

# Vote 25

## Economic Development

### Adjusted budget summary

2016/17				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>674 661</b>	<b>674 661</b>	-	-
<b>of which:</b>				
Current payments	142 969	142 484	(485)	-
Transfers and subsidies	528 781	528 781	-	-
Payments for capital assets	2 911	3 396	-	485
Executive authority	Minister of Economic Development			
Accounting officer	Director-General of Economic Development			
Website address	www.economic.gov.za			

### Vote purpose

*Promote economic development policy formulation and planning for the benefit of all South Africans.*

### Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of interventions to integrate the new growth path framework into government's macroeconomic and microeconomic policy, and infrastructure initiatives per year	Growth Path and Social Dialogue	Outcome 4: Decent employment through inclusive economic growth	4	2	-
Number of spatial, local and provincial initiatives to promote employment, empowerment and development per year	Growth Path and Social Dialogue		10	1	-
Number of quarterly Cabinet level progress reports on strategic integrated projects per year	Investment, Competition and Trade		60	36	-
Number of infrastructure projects unblocked, fast-tracked or facilitated per year	Investment, Competition and Trade		8	-	-
Number of Cabinet and presidential infrastructure coordinating committee strategic decisions on infrastructure implemented per year	Investment, Competition and Trade		4	2	-
Number of strategic engagements with development finance institutions to improve efficiencies/decrease turnaround times for project approvals per year	Investment, Competition and Trade		4	3	-
Number of investment initiatives facilitated, fast tracked and/or unblocked per year	Investment, Competition and Trade		12	7	-
Number of reports to monitor and facilitate the improvement of the impact of industrial funding on job creation per year	Investment, Competition and Trade		4	-	-

2016 Adjusted Estimates of National Expenditure

Indicator	Programme	Outcome	Annual performance		
			Projected for 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of reports on the increase in industrial finance available from development finance institutions and departments, and its impact on job creation, per year	Investment, Competition and Trade	Outcome 4: Decent employment through inclusive economic growth	4	2	-
Number of strategic engagements with trade and competition authorities to increase administrative efficiencies per year	Investment, Competition and Trade		4	-	-

Mid-year progress

The department is on track to meet its annual targets. The currently low levels of achievement in the spatial, local and provincial initiatives, infrastructure projects, job creation reports, and strategic engagement initiatives have been set as annual targets and will therefore be measured at the end of 2016/17.

## Adjusted Estimates of National Expenditure 2016

Programme	2016/17							
	Main appropriation	Adjustments appropriation						Total adjustments appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Administration	79 208	-	-	10 029	-	-	10 029	89 237
Growth Path and Social Dialogue	36 008	-	-	(2 933)	-	-	(2 933)	33 075
Investment, Competition and Trade	559 445	-	-	(7 096)	-	-	(7 096)	552 349
<b>Total</b>	<b>674 661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>674 661</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>142 969</b>	<b>-</b>	<b>-</b>	<b>(485)</b>	<b>-</b>	<b>-</b>	<b>(485)</b>	<b>142 484</b>
Compensation of employees	93 995	-	-	-	-	-	-	93 995
Goods and services	48 974	-	-	(485)	-	-	(485)	48 489
<b>Transfers and subsidies</b>	<b>528 781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>528 781</b>
Departmental agencies and accounts	315 657	-	-	-	-	-	-	315 657
Public corporations and private enterprises	213 124	-	-	-	-	-	-	213 124
<b>Payments for capital assets</b>	<b>2 911</b>	<b>-</b>	<b>-</b>	<b>485</b>	<b>-</b>	<b>-</b>	<b>485</b>	<b>3 396</b>
Machinery and equipment	2 500	-	-	785	-	-	785	3 285
Software and other intangible assets	411	-	-	(300)	-	-	(300)	111
<b>Total</b>	<b>674 661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>674 661</b>

### Programme 1: Administration

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation						Total adjustments appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Ministry	27 444	-	-	(6 029)	-	-	(6 029)	21 415
Office of the Director General	10 089	-	-	1 204	-	-	1 204	11 293
Corporate Management Services	28 966	-	-	14 131	-	-	14 131	43 097
Financial Management	12 709	-	-	723	-	-	723	13 432
<b>Total</b>	<b>79 208</b>	<b>-</b>	<b>-</b>	<b>10 029</b>	<b>-</b>	<b>-</b>	<b>10 029</b>	<b>89 237</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>76 981</b>	<b>-</b>	<b>-</b>	<b>9 176</b>	<b>-</b>	<b>-</b>	<b>9 176</b>	<b>86 157</b>
Compensation of employees	45 804	-	-	-	-	-	-	45 804
Goods and services	31 177	-	-	9 176	-	-	9 176	40 353
<b>Payments for capital assets</b>	<b>2 227</b>	<b>-</b>	<b>-</b>	<b>853</b>	<b>-</b>	<b>-</b>	<b>853</b>	<b>3 080</b>
Machinery and equipment	2 184	-	-	785	-	-	785	2 969
Software and other intangible assets	43	-	-	68	-	-	68	111
<b>Total</b>	<b>79 208</b>	<b>-</b>	<b>-</b>	<b>10 029</b>	<b>-</b>	<b>-</b>	<b>10 029</b>	<b>89 237</b>

