

VOTE 6

**DEPARTMENT OF ECONOMY AND
ENTERPRISE DEVELOPMENT**

DEPARTMENT OF ECONOMY AND ENTERPRISE DEVELOPMENT

Adjusted budget summary

R thousand	2014/15			
	Main Appropriation	Adjusted Appropriation	Decrease	Increase
Amount to be appropriated	260 588	259 937	-29 586	28 935
Of which				
Current payments	114 767	143 702		28 935
Transfers and subsidies	143 647	114 061	-29 586	
Payments for capital assets	2 174	2 174		
Direct Charge against the Provincial Revenue Fund				
Executive authority	MEC for Finance, Economy and Enterprise Development			
Accounting officer	Deputy Director General of the Department of Economy and Enterprise Development			

Aim of the Department

To drive and facilitate the development and well-coordinated, vibrant, diversified and sustainable economy for the North West Province

Programmes

1. Administration
2. Integrated Economic Development Services
3. Trade and Sector Development
4. Business Regulation and Governance
5. Economic Planning

SUMMARY OF RECEIPTS

ITEM	R' 000
ROLLOVERS	
None	
OTHER ADDITIONAL FUNDING	
None	
LESS DEDUCTION	-651
Approved budget cuts	-651
TOTAL	-651

Changes to programme purpose, objectives and measures

None

Mid-year performance review

There are no changes to performance indicators and 2014/15 targets as published in the 2014 Estimates of Provincial Revenue and Expenditure. The table below indicates performance in the first six months of the year.

Integrated Economic Development Services Function (IEDS) is currently centralised with just two officials at district level. However, deliberate interventions towards increased support and development of SMMEs and cooperatives at local municipality level through initiatives such as lodgement of returns, basic training and registration of companies and cooperatives contributed to excess performance against targeted indicators as indicated in the table below.

2014/15 Adjusted Estimates of Provincial Revenue and Expenditure

indicators	Programme	Outcome to which it contributes	Annual performance		
As published in the 2014 EPE	Programme linked to the indicators	Outcome the indicators is linked to	Projected for 2014/15 as published in the 2014 EPE	Achieved in the first six months of 2014/15 (April to September)	Changed target for 2014/15
Number of existing SMMEs supported	Integrated Economic Development Services	Outcome 4	250	175	None
Number of new SMMEs developed	Integrated Economic Development Services	Outcome 4	100	184	None
Number of existing cooperatives supported	Integrated Economic Development Services	Outcome 4	15	31	None
Number of cooperatives developed	Integrated Economic Development Services	Outcome 4	40	23	None
Number of partnership with institutions supporting enterprises	Integrated Economic Development Services	Outcome 4	4	1	None
Number of performance assessment reports on trade and investment within North West Development Corporation (NWDC)	Integrated Economic Development Services	Outcome 4	4	1	None
Number of trade and investment support provided within the province	Integrated Economic Development Services	Outcome 4	4	1	None
Number of market practices investigates	Integrated Economic Development Services	Outcome 4	20	11	None

Details of adjustments to Estimates of Provincial Expenditure 2014

Departmental summary of 2014 Adjustment Estimates of Provincial Expenditure according to programmes

Departmental summary of 2014 Adjustment Estimates of Provincial Expenditure according to programmes									
Programme	Main Appropriation	2014/15 Adjustments appropriation						Adjusted Appropriation	
		Rollovers	Unforeseeable / unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
R thousand									
Administration	74 680			25 275				25 275	99 955
Intergrated Economic Development Services	39 418			10 277				10 277	49 695
Trade and Sector Development	76 171			-38 652			-651	-39 303	36 868
Business Regulation and Governance	65 579			2 400				2 400	67 979
Economic Planning	4 740			700				700	5 440
Subtotal	260 588						-651	-651	259 937
Direct charge against the Provincial Revenue Fund									
Total	260 588						-651	-651	259 937
Economic Classification									
Current payments	114 767			28 935				28 935	143 702
Compensation of employees	73 488			6 923				6 923	80 411
Goods and services	41 279			22 002				22 002	63 281
Interest and rent on land				10				10	10
Financial transactions in assets and liabilities									
Transfers and subsidies	143 647			-28 935			-651	-29 586	114 061
Provinces and municipalities									
Departmental agencies and accounts	48 277			13				13	48 290
Universities and technikons									
Public corporations and private enterprises	94 248			-29 025			-651	-29 676	64 572
Foreign governments and international organisations									
Non-profit institutions									
Households	1 122			77				77	1 199
Payments for capital assets	2 174								2 174
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	2 174								2 174
Transport assets									
Other Machinery and equipment	2 174								2 174
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Total	260 588						-651	-651	259 937

