

# Vote 25

## Economic Development

### Adjusted budget summary

R thousand	2019/20			
	Appropriation	Adjustments appropriation		Adjusted appropriation
		Decrease	Increase	
<b>Amount to be appropriated</b>	<b>1 045 393</b>	<b>(55 750)</b>	<b>–</b>	<b>989 643</b>
<i>of which:</i>				
Current payments	142 664	(2 258)	–	140 406
Transfers and subsidies	897 991	(49 500)	–	848 491
Payments for capital assets	4 738	(3 992)	–	746
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.*

### 2019 National macro organisation of government

The Economic Development Department will merge with the Department of Trade and Industry by 1 April 2020. The two departments are working together to implement action plans for different workstreams to develop organisational and programme structures for the new Department of Trade, Industry and Competition. In addition, the Presidential Infrastructure Coordinating Commission will move to the Department of Public Works and Infrastructure.

### Mid-year performance

Indicator	Programme	MTSF outcome	Annual performance		
			Projected for 2019/20 as published in the 2019 ENE	Achieved in the first half of 2019/20 (April to September)	Changed target for 2019/20
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 reports on black women and youth with access to employment and entrepreneurship opportunities per year	Growth Path and Social Dialogue		3	0	–
Number of reports on support provided to provinces per year	Investment, Competition and Trade		10	0	–
Number of quarterly Cabinet-level progress reports on infrastructural strategic integrated projects per year	Investment, Competition and Trade		64	32	–
Number of investment and infrastructure projects unblocked, fast-tracked or facilitated, or project assessments completed per year <sup>1</sup>	Investment, Competition and Trade		23	9	–
Number of reports on work of economic regulators, covering: strategic initiatives to enhance performance and outcomes (including on industrialization and employment), mergers and acquisitions; market inquiries; prohibited practices, Implementation of new legislation, Ministerial/departmental oversight engagements <sup>1</sup>	Investment, Competition and Trade		15	6	–

1. Indicator and target changed to align with the department's 2019/20 annual performance plan, which was finalised after the 2019 ENE had been published.

## Mid-year progress

Although the department made progress towards achieving its targets for the number of reports on black women and youth with access to employment and entrepreneurship opportunities and the number of reports on support provided to provinces, none of these reports were finalised in the first half of 2019/20. These are annual targets, and, as such, the department expects to achieve them in the second half of the financial year.

## Adjusted estimates

Programme	2019/20							
	Appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
Administration	90 334	–	(3 670)	–	(1 500)	–	(5 170)	85 164
Growth Path and Social Dialogue	37 009	–	(624)	–	–	–	(624)	36 385
Investment, Competition and Trade	918 050	–	4 294	–	(54 250)	–	(49 956)	868 094
<b>Total</b>	<b>1 045 393</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(55 750)</b>	<b>–</b>	<b>(55 750)</b>	<b>989 643</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>142 664</b>	<b>–</b>	<b>(758)</b>	<b>–</b>	<b>(1 500)</b>	<b>–</b>	<b>(2 258)</b>	<b>140 406</b>
Compensation of employees	97 693	–	(250)	–	(1 500)	–	(1 750)	95 943
Goods and services	44 971	–	(508)	–	–	–	(508)	44 463
<b>Transfers and subsidies</b>	<b>897 991</b>	<b>–</b>	<b>4 750</b>	<b>–</b>	<b>(54 250)</b>	<b>–</b>	<b>(49 500)</b>	<b>848 491</b>
Departmental agencies and accounts	438 538	–	4 500	–	–	–	4 500	443 038
Public corporations and private enterprises	459 453	–	–	–	(54 250)	–	(54 250)	405 203
Households	–	–	250	–	–	–	250	250
<b>Payments for capital assets</b>	<b>4 738</b>	<b>–</b>	<b>(3 992)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3 992)</b>	<b>746</b>
Machinery and equipment	4 242	–	(3 547)	–	–	–	(3 547)	695
Software and other intangible assets	496	–	(445)	–	–	–	(445)	51
<b>Total</b>	<b>1 045 393</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(55 750)</b>	<b>–</b>	<b>(55 750)</b>	<b>989 643</b>

