism, Eastern Cape Province	-	-	-	21	-	21
Finance and Economic Affairs	-	-	-	95	-	95
National Treasury	-	-	2	-	2	-
Provincial Treasury Western Cape	-	-	38	-	38	-
Department of Public Works	-	-	58	-	58	-
Department of Public Enterprises	-	-	25	-	25	-
Department of Housing	-	-	25	-	25	-
Department of Agriculture	-	-	12	-	12	-
Government Employees Pension Fund	-	-	8	-	8	-
Department of Justice & Constitutional Development	-	-	15	-	15	-
		17	590	1,797	590	1,814
Other Government Entities						
Companies and Intellectual Property Registration Office	-	-	103	502	103	502
Competition Commission	-	-	236	78	236	78
Competition Tribunal	-	-	29	27	29	27
Export Credit Insurance Corporation	-	-	3,881	2,203	3,881	2,203
Khula	-	-	505	214	505	214
National Gambling Board	-	-	2	9	2	9
National Lotteries Board	-	-	66	383	66	383
Trade and Investment South Africa	-	-	1	-	1	-
South African National Accreditation System	-	-	50	13	50	13
South African Quality Institution	-	-	358	35	358	35
National Credit Tribunal	-	176	-	-	-	176
South African Micro-finance Apex Fund	-	-	59	137	59	137
International Trade Administration Commission	-	-	51	-	51	-
		176		3,601		3,777
TOTAL	-	193	5,931	5,398	5,931	5,591

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Foreign Affairs	-	167	20	-	20	167
Total	-	167	20	-	20	167

OTHER GOVERNMENT ENTITY						
Current						
International Trade Administration	-	3	20	-	20	3
Total	-	3	20	-	20	3

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL SUPPLIES PROCUREMENT FUND FOR THE YEAR ENDED 31 MARCH 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the National Supplies Procurement Fund which comprise the balance sheet as at 31 March 2008, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 186 to 188.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South Africa Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 12(5) of the National Supplies Procurement Act, 1970 (Act No. 89 of 1970), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
- appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the National Supplies Procurement Fund as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the PFMA and the National Supplies Procurement Act.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

Going concern

9. As mentioned in my previous reports dated 29 July 2005, 31 July 2006 and 31 July 2007, the Minister of Trade and Industry had approved on 29 August 2000 that the National Supplies Procurement Fund be liquidated and legislation was drafted to repeal the National Supplies Procurement Act. At the date of this report, the said Act had still not been repealed. The fund is currently dormant.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The National Supplies Procurement Fund had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	X	
Internal audit		
• The National Supplies Procurement Fund had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operated in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	X	
Other matters of governance		
The annual financial statements were submitted for audit as per the legislated deadlines (section 40 of the PFMA for departments and constitutional institutions).	X	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	X	
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
The prior year's external audit recommendations have been substantially implemented.	X	

APPRECIATION

11. The assistance rendered by the staff of the Department of Trade and Industry during the audit is sincerely appreciated.

Auditor - General

Pretoria

31 July 2008



Balance Sheet as at 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
ASSETS			
Current assets		5	5
Cash and cash equivalents	2	5	5
TOTAL ASSETS		5	5
NET ASSETS			
Capital and reserves		5	5
Accumulated surplus		5	5
TOTAL NET ASSETS		5	5

Income Statement as at 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
EXPENDITURE			
Administrative expenses	3	0	-1
TOTAL EXPENDITURE		0	-1
DEFICIT FOR THE YEAR		0	-1

Statement of Changes in Equity as at 31 March 2008

	Accumulated Funds R'000
Balance as at 1 April 2006	6
Deficit for the year	-1
Balance as at 31 March 2007	5
Surplus/ (Deficit) for the year	0
Balance as at 31 March 2008	5

Cash Flow Statement as at 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	4	0	-1
Net cash flows from operating activities		0	-1
Net (decrease)/increase in cash and cash equivalents		0	-1
Cash and cash equivalents at beginning of the year		5	6
Cash and cash equivalents at end of the year		5	5

Notes to the Annual Financial Statements as at 31 March 2008

1. Accounting policy

Unless otherwise shown, the annual financial statements have been drawn up on the historical cost basis in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP), which has been consistently applied in all material respects.

1.1 Income recognition

Income is recognised on the accrual basis when it becomes due to the fund. The Fund has remained dormant during the period under review.

1.2 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances. This financial instrument is carried at estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

The fund is exposed to credit and interest rate risk. These risks are managed by the fund by holding a bank account in high quality financial institutions, with interest accruing at prevailing market rates.

	2007/08 R'000	2006/07 R'000
2. Cash and cash equivalents		
Cash and cash equivalents consists of cash held in a bank account	<u>5</u>	<u>5</u>
3. Administrative expenses		
Bank Charges	<u>0</u>	<u>-1</u>
4. Cash generated from/(utilised in) operations		
Deficit before tax	<u>0</u>	<u>-1</u>
Net cash flow from operating activities	<u>0</u>	<u>-1</u>

5. Going concern

It is assumed that the entity will be able to continue its existence for the foreseeable future, unless there is significant information to the contrary. Legislation has been drafted to effect the repeal of the Act.

