

VOTE 3

DEPARTMENT OF ECONOMIC DEVELOPMENT

To be appropriated by Vote	R 913 715 000
Responsible MEC	MEC for Finance and Economic Affairs
Administering department	Department of Economic Development
Accounting officer	Head of Department

1. OVERVIEW

Vision

To be the centre of economic development activities in the Gauteng Global City Region and beyond, ensuring a conducive environment for the achievement of shared and sustainable growth.

Mission

We provide a level of service that is output driven, ethical and people-focused, and reflects the economic demographics of the people of Gauteng, ensuring:

- Increased trade and investment
- Investment in strategic economic infrastructure that boosts the competitive advantages of key sectors of the economy
- An ethical business and regulatory environment throughout the Gauteng Global City Region

Legislative mandate

National Legislation

- Credit Agreements Act, 1980
- Town Planning and Townships Ordinance, 1986
- Business Act, 1991
- Public Service Act, 1994
- Sale and Service Matters Amendment Act, 1995
- Development Facilitation Act, 1995
- Skills Development Act, 1998
- Employment Equity Act, 1998
- World Heritage Convention Act, 1999
- Public Finance Management Act (PFMA), 1999
- Promotion of Access to Information Act, 2000
- Administration of Justice Act, 2000
- Preferential Procurement Policy Framework Act, 2000
- Municipality Systems Act, 2000
- Gauteng Planning and Development Act, 2003
- Municipal Finance Management Act (MFMA), 2004
- Convention Concerning the Protection of the World Cultural and Natural Heritage (adopted by the General Conference of UNESCO on 16 November 1972 and by the Republic of South Africa on 10 July 1997)

Provincial Legislation

- Less Formal Township Establishment Act, 1988
- Gauteng Gambling Act, 1995, 1996, 2001
- Development Facilitation Act, 1995
- Townships ordinance, 1996

- Gauteng Unfair Business Practices Act, 1996
- Gauteng Tourism Act, 2001
- The Liquor Act, 2003
- Gauteng Planning and Development Act, 2003
- Blue IQ Investment Holding Act, 2003
- Intergovernmental Fiscal Relations Act

Situation analysis

The political, economic and social context of the Gauteng Province creates the environment within which the department operates. The objectives of the department are derived from an analysis of the environment, key challenges and strategic issues that the department should address and are aligned with national and provincial strategic priorities. The overarching socio-economic development principle that guides the department is that of people centred, sustainable, holistic and integrated development that improves and enhances the quality of life of all citizens. The key purpose of the work of the department is to grow the economy in the context of the Growth and Development Strategy, which sets an eight percent growth target, and to reduce unemployment in the province to 14 percent by 2014.

Core functions of the department

The department is tasked with ensuring that the right frameworks and initiatives are put in place to foster economic growth and job creation in the province and push back the boundaries of poverty.

The functions of the department are focused around three core programmes: Integrated Economic Development Services (IEDS), Trade and Sector Development, and Business Regulations and Governance.

Strategic objectives

To be a visible and credible partner to a well informed stakeholder base

The department aims at ensuring coherent and effective communication with internal and external stakeholders, enhancing partnerships with the private sector and the other partners of the department as well as ensuring effective Information management and quality reporting.

To ensure a conducive environment for investment and growth

The department aims to achieve this through creating the environment that ensures halved unemployment and poverty within Gauteng and an eight percent growth in gross domestic product. This will be achieved through effective macro-planning instruments and through impact assessment of achievements.

To enhance an environment of effective and efficient management by the department's statutory bodies and agencies ensuring the implementation of policy targets

This objective will be achieved through the implementation of statutory body and agency programmes in compliance with existing legislation; ensuring compliance of statutory bodies and agencies with policies; and ensuring the effectiveness of programmes implemented by statutory bodies and agencies.

To provide economic leadership for the Gauteng Global City Region that ensures socio-economic inclusion (shared economic growth) and promotes vertical and horizontal integration

The department will achieve this objective through operating within and supporting the Intergovernmental Relations (IGR) framework; cost effective and strategic solutions to sustain the department, its projects and agencies; providing economic leadership for the province that ensures socio-economic inclusion (shared economic growth); and informing, influencing and developing the economic agenda of the Gauteng Global City Region.

The department's strategic objectives aim to address the following specific challenges:

- Lack of a coordinated overarching provincial Growth and Development Strategy to inform all socio-economic development activities in the province
- Insufficient public private partnerships in respect of labour absorption and job creation
- Insufficient investments in certain geographical areas which can be regenerated and have economic infrastructure and growth potential
- Insufficient transformation of the economic sector through appropriate support for BBBEE, SMMEs, micro or survivalist enterprises and cooperatives
- Inadequate focus on developing local economies towards improving the income of the poor in informal

- settlements
- Lack of prudent and innovative approaches to budgeting processes that support the priorities and objectives of the Gauteng Provincial Government (GPG)

2. REVIEW OF THE 2008/09 FINANCIAL YEAR

Integrated Economic Development Services (IEDS)

The programme's core functions are to develop economic policies for the province that will result in sustained levels of economic growth, job creation, development of human capital and an improved quality of life for all. IEDS continues to integrate economic planning with economic development. Notable achievements in the 2008/09 financial year include:

- Completion of the situation analysis for 2007 – 2011
- Completion of the terms of reference for the revision of the Gauteng Spatial Development Framework
- The framework to guide the development of the G2055 establishment, the department's long-term plan for the year 2055. This programme is still in the planning stage
- Submission of an application to the Department of Trade and Industry for an operating license for the OR Tambo Industrial Development Zone (ORT IDZ) for registering the development company
- Introduction of a framework for the Local Economic Development (LED) Project pipeline

Trade and Sector Development

This programme is directed at initiatives that:

- Facilitate, enhance and increase investment in infrastructure and other local development initiatives in targeted zones. This strategic objective is addressed through a broader consolidated framework.
- Facilitate, enhance and increase domestic and foreign direct investment including an increase in tourism and film production in Gauteng
- Ensure and promote development and sustainability of Broad Based Black Economic Empowerment (BBBEE), Small Medium and Micro Enterprises (SMMEs) and cooperatives in the province

The following progress was made towards achieving the objectives of this programme:

- Gauteng Enterprise Propeller (GEP) awarded a total of R6.2 million to SMMEs led by women and youth
- A total of 579 SMMEs were trained in various business disciplines. Of these, 309 were led by women, 186 by youth and 10 by people with disabilities.
- In relation to the 2008/09 target of channelling 30 percent of financial support loans to women-led SMMEs and 20 percent to youth-led SMMEs, GEP provided financial support amounting to 36 percent (R3.6 million) to SMMEs led by youth.
- GEP also supported women and youth-led businesses in accessing key economic sectors and with targeted training programmes. The Women in Construction programme is being developed to allow for more focused assistance.
- Following a needs analysis, a marketing campaign will be embarked on to ensure that the benefits of film and television are realized through the province. The Gauteng Film Commission (GFC) has compiled a draft campaign plan.

