Vote 25

Economic Development

Adjusted budget summary

	2017/18			
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	**797 237**	**914 237**	**(529)**	**117 529**
of which:				
Current payments	139 790	139 261	(529)	–
Transfers and subsidies	656 240	773 269	–	117 029
Payments for capital assets	1 207	1 707	–	500
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 2017/18 as published in the 2017 ENE	Achieved in the first six months of 2017/18 (April to September)	Changed target for 2017/18
Number of analytical and public policy advocacy reports on socioeconomic development and the new growth path produced per year	Growth Path and Social Dialogue	Outcome 4: Decent employment through inclusive 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		64[1]	36	–
Number of infrastructure projects evaluated, unblocked, fast-tracked or facilitated per year	Investment, Competition and Trade		8	1	–
Number of Cabinet and presidential infrastructure coordinating committee strategic decisions on infrastructure implemented per year	Investment, Competition and Trade		4	4	–
Number of ministerial and departmental oversight engagements with the Industrial Development Corporation held per year	Investment, Competition and Trade		4	2	–
Number of agricultural, manufacturing and trade initiatives unblocked per year	Investment, Competition and Trade		12	–[2]	–
Number of case studies and monitoring reports produced on the funding allocations on township enterprises by development finance institutions and government departments per year	Investment, Competition and Trade		4	–[2]	–
Number of ministerial/parliamentary monitoring reports on development finance institutions funding impact produced per year	Investment, Competition and Trade		4	2	–
Number of ministerial and departmental oversight engagements with trade and competition authorities held per year	Investment, Competition and Trade		4	2	–

1. Target changed to align with target published in the department's 2017/18 annual performance plan, which was finalised after the 2017 ENE had been published.
2. Indicator removed from the department's 2017/18 annual performance plan.

Mid-year progress

The department has already achieved its annual target of implementing 4 Cabinet and Presidential Infrastructure Coordination Commission strategic decisions on infrastructure in the first half of 2017/18.

The department's mid-year achievements for targets on spatial, local and provincial initiatives to promote employment, empowerment and development, and infrastructure projects evaluated, unblocked, fast-tracked or facilitated, reflect a low performance. These, however, are annual targets that are set to be achieved in the fourth quarter. The department is on track to achieve all its targets by end of the financial year.

Adjusted Estimates of National Expenditure 2017

Programme	2017/18							
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Administration	80 674	–	–	5 787	–	–	5 787	86 461
Growth Path and Social Dialogue	35 609	–	–	(2 787)	–	–	(2 787)	32 822
Investment, Competition and Trade	680 954	–	–	(3 000)	–	117 000	114 000	794 954
Total	**797 237**	**–**	**–**	**–**	**–**	**117 000**	**117 000**	**914 237**
Economic classification								
Current payments	**139 790**	**–**	**–**	**(529)**	**–**	**–**	**(529)**	**139 261**
Compensation of employees	90 072	–	–	(29)	–	–	(29)	90 043
Goods and services	49 718	–	–	(500)	–	–	(500)	49 218
Transfers and subsidies	**656 240**	**–**	**–**	**29**	**–**	**117 000**	**117 029**	**773 269**
Departmental agencies and accounts	387 460	–	–	–	–	–	–	387 460
Public corporations and private enterprises	268 780	–	–	–	–	117 000	117 000	385 780
Households	–	–	–	29	–	–	29	29
Payments for capital assets	**1 207**	**–**	**–**	**500**	**–**	**–**	**500**	**1 707**
Machinery and equipment	767	–	–	677	–	–	677	1 444
Software and other intangible assets	440	–	–	(177)	–	–	(177)	263
Total	**797 237**	**–**	**–**	**–**	**–**	**117 000**	**117 000**	**914 237**

Programme 1: Administration

Subprogramme	2017/18							
		Adjustments appropriation						
R thousand	Main appropriation	Roll overs	Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Ministry	27 474	–	–	–	–	–	–	27 474
Office of the Director-General	10 108	–	–	(455)	–	–	(455)	9 653
Corporate Management Services	31 701	–	–	6 199	–	–	6 199	37 900
Financial Management	11 391	–	–	43	–	–	43	11 434
Total	**80 674**	**–**	**–**	**5 787**	**–**	**–**	**5 787**	**86 461**
Economic classification								
Current payments	**80 199**	**–**	**–**	**4 971**	**–**	**–**	**4 971**	**85 170**
Compensation of employees	44 918	–	–	(29)	–	–	(29)	44 889
Goods and services	35 281	–	–	5 000	–	–	5 000	40 281
Transfers and subsidies	**–**	**–**	**–**	**29**	**–**	**–**	**29**	**29**
Households	–	–	–	29	–	–	29	29
Payments for capital assets	**475**	**–**	**–**	**787**	**–**	**–**	**787**	**1 262**
Machinery and equipment	429	–	–	677	–	–	677	1 106
Software and other intangible assets	46	–	–	110	–	–	110	156
Total	**80 674**	**–**	**–**	**5 787**	**–**	**–**	**5 787**	**86 461**

