

Economic Development

Adjusted budget summary

R thousand	2013/14			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	771 466	771 466	–	–
of which:				
Current payments	150 965	156 965	–	6 000
Transfers and subsidies	612 582	612 582	–	–
Payments for capital assets	7 919	1 919	(6 000)	–
Executive authority	Minister of Economic Development			
Accounting officer	Director-General of Economic Development			
Website address	www.economic.gov.za			

Aim

Promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2013/14 as published in the 2013 ENE	Achieved in the first six months of 2013/14 (April to September)	Changed target for 2013/14
Number of technical instruments on economic development refined per year	Economic Policy Development	Outcome 4: Decent employment through inclusive economic growth	3	0	–
Number of platforms held to communicate and discuss issues related to the new growth path	Economic Policy Development		4	0	–
Number of reports on the impact of new growth path on women, youth and rural people evaluated and improved per year	Economic Policy Development		3	0	–
Number of spatial economic plans produced and/or reviewed per year	Economic Planning and Coordination		2	0	–
Number of economic development initiatives facilitated and unblocked per year	Economic Planning and Coordination		18	10	–
Number of strategic integrated projects construction progress reviews per year	Economic Planning and Coordination		60	36	–
Number of ministerial oversight engagements with the development finance institutions per year	Economic Planning and Coordination		6	3	–
Number of monitoring reports and strategies developed to improve implementation of accords per year	Economic Development and Dialogue		4	3	–
Number of capacity building projects for social partners on the new growth path per year	Economic Development and Dialogue		8	2	–

Mid-year progress

The department is in the planning phases of refining technical instruments on economic development; holding platforms to discuss issues related to the new growth path; evaluating reports on the impact of the new growth path on women, youth and rural people; and producing and reviewing spatial economic plans. These activities are expected to produce outputs and meet the targets for the year in the second half of the year.

By the end of September 2013, only 2 capacity building projects for social partners on the new growth path were completed out of a target of 8 for the year. The department is awaiting the finalisation of additional

2 capacity building projects that were discussed with the Federation of Unions of South Africa and the Congress of South African Trade Unions in August. The department expects to reach the targeted number of capacity building projects by the end of the year.

Adjusted Estimates of National Expenditure 2013

Programme		2013/14						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other Adjustments	Total adjustments appropriation	
Administration	63 564	–	–	32 241	–	–	32 241	95 805
Economic Policy Development	25 549	–	–	(1 983)	–	–	(1 983)	23 566
Economic Planning and Coordination	663 793	–	–	(24 435)	–	–	(24 435)	639 358
Economic Development and Dialogue	18 560	–	–	(5 823)	–	–	(5 823)	12 737
Total	771 466	–	–	–	–	–	–	771 466
Economic classification								
Current payments	150 965	–	–	6 000	–	–	6 000	156 965
Compensation of employees	98 004	–	–	(25 561)	–	–	(25 561)	72 443
Goods and services	52 961	–	–	31 561	–	–	31 561	84 522
Transfers and subsidies	612 582	–	–	–	–	–	–	612 582
Departmental agencies and accounts	381 603	–	–	–	–	–	–	381 603
Public corporations and private enterprises	230 979	–	–	–	–	–	–	230 979
Payments for capital assets	7 919	–	–	(6 000)	–	–	(6 000)	1 919
Machinery and equipment	6 335	–	–	(4 450)	–	–	(4 450)	1 885
Software and other intangible assets	1 584	–	–	(1 550)	–	–	(1 550)	34
Total	771 466	–	–	–	–	–	–	771 466

Programme 1: Administration

Subprogramme		2013/14						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other Adjustments	Total adjustments appropriation	
Ministry	22 397	–	–	(5 409)	–	–	(5 409)	16 988
Office of the Director-General	9 615	–	–	4 253	–	–	4 253	13 868
General Management Services	31 552	–	–	33 397	–	–	33 397	64 949
Total	63 564	–	–	32 241	–	–	32 241	95 805
Economic classification								
Current payments	55 645	–	–	38 241	–	–	38 241	93 886
Compensation of employees	34 313	–	–	3 416	–	–	3 416	37 729
Goods and services	21 332	–	–	34 825	–	–	34 825	56 157
Payments for capital assets	7 919	–	–	(6 000)	–	–	(6 000)	1 919
Machinery and equipment	6 335	–	–	(4 450)	–	–	(4 450)	1 885
Software and other intangible assets	1 584	–	–	(1 550)	–	–	(1 550)	34
Total	63 564	–	–	32 241	–	–	32 241	95 805

Programme 2: Economic Policy Development

Subprogramme		2013/14						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Growth Path and Creation of Decent Work	7 778	–	–	(4 007)	–	–	(4 007)	3 771
Economic Policy	10 710	–	–	4 000	–	–	4 000	14 710
Broad Based Black Economic Empowerment	3 972	–	–	(1 976)	–	–	(1 976)	1 996
Second Economy	3 089	–	–	–	–	–	–	3 089
Total	25 549	–	–	(1 983)	–	–	(1 983)	23 566
Economic classification								
Current payments	25 549	–	–	(1 983)	–	–	(1 983)	23 566
Compensation of employees	18 521	–	–	(5 983)	–	–	(5 983)	12 538
Goods and services	7 028	–	–	4 000	–	–	4 000	11 028
Total	25 549	–	–	(1 983)	–	–	(1 983)	23 566

