

To be appropriated by Vote in 2005/06	R190 492 000
Statutory amount	R 643 170
Responsible MEC	MEC of Economic Development and Planning
Administrating Department	Department of Economic Development and Planning
Accounting Officer	Head of Department: Economic Development and Planning

6.1. Overview

The split of the Department of Finance and Economic Affairs in 2004 into two departments, namely, the Department of Finance, and the Department of Economic Development and Planning saw the latter coming up with a new responsibility. Not only was the new department charged with the responsibility of stimulating sustainable economic growth and development but also assigned to deal with development planning. As a consequence a new programme has been introduced to focus on this new area of work.

It is a programme that will assist us to be more focus with regard to marshalling resources to where they will have maximum impact on our intended goals. Growing the economy at faster pace is still central to this department. We need an economic growth that must lead to job creation and the reduction of both poverty and inequalities so pervasive in the Province.

Mandate

To drive all economic development and economic planning initiatives in the Province.

Vision

A competitive and adaptive economy that improves the quality of life of all the people in the Province.

Mission

To stimulate sustainable economic development and implement sound economic planning to achieve growth, employment and equity in the Province.

Values

The staff and management of the department are guided in their work by the following values:

Excellence

This must be embodied in the quality and appropriateness of all our outputs.

Opportunities

Equity for all stakeholders will be maintained.

Recognition

The dignity, contribution and rights of each individual must be recognised.

Integrity and Impartiality

This must be maintained in all our activities.

Learning

Improvement in the ability of its personnel to contribute to the activities of the Chief Directorates through training and further study are values and will be supported as far as possible.

Strategic objectives:

- To facilitate and stimulate a sustainable economic development.
- To mobilize Foreign Direct Investment.
- To facilitate broad-based Black Economic Development.
- To expand access to finance for SMME.
- Stimulate and promote Tourism development.
- Stimulate and facilitate industrial trade and commerce growth development.

Service delivery

The department held the following workshops and summits:

- Tourism Indaba.
- Industrial Summit.
- Provincial Growth Development Summit.
- Mining Summit.
- The fun train.
- Youth rallies at Masoyi and Secunda.

Expected changes

The new mandate come with its additional costs. A new programme has been established to respond to the new responsibilities. Without doubt, additional resources will be required to ensure that this division deliver on its intended objectives. Among other things, it will be a division that will focus on integrated planning, research, monitoring of economic policy implementation, impact analysis of policies and project on intended goals, modelling and forecasting.

Legislative mandate

During the 2005/06 financial year, the department will be considering the following:

- Amendments of the Mpumalanga Tourism Act
- Amendments of the Mpumalanga Economic Empowerment Corporation Act

Amendments of the Mpumalanga Gaming Act

Regulations involving all these Acts will also be considered.

6.2. Review of the current financial year

The department extended the production capacity of the stainless steel Cluster Initiative in Middleburg by adding ten more mini-factories at the cost of 15million. The department has established the BEE directorate. The department hosted a Tourism Indaba in August 2004. In the interest of protecting our tourist, 124 Tourism Youth Monitors were employed and deployed across the province. The Tourism Fun Train was launched during the tourism month in September. The department facilitated the Mining, Industrial and Provincial Growth Summit to address the challenges of the Province. Furthermore, the youth rallies were held in Masoyi and Secunda to inform the Youth about opportunities available. Macro finance was launched together with Msobomvu fund. The Nkedu disbursement programme was launched to assist with credit facilities. As a consequence of the First Industrial Development Strategy, specific programmes were initiated to address the challenges and opportunities identified at the time. These include the development of Wool Cluster, Stainless Steel Cluster, Furnisher Technology Centre and small scale mining Ventures.

6.3. Outlook for the coming financial year

The department will be rolling out the small Enterprise Development Agency (SEDA) to assist SMME to access information on business opportunities. The programme for co-operative will be rolled out in line with the national co-operative legislation. The implementation of resolution of Tourism Indaba, Provincial Growth and Development Summit, Industrial Summit and Mining Summit. The new created BEE directorate will drive the implementation of BEE charter. The outstanding legislations in Gaming will be implemented. Furthermore, to align the inter-grated Manufacturing strategy with the Micro-economic Reform Framework.

6.4. Receipts and financing

The numbers included in 2004/05 under the revised estimate column should refer to the actual position as at 30 November 2004 and projections for the remaining months of the financial year.

