

Vote 6

Department of Economic Affairs

AMOUNT TO BE APPROPRIATED:	R 66 500 000
STATUTORY AMOUNT:	
RESPONSIBLE EXECUTIVE AUTHORITY:	MEC FOR FINANCE AND ECONOMIC AFFAIRS
ADMINISTERING DEPARTMENT:	DEPARTMENT OF ECONOMIC AFFAIRS
ACCOUNTING OFFICER:	HEAD OF DEPARTMENT

1. Overview

Vision

To promote economic growth and development in the Northern Cape Province based on:

Diversification
Empowerment
Employment
Business creation
Sustainable development

Mission

The creation of an enabling environment for economic growth and development in the Northern Cape.

Core Functions

The Department's main responsibilities include:

Stimulating and increasing economic growth, SMME development and support services.
Creating an enabling environment to facilitate funding strategies for economic development and stimulation of Provincial trade and investment.
Ensuring consumer protection and education, regulate trade through inspectorate services and regulate liquor licensing and gambling.
Achieving the objectives of the Provincial growth and development strategy by providing policy research, policy analysis and implementation.

Strategic goals

The strategic goals are as follow:

Promoting growth, diversification and transformation of the Economy.
Developing requisite levels of human and social capital
Improving efficiency and effectiveness of governance and developmental institutions.

The department developed the following sub-objectives:

- Promote large scale mining development.
- Support small scale mining development.
- Promote agro-processing sector.
- Promote the development of the manufacturing sector.
- Promote the development of fishing and Mariculture industry.
- Improve access to knowledge & workforce productivity.
- Identify and target skills development.
- Enhancing of infrastructure for economic growth.
- Prefential Procurement Initiative.
- Strengthen local Government.
- Promotion of good Governance.
- Establishment of institutions: Gambling, Liquor and Consumer.

2. Review of the current financial year

Programme 2: SMME & Business Regulation

Developed and integrated SMME database

Facilitated in unlocking financial and non-financial resources for the targeted groups, particularly members within SAWEN, TWIB

Facilitated in the creation of 3 co-operatives to be established next year.

Facilitated the operationalisation of the Siyeda Local Economic Activator.

Review provincial policies to be aligned to the National Government guidelines.

Programme 3: Economic Development Services

Supported and facilitated 10 projects within the Agriculture, Mining and Manufacturing sector with accessing financial and non-financial support services

Improve the vertical and horizontal integration in provincial economic development, planning and information sharing through the establishment of the unit: Policy and Planning

A substantial amount of advertisement, promotional articles, press releases, billboards and world wide web advertising was procured to promote the Province as an economic development and investment haven.

Participated at National and International trade shows and exhibitions e.g. SAITEX, World Tourism Day, National Council of Provinces settings

Programme 4: Business Regulation & Consumer Protection

Consumer Protection & Advisory Services

Although the Consumer Affairs office has not been as successful in reaching all the target groups it has intended to reach, intensive education campaigns are undertaken at pension pay points throughout the Province to warn pensioners to be wary of unscrupulous loan sharks. The campaigns are undertaken with the assistance of the Department of Social Services and the SAPS.

Liquor Board

A data capturing system has been installed at the Liquor Board office. Data capturers have been appointed to load the data onto the system. Liquor Board officials conduct inspections at licenced liquor outlets. The Northern Cape Liquor Act is in the process of being drafted. It is anticipated that

the Northern Cape Liquor Act will eliminate the problems with regards to audits and reconciliation of liquor revenue.

Gambling Board

The Gambling Board has optimised revenue collection through conducting audits every second month, at the Flamingo and Desert Palace casinos. However, Gambling Board inspectors are not yet capacitated to conduct audits on totalisators. Training has been secured for the gambling inspectors for the month of February 2005. The draft Northern Cape Gambling Bill has been finalised and will be tabled within the current financial year.

3. Outlook for the coming financial year

The major priorities for the coming year include:

Evaluate the impact of the policies for enhancing Northern Cape manufacturing industry.

Enhance sectoral mineral beneficiation opportunities identified in Granite, manganese, Tiger's eye and Pegmatite and Diamond.

Promote Industrial development and Mineral beneficiation.

Identify interventions strategy enhancing BEE, women run business and SMME sector.

Facilitate the increase in export which includes table grapes, wine and high value of agriculture products.

Enhance infrastructure development for investment.

Establishment of the Liquor and Gambling Boards.

Increase revenue by optimising revenue collection i.e. conducting audits on totalisators.