Business Regulation and Governance

The programme is responsible for ensuring an equitable, socially responsible business environment that allows for predictability. It ensures effective and efficient corporate governance, the regulation of the liquor industry, implementation of projects by the public entities, and manages consumer protection issues.

During the year under review, the following progress was towards achieving the objectives of this programme:

- Consumer Awareness: the government notice establishing the consumer affairs court under Section 13 of the Consumer Affairs (Unfair Business Practice) Act 7 of 1996 was published during the financial year following its inadvertent omission at the time of the establishment of the consumer affairs office in 1996.

The consumer awareness programme ran 47 activities that reached an estimated 223 600 people.

The consumer education was introduced into the curriculum. 150 000 sets of Grade 10 learner resource materials and 10 000 teacher guides were delivered to 15 district offices.

- Broad Based Black Economic Empowerment (BBBEE): the BBBEE Unit was launched during the year and established one forum at a provincial level and another forum at a municipal level. The provincial forum consists of the department and agencies whilst the municipal forum consists of local council and municipalities. The purpose of these fora, which will meet on a quarterly basis, is to address the challenges of BBBEE targets particularly in human resources and procurement.
- Agency Oversight: the unit facilitated the signing of a memorandum of understanding (MOU) between the agencies and the department. The aim of the MOU is to develop this strategic relationship and to clarify the roles of the agencies. Five of out of six approved agency business plans have been received to date.
- Liquor Regulation: the key deliverables of the unit relate to carrying out pre and post inspections on applications received, processing liquor licensing applications, conducting investigations of contraventions and advising the Liquor Board on such contraventions.

289 pre-inspections relating to new applications were conducted, with 239 finalized. 159 post inspections were finalized, with 50 pending. 65 post inspections were conducted on new inspections, with 60 finalized and five pending.

Regarding the processing of liquor licensing applications, all renewals in terms of the 1989 Act were issued. 238 applications were received and all applications processed. Unprocessed applications were either declined due to non-compliance or were postponed pending conclusion of enquiries. 817 applications for occasional permits were received and all were granted.

80 investigations of contraventions were conducted, of which six are pending. These resulted in the issuance of non-compliance notices. The unit carried out 470 raids on liquor outlets, closed down 35 liquor outlets and issued fines to the value of R201 000.

3. OUTLOOK FOR THE 2009/10 FINANCIAL YEAR

The key focus areas for the 2009/10 financial year include:

- Strengthening the capacity of the Trade and Industry directorate to focus particularly on developing strategies for industries that can accelerate job creation, and developing more comprehensive strategies for implementing the department's policies
- Strengthening the integration of planning in the Global City Region (GCR) through the finalization of the 30-year plan for Gauteng
- Strengthening the monitoring and evaluation processes to ensure monitoring, evaluation and reporting on progress against the objectives of the strategic plan. This will ensure proper programme co-ordination and measurement of progress.
- Development of guidelines for monitoring and evaluating strategies, business plans and policies of agencies. A template containing a composite set of measures to be used by agencies for reporting will improve reporting on and analysis of their performance. The Corporate Governance tool will be used to monitor the implementation of corporate governance principles by the boards of agencies.
- Accelerated implementation of the Growth and Development Strategy (GDS) by implementing the cost benefit analysis tool as well as supporting new and emerging strategic projects, including projects emanating from the municipal growth and development processes.
- Increasing assistance to SMME's through financial and non financial support in the form of training.
- Strengthening the implementation and reporting on the BBBEE Strategy
- Expansion of economic infrastructure development in strategic assets such as the Cradle of Humankind, Dinokeng Game Reserve, the Innovation Hub, Auto Supplier Park (ASP), the OR Tambo (ORT) International Airport Industrial Development Zone (IDZ) and Ekandustria
- Implementation of the Gauteng Tourism Strategy which aims to promote Gauteng as a tourist destination for South African residents and international visitors
- Hosting four Chief Executive Officers' fora to improve communication on strategic issues between the department and agencies. The department and agencies cyclical planning framework for 2009/10 will be implemented and reviewed for 2010/11. In addition, the Annual Strategic Alignment Lekgotla and the quarterly Inter-Agency fora will be hosted to improve the operations of the department and agencies.
- Establishment of the Gauteng Economic Development Agency (GEDA): the GEDA Act, establishing the organisation as an economic development agency for the GCR, will be submitted for approval. The Blue IQ Amendment Act will also be tabled for approval at the Gauteng Provincial Legislature. This will enable Blue IQ to increase the number of directors on its Board and thereby significantly improve its effectiveness and

efficiencies. The amendment will also ensure that the names of projects in which the Blue IQ is involved are correctly named in the schedule of the Blue IQ Act. The Gauteng Film Commission (GFC) Act will also be tabled at the Gauteng Provincial Legislature for approval.

- Implementation of shareholder's compact framework for agencies: the framework will facilitate better compliance between the department and agencies; create better linkages between the strategic planning frameworks of the department and agencies; ensure uniform reporting and programme progress; and ensure alignment in the monitoring of the department and agencies.
- Providing Grade 11 and 12 consumer education resource material in collaboration with the Gauteng department of Education
- Implementing the recommendations resulting from the survey on the impact of consumer awareness and education.
- Implementation of an electronic case management system to track the movement of files from lodgment of complaints to finalization and closure stage.
- Development of specifications for the implementation and roll out of the Consumer Affairs Contact Centre to create more access for consumers.
- Reviewing the consumer protection legislation after the passing of the National Consumer Protection Bill by the Department of Trade and Industry.

4. RECEIPT AND FINANCING

4.1 Summary of receipts

TABLE 1: SUMMARY OF RECEIPTS: ECONOMIC DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Equitable share	630 991	665 055	592 160	698 922	913 167	913 167	913 715	1 115 694	1 238 211
Total receipts	630 991	665 055	592 160	698 922	913 167	913 167	913 715	1 115 694	1 238 211

The department is funded through the equitable share. The increase in equitable share in the 2009/10 financial year increased from R631 million in the 2005/06 financial year to R913 million in 2008/09, an increase of 42 percent. In the 2009/10 financial year, the equitable share is R913 million increasing to R1.2 billion in the 2011/12 financial year. This shows an annual growth rate of 11.3 percent over the 2009 MTEF, mainly due to inflationary adjustments.

4.2 Departmental receipts collection

Revenue sources for the department are classified as monies prescribed by law, casino taxes, betting taxes, liquor license revenue (reflected in the trading account), fines and forfeitures and own departmental revenue tariffs such as parking fees and waste paper recycling.

