

Vote 28

Economic Development

Adjusted budget summary

R thousand	2011/12			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	594 540	598 359	–	3 819
of which:				
Current payments	123 222	125 041	–	1 819
Transfers and subsidies	464 823	466 823	–	2 000
Payments for capital assets	6 495	6 495	–	–
Executive authority	Minister of Economic Development			
Accounting officer	Director-General of Economic Development			
Website address	Not currently available			

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	Annual performance			
		As published in 2011 ENE	Projected for 2011/12 as published in the 2011 ENE	Achieved in the first six months of 2011/12 (April to September)	Changed estimate for 2011/12
Number of reports on the implementation of the new growth path	Economic Policy Development		4	2	
Number of policy and analytical papers on economic policy challenges per year	Economic Policy Development		12	6	
Number of reports on the implementation of interventions to address cost drivers	Economic Policy Development		2	1	
Number of sector plans, produced, reviewed or monitored per year	Economic Policy Development		8	4	
Value of special financing facilitated for small businesses, targeted new growth sectors and/or companies in distress	Economic Policy Development		R5bn	R3.874 bn	
Number of interventions leveraging state expenditure and procurement per year	Economic Planning and Coordination		12	7	
Number of spatial plans produced, reviewed or monitored per year	Economic Planning and Coordination		12	7	
Number of reports on the implementation of the green economy strategy	Economic Planning and Coordination		2	1	
Number of interventions to save or create new jobs	Economic Development and Dialogue		4	2	
Number of policy platforms, social dialogue and capacity building engagements per year	Economic Development and Dialogue		10	15	20
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue		10	3	

Changes to indicators and targets published in the 2011 ENE

As the department has held more policy platforms, social dialogue and capacity building engagements than originally anticipated, the projection for 2011/12 has been revised from 10 to 20.

Mid-year progress

The Economic Development Department held its inaugural economic development conference in May 2011 to deliberate on the key aspects of government's new growth path. The conference was attended by key government policymakers and stakeholders: academia, industry leaders, labour movements and civil society organisations. The conference set a standard for rigorous and well informed engagement.

In June 2011, the department participated in the Southern African Development Community (SADC) East African Community Common Market for Eastern and Southern Africa Tripartite Summit, where discussions on the establishment of a tripartite free trade agreement were held. In July 2011, the department hosted a conference on ownership, class and inequality with the Friedrich Ebert Stiftung Foundation and the Studies in Poverty and Inequality Institute in July 2011.

In conjunction with the Department of Performance Monitoring and Evaluation and the International Labour Organisation, the department developed frameworks for employment impact reporting by provinces and national clusters and submitted a report on employment to the July 2011 Cabinet Lekgotla.

The department engaged provincial and local government to align provincial growth and development strategies and integrated development plans with the new growth path. The department supported the deputy president's anti-poverty visits and has been developing and reviewing spatial plans for the municipalities of King Sabata Dalindyebo (Eastern Cape), Lekwa (Mpumalanga), Atlantis (Western Cape) and Matzikama (Western Cape).

In the first half of 2011/12, the department led two social dialogue engagements on the new growth path. At the July meeting, the National Skills Accord and the National Accord on Basic Education were signed. The forum is deliberating on further accords and is working on drafts on enterprise development, the green economy and local procurement.

The department continues to implement the framework for South Africa's response to the international economic crisis. To date, the Distress Fund has committed approximately R3.900 billion to 98 companies, saving and/or creating 35 846 jobs nationally. The number of workers benefiting from the training layoff scheme has increased to 8 054 and a total of R64.900 million was allocated to 35 companies.

The department has engaged with the six agencies reporting to it to review their performance and align their work with government's policy objectives, including the new growth path and the envisaged activities of the merged small business financing entity. The merged entity will expand on the existing mandates of Khula Enterprise Finance, the South African Micro-finance Apex Fund and the Industrial Development Corporation's small business portfolio. In preparation for the proposed merger, the technical due diligence and a risk assessment report were concluded. A draft business case for the merged entity has been prepared for further consultation and review by stakeholders.

The department continues to make a strong contribution towards the greening of the economy. It is the lead department on the task team to implement government's commitment to install 1 million solar water heaters by 2014/15. The department is also a major contributor to the Department of Trade and Industry's work on biofuels and is participating in the preparations for the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 17) to be hosted by South Africa in November 2011.

