

Vote 25

Economic Development

Adjusted budget summary

R thousand	2015/16			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	885 778	885 778	–	–
of which:				
Current payments	150 289	140 866	(9 423)	–
Transfers and subsidies	733 245	742 326	–	9 081
Payments for capital assets	2 244	2 584	–	340
Payments for financial assets	–	2	–	2
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 2015/16 as published in the 2015 ENE	Achieved in the first six months of 2015/16 (April to September)	Changed target for 2015/16
Number of initiatives to integrate the new growth path framework in macro-and micro economic policy and infrastructure per year	Growth Path and Social Dialogue	Outcome 4: Decent employment through inclusive economic growth	4	3	5
Number of spatial, local and provincial initiatives completed per year	Growth Path and Social Dialogue		8	3	–
Number of quarterly Cabinet level progress reports on strategic integrated projects per year	Investment, Competition and Trade	Outcome 6: An efficient, competitive and responsive economic infrastructure network	60	36	–
Number of infrastructure projects unblocked, fast-tracked or facilitated per year	Investment, Competition and Trade		8	13	–
Number of Cabinet and Presidential Infrastructure Coordinating Committee strategic decisions on infrastructure implemented per year	Investment, Competition and Trade		4	1	–
Number of investment initiatives facilitated, fast tracked and/or unblocked per year	Investment, Competition and Trade	Outcome 4: Decent employment through inclusive economic growth	10	13	–
Number of strategic engagements with development finance institutions to improve efficiency per year	Investment, Competition and Trade		5	3	–
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	2	–
Number of strategic engagements with trade and competition authorities to increase administrative efficiency per year	Investment, Competition and Trade		3	2	–

Changes to indicators and targets published in the 2015 ENE

Indicators were refined in the 2015/16 annual performance plan to align to the six departmental strategic objectives. The indicator ‘Number of initiatives to integrate the new growth path framework in macro-and

micro economic policy and infrastructure per year' has been refined to be in line with the annual performance plan.

Mid-year progress

The department is on track to meet all its annual targets.

In the first half of 2014/15, with 13 investment initiatives unblocked by the department, the original target of 10 was exceeded. This is because the department had more requests than anticipated.

Adjusted Estimates of National Expenditure 2015

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration	83 223	-	-	-	-	-	-	83 223
Growth Path and Social Dialogue	27 889	-	-	-	-	-	-	27 889
Investment, Competition and Trade	774 666	-	-	-	-	-	-	774 666
Total	885 778	-	-	-	-	-	-	885 778
Economic classification								
Current payments	150 289	-	-	(9 423)	-	-	(9 423)	140 866
Compensation of employees	96 138	-	-	(8 323)	-	-	(8 323)	87 815
Goods and services	54 151	-	-	(1 100)	-	-	(1 100)	53 051
Transfers and subsidies	733 245	-	-	9 081	-	-	9 081	742 326
Departmental agencies and accounts	326 848	-	-	4 000	-	-	4 000	330 848
Public corporations and private enterprises	406 397	-	-	5 000	-	-	5 000	411 397
Households	-	-	-	81	-	-	81	81
Payments for capital assets	2 244	-	-	340	-	-	340	2 584
Machinery and equipment	1 754	-	-	340	-	-	340	2 094
Software and other intangible assets	490	-	-	-	-	-	-	490
Payments for financial assets	-	-	-	2	-	-	2	2
Total	885 778	-	-	-	-	-	-	885 778

Programme 1: Administration

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	20 197	-	-	385	-	-	385	20 582
Office of the Director General	13 888	-	-	(4 576)	-	-	(4 576)	9 312
Corporate Management Services	37 623	-	-	3 900	-	-	3 900	41 523
Financial Management	11 515	-	-	291	-	-	291	11 806
Total	83 223	-	-	-	-	-	-	83 223
Economic classification								
Current payments	80 979	-	-	(62)	-	-	(62)	80 917
Compensation of employees	44 599	-	-	(1 783)	-	-	(1 783)	42 816
Goods and services	36 380	-	-	1 721	-	-	1 721	38 101
Transfers and subsidies	-	-	-	60	-	-	60	60
Households	-	-	-	60	-	-	60	60
Payments for capital assets	2 244	-	-	-	-	-	-	2 244
Machinery and equipment	1 754	-	-	-	-	-	-	1 754
Software and other intangible assets	490	-	-	-	-	-	-	490
Payments for financial assets	-	-	-	2	-	-	2	2
Total	83 223	-	-	-	-	-	-	83 223