TABLE 2: DEPARTMENTAL RECEIPTS COLLECTION: ECONOMIC DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Tax receipts	414 714	454 145	532 819	568 732	583 658	497 687	625 996	670 745	724 246
Casino taxes	388 748	427 034	502 128	536 063	551 006	465 030	593 911	636 414	687 168
Horse racing taxes	25 966	27 111	30 691	32 669	32 652	32 652	32 085	34 331	37 078
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets	-20 805	9 666	8 966	48 052	8 821	8 857	42 448	44 490	48 209
Transfers received									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Fines, penalties and forfeits									
Interest, dividends and rent on land		3 756	5 589		3 856	7 347			
Sales of capital assets									
Financial transactions in assets and liabilities	11 472	12 855	57	223	227	310	236	250	261
Total departmental receipts 1	405 381	480 422	547 431	617 007	596 562	514 196	668 680	715 485	772 716

1 This amount already includes Direct Charges as follows:

Direct Charges	- 22 137	- 25 222	- 26 270	- 32 474	- 32 474	- 32 474	- 33 273	- 33 928	- 41 236
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The department is one of the four major contributors to the revenue collected in the province. It collects revenue mainly through gambling taxes on casinos and horseracing. The department is also liable for direct charges, which include the charges that it deducts from the revenue from casino taxes to reimburse the primary collectors of that revenue on behalf of the department.

Revenue increased from R405 million in the 2005/06 financial year to R547 million in 2007/08 as a result of better than expected inflationary increases and adjustments during the period. Tax receipts are the main revenue source for the department with a total contribution of 94 percent in financial year 2007/08.

During the 2008/09 financial year, the revenue of the department was reduced by R20.4 million as a result of the authorisation given to the Gambling Board to retain this amount from the revenue collection to co-fund the purchase of its new premises. The anticipated revenue over the 2009 MTEF increases at an average rate of 14.5 percent which represents the normal inflationary increases and improved tax collection.

5. PAYMENT SUMMARY

5.1 Key assumptions

The budget was compiled in accordance with the provincial budget guidelines. The department's Strategic Plan and the Gauteng Provincial Government's five-year strategic plan serve as the basis for the budget. Cost-saving strategies, inflation-related adjustments, personnel costs increases and performance bonuses for levels 1 to 12 were taken into account.

5.2 Programme summary

TABLE 3: SUMMARY OF PAYMENTS AND ESTIMATES: ECONOMIC DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Administration	34 518	54 838	80 623	86 180	142 559	140 919	83 130	85 536	93 874
2. Integrated Economic Development									
Services	90 623	124 431	183 903	183 176	183 633	190 740	261 468	278 862	282 501
3. Trade and Sector Development	389 851	449 006	288 818	365 591	522 171	532 734	514 680	694 897	802 537

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	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
4. Business Regulation and Governance	19 099	20 173	29 611	49 455	50 019	37 979	40 705	42 277	44 515
5. Economic Planning	2 096	6 554	9 205	14 520	14 785	19 487	13 732	14 122	14 784
Total payments and estimates	536 187	655 002	592 160	698 922	913 167	921 859	913 715	1 115 694	1 238 211

TABLE 4: SUMMARY OF ECONOMIC CLASSIFICATION: ECONOMIC DEVELOPMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	203 564	107 759	136 126	170 871	228 636	227 340	155 688	171 678	183 347
Compensation of employees	37 222	48 918	69 978	83 332	86 097	79 360	84 559	91 560	99 055
Goods and services	166 210	58 828	59 147	87 539	142 539	147 980	71 129	80 118	84 292
Interest and rent on land									
Financial transactions in assets and liabilities	132	13	7 001						
Transfers and subsidies	311 888	542 975	453 300	524 982	681 462	691 260	755 126	941 876	1 052 355
Provinces and municipalities	8 492	78	5 700	10 000	10 000	10 000	10 000	10 000	10 000
Departmental agencies and accounts	126 378	385 553	354 389	327 771	325 251	335 049	430 345	443 193	454 571
Universities and technikons									
Public corporations and private enterprises	177 018	157 231	93 211	187 211	346 211	346 211	314 781	488 683	587 784
Foreign governments and international organizations									
Non-profit institutions									
Households		113							
Payments for capital assets	20 735	4 268	2 734	3 069	3 069	3 259	2 901	2 140	2 509
Buildings and other fixed structures	18 240								
Machinery and equipment	2 495	4 268	2 734	3 069	3 069	3 259	2 901	2 140	2 509
Cultivated assets									
Software and other intangible assets									

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Land and subsoil assets									
Total economic classification	536 187	655 002	592 160	698 922	913 167	921 859	913 715	1 115 694	1 238 211

The largest share of the budget is allocated for strategic economic infrastructure to facilitate sustainable economic growth and to contribute to job creation through the Blue IQ within Programme 3: Trade and Sector Development. Programme 2: Integrated Economic Development Services receives the second largest share of the budget, mainly for supporting and promoting the growth of small, medium and micro enterprises (SMMEs) as well as for the Gauteng Growth and Development Strategy. The smallest share of the budget is allocated to Economic Planning (Programme 5) which conducts economic research and develops provincial economic policies.

The department's spending increased from R536.2 million in 2005/06 to R655 million in 2006/07. This increase of R119 million was due mainly to higher allocations made to implementing agencies. The substantial increase of 22 percent in expenditure from 2005/06 to 2006/07 was a result of transfer payments to the Growth and Development Strategy (GDS), and enterprise development through the Gauteng Enterprise Propeller (GEP) in line with the provincial priorities. The reduction in expenditure from 2006/07 to 2007/08 within Programme 3: Trade and Sector Development relates to the completion of some of the Blue IQ infrastructure projects.

The department's allocated budget of R698.9 million was adjusted upwards to R913.2 million in 2008/09 to finance the Wakegem programme and the hosting of international motorsports events in the province as well as reallocation of retained surpluses of departmental agencies Gauteng Tourism Agency, GEDA and GFC to enable them to implement their projects.

Over the MTEF, the budget of the department increases from R913.7 million in 2009/10 to R1.2 billion in 2011/12, an annual average increase of 16.4 percent. An additional allocation of R934.2 million over the MTEF is in respect of motor sport events scheduled for the province. For economic development activities, R193.6 million is allocated in 2009/10, R202.3 million in 2010/11 and R211.8 million in 2011/12. These funds are allocated for investment and promotion and creative industries as well as to agencies and public entities including GEDA, GFC and Gauteng Tourism Agency. The increases reflect mainly in Programme 2: Integrated Economic Development services and Programme 3: Trade and Sector Development.

The cost drivers for the department are the transfers and subsidies to public corporations, departmental agencies and municipalities. Over the MTEF, total transfers and subsidies allocations grow from R311.9 million in 2005/06 to R1 billion in 2011/12, an average annual growth of 29.6 percent.