Adjusted Estimates of National Expenditure 2011

Programme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Administration	55 031	1 300	-	-	-	1 300	56 331
Economic Policy Development	23 327	-	-	-	173	173	23 500
Economic Planning and Coordination	499 898	2 000	-	-	173	2 173	502 071
Economic Development and Dialogue	16 284	-	-	-	173	173	16 457
Total	594 540	3 300	-	-	519	3 819	598 359
Economic classification							
Current payments	123 222	1 300	-	-	519	1 819	125 041
Compensation of employees	79 200	-	-	-	519	519	79 719
Goods and services	44 022	1 300	-	-	-	1 300	45 322
Transfers and subsidies	464 823	2 000	-	-	-	2 000	466 823
Departmental agencies and accounts	301 911	-	-	-	-	-	301 911
Universities and technikons	-	2 000	-	-	-	2 000	2 000
Public corporations and private enterprises	162 912	-	-	-	-	-	162 912
Payments for capital assets	6 495	-	-	-	-	-	6 495
Machinery and equipment	5 196	-	-	-	-	-	5 196
Software and other intangible assets	1 299	-	-	-	-	-	1 299
Total	594 540	3 300	-	-	519	3 819	598 359

Programme 1: Administration

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Ministry	19 595	-	-	-	-	-	19 595
Office of the Director-General	5 846	1 300	-	-	-	1 300	7 146
General Management Services	29 590	-	-	-	-	-	29 590
Total	55 031	1 300	-	-	-	1 300	56 331
Economic classification							
Current payments	48 536	1 300	-	-	-	1 300	49 836
Compensation of employees	30 237	-	-	-	-	-	30 237
Goods and services	18 299	1 300	-	-	-	1 300	19 599
Payments for capital assets	6 495	-	-	-	-	-	6 495
Machinery and equipment	5 196	-	-	-	-	-	5 196
Software and other intangible assets	1 299	-	-	-	-	-	1 299
Total	55 031	1 300	-	-	-	1 300	56 331

Programme 2: Economic Policy Development

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Growth Path and Creation of Decent Work	6 139	-	-	-	43	43	6 182
Economic Policy	8 400	-	-	-	43	43	8 443
Broad Based Black Economic Empowerment	6 130	-	-	-	43	43	6 173
Second Economy	2 658	-	-	-	44	44	2 702
Total	23 327	-	-	-	173	173	23 500

Programme 2: Economic Policy Development (continued)

		2011/12						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
Economic classification								
Current payments	23 327	–	–	–	173	173	23 500	
Compensation of employees	12 940	–	–	–	173	173	13 113	
Goods and services	10 387	–	–	–	–	–	10 387	
Total	23 327	–	–	–	173	173	23 500	

Programme 3: Economic Planning and Coordination**Subprogramme**

		2011/12						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
Economic classification								
Current payments	35 075	–	–	–	173	173	35 248	
Compensation of employees	25 206	–	–	–	173	173	25 379	
Goods and services	9 869	–	–	–	–	–	9 869	
Transfers and subsidies	464 823	2 000	–	–	–	2 000	466 823	
Departmental agencies and accounts	301 911	–	–	–	–	–	301 911	
Universities and technikons	–	2 000	–	–	–	2 000	2 000	
Public corporations and private enterprises	162 912	–	–	–	–	–	162 912	
Total	499 898	2 000	–	–	173	2 173	502 071	

Programme 4: Economic Development and Dialogue**Subprogramme**

		2011/12						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
Economic classification								
Current payments	16 284	–	–	–	173	173	16 457	
Compensation of employees	10 817	–	–	–	173	173	10 990	
Goods and services	5 467	–	–	–	–	–	5 467	
Total	16 284	–	–	–	173	173	16 457	

Details of adjustments to Estimates of National Expenditure 2011

Roll-overs – R3.300 million

Programme 1: Administration

R1.300 million has been rolled over for legal services rendered in the Walmart / Massmart takeover case.

Programme 3: Economic Planning and Coordination

R2 million has been rolled over to the University of the Witwatersrand to develop a capacity building course in economic development and planning aimed at strengthening provincial economic development departments.