Programme 2: Growth Path and Social Dialogue

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Growth Path and Job Drivers	15 996	–	–	406	–	–	406	16 402
Social Dialogue, Productivity and Innovation	11 893	–	–	(406)	–	–	(406)	11 487
Total	27 889	–	–	–	–	–	–	27 889
Economic classification								
Current payments	27 889	–	–	(185)	–	–	(185)	27 704
Compensation of employees	18 117	–	–	5 222	–	–	5 222	23 339
Goods and services	9 772	–	–	(5 407)	–	–	(5 407)	4 365
Transfers and subsidies	–	–	–	21	–	–	21	21
Households	–	–	–	21	–	–	21	21
Payments for capital assets	–	–	–	164	–	–	164	164
Machinery and equipment	–	–	–	164	–	–	164	164
Total	27 889	–	–	–	–	–	–	27 889

Programme 3: Investment, Competition and Trade

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Development Investment, Industrial Funding and Entrepreneurship	418 233	–	–	(796)	–	–	(796)	417 437
Competition, Trade and other Economic Regulation	336 922	–	–	(4 282)	–	–	(4 282)	332 640
Infrastructure Development Coordination	19 511	–	–	5 078	–	–	5 078	24 589
Total	774 666	–	–	–	–	–	–	774 666
Economic classification								
Current payments	41 421	–	–	(9 176)	–	–	(9 176)	32 245
Compensation of employees	33 422	–	–	(11 762)	–	–	(11 762)	21 660
Goods and services	7 999	–	–	2 586	–	–	2 586	10 585
Transfers and subsidies	733 245	–	–	9 000	–	–	9 000	742 245
Departmental agencies and accounts	326 848	–	–	4 000	–	–	4 000	330 848
Public corporations and private enterprises	406 397	–	–	5 000	–	–	5 000	411 397
Payments for capital assets	–	–	–	176	–	–	176	176
Machinery and equipment	–	–	–	176	–	–	176	176
Total	774 666	–	–	–	–	–	–	774 666

Details of adjustments to the Estimates of National Expenditure 2015**Virements and shifts**

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
Programme 1		(4 001)	Programme 1		4 001
Compensation of employees	Vacant posts	(2 361)	Goods and services	Reallocation of funds mainly for travel in the ministry	2 361
	Vacant posts	(60)	Households	Leave gratuities	60
	Vacant posts	(2)	Payments for financial assets	Departmental debt written off	2

2015 Adjusted Estimates of National Expenditure

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Goods and services	Reallocation of funds from travel and subsistence, catering and advertising due to slow spending	(640)	Compensation of employees	Shortfall in personnel remuneration due to the reorganisation of the programme structure	640
	Reallocation of funds from venues and facilities and operating payments due to slow spending	(469)	Machinery and equipment	Reallocation of funds for finance lease costs	469
Machinery and equipment	Reallocation of funds from computers and furniture due to slow spending ²	(469)	Goods and services	Provision for audit fees	469
Shifts within the programme as a percentage of the programme budget		4.8%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 2		(5 407)	Programme 2		5 407
Goods and services	Reallocation of funds from operating payments due to slow spending	(21)	Households	Leave gratuities	21
	Reallocation of funds from travel and subsistence, venues and facilities, and operating payments due to slow spending	(5 222)	Compensation of employees	Shortfall in personnel remuneration, due to the reorganisation of the programme structure	5 222
	Reallocation of funds from operating payments due slow spending	(164)	Machinery and equipment	Reallocation of funds for finance lease costs	164
Shifts within the programme as a percentage of the programme budget		19.4%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 3		(11 832)	Programme 3		11 832
Compensation of employees	Vacant posts	(2 656)	Goods and services	Funding for the Presidential Infrastructure Coordinating Committee, Council for Scientific and Industrial Research and the geographic information system project	2 656
	Vacant posts	(106)	Machinery and equipment	Reallocation of funds for finance lease costs	106
	Vacant posts	(4 000)	Departmental agencies and accounts	Implementation of the scrap metal intervention by the International Trade Administration Commission ¹	4 000
	Vacant posts	(5 000)	Public corporations and private enterprises	Funding for support for the Industrial Development Corporation and the Presidential Infrastructure Coordinating Committee ¹	5 000
Goods and services	Reallocation of funds from travel and subsistence due to slow spending	(70)	Machinery and equipment	Reallocation of funds for finance lease costs	70
Shifts within the programme as a percentage of the programme budget		1.5%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Total		(21 240)			21 240

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 2014/15 and actual expenditure for 2015/16