Transfers and subsidies to public corporations, which increase from R177 million in 2005/06 to R587.8 million in 2011/12, relate to strategic economic infrastructure development and motorsport events through the Blue IQ. Transfers and subsidies to departmental agencies range between R126.4 million and R454.6 million during the period under review. These relate to GFC; projects that will generate sustainable developmental returns to Gauteng such as Dinokeng, the Cradle of Humankind and Gauteng Tourism Agency (GTA); and supporting and promoting the growth of small medium and micro enterprises (SMMEs).

Transfers and subsidies to municipalities relate to support for economic development projects in municipalities through the LED. These transfers and subsidies increase from R78 000 to R10 million over the 7-year period under review.

Allocations for employee compensation increase from R1.1 million in 2005/06 to R1.4 million in 2011/12 to accommodate inflationary increases and salary adjustments. Current payments, which include compensation of employees as well as goods and services, range between R107.8 million and R228.6 million during the period under review. Increases in employee compensation relates to inflationary increases, salary adjustments and new posts created by restructuring of the department to decentralize the core business.

TABLE 5: SUMMARY OF DEPARTMENTAL PUBLIC-PRIVATE PARTNERSHIP PROJECTS

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Projects under implementation	55 564								
PPP unitary charge									
Advisory fees	10 315								
Revenue generated (if applicable)									
Project monitoring cost	45 249								
New projects									
PPP unitary charge									
Advisory fees									
Revenue generated (if applicable)									
Project monitoring cost									
Total	55 564								

5.3 Transfers

5.3.1 Transfers to public entities

TABLE 6: SUMMARY OF DEPARTMENTAL TRANSFERS TO PUBLIC ENTITIES

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Gauteng Economic Development Agency	30 600	42 500	70 486	57 000	57 000	57 000	57 000	57 000	59 565
2. Gauteng Tourism Agency	31 700	33 500	40 500	44 500	44 500	44 500	49 500	52 500	52 500
3. Gauteng Film Office	4 700	14 100	48 550	3 550	3 550	3 550	20 000	20 000	20 000
4. Gauteng Enterprise Propeller/ GAUMEC	73 000	80 000	103 009	53 650	53 650	53 650	136 324	142 459	144 870
5. Blue IQ Investment Holdings (Pty) Ltd	177 018	157 231	93 211	187 211	346 211	187 211	314 781	488 683	587 784
6. Gauteng Gambling Board		9 213							
Total departmental transfers to public entities	317 018	336 544	355 756	345 911	504 911	345 911	577 605	760 642	864 719

The budget for transfers to public entities increases from R317 million in 2005/06 to R864.7 million in 2011/12. Over the MTEF period, growth increases by 22.4 percent. The significantly large amount in 2009/10 is mainly due to the budget for the Blue IQ, the Gauteng Enterprise Propeller and the Gauteng Film Office.

During 2008/09, the department received a further R214 million of which R159 million was allocated to the Blue IQ for motor sport projects. The increase in the allocated transfers over the MTEF mainly relates to entities to drive the economy and render integrated economic development services of the province in different ways, including:

- The expansion of Gauteng's tourism market share
- Government guarantees to support SMMEs and their participation in the mainstream economy
- The development and promotion of the audiovisual industry
- Attract and managing infrastructure development for sustainable economic growth

5.3.2 Transfers to local government

TABLE 7: SUMMARY OF DEPARTMENTAL TRANSFERS TO LOCAL GOVERNMENT BY CATEGORY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Category A	8 492	78							
Category B			300	3 680	3 680	3 680	3 680	3 680	3 680
Category C			5 400	6 320	6 320	6 320	6 320	6 320	6 320
Total departmental transfers to local government	8 492	78	5 700	10 000	10 000	10 000	10 000	10 000	10 000

Allocations for transfers to local government range between R78 000 and R10 million over the 7-year period from 2005/06. These transfers relate to the development of local economies in partnership with key stakeholders by aligning local economic development (LED) initiatives with government programmes.

The first three years reflect a reprioritisation of funding from the Category A municipalities (a decrease in allocations from R8.5 million in 2005/06) to category B and C municipalities which received a total allocation of R5.7 million in 2007/08.

An increase from three to eight district municipalities receiving the grant resulted in a further increase in allocations to R10 million per annum between 2008/09 and 2011/12. This consists of an amount of R3.7 million allocated for economic development projects in the Randfontein local municipality (a category B municipality) and R6.3 million allocated to the Sedibeng district municipality (a category C municipality).

6. PROGRAMME DESCRIPTION

PROGRAMME 1: ADMINISTRATION

Programme description

Administration includes the Office of the Member of the Executive Committee (MEC), the Office of the Head of Department (HOD), Financial Management and Corporate Services. It is responsible for providing leadership, strategic management in accordance with legislation, regulations, and policies, and providing appropriate support service to all other programmes.

Programme objectives

The programme's objective is to effectively and efficiently manage and direct the activities of the MEC, manage and direct the departmental transversal administrative programmes that give leadership to the department, provide an effective financial management function, ensure the implementation of the PFMA and other related financial regulations and policies, provide planning and budgeting support to the department, ensure implementation of risk management and provide strategic support to the department.

TABLE 8: SUMMARY OF PAYMENTS AND ESTIMATES: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. MEC	814	858	919	982	1 054	2 437	1 050	1 106	1 156
2. Office of the MEC	1 772	6 432	7 070	11 514	11 708	11 708	10 711	10 954	11 447
3. Office of the HOD	4 072	4 353	24 151	11 902	67 069	66 984	8 317	8 603	10 008
4. Financial Management	8 895	14 737	13 612	14 392	14 645	16 542	15 450	14 884	15 554
5. Corporate Support Services	18 965	28 458	34 871	47 390	48 083	43 248	47 602	49 989	55 709
Total payments and estimates	34 518	54 838	80 623	86 180	142 559	140 919	83 130	85 536	93 874

TABLE 9: SUMMARY OF ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	32 771	53 517	79 691	84 686	141 065	139 425	82 502	85 096	93 135
Compensation of employees	13 339	22 037	36 853	42 116	43 495	39 884	48 049	51 689	55 585
Goods and services	19 300	31 467	42 838	42 570	97 570	99 541	34 453	33 407	37 550
Interest and rent on land									
Financial transactions in assets and liabilities	132	13							
Transfers and subsidies	38	41							
Provinces and municipalities	38	16							
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households		25							
Payments for capital assets	1 709	1 280	932	1 494	1 494	1 494	628	440	739
Buildings and other fixed structures									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Machinery and equipment	1 709	1 280	932	1 494	1 494	1 494	628	440	739
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	34 518	54 838	80 623	86 180	142 559	140 919	83 130	85 536	93 874

Expenditure over the period 2005/06 to 2007/08 increased at an annual average rate of 52.8 percent from R34.5 million to R80.6 million. The large financial injection into the Office of the MEC, Financial Management and Corporate Support Services sub-programmes during the 2006/07 financial year was made to increase capacity in these sub-programmes. The additional increase of about R6 million for the corporate services sub-programme during the 2007/08 resulted from the relocation of the security management and communication functions to this sub-programme.

