



The Department of Trade and Industry

Annual Report to Citizens 2007/08



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Vision of the dti

The Department of Trade and Industry's vision is of a South Africa that has a vibrant economy, characterised by growth, employment and equity, built on the full potential of all citizens. To achieve this, **the dti** has become an outwardly focused, customer-centric organisation.

Mission of the dti

The purpose of **the dti** is to:

- Provide leadership to the South African economy through its understanding of the economy, its knowledge of economic opportunities and potential, and its contribution to AsgiSA.
- Act as a catalyst for the transformation and development of the economy and respond to the challenges and opportunities of the economic citizens, in order to support the government's economic goals of growth, employment and equity.
- Respond to the challenges and opportunities in the economy and society.
- Provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade.

Strategic Objectives of the dti

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 coordinated implementation of AsgiSA;
- Promoting direct investment and growth of 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 African Development (Nepad).

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1. Introduction

It gives the Department of Trade and Industry (**the dti**) great pleasure in presenting its inaugural Annual Report to Citizens, for the financial year 2007/08. This Report serves as a mechanism for educating and informing the South African public about the mandate, roles and responsibilities of the Department.

the dti, as custodian of the economic prosperity of South Africa, seeks to transform and modernise the country's economy through innovative interventions that reconcile the two economies (informal and formal economies) and make provision for the full participation of all economic citizens.

the dti has invested greatly in the people of South Africa, and believes in our collective ability to grow the economy, reduce unemployment, and enhance the equitable distribution of economic activity.

The Department duly acknowledges the continued assistance of its key stakeholders, including the three spheres of government (national, provincial and local), the business community, labour, the media, and the public at large.

Under the leadership and guidance of Minister Mandisi Mphahla, Deputy Ministers Elizabeth Thabethe and Dr Rob Davies, and Director-General Tshediso Matona, the Department demonstrated its commitment to strengthening the economy. The senior management and staff of **the dti**, with the assistance of the Council of Trade and Industry Institutions.



2. Senior Officials



Mandisi Mphahlele
(Minister)



Dr Rob Davies
(Deputy Minister)



Elizabeth Thabethe
(Deputy Minister)