Programme summary of estimates according to subprogrammes

Programme 1 : Administration		2014/15							
R thousand	Main Appropriation	Adjustments appropriation						Adjusted Appropriation	
		Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
Office of the MEC	5 928			-2 000				-2 000	3 928
Office of the HoD	5 479			1 000				1 000	6 479
Financial Management	17 411			3 504				3 504	20 915
Corporate Services	45 862			22 771				22 771	68 633
Subtotal	74 680			25 275				25 275	99 955
Direct charge against the									
Statutory payment									
Total	74 680			25 275				25 275	99 955
Economic Classification									
Current payments	71 244			25 262				25 262	96 506
Compensation of employees	41 014			4 500				4 500	45 514
Goods and services	30 230			20 752				20 752	50 982
Interest and rent on land				10				10	10
Financial transactions in assets and liabilities									
Transfers and subsidies	1 262			13				13	1 275
Provinces and municipalities									
Departmental agencies and accounts	140			13				13	153
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households	1 122								1 122
Payments for capital assets	2 174								2 174
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	2 174								2 174
Transport assets									
Other Machinery and equipment	2 174								2 174
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Total	74 680			25 275				25 275	99 955

Programme summary of estimates according to subprogrammes

Programme 2 : Intergrated Economic Development S

2014/15

		2014/15							
	Main Appropriation	Adjustments appropriation						Adjusted Appropriation	
		Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
R thousand									
Enterprise Development	32 546			5 250				5 250	37 796
Regional and Local Economic Development	3 455								3 455
Economic Empowerment	3 417			5 027				5 027	8 444
Subtotal	39 418			10 277				10 277	49 695
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	39 418			10 277				10 277	49 695
Economic Classification									
Current payments	15 788			5 277				5 277	21 065
Compensation of employees	12 568			400				400	12 968
Goods and services	3 220			4 877				4 877	8 097
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	23 630			5 000				5 000	28 630
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises	23 630			5 000				5 000	28 630
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets									
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment									
Transport assets									
Other Machinery and equipment									
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Total	39 418			10 277				10 277	49 695

Programme summary of estimates according to subprogrammes

Programme 3 : Trade and Sector Development

Programme 3 : Trade and Sector Development		2014/15							
	Main Appropriation	Adjustments appropriation						Adjusted Appropriation	
		Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
R thousand									
Trade and Investment Promotion	46 490			-15 630			-651	-16 281	30 209
Sector Development									
Strategic Initiative	29 681			-23 022				-23 022	6 659
Subtotal	76 171			-38 652			-651	-39 303	36 868
Direct charge against the									
Provincial Revenue Fund									
Statutory payment									
Total	76 171			-38 652			-651	-39 303	36 868
Economic Classification	5 553			-4 670				-4 670	883
Current payments	5 553			-4 670				-4 670	883
Compensation of employees	616			-43				-43	573
Goods and services	4 937			-4 627				-4 627	310
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	70 618			-33 982			-651	-34 633	35 985
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises	70 618			-34 025			-651	-34 676	35 942
Foreign governments and international organisations									
Non-profit institutions									
Households				43				43	43
Payments for capital assets									
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment									
Transport assets									
Other Machinery and equipment									
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Total	76 171			-38 652			-651	-39 303	36 868

Programme summary of estimates according to subprogrammes

Programme 4 : Business Regulation and Governance

Programme 4 : Business Regulation and Governance		2014/15						
	Main Appropriation	Adjustments appropriation						Adjusted Appropriation
		Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments	
R thousand								
Governance								
Regulation Services	1 649							1 649
Consumer Protection	10 305	500						10 805
Liquor Regulation	5 488	1 900						7 388
Gambling and Betting	48 137							48 137
Corporate Governance								
Subtotal	65 579	2 400						67 979
Direct charge against the Provincial Revenue Fund								
Statutory payment								
Total	65 579	2 400						67 979
Economic Classification								
Current payments	17 442	2 366						19 808
Compensation of employees	15 768	1 366						17 134
Goods and services	1 674	1 000						2 674
Interest and rent on land								
Financial transactions in assets and liabilities								
Transfers and subsidies	48 137	34						48 171
Provinces and municipalities	48 137							48 137
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households		34						34
Payments for capital assets								
Buildings and Other fixed structures								
Buildings								
Other fixed structures								
Machinery and equipment								
Transport assets								
Other Machinery and equipment								
Biological assets								
Software and Other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Total	65 579	2 400						67 979

