

Economic Development

Adjusted budget summary

2012/13				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	672 732	696 518	–	23 786
of which:				
Current payments	141 769	161 347	–	19 578
Transfers and subsidies	523 457	529 665	–	6 208
Payments for capital assets	7 506	5 506	(2 000)	–
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	Annual performance		
		Projected for 2012/13 as published in the 2012 ENE	Achieved in the first six months of 2012/13 (April to September)	Changed estimate for 2012/13
As published in the 2012 ENE	Programme linked to the indicator			
Number of regulatory impact assessments on key New Growth Path outcomes per year	Economic Policy Development	1	1	–
Number of sector strategies produced, reviewed or monitored per year	Economic Policy Development	2	0	–
Number of interventions promoting economic development through leveraging off state expenditure and procurement per year	Economic Planning and Coordination	12	2	–
Total value of special financing facilitated for small businesses, targeted growth sectors and companies in distress	Economic Planning and Coordination	R5bn	R168.5m	–
Number of spatial plans produced or reviewed per year	Economic Planning and Coordination	15	4	–
Number of reports on the implementation of the green economy strategy per year	Economic Planning and Coordination	2	0	–
Number of interventions to save or create new jobs per year	Economic Development and Dialogue	4	14	–
Number of social dialogue and capacity building engagements per year	Economic Development and Dialogue	10	5	–
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue	10	3	–

Mid-year progress

The Economic Development Department (EDD) held its annual economic development conference in April 2012 to deliberate on key aspects of the national infrastructure development plan. The conference provided an opportunity to present the recently adopted National Infrastructure Plan and solicited high-level participation from various stakeholders which included government, business, labour, academia and civil society. Work in the area of Policy Platforms saw the launch of the Financialisation Project, a collaborative effort with the United Nations Department of Economic and Social Affairs (UNDESA) and Corporate Strategy and Industrial Development (CSID). Major findings included the unusually high level of portfolio capital inflow compared to other middle-income economies, together with rapid growth in the financial sector with limited employment creation.

From 1 April 2012, the Economic Development and Dialogue programme included a new indicator measuring the number of policy platforms, social dialogue and capacity building engagements per year. The

target was set at ten, but 15 engagements have already been held thus far. As a result of the '30 day payment' campaign and the partnership with Proudly South Africa (PSA), the 2012/13 annual estimate for the number of interventions to save or create jobs will be higher than initially projected, an estimate of 20 as opposed to 4; due to the response to the campaign being better than expected. A total of 14 interventions have already been achieved in the first six months of the year, which did not require any additional funding.

The Department initiated a process with the Department of Rural Development and Land Reform (DRDLR) and the Council for Scientific and Industrial Research (CSIR) to identify functional economic regions so that high impact/catalytic initiatives with cross-boundary significance can be rationally identified and prioritised. The Department continues to work with DRDLR and the CSIR to develop a platform of information that enables Government to rationalise its investment in rural areas and contribute to the Rural Development Plan framework for the identified 23 District Municipalities.

Significant progress has been made in respect of the green economy strategy, where the Department has facilitated the implementation and completion of the solar and wind energy manufacturing strategy. The total capacity procured under the bidding rounds stands at 1050 MW for solar +1197 MW for wind + 200 MW for Concentrated Solar Power (CSP). It is estimated that 14 000 construction and 415 permanent jobs will be created under the solar programme, whilst 3 400 construction and 193 permanent jobs will be generated under the wind programme. The CSP programme will see 1 827 construction and 120 permanent jobs being created. The establishment of the Small Enterprise Finance Agency (SEFA) in April 2012 ensures the consolidation of funding for small, medium and micro enterprises. SEFA will have a national footprint and increased funding through a shareholder loan from the Industrial Development Corporation (IDC). To increase entrepreneurial capacity, the Small Business Incubation Programme is being scaled up through the Small Enterprise Development Agency together with private initiatives.