## Programme 1: Administration

Subprogramme	2019/20							
	Appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
Ministry	25 580	–	(87)	–	(1 500)	–	(1 587)	23 993
Office of the Director General	11 939	–	(157)	–	–	–	(157)	11 782
Corporate Management Services	37 526	–	(487)	–	–	–	(487)	37 039
Financial Management	15 289	–	(2 939)	–	–	–	(2 939)	12 350
<b>Total</b>	<b>90 334</b>	<b>–</b>	<b>(3 670)</b>	<b>–</b>	<b>(1 500)</b>	<b>–</b>	<b>(5 170)</b>	<b>85 164</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>86 426</b>	<b>–</b>	<b>(658)</b>	<b>–</b>	<b>(1 500)</b>	<b>–</b>	<b>(2 158)</b>	<b>84 268</b>
Compensation of employees	45 965	–	(150)	–	(1 500)	–	(1 650)	44 315
Goods and services	40 461	–	(508)	–	–	–	(508)	39 953
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>150</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>150</b>	<b>150</b>
Households	–	–	150	–	–	–	150	150
<b>Payments for capital assets</b>	<b>3 908</b>	<b>–</b>	<b>(3 162)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3 162)</b>	<b>746</b>
Machinery and equipment	3 857	–	(3 162)	–	–	–	(3 162)	695
Software and other intangible assets	51	–	–	–	–	–	–	51
<b>Total</b>	<b>90 334</b>	<b>–</b>	<b>(3 670)</b>	<b>–</b>	<b>(1 500)</b>	<b>–</b>	<b>(5 170)</b>	<b>85 164</b>

**Programme 2: Growth Path and Social Dialogue**

Subprogramme	2019/20								
	R thousand	Appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Growth Path and Job Drivers	24 018	–	(520)	–	–	–	(520)	23 498	
Social Dialogue, Productivity and Innovation	12 991	–	(104)	–	–	–	(104)	12 887	
<b>Total</b>	<b>37 009</b>	<b>–</b>	<b>(624)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(624)</b>	<b>36 385</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>36 385</b>	<b>–</b>	<b>(50)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(50)</b>	<b>36 335</b>	
Compensation of employees	34 750	–	(50)	–	–	–	(50)	34 700	
Goods and services	1 635	–	–	–	–	–	–	1 635	
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>50</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>50</b>	<b>50</b>	
Households	–	–	50	–	–	–	50	50	
<b>Payments for capital assets</b>	<b>624</b>	<b>–</b>	<b>(624)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(624)</b>	<b>–</b>	
Machinery and equipment	179	–	(179)	–	–	–	(179)	–	
Software and other intangible assets	445	–	(445)	–	–	–	(445)	–	
<b>Total</b>	<b>37 009</b>	<b>–</b>	<b>(624)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(624)</b>	<b>36 385</b>	

**Programme 3: Investment, Competition and Trade**

Subprogramme	2019/20								
	R thousand	Appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Development Investment, Industrial Funding and Entrepreneurship	281 039	–	(34)	–	–	–	(34)	281 005	
Competition, Trade and other Economic Regulation	443 051	–	4 451	–	–	–	4 451	447 502	
Infrastructure Development Coordination	193 960	–	(123)	–	(54 250)	–	(54 373)	139 587	
<b>Total</b>	<b>918 050</b>	<b>–</b>	<b>4 294</b>	<b>–</b>	<b>(54 250)</b>	<b>–</b>	<b>(49 956)</b>	<b>868 094</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>19 853</b>	<b>–</b>	<b>(50)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(50)</b>	<b>19 803</b>	
Compensation of employees	16 978	–	(50)	–	–	–	(50)	16 928	
Goods and services	2 875	–	–	–	–	–	–	2 875	
<b>Transfers and subsidies</b>	<b>897 991</b>	<b>–</b>	<b>4 550</b>	<b>–</b>	<b>(54 250)</b>	<b>–</b>	<b>(49 700)</b>	<b>848 291</b>	
Departmental agencies and accounts	438 538	–	4 500	–	–	–	4 500	443 038	
Public corporations and private enterprises	459 453	–	–	–	(54 250)	–	(54 250)	405 203	
Households	–	–	50	–	–	–	50	50	
<b>Payments for capital assets</b>	<b>206</b>	<b>–</b>	<b>(206)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(206)</b>	<b>–</b>	
Machinery and equipment	206	–	(206)	–	–	–	(206)	–	
<b>Total</b>	<b>918 050</b>	<b>–</b>	<b>4 294</b>	<b>–</b>	<b>(54 250)</b>	<b>–</b>	<b>(49 956)</b>	<b>868 094</b>	

