

Economic Development

Adjusted budget summary

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	696 860	696 860	-	-
of which:				
Current payments	160 775	131 955	(28 820)	-
Transfers and subsidies	533 892	560 456	-	26 564
Payments for capital assets	2 193	4 449	-	2 256
Executive authority	Minister of Economic Development			
Accounting officer	Director-General of Economic Development			
Website address	www.economic.gov.za			

Aim

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

Mid-year performance status

Indicator ¹	Programme	Outcome	Annual performance		
			Projected for 2014/15 as published in the 2014 ENE	Achieved in the first six months of 2014/15 (April to September)	Changed estimate for 2014/15
Number of reports to Cabinet on progress towards outcome 4 per year	Economic Policy Development	Outcome 4: Decent employment through inclusive economic growth	4	1 ²	-
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	2	-
Number of strategic engagements with development finance institutions per year	Economic Planning and Coordination		6	1 ²	-
Number of economic development initiatives coordinated and facilitated per year	Economic Planning and Coordination		20	13	-
Number of project reviews for strategic integrated construction projects per year	Economic Planning and Coordination		60	24	-
Number of infrastructure projects unblocked per year	Economic Planning and Coordination		8	5	-
Number of interventions to grow the green economy per year	Economic Planning and Coordination		6	1	-
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	1	-

1. The Annual Performance Plan for 2014/15 was revised in the new administration and includes refined key performance indicators that will be reported on from the second quarter of the 2014/15 financial year.

2. Data only available for the first quarter of 2014/15.

Mid-year progress

24 strategic infrastructure project reports were reviewed and completed for the period under review and the department is on track to reach the target. The minister has quarterly strategic engagements with development finance institutions to provide guidance and oversight. By the end of 2014/15, 4 strategic engagements will have been conducted.

The outcome 4 reports to Cabinet are submitted quarterly and this target will be achieved by the end of 2014/15. The number of interventions to grow the green economy was low in the first half of 2014/15 due to outstanding information expected from other departments. Only 1 capacity building project or session was held, as the department is strengthening its partnership with labour federations to promote coordination among stakeholders in relation to economic development, particularly in relation to labour issues.

Adjusted Estimates of National Expenditure 2014

Programme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Administration	79 460	-	-	15 392	-	-	-	15 392	94 852
Economic Policy Development	23 075	-	-	(11 183)	-	-	-	(11 183)	11 892
Economic Planning and Coordination	579 064	-	-	2 062	-	-	-	2 062	581 126
Economic Development and Dialogue	15 261	-	-	(6 271)	-	-	-	(6 271)	8 990
Total	696 860	-	-	-	-	-	-	-	696 860
Economic classification									
Current payments	160 775	-	-	(28 820)	-	-	-	(28 820)	131 955
Compensation of employees	107 806	-	-	(30 895)	-	-	-	(30 895)	76 911
Goods and services	52 969	-	-	2 075	-	-	-	2 075	55 044
Transfers and subsidies	533 892	-	-	26 564	-	-	-	26 564	560 456
Departmental agencies and accounts	291 288	-	-	323	-	-	-	323	291 611
Public corporations and private enterprises	242 604	-	-	26 241	-	-	-	26 241	268 845
Payments for capital assets	2 193	-	-	2 256	-	-	-	2 256	4 449
Machinery and equipment	1 715	-	-	2 256	-	-	-	2 256	3 971
Software and other intangible assets	478	-	-	-	-	-	-	-	478
Total	696 860	-	-	-	-	-	-	-	696 860

