

Vote 09

Economic Development, Environmental Affairs and Tourism

Adjusted budget summary

Table 1: Summary of adjustments to departmental allocation

R' 000	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 147 490	1 135 990	(81 825)	70 325
<i>of which:</i>				
Current payments	416 880	373 336	(43 544)	-
Transfers and subsidies	588 460	658 785	-	70 325
Payments for capital assets	142 151	103 870	(38 281)	-
Payments for financial assets	-	-	-	-
Direct charge against the Provincial Revenue Fund	-	-	-	-
Executive authority	MEC for Finance and Economic Development, Environmental Affairs and Tourism			
Accounting officer	Head of Department			
Website address	www.dedea.gov.za			

Vision

A province where economic growth and sound environmental management underpin sustainable development.

Mission

To lead economic development and environmental management in the Eastern Cape.

Changes to programme names, purposes, objectives and measures

None.

Changes to indicators and targets published in the 2016 EPRE

None.

2016 Adjusted Estimates of Provincial Revenue and Expenditure

Indicator	Programme	Outcome	Annual Performance		
			Projected for 2016/17 as published in the 2016	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of jobs created	Economic Development	Sustainable enterprises and infrastructure development that benefits local communities are supported and promoted	18499	16338	Coega has amended the target (new target should be 19335)

Mid-year performance status

The consultation process for a provincial SEZ bill and white paper will begin on 22 November 2016. Engagement with other provinces (KZN and WC) for submission of proposed amendments to the SEZ Act has taken place and will be submitted to the Department of Trade and Industry (DTI) by the end of 2016/17. East London Industrial Development Zone (ELIDZ) and Coega Development Corporation (CDC) SEZ transition plans are currently under formation (collaboratively with DEDEAT and to be endorsed by the SEZ Working Group) and will be submitted to the DTI on 9 February 2017. The two IDZs, ELIDZ and Coega, have attracted 6 investors to the province.

The department established a provincial joint planning forum to work on sustainability plans for Industrial Parks. Areas being focused on are park management modelling, investment strategy development and critically ensuring environmental sustainable development. The Mdantsane revitalisation master plan has been started but is not complete. A total of R57 million has been spent on the school building programme under the socio-economic infrastructure programme and close to R5 million has been spent on bus depots.

The revised Local and Regional Economic Development (LRED) policy is being implemented. No projects have been funded to date but the first batch of projects will be disbursed in November 2016. The total of 141 Small Medium and Micro Enterprises (SMME) were assisted with non-financial support services while 173 SMME received development finance. All these were supported through the work of the Eastern Cape Development Cooperation (ECDC). To date, R5 million was disbursed to 5 manufacturing companies supporting the retention of 575 jobs in Nelson Mandela Bay, Buffalo City and Mthatha.

On Operation Phakisa, the department has established a boat building and ship repair working group. Infrastructure projects have commenced at the ports of East London and Port Elizabeth.

The Department has led the process of establishing the Provincial Agro Industry Development Forum for sector stakeholder interface. DRDAR has since re-focussed its strategy to work in partnerships with the Commodity Organisations to ramp up production. The department has continued to engage the agro-processors towards the establishment of the Food Manufacturing Cluster which will incorporate grain processing companies and link them back to primary production.

In September 2016, the Sustainable Energy Forum (SEF) was held together with the Green Skills Forum (GSF) during the Renewable Energy Post Graduate Symposium at the University of Fort Hare. In June 2016, a Sustainable Energy capacity building session was held in Matatiele (Alfred Nzo District) and hosted by the regional office of the department.

To date, local rural SMME's have struggled to compete with SMMEs and businesses from urban areas in supplying the multi-billion Rand wind and solar farm industry in the Eastern Cape. The SMME in Energy phase 3 project can be considered complete apart from a supplier day which will be held in respect to Wesley Ciskei wind farm once they reach financial close. The department is currently in its 4th phase on focusing on SMME in Energy Development for the most recent round of wind farms; as well as the continuation of the Independent Power Producer (IPP) and Local Municipality collaboration process. A total of 39 companies were provided with integrated export support in the Province.