4. Receipts and financing

The following sources of funding are used for the Vote:

Table 4.1: Summary of Receipts: Department of Economic Affairs

Rthousand	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					
Treasury Funding									
Equitable share	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643
Conditional grants									
Departmental Receipts	2,604	9,779	9,426	10,095	10,095	10,095	10,699	10,645	11,709
Total Treasury Funding	17,079	43,872	50,438	62,498	48,643	43,973	77,199	77,616	81,352

Table 4.2: Departmental receipts: Department of Economic Affairs

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						
Tax receipts	2,604	9,779	9,426	10,095	10,095	10,095	10,699	10,645	11,709
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	2,604	9,779	9,426	10,095	10,095	10,095	10,699	10,645	11,709

Table 4.3: Summary of Receipts: Department of Economic Affairs

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					
Treasury Funding									
Equitable share	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643
Conditional grants									
Other									
Total Treasury Funding	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643
Departmental receipts									
Tax receipts	2,604	9,779	9,426	10,095	10,095	10,095	10,699	10,645	11,709
Sales of goods and services other than capital assets									
Transfers received from:									
Fines, penalties and forfeits									
Interest, dividends and rent on land									
Sales of capital assets									
Financial transactions in assets and liabilities									
Total departmental receipts	2,604	9,779	9,426	10,095	10,095	10,095	10,699	10,645	11,709
Total receipts	17,079	43,872	50,438	62,498	48,643	43,973	77,199	77,616	81,352

5. Payment summary

5.1 Programme summary

Table 5.1: Summary of Payments and Estimates: Department of Economic Affairs

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					
Administration	4,981	5,642	6,135	7,256	7,401	7,042	10,400	10,417	11,200
Economic development	5,797	24,116	32,372	39,861	25,861	22,829	38,138	38,592	39,650
Policy planning and research							11,950	11,950	12,511
Business regulation and consumer protection	3,697	4,335	2,505	5,286	5,286	4,007	6,012	6,012	6,282
Total payments and estimates	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643
Statutory Amount*									
Total	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643

* Amount forming a direct charge on the Provincial Revenue Fund

5.2 Summary of economic classification

Table 5.2: Summary of Provincial Payments and Estimates by Economic Classification: Department of Economic Affairs

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	13,175	29,775	16,583	24,044	22,789	23,448	36,230	37,116	39,233
Compensation of employees	6,361	8,392	7,149	9,268	9,794	9,838	23,080	24,405	25,426
Goods and services	6,814	21,383	9,434	14,776	12,995	13,610	13,150	12,711	13,807
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:	958	4,000	24,044	27,929	15,329	10,000	29,000	29,400	29,900
Provinces and municipalities			4						
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises	958	4,000	24,040	27,929	9,000	10,000	29,000	29,400	29,900
Foreign governments and international organisations									
Non-profit institutions					6,329				
Households									
Payments for capital assets	342	318	385	430	430	430	1,270	455	510
Buildings and other fixed structures									
Machinery and equipment	342	318	385	430	430	430	1,270	455	510
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643
Statutory Amount*									
Total	14,475	34,093	41,012	52,403	38,548	33,878	66,500	66,971	69,643

6. Programme description

6.1 PROGRAMME 1 – ADMINISTRATION

Programme Description

This programme gives support to the department relating to administration and finance. The office of the Head of Department is one of the sub-programmes in this unit. The main aim of this programme is to provide management and administration direction to the department according to the Public Service Act and Public Finance Management Act.

Table 6.1: Summary of payments and estimates: Programme 1 Administration

Rthousand	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				
Office of the HOD	2,654	2,673	2,222	2,259	2,273	2,045	3,500	3,517	3,700
Departmental support services	2,139	2,759	3,690	4,747	4,878	4,747	2,800	2,800	3,200
Departmental accounting	188	210	223	250	250	250	4,100	4,100	4,300
Total	4,981	5,642	6,135	7,256	7,401	7,042	10,400	10,417	11,200

Table 6.1.1: Summary of payments and estimates by economic classification: Programme 1 Administration

Rthousand	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	4,712	5,328	5,755	6,826	6,971	6,612	10,060	10,297	11,030
Compensation of employees	3,163	3,287	2,956	3,093	3,107	3,107	6,833	7,208	7,478
Goods and services	1,549	2,041	2,799	3,733	3,864	3,505	3,227	3,089	3,552
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:									
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	269	314	380	430	430	430	340	120	170
Buildings and other fixed structures									
Machinery and equipment	269	314	380	430	430	430	340	120	170
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	4,981	5,642	6,135	7,256	7,401	7,042	10,400	10,417	11,200

PROGRAMME 2: ECONOMIC DEVELOPMENT**Table 6.2: Summary of payments and estimates: Programme 2 Economic Development**

Rthousand	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						
Innovation fund			21,250	25,000	11,000	10,000	25,000	25,000	25,000
Enterprise and local economy development	2,889	19,137	6,476	6,559	6,559	5,956	7,171	7,551	8,200
Economic support services	2,908	4,979	4,646	8,292	8,292	6,853	4,657	4,657	4,900
Chief director support							1,300	1,374	1,550
Total	5,797	24,116	32,372	39,861	25,861	22,829	38,138	38,592	39,650