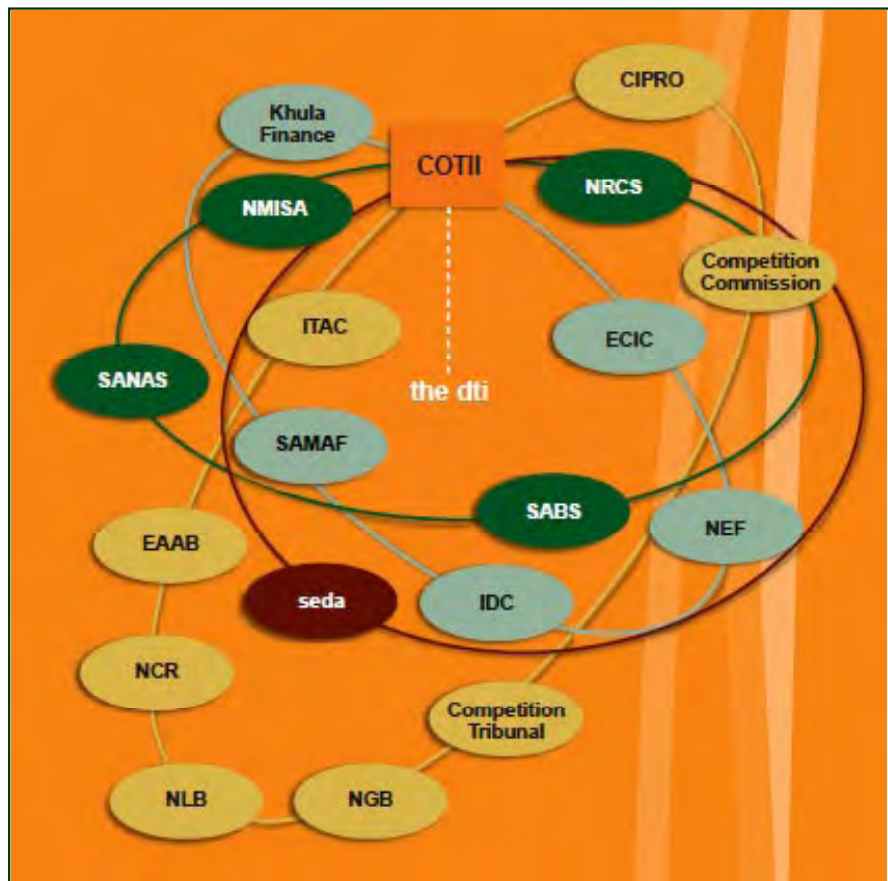


Tshediso Matona
(Director General)

3. Structure of the dti



the dti **Group**





4. STAFF NUMBERS EMPLOYED

the dti employed close to 900 staff members during 2007/08, excluding those within the dti Group of institutions. In terms of Employment Equity (EE) targets, of these 891 employees, just under half (411) were Black Females. African females, however, comprised 353 of the 411 female complement, and 39.62% of the total employee base.

African males constituted the majority of the 303 Black Males in the employ of the dti, totalling 258 or 85.15%. Coloured men represented 6.6% of Black males, with Indian men amounting to 8.25% of the total African male employee base. White men totalled 70 or 7.86% of the Department's staff complement during the period under review.

Table 1: Total Number of Employees (including those with Disabilities)

Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
258	20	25	303	70	353	25	33	411	107	891

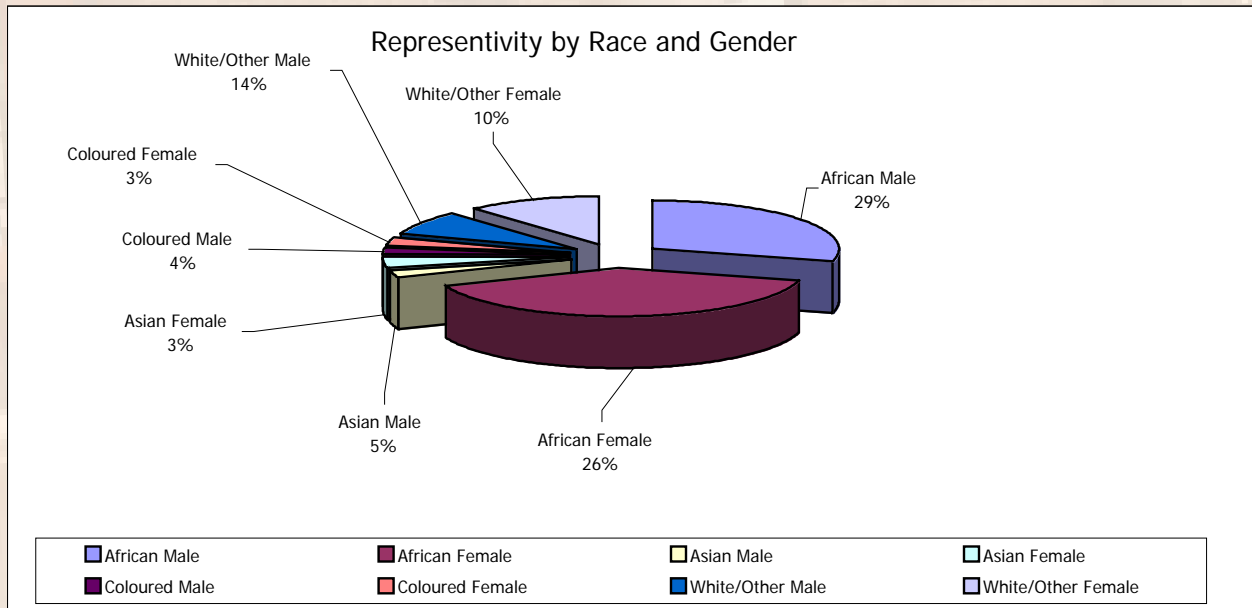
African Males  **28.96%**

Black Males  **34%**

African Females  **39.62%**

Black Females  **46.13%**

the dti: Representivity by Race and Gender



the dti: Compliance with Equity

the dti: Compliance with Equity						
Category	National Targets					Variance
		Black	White	Totals	%	
% Black in Senior Management	70%	90	29	119	76%	6%
% Women in Senior Management	50%	37	12	49	41%	-9%
% People with Disability	2 % by 2009 (the dti)	11 out of 891 staff members			1.0%	

5. PERFORMANCE AGAINST TARGETS for Improved Service Delivery & Increased Efficiency

the dti Programmes

Programme 1: Administration: Group Systems & Support Services Division (GSSSD)

Highlights and Achievements

- 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.