Programme 1: Administration

Subprogramme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Ministry	19 202	-	-	2 472	-	-	-	2 472	21 674
Office of the Director-General	16 290	-	-	(589)	-	-	-	(589)	15 701
General Management Services	43 968	-	-	13 509	-	-	-	13 509	57 477
Total	79 460	-	-	15 392	-	-	-	15 392	94 852
Economic classification									
Current payments	77 267	-	-	13 084	-	-	-	13 084	90 351
Compensation of employees	42 407	-	-	(1 234)	-	-	-	(1 234)	41 173
Goods and services	34 860	-	-	14 318	-	-	-	14 318	49 178
Transfers and subsidies	-	-	-	323	-	-	-	323	323
Departmental agencies and accounts	-	-	-	323	-	-	-	323	323
Payments for capital assets	2 193	-	-	1 985	-	-	-	1 985	4 178
Machinery and equipment	1 715	-	-	1 985	-	-	-	1 985	3 700
Software and other intangible assets	478	-	-	-	-	-	-	-	478
Total	79 460	-	-	15 392	-	-	-	15 392	94 852

Programme 2: Economic Policy Development

Subprogramme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Growth Path and Creation of Decent Work	4 543	-	-	(2 283)	-	-	-	(2 283)	2 260
Economic Policy	13 284	-	-	(4 024)	-	-	-	(4 024)	9 260
Broad Based Black Economic Empowerment	2 151	-	-	(1 837)	-	-	-	(1 837)	314
Second Economy	3 097	-	-	(3 039)	-	-	-	(3 039)	58
Total	23 075	-	-	(11 183)	-	-	-	(11 183)	11 892
Economic classification									
Current payments	23 075	-	-	(11 272)	-	-	-	(11 272)	11 803
Compensation of employees	17 026	-	-	(6 387)	-	-	-	(6 387)	10 639
Goods and services	6 049	-	-	(4 885)	-	-	-	(4 885)	1 164
Payments for capital assets	-	-	-	89	-	-	-	89	89
Machinery and equipment	-	-	-	89	-	-	-	89	89
Total	23 075	-	-	(11 183)	-	-	-	(11 183)	11 892

Programme 3: Economic Planning and Coordination

Subprogramme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Spatial, Sector and Planning	24 091	-	-	(14 273)	-	-	-	(14 273)	9 818
Economic Development, Financing and Procurement	5 284	-	-	(4 422)	-	-	-	(4 422)	862
Investment for Economic Development	248 605	-	-	24 100	-	-	-	24 100	272 705
Competitiveness and Trade for Decent Work	297 505	-	-	(594)	-	-	-	(594)	296 911
Green Economy	3 579	-	-	(2 749)	-	-	-	(2 749)	830
Total	579 064	-	-	2 062	-	-	-	2 062	581 126
Economic classification									
Current payments	45 172	-	-	(24 307)	-	-	-	(24 307)	20 865
Compensation of employees	37 224	-	-	(19 938)	-	-	-	(19 938)	17 286
Goods and services	7 948	-	-	(4 369)	-	-	-	(4 369)	3 579
Transfers and subsidies	533 892	-	-	26 241	-	-	-	26 241	560 133
Departmental agencies and accounts	291 288	-	-	-	-	-	-	-	291 288
Public corporations and private enterprises	242 604	-	-	26 241	-	-	-	26 241	268 845
Payments for capital assets	-	-	-	128	-	-	-	128	128
Machinery and equipment	-	-	-	128	-	-	-	128	128
Total	579 064	-	-	2 062	-	-	-	2 062	581 126

Programme 4: Economic Development and Dialogue

Subprogramme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
National Social Dialogue and Strategic Frameworks	3 977	-	-	615	-	-	-	615	4 592
Sector and Workplace Social Dialogue	2 450	-	-	(983)	-	-	-	(983)	1 467
Capacity Building for Economic Development	6 167	-	-	(6 146)	-	-	-	(6 146)	21
Productivity, Entrepreneurship, Innovation	2 667	-	-	243	-	-	-	243	2 910
Total	15 261	-	-	(6 271)	-	-	-	(6 271)	8 990

Programme 4: Economic Development and Dialogue (continued)

Economic classification	2014/15								Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand									
Current payments	15 261	–	–	(6 325)	–	–	–	(6 325)	8 936
Compensation of employees	11 149	–	–	(3 336)	–	–	–	(3 336)	7 813
Goods and services	4 112	–	–	(2 989)	–	–	–	(2 989)	1 123
Payments for capital assets	–	–	–	54	–	–	–	54	54
Machinery and equipment	–	–	–	54	–	–	–	54	54
Total	15 261	–	–	(6 271)	–	–	–	(6 271)	8 990