## Details of adjustments to the 2019 Estimates of National Expenditure

### Virements and shifts within the vote

<b>Programmes</b>					
1. Administration					
2. Growth Path and Social Dialogue					
3. Investment, Competition and Trade					
<b>From:</b>			<b>To:</b>		
<b>Programme by economic classification</b>	<b>Motivation</b>	<b>R thousand</b>	<b>Programme by economic classification</b>	<b>Motivation</b>	<b>R thousand</b>
<b>Programme 1</b>		<b>(3 820)</b>	<b>Programme 1</b>		<b>150</b>
Compensation of employees	Vacant posts <sup>1</sup>	(150)	Households	Leave gratuities	150
Goods and services	Business and advisory services, and computer services <sup>1</sup>	(508)	<b>Programme 3</b>		<b>3 670</b>
Machinery and equipment	Other machinery and equipment <sup>1</sup>	(3 162)	Departmental agencies and accounts	Transfer to the International Trade Administration Commission <sup>1</sup>	508
			Departmental agencies and accounts	Transfer to the International Trade Administration Commission <sup>1</sup>	3 162
Shifts within the programme as a percentage of the programme budget		0.2%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>4.1%</b>			
<b>Programme 2</b>		<b>(674)</b>	<b>Programme 2</b>		<b>50</b>
Compensation of employees	Vacant posts <sup>1</sup>	(50)	Households	Leave gratuities	50
Machinery and equipment	Other machinery and equipment <sup>1</sup>	(179)	<b>Programme 3</b>		<b>624</b>
Software and other intangible assets	Software <sup>1</sup>	(445)	Departmental agencies and accounts	Transfer to the International Trade Administration Commission <sup>1</sup>	179
			Departmental agencies and accounts	Transfer to the International Trade Administration Commission <sup>1</sup>	445
Shifts within the programme as a percentage of the programme budget		0.1%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>1.7%</b>			
<b>Programme 3</b>		<b>(256)</b>	<b>Programme 3</b>		<b>256</b>
Compensation of employees	Vacant posts <sup>1</sup>	(50)	Households	Leave gratuities	50
Machinery and equipment	Other machinery and equipment <sup>1</sup>	(206)	Departmental agencies and accounts	Transfer to the International Trade Administration Commission <sup>1</sup>	206
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Total</b>		<b>(4 750)</b>			<b>4 750</b>

1. National Treasury approval has been obtained.

### Declared unspent funds – R55.750 million

Programme 1: Administration

R1.5 million in unspent funds has been declared on compensation of employees as the department does not have to carry the costs of the deputy minister, which are carried by the Department of Trade and Industry.

Programme 3: Investment, Competition and Trade

R54.25 million in unspent funds has been declared on transfers to entities due to companies in the Tirisano Construction Fund Trust running into cash flow problems.

**Expenditure outcome for 2018/19 and actual expenditure for 2019/20**

Programme	2018/19					2019/20			
	Adjusted appropriation	Outcome				Adjusted appropriation	Adjusted appropriation/Total (%)	Actual expenditure	
		Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted appropriation	Apr 18 - Mar 19	Apr 18 - Mar 19 % of adjusted appropriation			Apr 19 - Sep 19	Apr 19 - Sep 19 % of adjusted appropriation
R thousand									
Administration	86 351	41 838	48.5	86 619	100.3	85 164	8.6	46 081	54.1
Growth Path and Social Dialogue	34 495	15 275	44.3	30 628	88.8	36 385	3.7	15 897	43.7
Investment, Competition and Trade	951 751	443 049	46.6	926 763	97.4	868 094	87.7	487 824	56.2
<b>Total</b>	<b>1 072 597</b>	<b>500 162</b>	<b>46.6</b>	<b>1 044 010</b>	<b>97.3</b>	<b>989 643</b>	<b>100.0</b>	<b>549 802</b>	<b>55.6</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>134 989</b>	<b>64 805</b>	<b>48.0</b>	<b>131 995</b>	<b>97.8</b>	<b>140 406</b>	<b>14.2</b>	<b>67 357</b>	<b>48.0</b>
Compensation of employees	90 773	45 939	50.6	91 081	100.3	95 943	9.7	42 600	44.4
Goods and services	44 216	18 866	42.7	40 914	92.5	44 463	4.5	24 757	55.7
<b>Transfers and subsidies</b>	<b>933 122</b>	<b>434 923</b>	<b>46.6</b>	<b>911 197</b>	<b>97.7</b>	<b>848 491</b>	<b>85.7</b>	<b>482 102</b>	<b>56.8</b>
Departmental agencies and accounts	419 065	215 379	51.4	423 458	101.0	443 038	44.8	225 296	50.9
Public corporations and private enterprises	513 837	219 418	42.7	487 484	94.9	405 203	40.9	256 726	63.4
Households	220	126	57.3	255	115.9	250	0.0	80	32.0
<b>Payments for capital assets</b>	<b>4 016</b>	<b>434</b>	<b>10.8</b>	<b>818</b>	<b>20.4</b>	<b>746</b>	<b>0.1</b>	<b>343</b>	<b>46.0</b>
Machinery and equipment	4 016	434	10.8	818	20.4	695	0.1	343	49.4
Software and other intangible assets	-	-	-	-	-	51	0.0	-	-
<b>Payments for financial assets</b>	<b>470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 072 597</b>	<b>500 162</b>	<b>46.6</b>	<b>1 044 010</b>	<b>97.3</b>	<b>989 643</b>	<b>100.0</b>	<b>549 802</b>	<b>55.6</b>