Financial Management

- Consistently maintained high standards of financial management;
- Unqualified audit reports over the past few years;
- Promotion of EE through application of the Procurement Policy;
- 83% of procurement orders issued to Small, Medium and Micro-Sized Enterprises (SMMEs);
- 70% supporting Historically Disadvantaged Individuals (HDIs);
- 39% of orders awarded to women-owned businesses;
- 3% of orders to disabled-owned businesses; and
- Suppliers are paid within an average of 14 days of receipt of their accounts.

Corporate Governance

- Robust risk management system in place, with high levels of compliance with respect to disclosures and a zero tolerance of fraud;
- Ethics promotion campaigns completed at least twice per annum;
- 99% of all Senior Managers disclosed their financial interests; and
- Disciplinary action initiated against the remaining 1%.

Programme 2: International Trade & Economic Development (ITED)

Highlights and Achievements

International Trade Development

- South Africa played a leadership role in World Trade Organisation (WTO) Doha Round negotiations, notably in the Non-Agricultural Market Access (NAMA);
- 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 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);
- Agreement with the Southern Common Market (Mercosur) was concluded – awaiting signature;
- All member-states except Namibia ratified the South African Customs Union (SACU EFTA) Free Trade Agreement;
- Trilateral SACU-India-Mercosur trade arrangement was initiated and a SACU-India Preferential Trade Agreement was launched during October 2007;
- Key bilateral trade links and negotiations were developed with the EU, EFTA, USA, India and Brazil (IBSA);
- Strategic growth and development partnership was undertaken with China;
- Clothing and textile quotas were instituted to provide relief to South African companies; and
- South Africa engaged the USA regarding the proposed draft Trade Investment and Development Co-operation Agreement.