6.4.1 Departmental receipts collection

Table 2.3: Summary of receipts: Economic Development & Plan

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04				2004/05		
Treasury funding									
Equitable share	166 362	133 239	168 808	118 940	125 378	125 378	165 992	182 519	180 895
Conditional grants									
Own Revenue				49 858	49 858	49 858	24 500	10 000	20 000
Total Treasury funding	166 362	133 239	168 808	168 798	175 236	175 236	190 492	192 519	200 895
Departmental receipts									
Tax receipts									
Gambling	13 081	13 963	14 528	15 255	24 197	24 197	28 133	30 247	32 794
Sales of goods and services other than capital assets									
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land									
Sales of capital assets									
Financial transactions in assets and liabilities									
Total departmental receipts									
Total receipts	13 081	13 963	14 528	15 255	24 197	24 197	28 133	30 247	32 794

6.5. Payment summary

6.5.1 Programme summary

Table 2.4: Summary of payments and estimates: Economic Development & Plan

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
1: Administration	52 121	19 996		23 077	22 582	22 582	34 393	36 464	38 287
2: Economic Development	114 241	113 243	169 808	145 721	152 654	152 654	142 599	149 104	155 309
3: Economic Policy and Planning							13 500	6 951	7 299
Total payments and estimates	166 362	133 239	169 808	168 798	175 236	175 236	190 492	192 519	200 895

6.5.2 Summary of economic classification

Table 2.5: Summary of provincial payments and estimates by econ class: Econ Dev & Plan

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
	Audited	Audited	Audited							
	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08	
Current payments										
Compensation of employees	16 087	19 918	12 290	35 582	34 082	34 082	44 102	51 408	52 979	
Goods and services	53 462	24 149	19 189	24 532	25 077	25 077	62 390	35 805	34 200	
Interest and rent on land										
Financial transactions in assets and liabilities										
Unauthorised expenditure										
Transfers and subsidies to:										
Provinces and municipalities										
Departmental agencies and accounts										
Universities and technikons										
Public corporations and private enterprise	64 490	56 235	138 329	75 000	80 833	80 833	40 000	70 000	75 000	
Foreign governments and international organisations										
Non-profit institutions	31 661	32 801		33 500	35 000	35 000	44 500	35 100	38 500	
Households										
Payments for capital assets										
Buildings and other fixed structures										
Machinery and equipment	662	136		184	184	184	1 500	206	216	
Cultivated assets										
Software and other intangible assets										
Land and subsoil assets										
Total economic classification:				166 362	133 239	169 808	168 798	175 236	175 236	190 492 192 519 200 895

6.5.3 Transfers to Public Entities

Table 2.7: Summary of departmental transfers to public entities

Table 2.7: Summary of departmental transfers to public entities									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
1.MEEC	64 490	56 235	99 167	75 000	80 833	80 833	40 000	45 000	50 000
2. MGB	13 350	12 500	12 500	14 500	14 500	14 500	17 500	14 000	13 000
3. MTA	12 311	7 662	8 662	10 000	11 500	11 500	14 000	10 000	9 000
4. MII	6 000	6 457	18 000	9 000	9 000	9 000	13 000	11 100	10 000
Total transfers to public entities	96 151	82 854	138 329	108 500	115 833	115 833	84 500	80 100	82 000

6.7 Programme Description

6.7.1 Programme 1: Administration

6.7.1.1 Programme Objective:

Provide leadership and strategic direction in relation to the political mandate of the department.

6.7.1.2. Programme Summary

Table 2.10: Summary of payments and estimates: 1. Administration

Table 2.10: Summary of payments and estimates: 1. Administration									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
1.Member of Executive Council	1 235	2 024		2 652	2 652	2 652	5 000	2 706	2 841
2.Management Services	3 637	3 014		2 601	2 601	2 601	2 000	5 388	5 657
3.Corporate Services	47 249	14 958		17 824	17 329	17 329	27 393	28 370	29 789
Total payments and estimates:	52 121	19 996		23 077	22 582	22 582	34 393	36 464	38 287

6.7.1.3 Summary by economic classification

Table 2.12: Summary of provincial payments and estimates by economic classification: 1 Administration

Table 2: Summary of provincial payments and estimates by economic classification - Administration									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
Current payments	16 278	19 860	0	23 477	13 931	13 931	32 893	36 850	25 637
Compensation of employees	8 813	12 395		11 215	10 115	10 115	11 883	24 416	25 637
Goods and services	7 465	7 465		12 262	3 816	3 816	21 010	12 434	
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets									
Buildings and other fixed structures									
Machinery and equipment				184	184	184	1 500	206	216
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:	52 121	19 996		23 077	22 582	22 582	34 393	36 464	38 287

6.7.2. Programme 2: Economic Development

6.7.2.1. Objective

To stimulate sustainable economic growth, reduce poverty, unemployment and inequalities.