Details of adjustments to the Estimates of National Expenditure 2014

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		(1 234)	Programme 4		1 234
Compensation of employees	Vacant posts	(1 234)	Compensation of employees	Under-budgeted staff costs	1 234
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		1.6%			
Programme 2		(11 272)	Programme 3		4 885
Goods and services	Reallocation of funds, mainly from travel and subsistence, and venues and facilities	(4 885)	Public corporations and private enterprises	Funding for the Small Enterprise Finance Agency's economic competitiveness and support package ²	4 885
Compensation of employees	Vacant posts	(1 392)	Programme 1		1 392
	Vacant posts	(4 177)	Goods and services	Reprioritisation of funds	1 392
	Vacant posts	(818)	Programme 3		4 177
			Public corporations and private enterprises	Funding for the Small Enterprise Finance Agency's economic competitiveness and support package ²	4 177
			Programme 4		818
			Compensation of employees	Shortfall in salaries	818
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget²		48.8%			
Programme 3		(24 307)	Programme 3		4 369
Goods and services	Reallocation of funds, mainly from travel and subsistence, and venues and facilities	(4 369)	Public corporations and private enterprises	Funding for the Small Enterprise Finance Agency's economic competitiveness and support package ²	4 369
Compensation of employees	Vacant posts	(12 926)	Programme 1		13 279
	Vacant posts	(353)	Goods and services	Reclassification of funds incorrectly classified in 2014 ENE	12 926
	Vacant posts	(6 659)	Machinery and equipment	Reallocation for finance lease costs	353
			Programme 3		6 659
			Public corporations and private enterprises	Funding for the Small Enterprise Finance Agency's economic competitiveness and support package ²	6 659
Shifts within the programme as a percentage of the programme budget		1.9%			
Virements to other programmes as a percentage of the programme budget		2.3%			

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 4		(8 377)	Programme 3		2 989
Goods and services	Reprioritisation of funds	(2 989)	Public corporations and private enterprises	Funding for the Small Enterprise Finance Agency's economic competitiveness and support package ²	2 989
Compensation of employees	Vacant posts	(323)	Programme 1		1 955
	Vacant posts	(1 632)	Departmental agencies and accounts	New transfer to the Public Service Sector Education and Training Authority ¹	323
	Vacant posts	(89)	Machinery and equipment	Reallocation for finance lease costs	1 632
	Vacant posts	(128)	Programme 2		89
	Vacant posts	(3 162)	Machinery and equipment	Reallocation of finance leases	89
	Vacant posts	(54)	Programme 3		3 290
			Machinery and equipment	Reallocation of finance leases	128
			Public corporations and private enterprises	Funding for the Small Enterprise Finance Agency's economic competitiveness and support package ²	3 162
			Programme 4		54
			Machinery and equipment	Reallocation for finance lease costs	54
Shifts within the programme as a percentage of the programme budget		0.4%			
Virements to other programmes as a percentage of the programme budget²		54.5%			
Total		(45 190)	45 190		

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 outcome for 2013/14 and actual expenditure for 2014/15