The Consumer Call Centre has been operational using the SITA call centre. The Office of the Consumer Protector together with National Regulators and Ombudsman are embarking on joint Education and Awareness Campaigns to improve the impact of Education Programmes. The Eastern Cape Consumer Protection Bill, 2016 was published and public consultation meetings were held in Ntabankulu and Mthatha during the period under review.

Through the liquor awareness programme, 12 079 people were reached in the first half of the year while the ECGBB conducted 3 gambling awareness programmes in the province of the 21 000 and 5 annual targets, respectively. In terms of revenue, the department collected R88 million of the annual of the R181 million target. The department continues to improve its oversight over public entities. Reports are generated quarterly while interactions between the department and its public entities take place on a monthly basis.

A socio economic review and outlook document was published for use in decision making. A research portal has been established and coordination of research work is taking place with the universities in the Eastern Cape. In April 2016, DEDEAT together with Nelson Mandela Metropolitan University (NMMU) facilitated a meeting to discuss the municipal engagement component of the Shale Gas Toolbox project as well as intergovernmental relations.

2016 Adjusted Estimates of Provincial Revenue and Expenditure

The department has been monitoring the progress of the Shale Gas Strategic Environmental Assessment, with the observation to comment on the Strategic Environmental Assessment (SEA). Furthermore, in July 2016 the department together with the Nelson Mandela Metropolitan University met and deliberated on the technical understanding of shale gas, including some of the recent and relevant findings to date.

5 enterprises benefitted from a tourism related training and mentorship programme that is implemented in partnership with the International Labour Organisation (ILO). 10 enterprises were supported to participate in the Tourism Indaba as part of the partnership with the Eastern Cape Parks and Tourism Agency (ECPTA) while 23 tourism enterprises were supported by the ECPTA to attend Consumer and Trade Shows where they were exposed to business development workshops, speed marketing sessions, networking sessions and introduction to trade. On tourism transformation, the ECPTA supported participants on events, grading, market access, mentorship and training.

The Integrated Development Plans (IDPs) have not been reviewed as yet because COGTA has not confirmed the Provincial IDPs Review Session as the Lead department. A total of 94.6 per cent of applications were finalised within stipulated timeframes while 50 per cent of applications for waste licences were processed within timeframes. Reserves were supported with anti-poaching vehicles and equipment.

Community awareness programmes, training of field rangers and anti-poaching joint operations were also conducted. 10 environmental capacity building activities were conducted while 19 environmental awareness activities were undertaken against the annual targets of 29 and 25, respectively. The review of the Elundini Local Municipality integrated waste management plan was done during the period and the areas captured in the document include amongst others, the plans to build a centre for the recyclers. The total number of 2 672 biodiversity permits were issued against the annual target of 9500.