Adjusted Estimates of National Expenditure 2012

Programme		2012/13						Adjusted appropriation
R thousand	Main appropriation	Adjustments appropriation						
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Administration	60 065	—	—	(6 667)	(2 000)	902	(7 765)	52 300
Economic Policy Development	29 056	—	—	(8 589)	(2 000)	—	(10 589)	18 467
Economic Planning and Coordination	565 462	849	—	18 659	(4 000)	32 035	47 543	613 005
Economic Development and Dialogue	18 149	—	—	(3 403)	(2 000)	—	(5 403)	12 746
Total	672 732	849	—	—	(10 000)	32 937	23 786	696 518
Economic classification								
Current payments	141 769	849	—	(4 173)	(8 000)	30 902	19 578	161 347
Compensation of employees	91 616	—	—	(22 429)	(6 200)	902	(27 727)	63 889
Goods and services	50 153	849	—	18 256	(1 800)	30 000	47 305	97 458
Transfers and subsidies	523 457	—	—	4 173	—	2 035	6 208	529 665
Departmental agencies and accounts	339 549	—	—	—	—	(92 137)	(92 137)	247 412
Higher education institutions	—	—	—	2 280	—	—	2 280	2 280
Public corporations and private enterprises	183 908	—	—	1 893	—	94 172	96 065	279 973
Payments for capital assets	7 506	—	—	—	(2 000)	—	(2 000)	5 506
Machinery and equipment	6 005	—	—	—	(2 000)	—	(2 000)	4 005
Software and other intangible assets	1 501	—	—	—	—	—	—	1 501
Total	672 732	849	—	—	(10 000)	32 937	23 786	696 518

Programme 1: Administration

Subprogramme	Main appropriation	2012/13 Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
R thousand								
Ministry	21 000	–	–	(1 500)	–	–	(1 500)	19 500
Office of the Director-General	6 285	–	–	(500)	–	451	(49)	6 236
General Management Services	32 780	–	–	(4 667)	(2 000)	451	(6 216)	26 564
Total	60 065	–	–	(6 667)	(2 000)	902	(7 765)	52 300
Economic classification								
Current payments	52 559	–	–	(6 667)	–	902	(5 765)	46 794
Compensation of employees	32 088	–	–	(3 456)	–	902	(2 554)	29 534
Goods and services	20 471	–	–	(3 211)	–	–	(3 211)	17 260
Payments for capital assets	7 506	–	–	–	(2 000)	–	(2 000)	5 506
Machinery and equipment	6 005	–	–	–	(2 000)	–	(2 000)	4 005
Software and other intangible assets	1 501	–	–	–	–	–	–	1 501
Total	60 065	–	–	(6 667)	(2 000)	902	(7 765)	52 300

Programme 2: Economic Policy Development

Subprogramme	Main appropriation	2012/13 Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared Savings	Other adjustments	Total adjustments appropriation	
R thousand								
Growth Path and Creation of Decent Work	7 848	–	–	(1 612)	–	–	(1 612)	6 236
Economic Policy	10 732	–	–	(2 500)	–	–	(2 500)	8 232
Broad Based Black Economic Empowerment	7 229	–	–	(2 912)	(1 000)	–	(3 912)	3 317
Second Economy	3 247	–	–	(1 565)	(1 000)	–	(2 565)	682
Total	29 056	–	–	(8 589)	(2 000)	–	(10 589)	18 467
Economic classification								
Current payments	29 056	–	–	(8 589)	(2 000)	–	(10 589)	18 467
Compensation of employees	17 303	–	–	(5 529)	(500)	–	(6 029)	11 274
Goods and services	11 753	–	–	(3 060)	(1 500)	–	(4 560)	7 193
Total	29 056	–	–	(8 589)	(2 000)	–	(10 589)	18 467

Programme 3: Economic Planning and Coordination

Subprogramme	Main appropriation	2012/13 Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
R thousand								
Spatial, Sector and Planning	20 127	849	–	20 596	(2 000)	–	19 445	39 572
Economic Development, Financing and Procurement	6 185	–	–	(2 300)	–	–	(2 300)	3 885
Investment for Economic Development	284 948	–	–	2 873	(2 000)	1 100	1 973	286 921
Competitiveness and Trade for Decent Work	254 202	–	–	(2 510)	–	30 935	28 425	282 627
Total	565 462	849	–	18 659	(4 000)	32 035	47 543	613 005

Programme 3: Economic Planning and Coordination (continued)

2012/13								
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
Economic classification								
Current payments	42 005	849	–	14 486	(4 000)	30 000	41 335	83 340
Compensation of employees	30 260	–	–	(10 041)	(4 000)	–	(14 041)	16 219
Goods and services	11 745	849	–	24 527	–	30 000	55 376	67 121
Transfers and subsidies	523 457	–	–	4 173	–	2 035	6 208	529 665
Departmental agencies and accounts	339 549	–	–	–	–	(92 137)	(92 137)	247 412
Higher education institutions	–	–	–	2 280	–	–	2 280	2 280
Public corporations and private enterprises	183 908	–	–	1 893	–	94 172	96 065	279 973
Total	565 462	849	–	18 659	(4 000)	32 035	47 543	613 005