The budget for 2008/09 has been adjusted upwards from R86.2 million to R142.6 million to finance the commitment to the Wakegem programme.

The budget over the MTEF grows from R83.1 million in 2009/10 to R93.9 million in 2011/12 to accommodate inflationary adjustments. The Corporate Support Services and the Financial Management sub-programmes receive the largest share of the total funding allocated to the programme.

The cost drivers for this programme are employee compensation, and goods and services; these form a minimum of 94 percent of the total budget over the 7-year period under review.

Current payments increase from R32.8 million in 2005/06 to R93.1 million in 2011/12. Increasing capacity in sub-programmes during 2006/07 contributed to the 48 percent (R26.1 million) increase in current payments. The relocation of the security management and communication functions to corporate services in 2007/08 further increased the budget. Financing of the commitment in respect of SMME development during the 2008/09 adjustment budget process increased goods and services by R55 million, and reclassified into transfer payments to the Gauteng Economic Propeller. Allocations for employee compensation increase from R43.5 million in 2008/09 to R55.6 million in 2011/12 to accommodate inflationary increases. The result of the decentralisation is also evident in the goods and services allocations which increase at an annual average of 5 percent (from R34.4 million in 2009/10 to R37.5 million in 2011/12).

PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

Programme description

This programme consists of the Enterprise Development, Local Economic Development (LED) and Economic Empowerment sub-programmes. It is responsible for sustaining economic development through shared partnerships, and develops, maintains, analyzes and implements a provincial GIS system to inform planning and monitoring.

Programme objectives

The programme's objective is to support and develop business enterprises, promote economic growth and the development of local economies in partnership with key stakeholders by aligning LED initiatives with government programmes and facilitating the process of empowerment and the creation of an enabling business environment for previously disadvantaged individuals (PDIs)

TABLE 10: SUMMARY OF PAYMENTS AND ESTIMATES: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. IEDS DDG Office	1 642	5 089	664	1 967	2 120	9 410	2 094	2 210	2 309
2. Economic Empowerment	18 981	39 342	73 918	114 619	114 864	114 684	113 017	123 787	125 402
3. Enterprise Development	70 000	80 000	103 009	53 650	53 653	53 650	136 324	142 459	144 870
4. Local Economic Development			6 312	12 940	12 996	112 996	10 033	10 406	9 920
Total payments and estimates	90 623	124 431	183 903	183 176	183 633	190 740	261 468	278 862	282 501

TABLE 11: SUMMARY OF ECONOMIC CLASSIFICATION: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	12 433	28 283	19 599	33 766	34 223	41 329	29 239	40 990	42 323
Compensation of employees	9 268	10 911	14 698	9 850	10 307	12 183	9 926	10 745	11 626
Goods and services	3 165	17 372	4 901	23 916	23 916	29 146	19 313	30 245	30 697
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	78 039	93 819	162 782	148 650	148 650	148 651	231 324	237 459	239 870
Provinces and municipalities	8 039	41	5 700	10 000	10 000	10 000	10 000	10 000	10 000
Departmental agencies and accounts	70 000	93 778	157 082	138 650	138 650	138 651	221 324	227 459	229 870
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	151	2 329	1 522	760	760	760	905	413	308
Buildings and other fixed structures									
Machinery and equipment	151	2 329	1 522	760	760	760	905	413	308

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	90 623	124 431	183 903	183 176	183 633	190 740	261 468	278 862	282 501

The expenditure over the period 2005/06 to 2007/08 increased at an annual average of 42 percent from R90.6 million to R183.9 million. A minimum of 90 percent of the budget is allocated to the Economic Empowerment and the Enterprise Development sub-programmes, which jointly aim to facilitate the process of empowerment and creation of an enabling business environment for previously disadvantaged individuals (PDIs). The largest share of the budget is allocated for supporting and promoting the growth of small, medium and micro enterprises (SMMEs) through the Enterprise Development budget, which increases from R70 million in 2005/06 to R144.9 million in 2011/12.

The second largest share is allocated for the Gauteng Growth and Development Strategy in the Economic Empowerment sub-programme, designed to ensure the sustained growth and development of the economy: Its expenditure rises from R19 million to R73.9 million during the first three years. Allocations are set to increase to R120 million over the MTEF. Support for economic development projects in municipalities through Local Economic Development (LED) increases from R6.3 million in 2007/08 to an annual average of R10.8 million from 2008/09 to the MTEF. To increase development planning capacity within the programme, a director was appointed in 2007/08.

The cost drivers for this programme are the transfers and subsidies to departmental agencies and municipalities, which form a minimum of 75 percent of the total budget over the 7-year period under review. The balance of the budget is allocated mainly to current payments.

Transfers and subsidies increase from R78 million in 2005/06 to R240 million in 2011/12. The allocation for support and promotion of small, medium and micro enterprises (SMMEs) through the Enterprise Development programme reflects mainly in the transfers and subsidies to the departmental agencies. Transfers to municipalities relate to support for economic development projects in municipalities through the LED. The increase from three to eight in the number of district municipalities receiving the grant in 2008/09 resulted in an increased allocation.

Allocations for employee compensation increase from R9.9 million in 2008/09 to R11.6 million in 2011/12 to accommodate inflationary increases, salary adjustments and additional posts created because of the restructuring of the department.

The minimal allocations for capital expenditure relate to office equipment.

SERVICE DELIVERY MEASURES

Integrated Economic Development Services:

Sustain economic development through shared partnerships.

INTEGRATED ECONOMIC DEVELOPMENT

Programme/Subprogramme/Performance measures	2008/09	Estimated Annual Targets		
	Estimated Outcome	2009/10	2010/11	2011/12
2.1 Enterprise Development				
Number of SMMEs supported through the institutions	2 635	6 375	6 425	6 500
Number of cooperatives supported	102	375	450	500
2.2 Economic Empowerment				
Number of BBBEE workshops conducted	18	32	24	

PROGRAMME 3: TRADE AND SECTOR DEVELOPEMENT**Programme description**

The Trade and Sector Development programme is responsible for the stimulation of economic growth through industry development, trade and investment promotion and translating economic policies into implementable strategies.

Programme objectives

The programme objective is to facilitate trade and export promotion and to attract investment by developing implementation strategies to position the industrial sector as a key contributor to economic growth and development; and to facilitate the implementation of strategic programme that will stimulate the competitiveness of priority sectors.