Programme summary of estimates according to subprogrammes

Programme 5 : Economic Planning

Programme 5 : Economic Planning		2014/15							
R thousand	Main Appropriation	Adjustments appropriation						Adjusted Appropriation	
		Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
Policy and Planning	1 887			27				27	1 914
Research and Development	1 660								1 660
Knowledge Management	184								184
Monitoring and Evaluation	1 009			673				673	1 682
Subtotal	4 740			700				700	5 440
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	4 740			700				700	5 440
Economic Classification									
Current payments	4 740			700				700	5 440
Compensation of employees	3 522			700				700	4 222
Goods and services	1 218								1 218
Interest and rent on land									
Financial transactions in assets and liabilities									
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									
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment									
Transport assets									
Other Machinery and equipment									
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Total	4 740			700				700	5 440

Roll-overs

None

Unforeseeable and unavoidable expenditure

None

Summary of Virements

Virements and shifts Table

Programmes

Administration
 Integrated Economic Development Services
 Trade and Sector Development
 Business Regulation and Governance
 Economic Planning

From			To		
Programme by Economic Classification	Motivation	R thousand	Programme by Economic Classification	Motivation	R thousand
Programme 3: Trade and Sector Development		(38 694)	Programme 1: Administration		26 025
Transfer Payments: NWDC: Light Industrial Park : CSIR : Conducting of Feasibility studies	Implementation of project deferred Conducting of feasibility studies deferred	(11 003) (23 022)	Compensation of Employees	To cater for the shortfall and contract workers	6 500
Goods and Services: Contractors	Redirecting the funds to cater for hosting of 2014 Global Entrepreneurship week	(4 627)	Goods and Services	To cater for the shortfall audit fees	750
Compensation of employees		(43)	Audit fees	Catering for the Security and maintenance of building	13 102
			Property maintenance	Catering for the shortfall on telephone costs	1 000
			Communications	Provision for the outstanding invoices on legal cost	650
			Legal fees	Providing for payment on lease payment for the NWDC building	4 000
			Leases	To cater for interest payment already incurred	10
			Interest on Rent		
			Transfer Payments		
			Provision for TV license payment	To cater for the payment of TV licenses	4
			Workmen Compensation	To cater for workmen compensation levy	9
			Programme 2: Integrated Economic Development		10 027
			Compensation of Employees	To cater for the shortfall on compensation of employees	400
			Goods and Services	Providing for the 2014 Global Entrepreneurship week	4 627
			Transfer Payments	To cater for the completion of on going projects	5 000
			Programme 3: Trade and Sector Development		43
			Transfer Payments	Households	43
			Programme 4: Business Regulation		1 900
			Compensation of Employees	To cater for the shortfall on compensation and contract workers	1 400
			Goods and Services	Provision for the Consumer event to be held during February next year	250
				Provision for the Liquor month event to be held during March 2014	250
			Programme 5: Economic Planning		700
			Compensation of Employees	To cater for the shortfall on compensation of employees	700
Shift within the programme as a percentage of the programme budget					
Virements of other programme as a percentage of the programme budget					
Programme 1: Administration		50.7%	Programme 2: Integrated Economic Development		750
		(750)			
Compensation of employees	to cater for the Setsokotsane projects	(750)	Goods and Services	increase on S & T to cater for the setsokotsane project	250
			Programme 4: Business Regulation and Governance		500
			Goods and services	increase on S & T to cater for the setsokotsane project	500
Shift within the programme as a percentage of the programme budget					

1. Programme 3 shifted an amount of R38.625 million or 50.7 per cent to augment the budget pressures on all programmes. Any virements above 8 per cent requires the approval of the Legislature.

Declared unspent funds

None

Other adjustments

None

Use of funds in emergency situations in terms of section 25 of the PFMA

None

Self-financing expenditure

None

Gifts, donations and sponsorships

None

Additional allocations

None

Amounts surrendered- R651 000

Programme 3 – Trade and Sector Development R651 000

The reduction was made from the development of Light Industrial Park allocation as the implementation of the project has been deferred pending the review of the departmental strategy to align it with ACT as the economic pillar of the Province.