Programme 2: Growth Path and Social Dialogue

Subprogramme	2017/18							
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Growth Path and Job Drivers	25 742	–	–	(1 287)	–	–	(1 287)	24 455
Social Dialogue, Productivity and Innovation	9 867	–	–	(1 500)	–	–	(1 500)	8 367
Total	**35 609**	**–**	**–**	**(2 787)**	**–**	**–**	**(2 787)**	**32 822**
Economic classification								
Current payments	**35 058**	**–**	**–**	**(2 500)**	**–**	**–**	**(2 500)**	**32 558**
Compensation of employees	29 533	–	–	–	–	–	–	29 533
Goods and services	5 525	–	–	(2 500)	–	–	(2 500)	3 025
Payments for capital assets	**551**	**–**	**–**	**(287)**	**–**	**–**	**(287)**	**264**
Machinery and equipment	157	–	–	–	–	–	–	157
Software and other intangible assets	394	–	–	(287)	–	–	(287)	107
Total	**35 609**	**–**	**–**	**(2 787)**	**–**	**–**	**(2 787)**	**32 822**

Programme 3: Investment, Competition and Trade

Subprogramme	2017/18							
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Development Investment, Industrial Funding and Entrepreneurship	258 112	–	–	810	–	–	810	258 922
Competition, Trade and other Economic Regulation	391 575	–	–	–	–	–	–	391 575
Infrastructure Development Coordination	31 267	–	–	(3 810)	–	117 000	113 190	144 457
Total	**680 954**	**–**	**–**	**(3 000)**	**–**	**117 000**	**114 000**	**794 954**
Economic classification								
Current payments	**24 533**	**–**	**–**	**(3 000)**	**–**	**–**	**(3 000)**	**21 533**
Compensation of employees	15 621	–	–	–	–	–	–	15 621
Goods and services	8 912	–	–	(3 000)	–	–	(3 000)	5 912
Transfers and subsidies	**656 240**	**–**	**–**	**–**	**–**	**117 000**	**117 000**	**773 240**
Departmental agencies and accounts	387 460	–	–	–	–	–	–	387 460
Public corporations and private enterprises	268 780	–	–	–	–	117 000	117 000	385 780
Payments for capital assets	**181**	**–**	**–**	**–**	**–**	**–**	**–**	**181**
Machinery and equipment	181	–	–	–	–	–	–	181
Total	**680 954**	**–**	**–**	**(3 000)**	**–**	**117 000**	**114 000**	**794 954**

Details of adjustments to Estimates of National Expenditure 2017

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**
Programme 1		**(119)**	**Programme 1**		**119**
Compensation of employees	Vacant posts[1]	(29)	Households	Leave gratuities	29
Machinery and equipment	Office furniture	(90)	Software and other intangible assets	Renewal of software licences	90
Shifts within the programme as a percentage of the programme budget		1.1%			
Virements to other programmes as a percentage of the programme budget		**0.0%**			
Programme 2		**(2 787)**	**Programme 1**		**2 787**
Software and other intangible assets	Software	(20)	Software and other intangible assets	Software	20
	Software	(267)	Machinery and equipment	ICT equipment	267
Goods and services	Cost-containment measures effected on catering, and travel and subsistence	(500)	Machinery and equipment	ICT equipment	500
	Cost-containment measures effected on catering, and travel and subsistence	(2 000)	Goods and services	Legal fees	2 000
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		**7.8%**			
Programme 3		**(3 000)**	**Programme 1**		**3 000**
Goods and services	Cost-containment measures effected on travel and subsistence, and venues and facilities	(3 000)	Goods and services	Legal fees	3 000
Shifts within the programme as a percentage of the programme budget		0.1%			
Virements to other programmes as a percentage of the programme budget		**0.4%**			
Total		**(5 906)**			**5 906**

1. National Treasury approval has been obtained.

Other adjustments – R117 million

Appropriation of expenditure earmarked in the 2017 Budget speech for future allocation

Programme 3: Investment, Competition and Trade

An additional R117 million has been allocated for the establishment of the Tirisano Construction Fund, to develop, enhance and transform the construction industry, and promote social infrastructure for all South Africans.