**Expenditure trends for the first half of 2019/20**

Total expenditure for 2018/19 was R1 billion, 97.3 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2018/19 was R500.2 million, 46.6 per cent of the 2018/19 adjusted appropriation, whereas expenditure in the first half of 2019/20 was R549.8 million, 55.6 per cent of the adjusted appropriation for the year. Compared to the first half of 2018/19, expenditure over the same period in 2019/20 increased by R49.6 million, 9.9 per cent, mainly due to an increase in the transfer to the Presidential Infrastructure Coordinating Commission.

**Departmental receipts**

Programme	2018/19					2019/20				
	Adjusted estimate	Outcome				Budget estimate	Adjusted estimate	Adjusted receipts estimate/Total (%)	Actual receipts	
		Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate	Apr 18 - Mar 19	Apr 18 - Mar 19 % of adjusted estimate				Apr 19 - Sep 19	Apr 19 - Sep 19 % of adjusted estimate
R thousand										
<b>Departmental receipts</b>	<b>284 964</b>	<b>104 439</b>	<b>36.6</b>	<b>146 755</b>	<b>51.5</b>	<b>173 397</b>	<b>119 297</b>	<b>100.0</b>	<b>61 652</b>	<b>51.7</b>
Sales of goods and services produced by department	49	16	32.7	32	65.3	57	57	0.0	14	24.6
Fines, penalties and forfeits	234 000	103 985	44.4	96 247	41.1	123 000	68 750	57.6	61 250	89.1
Interest, dividends and rent on land	50 860	427	0.8	50 462	99.2	50 280	50 410	42.3	369	0.7
Transactions in financial assets and liabilities	55	11	20.0	14	25.5	60	80	0.1	19	23.8
<b>Total</b>	<b>284 964</b>	<b>104 439</b>	<b>36.6</b>	<b>146 755</b>	<b>51.5</b>	<b>173 397</b>	<b>119 297</b>	<b>100.0</b>	<b>61 652</b>	<b>51.7</b>

## Revenue trends for the first half of 2019/20

Mid-year revenue in 2018/19 was R104.4 million, 36.6 per cent of the 2018/19 adjusted estimate, whereas revenue in the first half of 2019/20 was R61.7 million, 51.7 per cent of the adjusted revenue estimate of R119.3 million for the year. Compared to the first half of 2018/19, revenue over the same period in 2019/20 decreased by R42.8 million, 41 per cent, mainly due to companies in the Tirisano Construction Fund running into cash flow problems.

## Changes to transfers and subsidies

### Summary of changes to transfers and subsidies per programme

R thousand	Appropriation	2019/20 Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
<b>Administration</b>								
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	150	–	–	–	150	150
Households	–	–	150	–	–	–	150	150
<b>Growth Path and Social Dialogue</b>								
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	50	–	–	–	50	50
Households	–	–	50	–	–	–	50	50
<b>Investment, Competition and Trade</b>								
<b>Departmental agencies and accounts</b>								
<b>Departmental agencies (non-business entities)</b>								
<b>Current</b>	106 928	–	4 500	–	–	–	4 500	111 428
International Trade Administration Commission	106 928	–	4 500	–	–	–	4 500	111 428
<b>Public corporations and private enterprises</b>								
<b>Public corporations</b>								
<b>Other transfers</b>								
<b>Current</b>	218 000	–	–	–	(54 250)	–	(54 250)	163 750
Industrial Development Corporation	218 000	–	–	–	(54 250)	–	(54 250)	163 750
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	50	–	–	–	50	50
Households	–	–	50	–	–	–	50	50