Expenditure for 2014/15 and preliminary expenditure for 2014/15:

Expenditure and preliminary expenditure: 2014/15

Programme	2013/14						2014/15			
	Audited outcome						Preliminary expenditure			
	Apr 13-Sep 13			Apr 13-Mar 14			Apr 14-Sep 14			
	Adjusted appropriation	Apr 13 Sep 13	% of Adjusted appropriation	Apr 13 Mar 14	% of Adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ total (%)	Apr 14 Sep 14	% of Adjusted appropriation	
R thousand										
Administration	72 269	31 722	43.9%	72 977	101.0%	99 955	38.5%	43 952	44.0%	
Integrated Economic Development Services	32 449	13 400	41.3%	32 442	100.0%	49 695	19.1%	11 898	23.9%	
Trade and Sector Development	51 103	31 026	60.7%	50 083	98.0%	36 868	14.2%	2 751	7.5%	
Business Regulation and Governance	59 740	24 490	41.0%	59 738	100.0%	67 979	26.2%	32 734	48.2%	
Economic Planning	6 105	2 523	41.3%	6 056	99.2%	5 440	2.1%	2 450	45.0%	
Subtotal	221 666	103 161	46.5%	221 296	99.8%	259 937	100.0%	93 785	36.1%	
Direct charge against the Provincial Revenue Fund										
Subtotal	221 666	103 161	46.5%	221 296	99.8%	259 937	100.0%	93 785	36.1%	
Total	221 666	103 161	46.5%	221 296	99.8%	259 937	100.0%	93 785	36.1%	
Economic classification										
Current payments	108 264	49 733	45.9%	108 250	100.0%	143 702	55.3%	61 696	42.9%	
Compensation of employees	69 863	31 279	44.8%	69 884	100.0%	80 411	30.9%	41 628	51.8%	
Goods and services	38 361	18 439	48.1%	38 350	100.0%	63 281	24.3%	20 068	31.7%	
Interest and rent on land	40	15	37.5%	16	40.0%	10	0.0%			
Financial transactions in assets and liabilities										
Transfers and subsidies	108 750	53 174	98.6%	107 465	98.8%	114 061	43.9%	31 668	27.8%	
Provinces and municipalities										
Departmental agencies and accounts	41 969	21 272	50.7%	41 733	99.4%	48 290	18.6%	24 074	49.9%	
Universities and technikons										
Public corporations and private enterprises	66 636	31 902	47.9%	65 621	98.5%	64 572	24.8%	7 517	11.6%	
Foreign governments and international organisations										
Nonprofit institutions										
Households	145			111	76.6%	1 199	0.5%	77	6.4%	
Payments for capital assets	4 652	254	5.5%	5 581	120.0%	2 174	0.8%	419	19.3%	
Buildings and Other fixed structures										
Machinery and equipment	4 652	254	5.5%	5 581	120.0%	2 174	0.8%	419	19.3%	
Biological assets										
Software and Other intangible assets										
Land and subsoil assets										
Heritage assets										
Specialised military assets										
Total	221 666	103 161	46.5%	221 296	99.8%	259 937	100.0%	93 783	36.1%	

Main expenditure trends for the first half of 2014/15

The total expenditure as at the end of the second quarter is at 36.1 per cent against the adjusted appropriation of R259.9 million which is lower than the expected level of 50 per cent.

Programme 1: Administration

Expenditure as at the end of the second quarter was at 44 per cent as compared to 43.9 per cent registered in 2013/14 against the adjusted appropriation. The projected expenditure for the remainder of the financial year is 56 per cent.

Programme 2: Integrated Economic Development

Expenditure as at the end of the second quarter is at 23.9 per cent as compared to 41.3 per cent registered in 2013/14 financial year. The projected expenditure for the remainder of the year is 76.1 per cent. The slow spending is mainly due to the delay in transfer payment to Council for Scientific and Industrial Research (CSIR) for conducting of feasibility studies and implementation of feasible projects. The transfer was delayed while the department was still developing strategies to respond to the new Economic growth pillars of the province.

Programme 3: Trade and Sector Development

Expenditure as at the end of second quarter was at 7.5 per cent against the adjusted appropriation of R36.9 million, the projected expenditure for the remaining half of the year is 92.5 per cent. The slow spending is mainly attributed to the delay in the transferring allocation earmarked for implementation of projects to the implementing agency due to the review of the strategy. The budget has since been re-directed to address the identified budget pressures within the department.