TABLE 12: SUMMARY OF PAYMENTS AND ESTIMATES: TRADE AND SECTOR DEVELOPMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. T&ID Management Office				1 259	1 359	2 125	1 328	1 400	1 463
2. Trade and Investment Promotion	30 600	42 500	70 486	57 000	83 980	64 310	57 000	57 000	59 565
3. Sector Development	178 919	249 275	125 121	120 121	90 621	120 088	141 571	147 814	153 725
4. Industry Development	180 332	157 231	93 211	187 211	346 211	346 211	314 781	488 683	587 784
Total payments and estimates	389 851	449 006	288 818	365 591	522 171	532 734	514 680	694 897	802 537

TABLE 13: SUMMARY OF ECONOMIC CLASSIFICATION: TRADE AND SECTOR DEVELOPMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	137 758			1 244	1 344	2 110	1 313	1 385	1 448
Compensation of employees	1 153			1 008	1 108	2 065	1 275	1 337	1 389
Goods and services	136 605			236	236	45	38	48	59
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	233 733	449 006	288 818	364 332	520 812	530 609	513 352	693 497	801 074
Provinces and municipalities	337								
Departmental agencies and accounts	56 378	291 775	195 607	177 121	174 601	184 398	198 571	204 814	213 390
Universities and technikons									

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Public corporations and private enterprises	177 018	157 231	93 211	187 211	346 211	346 211	314 781	488 683	587 784
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	18 360			15	15	15	15	15	15
Buildings and other fixed structures	18 240								
Machinery and equipment	120			15	15	15	15	15	15
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	389 851	449 006	288 818	365 591	522 171	532 734	514 680	694 897	802 537

The largest share of the budget is allocated for the development of strategic economic infrastructure to facilitate sustainable economic growth and contribute to job creation through the Blue IQ within the Industry Development. The expenditure decreases from R180.3 million in 2005/06 to R93.2 million in 2007/08 mainly due to surrender of unutilized funds to the Provincial Revenue Fund in order to finance spending needs in the social sector during that period. The allocation was increased by R159 million to finance commitments in respect of hosting international motorsport events in 2008/09. Allocations are set to increase from R314.8 million to R587.8 million over the MTEF. These allocations form 69 percent of the budget.

Sector Development receives the second largest share of the budget. This is responsible for the development and promotion of the film and audiovisual industry through the GFC and projects that will generate sustainable developmental returns to Gauteng such as Dinokeng, the Cradle of Humankind and Gauteng Tourism Agency (GTA). Expenditure fluctuates between R125.1 million and R178.9 million during the first three years. The allocation decreases from R120.1 million to R90.6 million in 2008/09 during the adjustment budget process due to the surrender of unutilized funds to the Provincial Revenue Fund. Allocations are set to increase from R141.6 million to R153.7 million over the MTEF.

Promotion of foreign investment in the province through GEDA within Trade and Industry Promotion is allocated R173.6 million over the MTEF. GEDA, GFC and GTA combined received an additional R27 million during the 2008/09 adjustment budget when retained surpluses were reallocated for the continuation of projects in progress.

The cost drivers for this programme are the transfers and subsidies to departmental agencies and public corporations, which form almost 100 percent of the total budget over the 7-year period under review.

Transfers and subsidies increase from R233.7 million in 2005/06 to R801.1 million in 2011/12, an annual average increase of 29 percent. The allocation for the strategic economic infrastructure development and motorsport events through the Blue IQ reflects mainly in the transfers and subsidies to the public corporations. The expenditure and budget trend reflecting in the transfers to departmental agencies relates to projects that

generate sustainable developmental returns to Gauteng. A specific growth pattern that warrants mentioning is the substantial annual increase in the motorsports events injection from R159million in the adjustment budget 2008/09 to R 426 584 over the MTEF 2011/12.

Allocations for employee compensation increase from R1.1 million in 2005/06 to R1.4 million in 2011/12 to accommodate inflationary increases and salary adjustments. There is no spending on personnel during 2006/07 and 2007/08 due to the Blue IQ becoming an entity, resulting in spending on its personnel no longer being allocated to the department.

SERVICE DELIVERY MEASURES

TRADE AND SECTOR DEVELOPMENT

Programme/Sub programme/Performance measures	2008/09	Estimated Annual Targets		
	Estimated Outcome	2009/10	2010/11	2011/12
3.1 Trade and Investment Promotion				
Value of investments attracted		R4 billion	R4.5 billion	R5 billion
Number of companies actively assisted with export support		1 000	1 800	2 000
3.2 Sector Development Industry				
Number of key sectors identified and supported		11	11	11
Number of interventions implemented in key sectors		15	20	20
3.3 Industry Development				
Number of high-impact initiatives packaged/developed		17	19	21
Number of high impact initiatives implemented		17	19	21

PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

Programme description

This programme consists of Agency Oversight, Consumer Affairs and Broad Based Black Economic Empowerment. It is responsible for ensuring an equitable, socially responsible business environment that allows for predictability.

Programme objectives

The programme's objective is to lobby against and address barriers in the broader business environment which inhibit business development; to implement and promote measures that ensure the rights and interests of consumers; to promote and maintain effective and efficient accountability of agencies through effective governance, regulation and compliance; and to monitor and evaluate the impact of the BBEE.

TABLE 14: SUMMARY OF PAYMENTS AND ESTIMATES: BUSINESS REGULATION AND GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. BRG DDG Office	1 346	3 309	4 108	4 890	4 956	3 036	4 032	4 426	4 670
2. Regulation Services	7 090	5 439	6 667	18 121	18 262	9 653	14 397	14 956	15 807
3. Consumer Protection	8 975	11 425	11 778	14 362	14 719	11 638	12 225	12 351	12 997
4. Liquor Regulation	1 688		7 058	12 082	12 082	13 652	10 051	10 544	11 041
Total payments and estimates	19 099	20 173	29 611	49 455	50 019	37 979	40 705	42 277	44 515

TABLE 15: SUMMARY OF ECONOMIC CLASSIFICATION : BUSINESS REGULATION AND GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	18 578	19 624	27 704	36 705	37 269	25 229	29 823	30 316	32 198
Compensation of employees	12 412	12 228	13 893	25 675	26 239	16 494	20 364	22 450	24 693
Goods and services	6 166	7 396	6 810	11 030	11 030	8 735	9 459	7 866	7 505
Interest and rent on land									
Financial transactions in assets and liabilities			7 001						
Transfers and subsidies	78	108	1 700	12 000	12 000	12 000	10 450	10 920	11 411
Provinces and municipalities	78	20							
Departmental agencies and accounts			1 700	12 000	12 000	12 000	10 450	10 920	11 411
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households		88							
Payments for capital assets	443	441	207	750	750	750	432	1 041	906
Buildings and other fixed structures									
Machinery and equipment	443	441	207	750	750	750	432	1 041	906
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	19 099	20 173	29 611	49 455	50 019	37 979	40 705	42 277	44 515

The largest share of the budget is allocated for addressing barriers in the broader business environment that inhibit business development. This is done through the Regulation Services. Expenditure increases from R5.4 million to R7.1 million over the first three years. The allocation increased from R18.1 million to R18.3 million in 2008/09 during the adjustment budget process to fund salary increases. Allocations are set to increase from R14.4 million to R15.8 million over the MTEF.