Table 6.2.1: Summary of payments and estimates by economic classification: Programme 2 Economic Development

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	4,839	20,112	8,327	11,932	10,532	12,829	8,923	9,117	9,670
Compensation of employees	1,848	3,165	2,983	3,431	3,943	4,190	5,937	6,264	6,500
Goods and services	2,991	16,947	5,344	8,501	6,589	8,639	2,986	2,853	3,170
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:	958	4,000	24,040	27,929	15,329	10,000	29,000	29,400	29,900
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises	958	4,000	24,040	27,929	9,000	10,000	29,000	29,400	29,900
Foreign governments and international organisations									
Non-profit institutions					6,329				
Households									
Payments for capital assets		4	5				215	75	80
Buildings and other fixed structures									
Machinery and equipment		4	5				215	75	80
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	5,797	24,116	32,372	39,861	25,861	22,829	38,138	38,592	39,650

Programme Description

This programme is responsible for the following:

Facilitate programme to enhance support and growth of enterprises and SMME's business opportunities in urban and rural economies.

Ensure business opportunities financial and non-financial support for enterprise and local economy development throughout the province.

Determine enterprise development opportunities for IDP – LED initiatives and preferential procurement initiatives.

Provide supply side measures and economic services to support enterprise, trade, commercial and industry development.

Leverage financial, sector capacity building and intellectual resources to support economic development.

Promote trade, industry, and investment opportunities nationally and internationally

Facilitate resources, initiatives and opportunities for economic empowerment and transformation for designated groups.

MEASURABLE OBJECTIVE	PERFORMANCE MEASURES	PERFORMANCE TARGETS
<p>Improve access to knowledge of legislation. Investment and opportunities in Kgalagadi district</p> <p>Beneficiation of precious and semi precious stones e.g. Sugilite, Quartz & Tiger Eye</p>	<p>Investor seminar at 05 Mining Indaba Additional seminars</p> <p>Facilitate establishment of factories to polish and cut Set up Gemstone Centre/cluster</p>	<p>Successful investment seminar(s)</p> <p>Relocate factory from Welkom Set up another factory Forum / cluster set up</p>
<p>Beneficiation of Pegmatite and Veldspar</p> <p>Beneficiation of diamonds</p> <p>Facilitate the export of table grapes to China</p> <p>To facilitate the increase of wine export</p> <p>Facilitate business opportunities in terms of the Agri-Bee Framework</p> <p>Facilitate production and marketing of game meat</p>	<p>Facilitate establishment of Mica factory in the Namaqua region Setting up cutting and polishing factories in Kimberley and Springbok Establishing a diamond trading and services hub in Kimberley</p> <p>Access of markets in China</p> <p>Market research analysis</p> <p>Identify partners and products to outsource and supply side stream opportunities Identify factories</p> <p>Identify existing production facilities Facilitate new factories</p>	<p>Established Mica factory</p> <p>Two factories set up</p> <p>A trade protocol to export grapes to China to be negotiated within the context of the existing bi-lateral trade agreement between China and South Africa</p> <p>Research report completed</p> <p>Products and partners identified</p> <p>Production facilities and factories established</p>
Facilitate provision of integrated service delivery for SMME's throughout the province	Establish SEDA in the province SEDA in five districts in terms of new legislation	Established SEDA's
<p>Facilitate Preferential Procurement Committee</p> <p>Implementing Broad Based BEE strategy in the province</p>	<p>Maximize participation of BEE companies in PPI</p> <p>Maximise the number of BEE shareholdings and wholly owned companies</p>	<p>Establishment of new companies and expand business of current SMME's that will take advantage of PPI</p> <p>New BEE shareholdings</p> <p>New BEE companies</p>

6.2 PROGRAMME 3: POLICY, PLANNING AND RESEARCH

Table 6.3: Summary of payments and estimates: Programme 3 Policy Planning and Research

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					
Strategy management							2,400	2,400	2,500
Economic research							2,160	2,160	2,300
Information management and IT support							2,500	2,500	2,611
Business initiative development							3,950	3,950	4,100
Office of the chief director							940	940	1,000
Total							11,950	11,950	12,511

Table 6.3.1: Summary of payments and estimates by economic classification: Programme 3 Policy and Planning and Research

	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						
R thousand	2001/02	2002/03	2003/04				2005/06	2006/07	2007/08
Current payments							11,415	11,760	12,311
Compensation of employees							7,242	7,641	8,043
Goods and services							4,173	4,119	4,268
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:									
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							535	190	200
Buildings and other fixed structures									
Machinery and equipment							535	190	200
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification							11,950	11,950	12,511

Programme Description

The aim of this programme is to provide policy and planning support for the department.