Programme 3: Economic Planning and Coordination

Subprogramme		2013/14						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Spatial, Sector and Planning	24 469	–	–	(6 064)	–	–	(6 064)	18 405
Economic Development, Financing and Procurement	6 162	–	–	(5 400)	–	–	(5 400)	762
Investment for Economic Development	346 890	–	–	(5 178)	–	–	(5 178)	341 712
Competitiveness and Trade for Decent Work	281 493	–	–	(4 100)	–	–	(4 100)	277 393
Green Economy	4 779	–	–	(3 693)	–	–	(3 693)	1 086
Total	663 793	–	–	(24 435)	–	–	(24 435)	639 358
Economic classification								
Current payments	51 211	–	–	(24 435)	–	–	(24 435)	26 776
Compensation of employees	32 374	–	–	(17 171)	–	–	(17 171)	15 203
Goods and services	18 837	–	–	(7 264)	–	–	(7 264)	11 573
Transfers and subsidies	612 582	–	–	–	–	–	–	612 582
Departmental agencies and accounts	381 603	–	–	–	–	–	–	381 603
Public corporations and private enterprises	230 979	–	–	–	–	–	–	230 979
Total	663 793	–	–	(24 435)	–	–	(24 435)	639 358

Programme 4: Economic Development and Dialogue

Subprogramme		2013/14						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
National Social Dialogue and Strategic Frameworks	12 258	–	–	(4 191)	–	–	(4 191)	8 067
Sector and Workplace Social Dialogue	621	–	–	–	–	–	–	621
Capacity Building for Economic Development	3 109	–	–	(1 736)	–	–	(1 736)	1 373
Productivity, Entrepreneurship, Innovation	2 572	–	–	104	–	–	104	2 676
Total	18 560	–	–	(5 823)	–	–	(5 823)	12 737

Programme 4: Economic Development and Dialogue (continued)

Programme 4 Economic Development and Dialogue (continued)								
		2013/14						
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other Adjustments	Total adjustments appropriation	Adjusted appropriation
Economic classification								
Current payments	18 560	–	–	(5 823)	–	–	(5 823)	12 737
Compensation of employees	12 796	–	–	(5 823)	–	–	(5 823)	6 973
Goods and services	5 764	–	–	–	–	–	–	5 764
Total	18 560	–	–	(5 823)	–	–	(5 823)	12 737

Details of adjustments to the Estimates of National Expenditure 2013**Virements and shifts****Programmes**

1. Administration
2. Economic Policy Development
3. Economic Planning and Coordination
4. Economic Development and Dialogue

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(6 104)	Programme 1		4 450
Machinery and equipment	Unspent funds from payments for capital assets ¹	(4 450)	Goods and services	Additional funds for accommodation and communication and marketing for the presidential infrastructure coordinating commission	4 450
			Programme 4		104
Compensation of employees	Vacant posts	(104)	Compensation of employees	Under-budgeting for staff costs	104
			Programme 1		1 550
Software and other intangible assets	Unspent funds from payments for capital assets ¹	(1 550)	Goods and services	Additional funds for accommodation and communication and marketing for the presidential infrastructure coordinating commission	1 550
Shifts within the programme as a percentage of the programme budget		9.4%			
Virements to other programmes as a percentage of the programme Budget		0.2%			
Programme 2		(5 983)	Programme 1		476
Compensation of employees	Vacant posts	(476)	Compensation of employees	Under-budgeting for staff costs	476
			Programme 2		4 000
		(4 000)	Goods and services	Research project on industrialisation in Africa, venues, and facilities for the workshop on financialisation and the annual economic conference	4 000
			Programme 3		1 507
		(1 000)	Goods and services	Geographic information system project at the Centre for Scientific and Industrial Research, and the presidential infrastructure coordinating commission	1 000
			Compensation of employees	Under-budgeting for staff costs	507
Shifts within the programme as a percentage of the programme budget		15.7%			
Virements to other programmes as a percentage of the programme budget		7.8%			

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 3		(27 678)	Programme 1		27 678
Compensation of employees	Vacant posts	(15 700)	Goods and services	Communication and marketing strategy for the presidential infrastructure coordinating commission	15 700
	Vacant posts	(1 978)	Compensation of employees	Under-budgeting for staff costs	1 978
Goods and services	Savings identified	(10 000)	Goods and services	Communication and marketing strategy for the presidential infrastructure coordinating commission	10 000
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme Budget		4.2%			
Programme 4		(5 927)	Programme 1		4 191
Compensation of employees	Vacant posts	(3 125)	Goods and services	Communication and marketing strategy for the presidential infrastructure coordinating commission	3 125
	Vacant posts	(1 066)	Compensation of employees	Under-budgeting for staff costs	1 066
	Vacant posts	(1 736)	Programme 3		1 736
			Goods and services	Innovative building technology project at the Centre for Scientific and Industrial Research, and the presidential infrastructure coordinating commission	1 736
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget²		31.9%			
Total		(45 692)			45 692

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement in terms of the Public Finance Management Act, (Act 1 of 1999).