The second largest share of the budget (R37.6 million) over the MTEF is allocated to implementing and promoting

measures that ensure the rights and interests of consumers, through Consumer Protection. Expenditure increases from R9 million to R11.8 million over the first three years. The allocation increased from R14.4 million to R14.7 million in 2008/09 during the adjustment budget process to fund salary increases.

The Liquor Regulations allocations increase from R1.7 million to R11 million in 2011/12 to promote and maintain an effective and efficient regulatory system for the liquor industry. There were no allocations during the period prior to 2007/08, when the Liquor Board was operating a trading account. The expenditure of R1.7 million recorded during that period relates to the excess expenditure that the department absorbed.

Current expenditure forms the largest share of the expenditure and the budget of the programme. The share of current expenditure budget however reduces over the MTEF. Conversely, the share of the transfers and subsidies increases over the MTEF.

Current expenditure, which increases from R18.6 million to R27.7 million during the first three years forms 95 percent of the budget, whilst the transfers and subsidies within a range of R78 000 and R1.7 million forms less than 1 percent of the budget. The increasing allocations for the Liquor Regulations reflect in the transfers to departmental agencies, which range between R1.7 million in 2007/08 and R11.4 million in 2011/12. The share of these transfers in the budget increases to an annual average of 25 percent over the MTEF, whilst the share of current payments reduces to an annual average of 70 percent. The balance of the budget is allocated for the office equipment required for the service delivery of the programme.

SERVICE DELIVERY MEASURES

Business Regulation and Governance:

To ensure an equitable, socially responsible business environment that allows for predictability.

BUSINESS REGULATIONS AND GOVERNANCE

Programme/Subprogramme/Performance measures	2008/09	Estimated Annual Targets		
	Estimated Outcome	2009/10	2010/11	2011/12
4.1 Regulation services				
Number of barriers identified (link with objectives)	6	6	6	6
Number of barriers addressed (link with objectives)	6	6	6	6
4.2 Consumer Protection				
Number of complaints resolved	100%	100%	100%	100%
Number of consumer rights interventions conducted	100%	100%	100%	100%
4.3 Liquor Regulation				
Number of liquor license applications processed	90%	80%	90%	100%

PROGRAMME 5: ECONOMIC PLANNING

Programme description

The Programme consists of Policy and Planning, Research and Development, Project Management, Knowledge Management and Monitoring and Evaluation. It is responsible for the development of provincial economic policies and strategies to achieve and measure sustainable economic development.

Programme objectives

The Programme objectives are to develop provincial economic policies and strategies, conduct economic research, contribute to the creation of the knowledge economy and determine the effectiveness and impact of provincial policy objectives and strategies.

TABLE 16: SUMMARY OF PAYMENTS AND ESTIMATES: ECONOMIC PLANNING

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Management Office				5 892	5 892	3 178	5 520	5 627	5 889
2. Policy & Planning	2 096	6 554	9 205	4 628	4 805	8 621	4 426	4 588	4 803
3. Research & Development				4 000	4 088	7 688	3 786	3 907	4 092
Total payments and estimates	2 096	6 554	9 205	14 520	14 785	19 487	13 732	14 122	14 784

TABLE 17: SUMMARY OF ECONOMIC CLASSIFICATION : ECONOMIC PLANNING

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	2 024	6 335	9 132	14 470	14 735	19 247	12 811	13 891	14 243
Compensation of employees	1 050	3 742	4 534	4 683	4 948	8 734	4 945	5 339	5 762
Goods and services	974	2 593	4 598	9 787	9 787	10 513	7 866	8 552	8 481
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies		1							
Provinces and municipalities		1							
Departmental agencies and accounts									
Non-profit institutions									
Households									
Payments for capital assets	72	218	73	50	50	240	921	231	541
Buildings and other fixed structures									
Machinery and equipment	72	218	73	50	50	240	921	231	541
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	2 096	6 554	9 205	14 520	14 785	19 487	13 732	14 122	14 784

The expenditure sharply increased from R2.1 million in 2005/06 to R9.2 million in 2007/08. This expenditure relates to increasing capacity in the Policy and Planning sub-programme. The Research and Development and the Management Office sub-programmes begin to receive allocations from 2008/09.

Allocations for conducting economic research within the Research and Development sub-programme increase from R3.8 million in 2008/09 to R4.1 million in 2011/12. The programme is allocated an average of R4.6 million per annum over the MTEF for developing provincial economic policies within the Policy and Planning sub-programme. The Management Office receives allocations averaging R5.6 million over the MTEF, forming the largest share of the budget. This relates to the phasing in of the functions of this programme over the MTEF. The programme spent over 95 percent of the budget on current payments, mainly employee compensation. Although current payments continue to form the largest share of the budget, the allocation for the goods and services becomes higher than the allocation for employee compensation.

Over the MTEF, the allocation for employee compensation averages R5.3 million per annum and for goods and services R8.2 million. This trend is an inverse of the R3.1 million annual average spending on compensation of employees versus the R2.7 million spent on goods and services during the first three years under review.

SERVICE DELIVERY MEASURES

Economic Planning

To develop provincial economic policies and strategies to achieve and measure sustainable economic development.

ECONOMIC PLANNING

Programme/Sub programme/Performance measures	2008/09	Estimated Annual Targets		
	Estimated Outcome	2009/10	2010/11	2011/12
5.1 Policy and Planning				
Number of integrated policies	1	2	2	2
Number of strategies developed	7	10	10	10
Number of policies reviewed/updated	10	5	5	5
5.2 Research and Development				
Number of research reports compiled	25	30	40	50
5.3 Knowledge Management				
Number of economic intelligence reports developed	25	30	40	50
5.4 Monitoring and Evaluation				
Number of monitoring reports	4	4	4	4
Number of evaluation reports		1	1	1

7. OTHER PROGRAMME INFORMATION

7.1 Personnel numbers and costs

TABLE 18: PERSONNEL NUMBERS AND COST: ECONOMIC DEVELOPMENT

Personnel numbers	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012
1. Administration	78	78	144	133	133	133	133
2. Integrated Economic Development Services	46	47	82	55	55	55	55
3. Trade and Sector Development	12	13	13	4	4	4	4
4. Business Regulation and Governance	128	71	77	59	59	59	59
5. Economic Planning	17	17	18	69	103	103	103
Total personnel numbers	281	226	334	320	354	354	354

Personnel numbers	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012
Total personnel cost (R thousand)	37 222	48 918	69 978	83 332	84 559	91 560	99 055
Unit cost (R thousand)	132	216	210	260	239	259	280

1. Full-time equivalent

Personnel numbers increased from 320 in 2008/09 to 354 in 2011/12 due mainly to increases in Programme 1: Administration and Programme 5: Economic Planning.