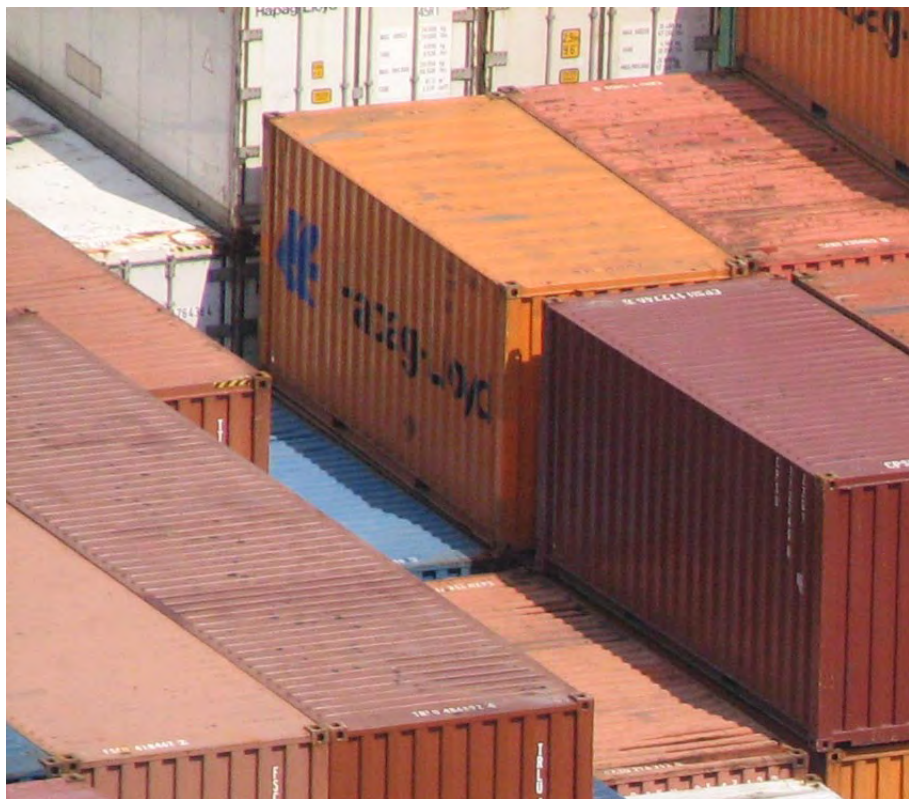
African Economic Development

- Two Heads of State visits were facilitated and these strengthened links with the Democratic Republic of Congo (DRC) and Mozambique;
- Range of investment opportunities for South African firms along the spatial development initiative Bas Congo, DRC;
- Planned implementation of the Maputo-Phalaborwa Iron and Steel initiative, Mozambique;
- 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;
- Joint facilitation of the Council of African Ministers of Industry (CAMI) Conference; and
- NEPAD Projects Conference aimed at forging closer alignment with business to highlight key projects.

Programme 3: Enterprise & Industry Development Division (EIDD)

Highlights and Achievements

- 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 Broad-Based Black Economic Empowerment (B-BBEE);
- Provided leadership in the development of policies and strategies to create an enabling environment for industry development, competitiveness, equity and enterprise development;
- Focused on economically marginalised by implementing interventions such as self-employment through the growth of SMMEs and co-operatives, and targeting women in the rural areas;
- Played an instrumental role in promoting and expanding women's access to economic opportunities;
- Facilitated the increased participation of Previously Disadvantaged Individuals (PDIs) through empowerment and equity policies.



Programme 4: Consumer & Corporate Regulation Division (CCRD)

Highlights and Achievements

Policy and Legislative Development

- National Gambling Amendment Bill was presented to the Select Committee on Economic and Foreign Affairs; and
- Companies Bill was finalised, to encourage transparency and high standards of corporate governance.

Enforcement and Compliance

- 641 consumer complaints were resolved within 13 days;
- R695,736 was recovered on behalf of consumers;
- 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 Intellectual Property (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 Company and Intellectual Property Enforcement (OCIPE) held 42 workshops with Prosecutors, SAPS and SARS;
- 3 company inspections were finalised;
- 90 IP complaints were resolved; and
- 201 certificates for registration of macro-manufacturers and distribution of liquor were issued.

Regulatory Services

- Training was conducted on company investigations and alternative dispute resolution for 100% of Office of Consumer Protection (OCP) and OCIPE investigations.

Programme 5: The Enterprise Organisation (TEO)

Highlights and Achievements

- 8 BPO&O projects were approved;
- Revised Film Incentive was launched;
- All outstanding SMEDP projects were evaluated;
- Enhanced Export Marketing Scheme for emerging enterprises;
- IDZ investments: Coega – R4.7 billion; East London – R850 million; Richards Bay – R2.3 billion;
- Increased investment in developmental projects in South Africa;
- Injected billions of rands into incentivising strategic sectors of business and high potential economic activities, informed by national policy;
- Ensured that scarce resources were not ineffectually dissipated or fraudulently misdirected;
- Clean audits that TEO has received year on year are an impressive tribute to **the dti's** high standards of governance and fiscal discipline; and
- Amendment and introduction of new industrial and business incentives arising from recommendations of a root and branch incentives review finalised in 2006, with changes aimed mainly at focusing incentives more on downstream, job-creating projects as well as developing new incentives for prioritised AsgiSA sectors.



Programme 6: Trade and Investment South Africa (TISA)

Highlights and Achievements

Investment Promotion and Facilitation

- 89 investment presentations;
- 6 investment pavilions;
- 39 investment missions to secure investments;
- 2 international investment conferences attended; and
- Participation in 6 ministerial/ presidential missions.

Export Development and Promotion

- 2,304 publications were distributed;
- 1,350 customers were reached;
- 173 small new exporters were trained;
- 6 proactive projects in export promotion implemented; and
- 56 EMIA-funded missions took place.

International Operations

- 43 foreign offices in 36 countries managed; and
- New foreign office strategy was finalised but not yet implemented.