Programme	2013/14					2014/15				
	Audited outcome					Actual expenditure				
R thousand	Adjusted appropriation	Apr 13 - Sep 13	% of adjusted appropriation	Apr 13 - Mar 14	% of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 14 - Sep 14	% of adjusted appropriation	
Administration	95 805	32 146	33.6	91 301	95.3	94 852	13.6	35 044	36.9	
Economic Policy	23 566	6 665	28.3	23 886	101.4	11 892	1.7	5 645	47.5	
Development										
Economic Planning and Coordination	639 358	331 436	51.8	644 511	100.8	581 126	83.4	273 193	47.0	
Economic Development and Dialogue	12 737	6 045	47.5	11 697	91.8	8 990	1.3	4 611	51.3	
Total	771 466	376 292	48.8	771 395	100.0	696 860	100.0	318 493	45.7	
Economic classification										
Current payments	156 965	53 427	34.0	139 696	89.0	131 955	18.9	53 168	40.3	
Compensation of employees	72 443	35 607	49.2	70 922	97.9	76 911	11.0	35 664	46.4	
Goods and services	84 522	17 820	21.1	68 774	81.4	55 044	7.9	17 504	31.8	
Transfers and subsidies	612 582	321 677	52.5	628 077	102.5	560 456	80.4	264 068	47.1	
Departmental agencies and accounts	273 603	133 978	49.0	273 603	100.0	291 611	41.8	142 628	48.9	
Public corporations and private enterprises	338 979	187 490	55.3	353 979	104.4	268 845	38.6	121 302	45.1	
Non-profit institutions	–	–	0.0	–	0.0	–	0.0	60	0.0	
Households	–	209	0.0	495	0.0	–	0.0	78	0.0	
Payments for capital assets	1 919	1 188	61.9	3 595	187.3	4 449	0.6	1 257	28.3	
Machinery and equipment	1 885	1 160	61.5	2 463	130.7	3 971	0.6	1 257	31.7	
Software and other intangible assets	34	28	82.4	1 132	3329.4	478	0.1	–	0.0	
Payments for financial assets	–	–	0.0	27	0.0	–	0.0	–	0.0	
Total	771 466	376 292	48.8	771 395	100.0	696 860	100.0	318 493	45.7	

Expenditure trends for the first half of 2014/15

Total expenditure for 2013/14 was 100 per cent of the 2013/14 adjusted appropriation. Expenditure in the first six months of 2014/15 was R318.493 million, or 45.7 per cent of the adjusted appropriation of

R696.860 million for the year. In comparison, mid-year expenditure in 2013/14 was R376.292 million, or 48.8 per cent of the 2013/14 adjusted appropriation. Compared to the first six months of 2013/14, expenditure over the same period in 2014/15 decreased by R57.799 million or 15.4 per cent. This was mainly due to the lower transfer payments and less spending on goods and services.

Departmental receipts

R thousand	2013/14					2014/15				
	Adjusted estimate	Audited outcome				Budget estimate	Actual receipts			
		Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted estimate		Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate
Departmental receipts	1 978 443	695 434	35.2	1 097 542	55.5	826 800	900 221	100.0	572 310	63.6
Sales of goods and services produced by department	20	11	55.0	23	115.0	18	18	0.0	11	61.1
Fines, penalties and forfeits	1 928 296	695 296	36.1	1 037 454	53.8	776 782	849 873	94.4	572 095	67.3
Interest, dividends and rent on land	50 045	45	0.1	50 229	100.4	50 000	50 250	5.6	129	0.3
Transactions in financial assets and liabilities	82	82	100.0	9 836	11 995.1	-	80	0.0	75	93.8
Total	1 978 443	695 434	35.2	1 097 542	55.5	826 800	900 221	100.0	572 310	63.6

Revenue trends for the first half of 2014/15

Revenue in the first six months of 2014/15 was R572.310 million, or 63.6 per cent of the adjusted revenue estimate of R900.221 million for the year. In comparison, mid-year revenue in 2013/14 was R695.434 million, or 35.2 per cent of the 2013/14 adjusted estimate. Compared to the first six months of 2013/14, revenue over the same period in 2014/15 decreased by R123.124 million or 17.7 per cent. This was mainly due to a decrease in revenue from penalties instituted by the Competition Commission against non-compliant companies. This is expected to increase from the second quarter. Dividends paid by the Industrial Development Corporation to government, its sole shareholder, will be paid before the end of the fourth quarter.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Administration									
Departmental agencies and accounts									
Departmental agencies (non-business entities)									
Current	-	-	-	323	-	-	-	323	323
Public Service Education and Training Authority	-	-	-	323	-	-	-	323	323
Economic Planning and Coordination									
Public corporations and private enterprises									
Public corporations									
Other transfers									
Current	242 604	-	-	26 241	-	-	-	26 241	268 845
Small Enterprise Finance Agency	242 604	-	-	26 241	-	-	-	26 241	268 845