Personnel costs increase from R70 million in 2007/08 to R83.3 million in 2008/09. Over the MTEF period, expenditure is expected to increase by an average annual nominal rate of 8.2 or from R84.6 million in 2009/10 to R99 million in 2011/12. This increase results from inflationary increases, adjustments of salaries and new posts created to decentralize the core business of the department.

TABLE 19: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS: ECONOMIC DEVELOPMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09		2009/10
Total for department									
Personnel numbers (head count)	281	226	334	320	320	334	354	354	354
Personnel cost (R thousands)	37 222	48 918	69 978	83 332	86 097	79 360	84 559	91 560	99 055
Human resources component									
Personnel numbers (head count)	15	14	12	22	22	22	22	22	22
Personnel cost (R thousands)	2 052	5 464	6 001	6 301	6 301	6 301	6 616	6 301	6 301
Head count as % of total for department	5%	6%	4%	7%	7%	7%	6%	6%	6%
Personnel cost as % of total for department	6%	11%	10%	8%	7%	8%	7%	6%	6%
Finance component									
Personnel numbers (head count)	23	18	28	28	28	28	28	28	28
Personnel cost (R thousands)	3 669	3 988	7 074	7 498	7 498	7 498	7 873	8 345	8 345
Head count as % of total for department	8%	8%	8%	9%	9%	8%	8%	8%	8%
Personnel cost as % of total for department	10%	8%	11%	9%	9%	9%	8%	8%	8%
Full time workers									
Personnel numbers (head count)	147	117	200	320	172	186	206	206	206
Personnel cost (R thousands)	27 585	40 307	55 282	83 332	67 628	60 891	75 840	82 841	90 336

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Head count as % of total for department	52%	52%	60%	100%	54%	56%	58%	58%	58%
Personnel cost as % of total for department	74%	82%	76%	100%	79%	77%	80%	82%	83%
Part-time workers									
Personnel numbers (head count)	125	97	103		96	96	96	96	96
Personnel cost (R thousands)	6 004	4 055	2 036		680	680	680	680	680
Head count as % of total for department	44%	43%	31%		30%	29%	27%	27%	27%
Personnel cost as % of total for department	16%	8%	3%		1%	1%	1%	1%	1%
Contract workers									
Personnel numbers (head count)	9	12	31		52	52	52	52	52
Personnel cost (R thousands)	3 633	4 556	12 660		17 789	17 789	17 789	17 789	17 789
Head count as % of total for department	3%	5%	9%		16%	16%	15%	15%	15%
Personnel cost as % of total for department	10%	9%	20%		21%	22%	19%	18%	16%

7.2 Training

TABLE 20: PAYMENTS ON TRAINING: ECONOMIC DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Administration of which	1 206	205	1 539	6 633	6 633	6 633	6 733	6 833	7 000
Subsistence and travel									
Payments on tuition	1 206	205	1 539	6 633	6 633	6 633	6 733	6 833	7 000
2. Integrated Economic Development									
Services	660	58	251	3 213	3 213	3 213	3 315	3 413	3 666
Subsistence and travel									
Payments on tuition	660	58	251	3 213	3 213	3 213	3 315	3 413	3 666
3. Trade and Sector Development	44		110	100	100	100	122	138	141

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Subsistence and travel									
Payments on tuition	44		110	100	100	100	122	138	141
4. Business Regulation and Governance	266	75	459	2 954	2 954	2 954	3 101	3 303	3 603
Subsistence and travel									
Payments on tuition	266	75	459	2 954	2 954	2 954	3 101	3 303	3 603
Total payments on training	2 176	338	2 359	12 900	12 900	12 900	13 271	13 687	14 410

Payments on training increase from R2.4 million in 2007/08 to R12.9 million in 2008/09. Over the MTEF period, expenditure on training is expected to increase by an average annual rate of 4.2 percent to reach R14.4 million.

TABLE 21: INFORMATION ON TRAINING: ECONOMIC DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Number of staff	281	226	334	320	320	334	354	354	354
Number of personnel trained	169	169	169	169	169	169	169	170	170
of which									
Male	104	104	104	104	104	104	104	85	85
Female	65	65	65	65	65	65	65	85	85
Number of training opportunities	253	253	253	127	127	127	140	253	253
of which									
Tertiary	83	83	83	42	42	42	50	83	83
Workshops	170	170	170	85	85	85	90	170	170
Seminars									
Other									
Number of bursaries offered	83	83	83	83	83	83	90	95	95
Number of interns appointed									
Number of learnerships appointed		26	26	26	26	26	26	26	26
Number of days spent on training	340	340	340	170	170	170	180	180	180

Over the seven-year period, department officials attended courses in business writing skills, target selection, risk assessment, business etiquette, computer courses (MCSE, MCSA, CCNA, SISCO), financial management, Excel and PowerPoint, and project management.

Bursaries offered by the department focus on academic qualifications in economic development. Three learnership students were absorbed into the department in the past years.

Programmes offered to officials in the seven years under review include induction for new employees and interns; leadership development; life skills self development; performance management and development; assertiveness skills; developing the leader within you; Head of Department (HOD) mentorship programme; and lay counselling for employees.

7.3 Reconciliation of structural changes

TABLE 22: RECONCILIATION OF STRUCTURAL CHANGES: ECONOMIC DEVELOPMENT

Programmes for 2008/09			Programmes for 2009/10		
Programme	2008/09 Equivalent		Programme	2009/10 Equivalent	
	Sub Programme	Sub -Sub programme		Sub Programme	Sub -Sub programme
1. ADMINISTRATION	4. Legal Service		1. ADMINISTRATION		2. Legal Services
3. TRADE AND INDUSTRY DEVELOPMENT			3. TRADE AND SECTOR DEVELOPMENT		
4. BUSINESS REGULATION AND GOVERNANCE	5. Broad Based Black Economic Empowerment		4. BUSINESS REGULATION AND GOVERNANCE		1. Broad Based Black Economic Empowerment
5. ECONOMIC PLANNING	2. Economic Policy and Planning		5. ECONOMIC PLANNING		2. Policy and Planning
	3. Economic Research and Development				3. Research and Development
	4. Project Management Unit				1. Competitiveness Unit