Other adjustments – R519 000

Adjustments due to significant and unforeseen economic and financial events

An additional R519 000 is allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 2: Economic Policy Development

R173 000

Programme 3: Economic Planning and Coordination

R173 000

Programme 4: Economic Development and Dialogue

R173 000

Expenditure for 2010/11 and preliminary expenditure for 2011/12

Programme	2010/11					2011/12		
	Adjusted appropriation	Expenditure outcome		Apr 10 - Mar 11	% of adjusted appropriation	Adjusted appropriation	Preliminary expenditure	
Apr 10 - Sep 10		% of adjusted appropriation	Apr 10 - Sep 11				% of adjusted appropriation	
R thousand								
Administration	45 127	14 490	32.1	35 044	77.7	56 331	26 763	47.5
Economic Policy Development	17 101	701	4.1	6 647	38.9	23 500	7 105	30.2
Economic Planning and Coordination	376 900	155 812	41.3	358 527	95.1	502 071	230 967	46.0
Economic Development and Dialogue	10 712	–	0.0	456	4.3	16 457	1 036	6.3
Total	449 840	171 003	38.0	400 674	89.1	598 359	265 871	44.4
Economic classification								
Current payments	90 041	14 344	15.9	39 880	44.3	125 041	39 610	31.7
Compensation of employees	57 723	8 450	14.6	25 167	43.6	79 719	23 200	29.1
Goods and services	32 318	5 894	18.2	14 713	45.5	45 322	16 410	36.2
Transfers and subsidies	355 010	155 618	43.8	356 460	100.4	466 823	225 368	48.3
Departmental agencies and accounts	278 461	120 754	43.4	278 461	100.0	301 911	150 688	49.9
Universities and technikons	6 820	–	0.0	4 820	70.7	2 000	1 710	85.5
Public corporations and private enterprises	69 729	34 864	50.0	73 179	104.9	162 912	72 970	44.8
Payments for capital assets	4 789	1 041	21.7	4 334	90.5	6 495	893	13.7
Machinery and equipment	3 789	1 040	27.4	4 333	114.4	5 196	870	16.7
Software and other intangible assets	1 000	1	0.1	1	0.1	1 299	23	1.8
Total	449 840	171 003	38.0	400 674	89.1	598 359	265 871	44.4

Main expenditure trends for the first half of 2011/12

Total expenditure for 2010/11 was 89.1 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 was R265.871 million, or 44.4 per cent of the adjusted appropriation of R598.359 million for the year as a whole. In comparison, mid-year expenditure in 2010/11 was R171.003 million, or 38 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 increased by R94.868 million or 55.5 per cent, compared to expenditure in the first six months of 2010/11.

The main expenditure increase compared to 2010/11 is due to an increase in transfer payments and salaries to support a growing staff complement.

Departmental receipts

R thousand	2010/11					2011/12			
	Adjusted estimate	Audited outcome			Actual receipts				
		Apr 10 - Sep 10	Apr 10 - Sep 10 % of adjusted estimate	Apr 10 - Mar 11	Apr 10 - Mar 11 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted estimate
Departmental receipts	230 000	67 659	29.4	547 237	237.9	243 800	243 800	204 906	84.0
Sales of goods and services produced by department	-	-	-	3	-	-	-	-	-
Fines, penalties and forfeits	140 000	67 563	48.3	489 337	349.5	148 400	148 400	204 906	138.1
Interest, dividends and rent on land	90 000	96	0.1	57 897	64.3	95 400	95 400	-	-
Total	230 000	67 659	29.4	547 237	237.9	243 800	243 800	204 906	84.0

Main departmental revenue trends for the first half of 2010/11

Departmental revenue collection in the first six months of 2011/12 was R204.906 million, or 84 per cent of the adjusted revenue estimate of R243.800 million for the year as a whole. In comparison, mid-year revenue collection in 2010/11 was R67.659 million, or 29.4 per cent of the 2010/11 adjusted estimate. Departmental revenue collection in the first six months of 2011/12 increased by R137.247 million or 202.9 per cent, compared to revenue in the first six months of 2010/11.

The main revenue increase compared to 2010/11 is due to an increase in revenue from penalties instituted by the Competition Commission against non-compliant companies and dividends paid by the Industrial Development Corporation to government, its sole shareholder.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	2011/12							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
Economic Planning and Coordination Universities and technikons								
Current	-	2 000	-	-	-	2 000	2 000	
University of the Witwatersrand	-	2 000	-	-	-	2 000	2 000	