Expenditure for 2012/13 and preliminary expenditure for 2013/14

Programme	2012/13					2013/14			
	Expenditure outcome					Preliminary expenditure			
R thousand	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted appropriation	Apr 12 - Mar 13	Apr 12 - Mar 13 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ total (%)	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation
Administration	52 300	25 430	48.6	55 395	105.9	95 805	12.4	32 146	33.6
Economic Policy Development	18 467	7 045	38.1	11 575	62.7	23 566	3.1	6 665	28.3
Economic Planning and Coordination	613 005	291 761	47.6	597 523	97.5	639 358	82.9	331 437	51.8
Economic Development and Dialogue	12 746	5 528	43.4	8 980	70.5	12 737	1.7	6 044	47.5
Total	696 518	329 764	47.3	673 473	96.7	771 466	100.0	376 292	48.8

	2012/13 Expenditure outcome					2013/14 Preliminary expenditure			
	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted appropriation	Apr 12 - Mar 13	Apr 12 - Mar 13 % of adjusted appropriation	Adjusted estimate	Adjusted appropriation/ Total (%)	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation
Economic classification									
Current payments	161 347	46 488	28.8	120 617	74.8	156 965	20.3	53 426	34.0
Compensation of employees	63 889	28 846	45.2	62 073	97.2	72 443	9.4	35 607	49.2
Goods and services	97 458	17 642	18.1	58 544	60.1	84 522	11.0	17 819	21.1
Transfers and subsidies	529 665	282 449	53.3	551 050	104.0	612 582	79.4	321 678	52.5
Departmental agencies and accounts	356 412	125 839	35.3	249 220	69.9	381 603	49.5	133 978	35.1
Higher education institutions	2 280	–	0.0	12 280	538.6	–	0.0	–	0.0
Public corporations and private enterprises	170 973	156 490	91.5	289 327	169.2	230 979	29.9	187 490	81.2
Households	–	120	0.0	223	0.0	–	0.0	210	0.0
Payments for capital assets	5 506	827	15.0	1 806	32.8	1 919	0.2	1 188	61.9
Machinery and equipment	4 005	827	20.6	1 705	42.6	1 885	0.2	1 160	61.5
Software and other intangible assets	1 501	–	0.0	101	6.7	34	0.0	28	82.4
Total	696 518	329 764	47.3	673 473	96.7	771 466	100.0	376 292	48.8

Expenditure trends for the first half of 2013/14

Total expenditure in 2012/13 was 96.7 per cent of the 2012/13 adjusted appropriation. Expenditure in the first six months of 2013/14 was R376.292 million, or 48.8 per cent of the adjusted appropriation of R771.466 million for the year. In comparison, mid-year expenditure in 2012/13 was R329.764 million, or 47.3 per cent of the 2012/13 adjusted appropriation. Compared to the first six months of 2012/13, expenditure over the same period in 2013/14 increased by R46.528 million, or 14.1 per cent. This was mainly due to an increase in transfer payments, salaries to support a growing staff complement and an increase in accommodation costs.

Departmental receipts

	2012/13 Audited outcome					2013/14 Actual receipts				
	Adjusted estimate	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted estimate	Apr 12 - Mar 13	Apr 12 - Mar 13 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ total (%)	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate
R thousand										
Departmental receipts	580 380	177 873	30.6	668 662	115.2	786 679	1 978 443	100.0	695 433	35.2
Sales of goods and services produced by department	11	11	100.0	21	190.9	17	20	0.0	11	52.5
Fines, penalties and forfeits	530 369	177 331	33.4	617 344	116.4	736 662	1 928 296	97.5	695 296	36.1
Interest, dividends and rent on land	50 000	11	0.0	50 106	100.2	50 000	50 045	2.5	45	0.1
Transactions in financial assets and liabilities	–	520	–	1 191	–	–	82	0.0	82	99.5
Total	580 380	177 873	30.6	668 662	115.2	786 679	1 978 443	100.0	695 433	35.2

Revenue trends for the first half of 2013/14

Revenue in the first six months of 2013/14 was R695.433 million, or 35.2 per cent of the adjusted revenue estimate of R1.978 billion for the year. In comparison, mid-year revenue in 2012/13 was R177.873 million,

or 30.6 per cent of the 2012/13 adjusted estimate. Compared to the first six months of 2012/13, revenue over the same period in 2013/14 increased by R517.560 million, or 291 per cent. This was mainly due to an increase in revenue from penalties instituted by the Competition Commission against non-compliant companies.