**Programme 2: Growth Path and Social Dialogue**

Subprogramme	2016/17							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand								
Growth Path and Job Drivers	25 065	–	–	(3 583)	–	–	(3 583)	21 482
Social Dialogue, Productivity and Innovation	10 943	–	–	650	–	–	650	11 593
<b>Total</b>	<b>36 008</b>	<b>–</b>	<b>–</b>	<b>(2 933)</b>	<b>–</b>	<b>–</b>	<b>(2 933)</b>	<b>33 075</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>35 493</b>	<b>–</b>	<b>–</b>	<b>(2 565)</b>	<b>–</b>	<b>–</b>	<b>(2 565)</b>	<b>32 928</b>
Compensation of employees	30 137	–	–	(2 265)	–	–	(2 265)	27 872
Goods and services	5 356	–	–	(300)	–	–	(300)	5 056
<b>Payments for capital assets</b>	<b>515</b>	<b>–</b>	<b>–</b>	<b>(368)</b>	<b>–</b>	<b>–</b>	<b>(368)</b>	<b>147</b>
Machinery and equipment	147	–	–	–	–	–	–	147
Software and other intangible assets	368	–	–	(368)	–	–	(368)	–
<b>Total</b>	<b>36 008</b>	<b>–</b>	<b>–</b>	<b>(2 933)</b>	<b>–</b>	<b>–</b>	<b>(2 933)</b>	<b>33 075</b>

**Programme 3: Investment, Competition and Trade**

Subprogramme	2016/17							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand								
Development Investment, Industrial Funding and Entrepreneurship	217 510	–	–	3 365	–	–	3 365	220 875
Competition, Trade and other Economic Regulation	319 836	–	–	(300)	–	–	(300)	319 536
Infrastructure Development Coordination	22 099	–	–	(10 161)	–	–	(10 161)	11 938
<b>Total</b>	<b>559 445</b>	<b>–</b>	<b>–</b>	<b>(7 096)</b>	<b>–</b>	<b>–</b>	<b>(7 096)</b>	<b>552 349</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>30 495</b>	<b>–</b>	<b>–</b>	<b>(7 096)</b>	<b>–</b>	<b>–</b>	<b>(7 096)</b>	<b>23 399</b>
Compensation of employees	18 054	–	–	2 265	–	–	2 265	20 319
Goods and services	12 441	–	–	(9 361)	–	–	(9 361)	3 080
<b>Transfers and subsidies</b>	<b>528 781</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>528 781</b>
Departmental agencies and accounts	315 657	–	–	–	–	–	–	315 657
Public corporations and private enterprises	213 124	–	–	–	–	–	–	213 124
<b>Payments for capital assets</b>	<b>169</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>169</b>
Machinery and equipment	169	–	–	–	–	–	–	169
<b>Total</b>	<b>559 445</b>	<b>–</b>	<b>–</b>	<b>(7 096)</b>	<b>–</b>	<b>–</b>	<b>(7 096)</b>	<b>552 349</b>

**Details of adjustments to the Estimates of National Expenditure 2016****Virements and shifts within votes**

Programmes					
1. Administration					
2. Growth Path and Social Dialogue					
3. Investment, Competition and Trade					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 1</b>		<b>(230)</b>	<b>Programme 1</b>		<b>230</b>
Goods and services	Cost containment measures effected on travel and subsistence	(230)	Machinery and equipment	Fleet management services	230
Shifts within the programme as a percentage of the programme budget		0.3%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			

2016 Adjusted Estimates of National Expenditure

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 2</b>		<b>(2 933)</b>	<b>Programme 3</b>		<b>2 265</b>
Compensation of employees	Vacant posts	(2 265)	Compensation of employees	Increases in personnel remuneration	2 265
Software and other intangible assets	Reallocation of funds due to cancelled IT project	(300)	<b>Programme 1</b>		<b>668</b>
	Reallocation of funds due to cancelled IT project	(68)	Machinery and equipment	Computer server	300
Goods and services	Reallocation of funds due to travel and subsistence and contractors	(300)	Software and other intangible assets	Reallocation of funds for additional software	68
			Goods and services	Legal fees	300
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>8.1%<sup>2</sup></b>			
<b>Programme 3</b>		<b>(9 361)</b>	<b>Programme 1</b>		<b>9 361</b>
Goods and services	Cost containment measures effected on advertising	(9 106)	Goods and services	Legal fees	9 106
	Cost containment measures effected on travel and subsistence and contractors	(255)	Machinery and equipment	Computer server	255
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>1.7%</b>			
<b>Total</b>		<b>(12 524)</b>	<b>12 524</b>		