Programme	2014/15 Audited outcome					2015/16 Actual expenditure				
	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation	
R thousand										
Administration	94 852	35 045	36.9	87 419	92.2	83 223	9.4	34 248	41.2	
Growth Path and Social Dialogue	20 882	10 259	49.1	22 041	105.6	27 889	3.1	11 380	40.8	
Investment, Competition and Trade	581 126	273 189	47.0	585 452	100.7	774 666	87.5	378 299	48.8	
Total	696 860	318 493	45.7	694 912	99.7	885 778	100.0	423 927	47.9	
Economic classification										
Current payments	131 955	53 168	40.3	116 255	88.1	140 866	15.9	52 898	37.6	
Compensation of employees	76 911	35 660	46.4	75 688	98.4	87 815	9.9	38 019	43.3	
Goods and services	55 044	17 508	31.8	40 567	73.7	53 051	6.0	14 879	28.0	
Transfers and subsidies	560 456	264 068	47.1	575 945	102.8	742 326	83.8	369 888	49.8	
Departmental agencies and accounts	291 611	142 628	48.9	306 820	105.2	330 848	37.4	166 607	50.4	
Public corporations and private enterprises	268 845	121 302	45.1	268 845	100.0	411 397	46.4	203 199	49.4	
Non-profit institutions	-	60	-	60	-	-	-	-	-	
Households	-	78	-	220	-	81	-	82	101.2	
Payments for capital assets	4 449	1 257	28.3	2 712	61.0	2 584	0.3	1 139	44.1	
Machinery and equipment	3 971	1 257	31.7	2 712	68.3	2 094	0.2	1 068	51.0	
Software and other intangible assets	478	-	-	-	-	490	0.1	71	14.5	
Payments for financial assets	-	-	-	-	-	2	-	2	100.0	
Total	696 860	318 493	45.7	694 912	99.7	885 778	100.0	423 927	47.9	

Expenditure trends for the first half of 2015/16

Total expenditure in 2014/15 was 99.7 per cent of the 2014/15 adjusted appropriation. Expenditure in the first six months of 2015/16 was R423.9 million, or 47.9 per cent of the adjusted appropriation of R885.8 million for the year. In comparison, mid-year expenditure in 2014/15 was R318.5 million, or 45.7 per cent of the 2014/15 adjusted appropriation. Compared to the first six months of 2014/15, expenditure over the same period in 2015/16 increased by R105.4 million, or 33.1 per cent. This was mainly due to an increase in transfer payments to public entities; and higher operational expenditure driven largely by the increase in personnel remuneration emanating from the 2015 public sector wage agreement, audit fees, and accommodation costs.

Departmental receipts

	2014/15					2015/16				
	Adjusted estimate	Audited outcome		Apr 14 - Mar 15		Budget estimate	Actual receipts		Apr 15 - Sep 15	
Apr 14 - Sep 14		Apr 14 - Sep 14 % of adjusted estimate	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted estimate	Adjusted estimate		Adjusted receipts estimate/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	
R thousand										
Departmental receipts	900 221	572 310	63.6	50 367	5.6	867 313	668 650	100.0	506 515	75.8
Sales of goods and services produced by department	18	11	61.1	24	133.3	19	32	0.0	15	46.9
Sales of scrap, waste, arms and other used current goods	-	-	-	61	-	-	-	-	6	-
Fines, penalties and forfeits	849 873	572 095	67.3	-	-	817 294	618 549	93	506 445	81.9
Interest, dividends and rent on land	50 250	129	0.3	50 237	100.0	50 000	50 049	7.5	64	0.1
Transactions in financial assets and liabilities	80	75	93.8	45	56.3	-	20	0.0	(15)	(75.0)
Total	900 221	572 310	63.6	50 367	5.6	867 313	668 650	100.0	506 515	75.8

Revenue trends for the first half of 2015/16

Revenue in the first six months of 2015/16 was R506.5 million, or 75.8 per cent of the adjusted revenue estimate of R668.7 million for the year. In comparison, mid-year revenue in 2014/15 was R572.3 million, or 63.6 per cent of the 2014/15 adjusted estimate. Compared to the first six months of 2014/15, revenue over the same period in 2015/16 decreased by R65.8 million, or 11.5 per cent. This was mainly due to the decrease in revenue from penalties and fines instituted by the Competition Commission against non-compliant companies. Dividends from the Industrial Development Corporation only being paid to government (the sole shareholder) before the end of the fourth quarter also contributed to the decline in revenue in the first half of the year.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration								
Households								
Other transfers to households								
Current	-	-	-	60	-	-	60	60
Households	-	-	-	60	-	-	60	60
Growth Path and Social Dialogue								
Households								
Other transfers to households								
Current	-	-	-	21	-	-	21	21
Households	-	-	-	21	-	-	21	21
Investment, Competition and Trade								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	84 701	-	-	4 000	-	-	4 000	88 701
International Trade Administration Commission	84 701	-	-	4 000	-	-	4 000	88 701
Public corporations and private enterprises								
Public corporations								
Other transfers								
Current	-	-	-	5 000	-	-	5 000	5 000
Industrial Development Corporation	-	-	-	5 000	-	-	5 000	5 000