Programme 4: Business Regulation and Government

Expenditure as at second quarter is at 48.2 per cent against the adjusted appropriation of R67.9 million. The spending is almost on par with the expected norm of 50 per cent.

Programme 5: Economic Planning

Expenditure as at second quarter is at 45 per cent against the adjusted appropriation of R5.4 million and recorded 5 per cent under spending against the expected norm of 50 per cent. Though the programme recorded slow spending of 5 per cent, the expenditure increased from 41.3 per cent in the previous financial year to 45 in the same period of the current financial year.

Current payments

As at the end of September 2014 the spending on current payments is at 42.9 per cent with compensation of employees and goods and services at 51.8 per cent and 31.7 per cent respectively. The over-spending on Compensation of Employees is as a result of appointments of contract workers and payment of backlog on performance bonus for SMS which has been outstanding since 2010. Goods and services budget has been under pressure due to payment of accruals of 2013/14 financial year on Travel and subsistence. Furthermore, the pressure is also created by payments of overseas trips undertaken during the first quarter of this current financial year, payment of outstanding legal bills and audit fees.

Transfer Payments

As at the end of September the spending on Transfer payment under Public Corporations and Private Enterprises was at 27.8 per cent, mainly caused by the delay in transfers to implementing agencies pending the review of the strategies to align it to the pillars of economic growth in the province, the funds have since been re-directed to other budget pressures.

Payments for capital assets

As at the end of September the spending on capital budget was at 19.3 per cent. The re-prioritization and apportioning of the budget to the needs of transferred functions has contributed to the slow spending on capital assets.

Departmental receipts

	2013/14					2014/15				
	Audited outcome					Actual Receipts				
	Apr 13-Sep 13		Apr 13-Mar 14			Main appropriation	Adjusted Appropriation	Adjusted appropriation/ total (%)	Apr 14-Sep 14	
	Adjusted appropriation	Apr 13 Sep 13	% of Adjusted appropriation	Apr 13 Mar 14					Apr 14 Sep 14	% of Adjusted appropriation
R thousand										
Departmental receipts	90 992	44 841	49.3%	98 715	108.5%	116 567	110 406	100.0%	53 074	48.1%
Tax receipts	90 742	44 770	49.3%	98 551	108.6%	110 250	110 250	99.9%	52 954	48.0%
Sales of goods and services Other than capital assets	250	71	28.4%	135	54.0%	5 567	101	0.1%	65	64.4%
Transfers received										
Fines, penalties and forfeits						750				
Interests, dividends and rent on land										
Sales and capital assets and liabilities				4						
Financial transactions in assets and liabilities				25			55	0.0%	55	100.0%
Total	90 992	44 841	49.3%	98 715	108.5%	116 567	110 406	100.0%	53 074	48.1%

Main departmental revenue trends for the first half of 2014/15

Tax receipts

The revenue collection as at September 2014 is at 48.1 per cent of the adjusted appropriation of R110.406 million, the planned targets will be reached at the end of the year.

Sale of goods and services other than capital assets

The revenue collection as at 30 September 2014 is at 64.4 per cent of the adjusted appropriation of R101 million, this item is mainly driven by issuing of liquor licences. The planned target will not be revised as it will be reached at the end of the year.

Changes to transfers and subsidies

Summary of changes to transfer and subsidies per programme

R thousand	Main Appropriation	2014/15 Adjustments appropriation						Adjusted Appropriation
		Rollover	unforeseenable / unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments	
Administration	1 262			13				1 275
Bursaries	1 072							1 072
Leave Gratuity	50							50
SABC TV Licence				4				4
Compensation Commissioner				9				9
Skill Development Levy	140							140
Intergrated Economic Development Services	23 630			5 000				28 630
CSIR	23 630			5 000				28 630
name of transfer payment								
Trade and Sector Development	70 618			-33 982			-651	35 985
North West Development Corporation	40 937			-11 003			-651	29 283
CSIR	29 681			-23 022				6 659
Leave Gratuity				43				43
Business Regulation and Governance	48 137			34				48 171
North West Gambling Board	48 137							48 137
Leave Gratuity				34				34
Economic Planning								
name of transfer payment								
name of transfer payment								
Total transfers subsidies	143 647			-28 935			-651	114 061

Summary of changes to conditional grants

None