6.7.2.2. Programme summary

Table 2.10: Summary of payments and estimates: 2 Economic Development

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05					
1. Economic Dev				1 001	1 001	1 001	1 500	2 000	2 300
2. Industry Promotion	10 062	10 312	21 787	13 437	13 237	13 237	28 000	18 450	20 750
3. SMME Development	65 803	58 622	102 008	82 502	88 335	88 335	56 099	87 406	89 662
4. Tourism Dev	20 489	16 653	19 226	22 533	24 033	24 033	25 000	17 990	18 800
5. Business Regulation Service	17 887	16 939	18 957	22 800	22 800	22 800	30 000	21 058	21 797
6.Economic & Proj Plan		1 010	2 245	3 448	3 248	3 248			
7.Consumer Protection Service		9 707	5 585						
8. Black Econ Empow							2 000	2 200	2 000
Total payments :	114 241	113 243	169 808	145 721	152 654	152 654	142 599	149 104	155 309

6.7.2.3. Summary by economic classification

Table 2.12: Summary of provincial payments and estimates by economic classification: 2 Economic Development

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates					
	Audited	Audited	Audited				2005/06	2006/07	2007/08			
	2001/02	2002/03	2003/04	2004/05								
Current payments												
Compensation of employees	7 274	7 523	12 290	24 367	23 967	23 967	25 707	26 992	27 342			
Goods and services	10 816	16 684	19 189	12 854	12 815	12 815	32 392	42 012	45 967			
Interest and rent on land												
Financial transactions in ass												
Unauthorised expenditure												
Transfers and subsidies to:												
Provinces and municipalities												
Departmental agencies & acc												
Universities and technikons												
Public corp & private enterpr	64 490	56 235	138 329	75 000	80 833	80 833	40 000	45 000	50 000			
Foreign govts & intern organ												
Non-profit institutions	31 661	32 801		33 500	35 000	35 000	44 500	35 100	32 000			
Households												
Payments for capital assets												
Buildings and other fixed structures												
Machinery and equipment												
Cultivated assets												
Software and other intangible assets												
Land and subsoil assets												
Total economic class:				114 241	113 243	169 808	145 721	152 654	152 654	142 599	149 104	155 309

6.7.2.4. Service delivery measures

Measurable Objectives	Performance Measures or Indicators	2004/05 (Actual)	2005/06 (outcome estimate)
To establish Clusters in growth sectors	Number of Clusters established	One cluster operational: Stainless Steel Cluster	Established Mining Procurement Cluster
To attract investment to the value of R m by 2008/9	Total value of investment attracted	Investment of R400 m	Investment of R520 m
Increase in the value of exports rates	Value of exports	Export value of R300 m	Increase in the value of exports by 400 million
To implement the Export Development Strategy	Number of exporters developed	5 exporters developed	5 exporters developed
To capacitate 12 SMME service providers	Number of service providers capacitated	2 service providers capacitated	4 Service Providers capacitated.
To facilitate the establishment of financing institutions within the Province	Number of SMMEs accessing finance	215 enterprises assisted	3 RFIs established, one in each District
To promote and develop tourism	Number of international tourists visiting	* Length of stay: 2,5 days	1,1million arrivals
	* Rating level	Rated No. 4	* 3 days stay
	Number of domestic tourists visiting	* Length of stay: 2,5 days * Rated No. 8	* Rated No. 3 * 2,5 million * 3 days stay
			* Rated No.3