Glossary

AsgiSA:	Accelerated Shared Growth Initiative for South Africa
AU:	African Union
BAS:	Basic Accounting System
B-BBEE:	Broad-Based Black Economic Empowerment
BBSDP:	Black Business Suppliers Development Programme
BEE	Black Economic Empowerment
BER:	Bureau for Economic Research
BIT:	Bilateral Investment Treaty
BPO:	Business Process Outsourcing
BTA	Bilateral Trade Agreement
CASE	Community Agency for Social Enquiries
CCRD:	Consumer and Corporate Regulation Division of the dti
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
CIPRO:	Companies and Intellectual Property Regulation Office
COTII:	Council of Trade and Industry Institutions
CPPP:	Community Public-Private Partnerships
CSIR:	Council for Scientific and Industrial Research
CSP:	Customised Sector Plan
DEAT:	Department of Environmental Affairs and Tourism
DEPP:	Developmental Electricity Pricing Programme
DFA:	Department of Foreign Affairs
Doha:	The capital city of Qatar, where the current WTO negotiations commenced in 2001, and after which they are named
DoL:	Department of Labour
DWAF:	Department of Water Affairs and Forestry
EAAB:	Estate Agency Affairs Board
ECIC:	Export Credit Insurance Corporation
EE:	Employment Equity
EFTA:	European Free Trade Agreement
EG&S:	Environmental Goods & Services
EIDD:	Enterprise and Industry Development Division of the dti
EIEC:	Economic Investment and Employment Cluster
EIP:	Enterprise Investment Programme
EMIA:	Export Market and Investment Assistance
ENE:	Estimate of National Expenditure
EU:	European Union
EXBO:	Executive Board of the dti
FER:	Foreign Economic Representative
Fridge:	Fund for Research into Industrial Growth and Equity

FTA:	Free Trade Agreement
GCIS:	Government Communication and Information Services
GDP:	Gross Domestic Product
GFS:	Government Finance Statistics
GSSSD	Group Systems and Support Services Division of the dti
GWEAC:	Gender and Women's Empowerment Advisory Committee
HDI:	Historically Disadvantaged Individuals
IBSA:	India, Brazil, South Africa
ICT:	Information and Communications Technology
IDC:	Industrial Development Corporation
IDZ:	Industrial Development Zone
IMC:	International Marketing Council
IMS:	Integrated Manufacturing Strategy
IPAP:	Industrial Policy Action Plan
IPP:	Industrial Participation Programme
IPRs:	Intellectual Property Rights
IRPS:	International Relations, Peace and Security
ITAC:	International Trade Administration Commission
ITED:	International Trade and Economic Development Division of the dti
KAP:	Key Action Plan
LOGIS:	Logistical Information System
Mercosur:	Customs Union of Brazil, Argentina, Paraguay and Uruguay
MERS:	Microeconomic Reform Strategy
MIDP:	Motor Industry Development Programme
MoU:	Memorandum of Understanding
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
NAFCOC:	National African Federated Chambers of Commerce
NAMA:	Non-Agricultural Market Access
NCR:	National Credit Regulator
NDA:	National Development Agency
NEDLAC:	National Economic Development and Labour Council
NEF:	National Empowerment Fund
NEMA:	National Environmental Management Act
NEPAD:	New Partnership for Africa's Development
NHRDS:	National Human Resource Development Strategy
NGB:	National Gambling Board
NIPF:	National Industrial Policy Framework
NIPP:	National Industry Participation Programme
NLB:	National Lotteries Board
NMISA:	National Metrology Institute of South Africa
NRCS:	National Regulator for Compulsory Specifications
NRDS:	National Research and Development Strategy

NRF:	National Revenue Fund
NSDF:	National Spatial Development Framework
NSDS:	National Skills Development Strategy
NSPF:	National Supplies Procurement Fund
OPSCOM:	Operations Committee
PFMA:	Public Finances Management Act
PIPA:	Provincial Investment Promotion Agency
PoA:	Programme of Action
PTA:	Preferential Trade Agreement
R&D:	Research and Development
RDP:	Reconstruction and Development Programme
RMC:	Risk Management Committee
SABS:	South African Bureau of Standards
SACU:	Southern African Customs Union
SADC:	Southern African Development Community
SAMAF:	South African Micro-Finance Apex Fund
SANAS:	South African National Accreditation System
SAPS	South African Police Services
SAQI:	South African Quality Institute
SARS:	South African Revenue Services
SAWEN:	South African Women Entrepreneurs' Network
SCOA:	Standard Chart of Accounts
SDI:	Spatial Development Initiative
seda:	Small Enterprise Development Agency
SIP:	Strategic Investment Programme
SLA:	Service Level Agreement
SMEDP:	Small and Medium Enterprises Development Programme
SMME:	Small, Medium and Micro Enterprise
SNA:	Systems of National Accounts
SoNA:	State of the Nation Address
SPF:	Sector Partnership Fund
SPII:	Strategic Partnership for Industrial Innovation
SSP:	Skills Support Programme
SWEEP:	Sector-Wide Employment and Equity Programme
TEO:	The Enterprise Organisation of the dti
the dti:	Department of Trade and Industry
TISA	Trade and Investment South Africa Division of the dti
TTC:	Technology Transfer Centre
TWIB:	Technology for Women in Business
UNIDO:	United Nations Industrial Development Organization
WEE:	Women's Economic Empowerment
WTO:	World Trade Organization

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ISBN No: 978 - 0 - 621 - 378040 - 8

RP No: 198/2008



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