This will be achieved through the following sub-programmes:

- Strategy Management
- Economic Research
- Information Management and IT Support
- Industry Development

The key focus areas are:

- To render policy, planning and research services.
- To manage, formulate, implement and monitor and evaluate the strategies of the Department.
- To analyse and evaluate the provincial economic sector data.

To assess the viability of economic opportunities and provide necessary support.

To manage information and provide support systems.

Measurable Objective	Performance Measure	Performance Target
Establish economic sector forum for EPWP.	EPWP economic sector forum established.	Fully functional EPWP Economic Sector Forum.
Evaluate and analyse policy and planning needs and develop guidelines for alignment of provincial policies and strategies.	Development of service delivery improvement plan.	Annual statement of public service commitment published by 31Jan. 2006
Evaluate bi-lateral agreements affecting province evaluated.	Develop recommendation on policy and strategy changes.	Recommendations submitted.
To analyse and assess the impact of National legislation on the large scale mining sector.	The effects of the National legislation on the mining sector.	Policy recommendations and policy alternatives.
In depth cost benefit study related to the entry of third party involvement (BEE/SMME) in iron ore and manganese sectors.	The opportunities that exist for the entrance of the third party.	Recommendations on the viability or the economic benefits that exist for third party entrants.
	The possible linkages that exist for SMME development from the above.	Business opportunities identified.
The feasibility study to establish a new manganese smelter in the NC.	The commissioning of the feasibility study.	Appropriate recommendations submitted.
Development and establishment of the social accounting matrix for the province.	Social accounting matrix developed.	Social accounting matrix fully functional.
Develop and implement a monitoring and evaluation plan for economic sector activities.	Plans developed and implemented.	Four sector plans completed.
Develop and implement a monitoring and evaluation plan for economic sector activities.	Plans developed and implemented.	Four sector plans completed.
Beneficiation of precious and semi-precious stones (Sugilite, Quartz, and Tigers Eye)	Complete sub-sector market research.	Research report and model developed.
To facilitate the increase of wine export.	Market research analysis.	Research report completed.
Identification of labour intensive business	Number of business opportunities identified.	2 labour intensive business opportunities identified.

Measurable Objective	Performance Measure	Performance Target
opportunities.		
Develop and maintain information management and support systems to ensure effective and efficient access to information by departmental clients	Improve electronic communication with departmental clients	Departmental web site established

6.4 PROGRAMME 4: BUSINESS REGULATION & CONSUMER PROTECTION

Programme Description

This programme aims at ensuring consumer protection and education, regulate trade through inspectorate services and regulate liquor licensing and gambling.

The programme is also responsible for ensuring that the collection of revenue for liquor licences and gambling is optimised.

Table 6.4: Summary of payments and estimates: Programme 4 Business Regulation and Consumer Protection

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				
Liquor affairs	582	683	743	837	837	837	1,000	1,000	1,112
Gambling board	1,877	2,290	931	1,974	1,974	1,974	2,300	2,300	2,350
Consumer protection & advisory Services	1,238	1,362	831	2,475	2,475	1,196	2,712	2,712	2,820
Total	3,697	4,335	2,505	5,286	5,286	4,007	6,012	6,012	6,282

Table 6.4.1: Summary of payments and estimates by economic classification: Programme 4 Business Regulation and Consumer Protection

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	3,624	4,335	2,501	5,286	5,286	4,007	5,832	5,942	6,222
Compensation of employees	1,350	1,940	1,210	2,744	2,744	2,541	3,068	3,292	3,405
Goods and services	2,274	2,395	1,291	2,542	2,542	1,466	2,764	2,650	2,817
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies:			4						
Provinces and municipalities			4						
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	73						180	70	60
Buildings and other fixed structures									
Machinery and equipment	73						180	70	60
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	3,697	4,335	2,505	5,286	5,286	4,007	6,012	6,012	6,282

Measurable Objective	Performance Measure	Performance Target
Promulgate a new Northern Cape Gambling Act, and Regulations	A new Northern Cape Gambling Act and Regulations	By end of 2005
Optimise revenue collection	Quality compliance audits reports conducted.	Bi-monthly

7. ADDITIONAL INFORMATION

Table 7.1: Personnel numbers and costs: Department of Economic Affairs

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
Programme 1: Administration	23	23	23	23	41	41
Programme 2: SMME & business regulation	7	13	10	11		
Programme 3: Economic development services	6	7	11	12		
Programme 4: Consumer protection & board support	15	16	10	11		
Programme 5: Economic development					44	44
Programme 6: Policy & planning					15	15
Programme 7: Business regulations & consumer protection					29	29
Total personnel numbers *	51	59	54	57	129	129
Total personnel cost (R thousand)	6,361	8,392	7,149	9,838	23,080	24,405
Unit cost (R thousand)	125	142	132	173	179	189

* Full-time equivalent