Adjusted Estimates of Departmental Expenditure 2016

Table 2: Summary of the departmental expenditure

Programmes	2016/17						Total additional appropriation	Adjusted appropriation
	Main appropriation	Adjustments appropriation						
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R' 000								
Administration	213 368	-	-	4 576	-	-	4 576	217 944
Economic Development and Tourism	627 725	-	-	(80)	(11 500)	-	(11 580)	616 145
Environmental Affairs	306 397	-	-	(4 496)	-	-	(4 496)	301 901
Total	1 147 490	-	-	-	(11 500)	-	(11 500)	1 135 990
Economic classification								
Current payments	416 880	-	-	(32 044)	(11 500)	-	(43 544)	373 336
Compensation of employees	237 973	-	-	(3 650)	-	-	(3 650)	234 323
Goods and services	178 906	-	-	(28 394)	(11 500)	-	(39 894)	139 012
Administrative fees	472	-	-	(74)	-	-	(74)	398
Advertising	2 576	-	-	(1 115)	-	-	(1 115)	1 461
Minor Assets	757	-	-	(105)	-	-	(105)	652
Audit cost: External	5 161	-	-	(761)	-	-	(761)	4 400
Bursaries: Employees	1 892	-	-	(511)	-	-	(511)	1 381
Catering: Departmental activities	1 632	-	-	776	-	-	776	2 408
Communication (G&S)	4 068	-	-	(252)	-	-	(252)	3 816
Computer services	15 301	-	-	(3 245)	-	-	(3 245)	12 056
Consultants and professional services: Business and advisory services	67 828	-	-	(53 411)	-	-	(53 411)	14 416
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	5 197	-	-	(2 151)	-	-	(2 151)	3 046
Contractors	178	-	-	5 866	-	-	5 866	6 044
Agency and support / outsourced services	278	-	-	24 292	(11 500)	-	12 792	13 070
Entertainment	-	-	-	-	-	-	-	-
Fleet services (including government motor transport)	6 384	-	-	(384)	-	-	(384)	6 000
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	108	-	-	(108)	-	-	(108)	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	241	-	-	(231)	-	-	(231)	10
Inventory: Medical supplies	-	-	-	10	-	-	10	10
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	106	-	-	(48)	-	-	(48)	58
Consumable supplies	1 129	-	-	2 405	-	-	2 405	3 534
Consumable: Stationery, printing and office supplies	3 526	-	-	(1 896)	-	-	(1 896)	1 630
Operating leases	32 051	-	-	(2 949)	-	-	(2 949)	29 102
Property payments	5 774	-	-	(839)	-	-	(839)	4 935
Transport provided: Departmental activity	-	-	-	30	-	-	30	30
Travel and subsistence	13 816	-	-	7 271	-	-	7 271	21 087
Training and development	1 350	-	-	571	-	-	571	1 921
Operating payments	2 716	-	-	(579)	-	-	(579)	2 137
Venues and facilities	5 926	-	-	(1 129)	-	-	(1 129)	4 797
Rental and hiring	440	-	-	174	-	-	174	614
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	588 460	-	-	70 325	-	-	70 325	658 785
Local government	11 501	-	-	15 000	-	-	15 000	26 501
Departmental agencies and accounts	535 440	-	-	55 500	-	-	55 500	590 940
Public corporations and private enterprises	34 026	-	-	-	-	-	-	34 026
Foreign govt. and international organisations	-	-	-	-	-	-	-	-
Higher education institutions	3 220	-	-	(175)	-	-	(175)	3 045
Non-profit institutions	1 300	-	-	-	-	-	-	1 300
Households	2 973	-	-	-	-	-	-	2 973
Payments for capital assets	142 151	-	-	(38 281)	-	-	(38 281)	103 870
Buildings and other fixed structures	129 500	-	-	(37 550)	-	-	(37 550)	91 950
Machinery and equipment	12 651	-	-	(731)	-	-	(731)	11 920
Heritage sites	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 147 490	-	-	-	(11 500)	-	(11 500)	1 135 990
Amount to be voted								(11 500)