To expedite the settlement of consumer complaints	Number of complaints investigated & resolved	* 639 complaints registered * 324 resolved * R1, 7 m claimed on behalf of consumers	To resolve the remaining 315 cases
Measurable objectives	Performance Measure or Indicator	2004/05 Estimates	2005/06 Target
To facilitate and stimulate economic development in the province.	Implementation of economic development strategies and policies.	Economic development strategies and policies implemented.	Economic development strategies and policies implemented.
To increase investment through export Trade Promotion	An increased in the number of exporters Exports increased by R1.4billion within a period of 4yrs.	Register 10 entrepreneurs for exporting R200 million	15 entrepreneurs exporting R300 million
To promote investment in value addition industries of at least R 1.87 Billion	Value of new investment of R1.87 Billion	Investment of R 300 million	Investment of R 400 million
To develop and facilitate the establishment of 5 industrial cluster (Wood, Stainless Steel, Wool, Agro-Processing, Mining) processes to promote the industrial base in the Province.	Improved production processes according to the 5 clusters	- Wood Stainless Steel Wool Agro-processing Mining	Maintenance of all 5 Cluster
(Enterprise/SMME development) Promote competitiveness in the economy by increasing the participants of the HDI and increasing the geographic spread of economic activity, to contribute to an increase in the value added of production in the economy	Number of enterprise/SMME competing in the economy of the province	Number of increased participants by HDI	
(Tourism) Increase domestic and international tourism through the development of appropriate products and strategies	1.Rate of increase in tourism growth 2.Number of tourism business graded 3.Number of domestic & international tourists arrivals	Number increase on tourism growth by 200	Number increase on tourism growth by 500
(Trade) Business certainty and access to redress by economic citizens through the provision of appropriate policy frameworks, legislation and regulation, as well as efficient and fair regulatory services	Improvement in turn around consumer complaints	Percentage reduction in response twice in 2005	Percentage reduction in response twice in 2006
Relevant regulatory policies and Legislation reviewed and implemented	Legislation implemented Legislation drafted	Applicable Legislation implemented Gambling Legislation promulgated	Applicable Legislation implemented Gambling Legislation promulgated
To facilitate compliance with applicable Legislation	Inspections conducted in terms of applicable Legislation Municipalities implement applicable Legislation	360 inspections conducted Municipalities capacitated to implementation of trade legislation	600 inspections conducted Municipalities capacitated to implementation of trade legislation
To render consumer advisory services	Consumer complaints investigated and resolved	360 cases consumer complaints considered	50% of cases received to be resolved
To promote consumer awareness	Consumer awareness strategy implemented	Consumer road shows, outreach programs, and radio talk shows conducted	Twelve consumer awareness educational events conducted

6.7.3. Programme 3. Economic Policy and Planning

6.7.3.1. Objective:

To focus on economic research and statistics, information management, spatial development, economic modelling, coordination and planning of strategic initiatives in the province.

6.7.3.2. Programme summary

Table 2.10: Summary of payments and estimates: 3 Economic Policy and Planning

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04				2005/06	2006/07	2007/08
1. Economic Policy and Planning		1 010	2 245	3 448	3 248	3 248	1 500		
2. Economic Res & Stat							3 500	6 951	7 299
3. Information manag & proj Impact Aanalysis							6 000		
4. Development Plan & Strategic Initiatives							2 500		
Total payments :		1 010	2 245	3 448	3 248	3 248	13 500	6 951	7 299

7.3.3. Summary by economic classification

Table 2.12: Summary of provincial payments and estimates by economic classification: 3 Economic Policy and Planning

Table 1: Summary of provincial payments and estimates by economic classification: 2005/06 and 2006/07												
				Outcome								
				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates					
							Audited	Audited	Audited			
R thousand				2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
Current payments										13 512	6 963	7 311
Compensation of employees										6 512	6 951	7 299
Goods and services										6 988		
Interest and rent on land												
Financial transactions in ass												
Unauthorised expenditure												
Transfers and subsidies to:												
Provinces and municipalities												
Departmental agencies & acc												
Universities and technikons												
Public corp & private enterpr												
Foreign govts & intern organ												
Non-profit institutions												
Households												
Payments for capital assets												
Buildings and other fixed structures												
Machinery and equipment												
Cultivated assets												
Software and other intangible assets												
Land and subsoil assets												
Total economic class:										13 500	6 951	7 299

6.7.3.4. Service delivery measures

Measurable Objective	Performance Measure or Indicator	2004/5 (Actual)	2005/6 (Target)
Determine research and statistical needs for the Province on economic development and guide planning in the province	Accuracy of statistical information	Complete and reliable information for planning	Complete and reliable information for planning

6.8. Other programme information: Personnel numbers and costs

Table 2.13: Personnel numbers and costs¹: Economic Development

Personnel numbers	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
1: Administration	107	128	106	90	100	100
2: Economic Development	44	54	59	70	90	90
3: Economic Policy & Planning						
Total personnel numbers:	151	182	165	160	190	190
Total personnel cost (R thousand)	16 988	27 289	34 082	44 102	51 408	52 979
Unit cost (R thousand)						

1) Full-time equivalent