Programme 7: Communication & Marketing

Highlights and Achievements

Brand Management

- Successfully managed and supported 102 events, exhibitions and *izimbizo*.

Marketing-Communications

- 68 print and electronic publications were produced for the dti;
- 18 million economic citizens reached;
- 15 media releases were distributed;
- 106 daily media monitoring reports;
- 15 media reports forwarded to EXBO; and
- 14 media briefings.

Distribution

- Review of Customer Contact Centre processes was completed in June 2007; and
- A cluster communication strategy was approved.





6. FINANCIAL SAVINGS

Financial savings for the year under review amounted to R184,082 million. The reasons for variance included:

- The Staple Food Fortification Programme, intended to be administered by the Department of Health, was 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 (CIP) decreased, with a resulting decrease in expenditure;
- Under-spending was also due to a review of the marketing campaigns of the Department, with a resulting decrease in expenditure.

Under-expenditure in 2007/08 occurred mainly in the following areas, for which roll-overs were requested:

	R'000
BPO	74,400
BBSDP	3,800*
Disaster Recovery	2,900
Critical Infrastructure Programme	6,212*
Total	101,441

*Approved by National Treasury

7. RESOURCES CONSUMED

R393,588 million was expended on goods and services during 2007/08, while the total expenditure for capital assets amounted to R24,118 million.

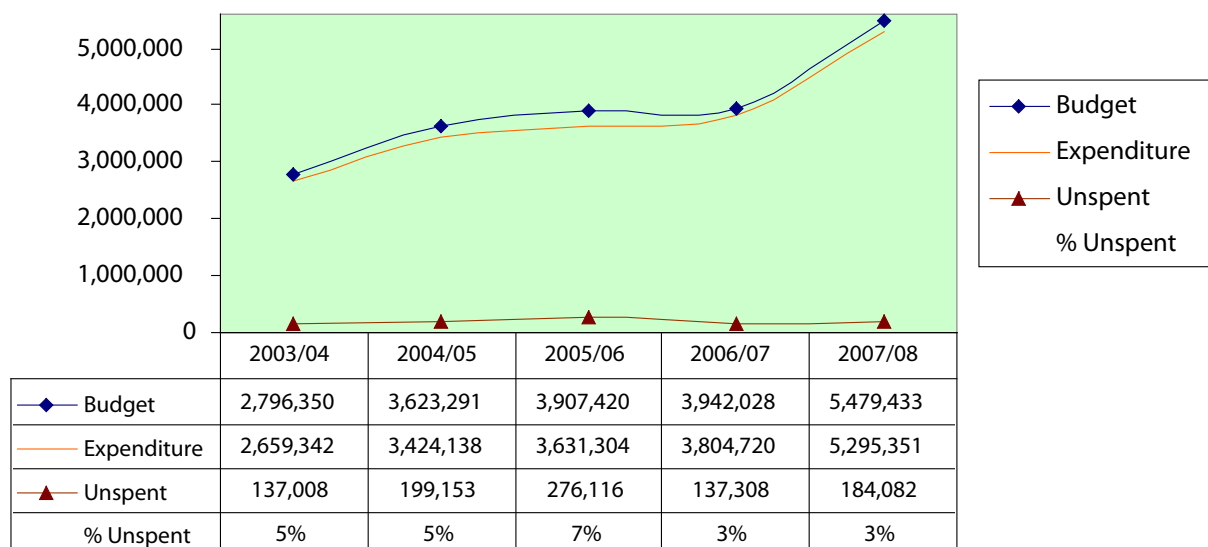
8. SALARIES & OTHER STAFF COSTS

the dti expended R327,488 million on the compensation of its 891 employees during the period under review, compared to R283, 591 million during 2006/07.

Table 2: Personnel Costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of employees Expenditure (R'000)	Training	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	284,574	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

9. OTHER OPERATING EXPENSES



10. INCOME, SUCH AS FEES FOR SERVICES

Total revenue accrued during the 2007/08 financial year amounted to R323,508 million, comprising mainly National Liquor Authority (NLA) licences, rent, telephone lines, and private calls.

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