Programme 4: Economic Development and Dialogue

Programme A Economic Development and Dialogue								
Subprogramme	2012/13							
		Adjustments appropriation						
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	Adjusted appropriation
R thousand								
National Social Dialogue and Strategic Frameworks	12 244	–	–	(1 300)	(500)	–	(1 800)	10 444
Sector and Workplace Social Dialogue	588	–	–	–	(300)	–	(300)	288
Capacity Building for Economic Development	2 907	–	–	(1 008)	(1 000)	–	(2 008)	899
Productivity, Entrepreneurship, Innovation	2 410	–	–	(1 095)	(200)	–	(1 295)	1 115
Total	18 149	–	–	(3 403)	(2 000)	–	(5 403)	12 746
Economic classification								
Current payments	18 149	–	–	(3 403)	(2 000)	–	(5 403)	12 746
Compensation of employees	11 965	–	–	(3 403)	(1 700)	–	(5 103)	6 862
Goods and services	6 184	–	–	–	(300)	–	(300)	5 884
Total	18 149	–	–	(3 403)	(2 000)	–	(5 403)	12 746

Details of adjustments to Estimates of National Expenditure 2012**Roll-overs – R849 000**

Programme 3: Economic Planning and Coordination

R849 000 has been rolled over for the departmental annual conference.

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		(6 667)	Programme 3		6 667
Compensation of employees	Vacant posts	(3 456)	Goods and services	For Presidential Infrastructure Coordinating Commission (PICC) operations	3 456
Goods and services	Vacant posts	(3 211)	Goods and services	For PICC operations	3 211
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget¹		11.1%			
Programme 2		(8 589)	Programme 3		8 589
Compensation of employees	Vacant posts	(5 529)	Goods and services	For PICC operations	5 529
Goods and services	Savings identified	(3 060)	Goods and services	For PICC operations	3 060
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget¹		29.6%			
Programme 3		(10 041)	Programme 3		10 041
Compensation of employees	Vacant posts	(5 868)	Goods and services	For PICC operations	5 868
	Vacant posts	(2 280)	Departmental agencies and accounts ¹	For capacity building course	2 280
	Vacant posts	(1 893)	Public corporations and private enterprises ¹	For merger costs of the development finance institutions and to fund Minister's Advisory Committee on Small Business	1 893
Shifts within the programme as percentage of programme budget		1.8%			
Virements to other programmes as percentage of programme budget		0.0%			
Programme 4		(3 403)	Programme 3		3 403
Compensation of employees	Vacant posts	(3 403)	Goods and services	For PICC operations	3 403
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget²		18.8%			
Total		(28 700)			28 700

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).

Declared savings – R10 million

A total amount of R10 million has been declared as savings. This is comprised of R6.2 million from the compensation of employees, R1.8 million from goods and services and R2 million from machinery and equipment, as follows:

Programme 1: Administration

R2 million

Programme 2: Economic Policy Development

R2 million

Programme 3: Economic Planning and Coordination

R4 million

Programme 4: Economic Development and Dialogue

R2 million

Other adjustments – R32.937 million***Expenditure already announced in the main Budget speech of the Minister of Finance but not allocated at that stage***

Programme 3: Economic Planning and Coordination

An additional R30 million has been allocated for economic regulatory matters.

Adjustments due to significant and unforeseeable economic and financial events

An additional R2.937 million is allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 1: Administration