Expenditure outcome for 2016/17 and actual expenditure for 2017/18

Programme	2016/17 Audited outcome					2017/18 Actual expenditure			
R thousand	Adjusted appropriation	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation
Administration	89 237	51 710	57.9	90 416	101.3	86 461	9.5	42 547	49.2
Growth Path and Social Dialogue	33 075	13 460	40.7	27 797	84.0	32 822	3.6	14 922	45.5
Investment, Competition and Trade	552 349	276 090	50.0	546 869	99.0	794 954	87.0	365 825	46.0
Total	**674 661**	**341 260**	**50.6**	**665 083**	**98.6**	**914 237**	**100.0**	**423 294**	**46.3**
Economic classification									
Current payments	**142 484**	**71 934**	**50.5**	**133 416**	**93.6**	**139 261**	**15.2**	**67 033**	**48.1**
Compensation of employees	93 995	41 342	44.0	84 990	90.4	90 043	9.8	43 321	48.1
Goods and services	48 367	30 592	63.2	48 426	100.1	49 218	5.4	23 711	48.2
Interest and rent on land	122	–	–	–	–	–	–	–	–
Transfers and subsidies	**528 781**	**267 808**	**50.6**	**528 846**	**100.0**	**773 269**	**84.6**	**355 694**	**46.0**
Provinces and municipalities	315 657	161 181	51.1	315 657	100.0	–	–	198 735	–
Departmental agencies and accounts	213 124	106 562	50.0	213 124	100.0	387 460	42.4	156 890	40.5
Public corporations and private enterprises	–	–	–	–	–	–	42.2	–	–
Households	–	65	–	65	–	–	–	–	237.9
Payments for capital assets	**3 396**	**1 518**	**44.7**	**2 821**	**83.1**	**1 707**	**0.2**	**567**	**33.2**
Machinery and equipment	2 432	1 412	58.1	1 858	76.4	1 444	0.2	423	29.3
Software and other intangible assets	964	106	11.0	963	99.9	263	–	–	54.8
Total	**674 661**	**341 260**	**50.6**	**665 083**	**98.6**	**914 237**	**100.0**	**423 294**	**46.3**

Expenditure trends for the first six months of 2017/18

Total expenditure for 2016/17 was R665.1 million, or 98.6 per cent of the 2016/17 adjusted appropriation. Expenditure in the first six months of 2017/18 was R423.3 million, or 46.3 per cent of the adjusted appropriation of R914.2 million for the year. In comparison, mid-year expenditure in 2016/17 was R341.3 million, or 50.6 per cent of the 2016/17 adjusted appropriation. Expenditure in the first six months of 2017/18 increased by R82 million, or 24 per cent compared to expenditure in the first six months of 2016/17. This is mainly because of transfer payments to the Presidential Infrastructure Coordination Commission and the Steel Development Fund, which were initiated in 2017/18.

Departmental receipts

	2016/17					2017/18				
		Audited outcome				Actual receipts				
R thousand	Adjusted estimate	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate
Departmental receipts	**908 376**	**202 714**	**22.3**	**137 336**	**15.1**	**921 338**	**321 338**	**100.0**	**117 647**	**36.6**
Sales of goods and services produced by department	20	14	70.0	30	150.0	21	21	0.0	15	71.4
Fines, penalties and forfeits	858 159	202 486	23.6	117 000	13.6	901 067	301 067	93.7	117 553	39.0
Interest, dividends and rent on land	50 150	167	0.3	20 259	40.4	20 200	20 200	6.3	73	0.4
Transactions in financial assets and liabilities	47	47	100.0	47	100.0	50	50	0.0	6	12.0
Total	**908 376**	**202 714**	**22.3**	**137 336**	**15.1**	**921 338**	**321 338**	**100.0**	**117 647**	**36.6**

Revenue trends for the first six months of 2017/18

Revenue in the first six months of 2017/18 was R117.6 million, or 36.6 per cent of the adjusted revenue estimate of R321.3 million for the year. In comparison, mid-year revenue in 2016/17 was R202.7 million, or 22.3 per cent of the 2016/17 adjusted estimate. Compared to the first six months of 2016/17, revenue over the same period in 2017/18 decreased by R85.1 million, or 42 per cent. This is mainly due to a decrease in penalties and fines received from the Competition Commission as fewer cases than expected were received and finalised.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

	2017/18							
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Administration								
Households								
Social benefits								
Current	**–**	**–**	**–**	**29**	**–**	**–**	**29**	**29**
Households	–	–	–	29	–	–	29	29
Investment, Competition and Trade								
Public corporations and private enterprises								
Other transfers to public corporations								
Current	**45 000**	**–**	**–**	**–**	**–**	**117 000**	**117 000**	**162 000**
Industrial Development Corporation	45 000	–	–	–	–	117 000	117 000	162 000