1. National Treasury approval has been obtained.

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

## Expenditure outcome for 2015/16 and actual expenditure for 2016/17

Programme	2015/16 Audited outcome					2016/17 Actual expenditure			
	Adjusted appropriation	Apr 15 - Sep 15	Apr 15 - Sep 15 % off adjusted appropriation	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation
R thousand									
Administration	83 223	34 248	41.2	83 146	99.9	89 237	13.2	51 708	57.9
Growth Path and Social Dialogue	27 889	11 380	40.8	26 704	95.8	33 075	4.9	13 461	40.7
Investment, Competition and Trade	774 666	378 299	48.8	773 883	99.9	552 349	81.9	276 091	50.0
<b>Total</b>	<b>885 778</b>	<b>423 927</b>	<b>47.9</b>	<b>883 733</b>	<b>99.8</b>	<b>674 661</b>	<b>100.0</b>	<b>341 260</b>	<b>50.6</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>130 431</b>	<b>52 899</b>	<b>40.6</b>	<b>128 386</b>	<b>98.4</b>	<b>142 484</b>	<b>21.1</b>	<b>71 934</b>	<b>50.5</b>
Compensation of employees	79 540	38 019	47.8	79 398	99.8	93 995	13.9	41 340	44.0
Goods and services	50 891	14 880	29.2	48 988	96.3	48 489	7.2	30 594	63.1
<b>Transfers and subsidies</b>	<b>750 396</b>	<b>369 887</b>	<b>49.3</b>	<b>750 396</b>	<b>100.0</b>	<b>528 781</b>	<b>78.4</b>	<b>267 808</b>	<b>50.6</b>
Departmental agencies and accounts	338 848	166 607	49.2	338 848	100.0	315 657	46.8	161 181	51.1
Public corporations and private enterprises	411 397	203 198	49.4	411 397	100.0	213 124	31.6	106 562	50.0
Households	151	82	54.3	151	100.0	–	–	65	–
<b>Payments for capital assets</b>	<b>4 949</b>	<b>1 139</b>	<b>23.0</b>	<b>4 949</b>	<b>100.0</b>	<b>3 396</b>	<b>0.5</b>	<b>1 518</b>	<b>44.7</b>
Machinery and equipment	3 383	1 068	31.6	3 383	100.0	3 285	0.5	1 412	43.0
Software and other intangible assets	1 566	71	4.5	1 566	100.0	111	–	106	95.5
<b>Payments for financial assets</b>	<b>2</b>	<b>2</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>885 778</b>	<b>423 927</b>	<b>47.9</b>	<b>883 733</b>	<b>99.8</b>	<b>674 661</b>	<b>100.0</b>	<b>341 260</b>	<b>50.6</b>

## Expenditure trends for the first six months of 2016/17

Total expenditure for 2015/16 was 99.8 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 was R341.3 million or 50.6 per cent of the adjusted appropriation of R674.7 million for the year. In comparison, mid-year expenditure in 2015/16 was R423.9 million or 47.9 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 decreased by R82.7 million or 19.5 per cent, compared to expenditure in the first six months of 2015/16.

This was mainly because the economic competitiveness support package allocation to the Small Enterprise Finance Agency came to an end in 2015/16.

## Departmental receipts

	2015/16					2016/17				
	Adjusted estimate	Audited outcome		Actual receipts		Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate
		Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted estimate					
R thousand										
<b>Departmental receipts</b>	<b>668 650</b>	<b>506 515</b>	<b>75.8</b>	<b>50 296</b>	<b>7.5</b>	<b>908 329</b>	<b>908 376</b>	<b>100.0</b>	<b>202 714</b>	<b>22.3</b>
Sales of goods and services produced by department	32	15	46.9	29	90.6	20	20	-	14	70.0
Sales of scrap, waste, arms and other used current goods	-	6	-	6	-	-	-	-	-	-
Fines, penalties and forfeits	618 549	506 445	81.9	-	-	858 159	858 159	94.5	202 486	23.6
Interest, dividends and rent on land	50 049	64	0.1	50 278	100.5	50 150	50 150	5.5	167	0.3
Transactions in financial assets and liabilities	20	(15)	(75.0)	(17)	(85.0)	-	47	-	47	100.0
<b>Total</b>	<b>668 650</b>	<b>506 515</b>	<b>75.8</b>	<b>50 296</b>	<b>7.5</b>	<b>908 329</b>	<b>908 376</b>	<b>100.0</b>	<b>202 714</b>	<b>22.3</b>

### Revenue trends for the first six months of 2016/17

Revenue in the first six months of 2016/17 was R202.7 million or 22.3 per cent of the adjusted revenue estimate of R908.4 million for the year. In comparison, mid-year revenue in 2015/16 was R506.5 million, or 75.8 per cent of the 2015/16 adjusted estimate. Compared to the first six months of 2016/17, revenue over the same period decreased by R303.8 million, or 60 per cent. This was mainly due to the decrease in penalties and fines received from the Competition Commission as a result of fewer than expected cases received and finalised.