Programmes

Programme 1: Administration

Programmes	2016/17						Total additional appropriation	Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R' 000								
Office of the MEC	1 352	-	-	900	-	-	900	2 252
Office of the HOD	59 615	-	-	3 027	-	-	3 027	62 642
Financial Management	96 536	-	-	1 447	-	-	1 447	97 983
Corporate Services	55 865	-	-	(798)	-	-	(798)	55 067
Total	213 368	-	-	4 576	-	-	4 576	217 944
Economic classification								
Current payments	199 084	-	-	5 307	-	-	5 307	204 391
Compensation of employees	113 789	-	-	(1 279)	-	-	(1 279)	112 510
Goods and services	85 296	-	-	6 586	-	-	6 586	91 881
<i>Administrative fees</i>	203	-	-	139	-	-	139	342
<i>Advertising</i>	1 109	-	-	(475)	-	-	(475)	634
<i>Minor Assets</i>	757	-	-	(105)	-	-	(105)	652
<i>Audit cost: External</i>	5 161	-	-	(761)	-	-	(761)	4 400
<i>Bursaries: Employees</i>	1 892	-	-	(511)	-	-	(511)	1 381
<i>Catering: Departmental activities</i>	386	-	-	68	-	-	68	454
<i>Communication (G&S)</i>	4 068	-	-	(252)	-	-	(252)	3 816
<i>Computer services</i>	10 148	-	-	723	-	-	723	10 871
<i>Consultants and professional services: Business and advisory services</i>	2 054	-	-	2 573	-	-	2 573	4 627
<i>Legal costs</i>	3 550	-	-	(504)	-	-	(504)	3 046
<i>Contractors</i>	178	-	-	5 385	-	-	5 385	5 563
<i>Agency and support / outsourced services</i>	-	-	-	20	-	-	20	20
<i>Fleet services (including government motor transport)</i>	6 384	-	-	(384)	-	-	(384)	6 000
<i>Inventory: Food and food supplies</i>	108	-	-	(108)	-	-	(108)	-
<i>Inventory: Materials and supplies</i>	135	-	-	(125)	-	-	(125)	10
<i>Consumable supplies</i>	472	-	-	1 747	-	-	1 747	2 219
<i>Consumable: Stationery, printing and office supplies</i>	2 200	-	-	(1 081)	-	-	(1 081)	1 119
<i>Operating leases</i>	32 051	-	-	(2 949)	-	-	(2 949)	29 102
<i>Property payments</i>	5 774	-	-	(839)	-	-	(839)	4 935
<i>Transport provided: Departmental activity</i>	-	-	-	30	-	-	30	30
<i>Travel and subsistence</i>	4 608	-	-	3 605	-	-	3 605	8 213
<i>Training and development</i>	1 350	-	-	566	-	-	566	1 916
<i>Operating payments</i>	2 116	-	-	(289)	-	-	(289)	1 827
<i>Venues and facilities</i>	592	-	-	103	-	-	103	695
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	2 973	-	-	-	-	-	-	2 973
Local government	-	-	-	-	-	-	-	-
Households	2 973	-	-	-	-	-	-	2 973
Payments for capital assets	11 311	-	-	(731)	-	-	(731)	10 580
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	11 311	-	-	(731)	-	-	(731)	10 580
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	213 368	-	-	4 576	-	-	4 576	217 944
Amount to be voted								4 576

Programme 2: Economic Development, Environmental Affairs and Tourism

Programmes	2016/17						Total additional appropriation	Adjusted appropriation
	Main appropriation	Adjustments appropriation				Other adjustments		
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds			
R' 000								
Intergrated Economic Development Services	175 053	-	-	-	-	-	175 053	
Trade and Sector Development	323 561	-	-	(2 180)	(11 500)	-	309 881	
Business Regulation and Governance	117 001	-	-	3 053	-	-	120 054	
Economic Planning	7 446	-	-	(675)	-	-	6 771	
Tourism	4 664	-	-	(278)	-	-	4 386	
Total	627 725	-	-	(80)	(11 500)	-	616 145	
Economic classification								
Current payments	120 544	-	-	(32 855)	(11 500)	-	76 189	
Compensation of employees	44 202	-	-	(400)	-	-	43 802	
Goods and services	76 342	-	-	(32 455)	(11 500)	-	32 387	
Administrative fees	183	-	-	(173)	-	-	10	
Advertising	944	-	-	(118)	-	-	826	
Catering: Departmental activities	946	-	-	231	-	-	1 176	
Communication (G&S)	0	-	-	-	-	-	0	
Computer services	2 867	-	-	(1 682)	-	-	1 185	
Consultants and professional services: Business and advisory services	62 777	-	-	(55 226)	-	-	7 551	
Legal costs	708	-	-	(708)	-	-	-	
Contractors	-	-	-	413	-	-	413	
Agency and support / outsourced services	278	-	-	24 272	(11 500)	-	13 050	
Consumable: Stationery, printing and office supplies	720	-	-	(720)	-	-	-	
Travel and subsistence	3 094	-	-	1 999	-	-	5 093	
Training and development	-	-	-	5	-	-	5	
Operating payments	300	-	-	(203)	-	-	97	
Venues and facilities	3 526	-	-	(890)	-	-	2 636	
Rental and hiring	-	-	-	345	-	-	345	
Interest and rent on land	-	-	-	-	-	-	-	
Transfers and subsidies to:	376 981	-	-	70 325	-	-	447 306	
Local government	500	-	-	15 000	-	-	15 500	
Departmental agencies and accounts	339 235	-	-	55 500	-	-	394 735	
Public corporations and private enterprises	34 026	-	-	-	-	-	34 026	
Higher education institutions	3 220	-	-	(175)	-	-	3 045	
Payments for capital assets	130 200	-	-	(37 550)	-	-	92 650	
Buildings and other fixed structures	129 500	-	-	(37 550)	-	-	91 950	
Machinery and equipment	700	-	-	-	-	-	700	
Payments for financial assets								
Total	627 725	-	-	(80)	(11 500)	-	616 145	
Amount to be voted							(11 580)	