R902 000

Programme 3: Economic Planning and Coordination

R1.100 million for the Small Enterprise Finance Agency

R737 000 for the International Trade Administration Commission

R198 000 for the Competition Tribunal

Expenditure for 2011/12 and preliminary expenditure for 2012/13

Programme	2011/12 Expenditure outcome					2012/13 Preliminary expenditure		
	Adjusted appropriation	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted appropriation	Apr 11 - Mar 12	Apr 11 - Mar 12 % of adjusted appropriation	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted appropriation
R thousand								
Administration	56 331	26 763	47.5	50 822	90.2	52 300	25 430	48.6
Economic Policy	23 500	7 105	30.2	12 498	53.2	18 467	7 045	38.2
Development								
Economic Planning and Coordination	502 071	230 967	46.0	501 013	99.8	613 005	291 761	47.6
Economic Development and Dialogue	16 457	1 036	6.3	13 269	80.6	12 746	5 528	43.4
Total	598 359	265 871	44.4	577 602	96.5	696 518	329 764	47.3
Economic classification								
Current payments	125 041	39 611	31.7	88 307	70.6	161 347	46 488	28.8
Compensation of employees	79 719	23 200	29.1	48 347	60.6	63 889	28 846	45.2
Goods and services	45 322	16 411	36.2	39 960	88.2	97 458	17 642	18.1
Transfers and subsidies	466 823	225 368	48.3	487 996	104.5	529 665	282 449	53.3
Departmental agencies and accounts	301 911	150 688	49.9	301 911	100.0	247 412	125 839	50.9
Higher education institutions	2 000	1 710	85.5	5 510	275.5	2 280	–	0.0
Public corporations and private enterprises	162 912	72 956	44.8	180 444	110.8	279 973	156 490	55.9
Households	–	14	0.0	131	0.0	–	120	0.0
Payments for capital assets	6 495	892	13.7	1 299	20.0	5 506	827	15.0
Machinery and equipment	5 196	869	16.7	1 151	22.2	4 005	827	20.6
Software and other intangible assets	1 299	23	1.8	148	11.4	1 501	–	0.0
Total	598 359	265 871	44.4	577 602	96.5	696 518	329 764	47.3

Main expenditure trends for the first half of 2012/13

Total expenditure for 2011/12 was 96.5 per cent of the 2011/12 adjusted appropriation. Expenditure in the first five months of 2012/13 was R329.764 million or 47.3 per cent of the adjusted appropriation of R696.518 million for the year as a whole. In comparison, mid-year expenditure in 2011/12 was R265.871 million, or 44.4 per cent of the 2011/12 adjusted appropriation. Expenditure in the first six

months of 2012/13 increased by R63.893 million or 24 per cent, compared to expenditure in the first six months of 2011/12.

The main expenditure increase compared to 2011/12 is due to an increase in transfer payments and salaries to support a growing staff compliment.

Departmental receipts

R thousand	2011/12					2012/13			
	Adjusted estimate	Audited outcome				Actual receipts			
		Apr 11 - Sep 11	Apr 11 - Sep 11 adjusted estimate	Apr 11 - Mar 12	Apr 11 - Mar 12 adjusted estimate	Budget estimate	Adjusted estimate	Apr 12 - Sep 12	Apr 12 - Sep 12 adjusted estimate
Departmental receipts	243 800	204 906	84.0	592 904	243.2	631 493	580 380	177 873	30.6
Sales of goods and services produced by department	–	–	–	16	–	–	11	11	100.0
Fines, penalties and forfeits	148 400	204 906	138.1	538 285	362.7	530 369	530 369	177 331	33.4
Interest, dividends and rent on land	95 400	–	–	50 263	52.7	101 124	50 000	11	0.0
Transactions in financial assets and liabilities	–	–	–	4 340	–	–	–	520	–
Total	243 800	204 906	84.0	592 904	243.2	631 493	580 380	177 873	30.6

Main departmental revenue trends for the first half of 2012/13

Departmental revenue collection in the first six months of 2012/13 was R177.873 million, or 30.6 per cent of the adjusted revenue estimate of R580.380 million for the year as a whole. In comparison, mid-year revenue collection in 2011/12 was R204.906 million, or 84 per cent of the 2011/12 adjusted estimate. Departmental revenue collection in the first six months of 2012/13 decreased by R27.033 million or 13.2 per cent, compared to revenue in the first six months of 2011/12.

The main reason for the decrease compared to 2011/12 is due to less revenue generated from: penalties instituted by the Competition Commission against non-compliant companies as well as dividends paid by the Industrial Development Corporation to government, its sole shareholder.

Changes to transfers and subsidies, including conditional grants

2012/13								
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
Economic Planning and Coordination								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	182 338	–	–	–	–	(92 137)	(92 137)	90 201
South African Micro-Finance	93 072	–	–	–	–	(93 072)	(93 072)	–
Apex Fund								
Competition Tribunal	15 600	–	–	–	–	198	198	15 798
International Trade	73 666	–	–	–	–	737	737	74 403
Administration Commission								
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	143 908	–	–	1 893	–	134 172	136 065	279 973
Industrial Development	108 000	–	–	1 000	–	–	1 000	109 000
Corporation of South Africa								
Khula Enterprise Finance	35 908	–	–	–	–	(35 908)	(35 908)	–
Small Enterprise Finance	–	–	–	893	–	170 080	170 973	170 973
Agency								
Capital	40 000	–	–	–	–	(40 000)	(40 000)	–
Khula Enterprise Finance	40 000	–	–	–	–	(40 000)	(40 000)	–