2016 Adjusted Estimates of Provincial Revenue and Expenditure

Programme 3: Environmental Affairs

Programmes	2016/17							Total additional appropriation	Adjusted appropriation
	Main appropriation	Adjustments appropriation							
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R' 000									
Environmental Policy, Planning and Coordination	25 361	-	-	(2 512)	-	-	(2 512)	22 849	
Compliance and Enforcement	47 243	-	-	(500)	-	-	(500)	46 743	
Environmental Quality Management	18 535	-	-	-	-	-	-	18 535	
Biodiversity Management	204 259	-	-	(1 771)	-	-	(1 771)	202 488	
Environmental Empowerment Services	10 999	-	-	287	-	-	287	11 286	
Total	306 397	-	-	(4 496)	-	-	(4 496)	301 901	
Economic classification									
Current payments	97 251	-	-	(4 496)	-	-	(4 496)	92 756	
Compensation of employees	79 983	-	-	(1 971)	-	-	(1 971)	78 012	
Goods and services	17 269	-	-	(2 525)	-	-	(2 525)	14 744	
Administrative fees	86	-	-	(40)	-	-	(40)	46	
Advertising	523	-	-	(522)	-	-	(522)	1	
Catering: Departmental activities	300	-	-	478	-	-	478	778	
Computer services	2 286	-	-	(2 286)	-	-	(2 286)	-	
Consultants and professional services: Business and advisory services	2 997	-	-	(759)	-	-	(759)	2 238	
Legal costs	939	-	-	(939)	-	-	(939)	(0)	
Inventory: Materials and supplies	106	-	-	(106)	-	-	(106)	-	
Inventory: Other supplies	106	-	-	(48)	-	-	(48)	58	
Consumable supplies	657	-	-	658	-	-	658	1 315	
Consumable: Stationery, printing and office supplies	606	-	-	(95)	-	-	(95)	511	
Travel and subsistence	6 114	-	-	1 667	-	-	1 667	7 781	
Operating payments	300	-	-	(87)	-	-	(87)	213	
Venues and facilities	1 808	-	-	(342)	-	-	(342)	1 466	
Rental and hiring	440	-	-	(171)	-	-	(171)	269	
Interest and rent on land	-	-	-	-	-	-	-	-	
Transfers and subsidies to:	208 506	-	-	-	-	-	-	208 506	
Local government	11 001	-	-	-	-	-	-	11 001	
Departmental agencies and accounts	196 205	-	-	-	-	-	-	196 205	
Non-profit institutions	1 300	-	-	-	-	-	-	1 300	
Households	-	-	-	-	-	-	-	-	
Payments for capital assets	640	-	-	-	-	-	-	640	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	
Machinery and equipment	640	-	-	-	-	-	-	640	
Payments for financial assets									
Total	306 397	-	-	(4 496)	-	-	(4 496)	301 901	
Amount to be voted								(4 496)	

Details of adjustments to Departmental Expenditure 2016

Roll-overs

None.

Unforeseeable and unavoidable expenditure

None.

Virements and shifts

Table 3: Virements by programme and economic classification

Programmes					
Administration					
Economic Development and Tourism					
Environmental Affairs					
FROM: R'000			TO: R'000		
(3 523)			3 523		
Programme by economic classification	Motivation		Programme by economic classification	Motivation	
Administration		(3 523)	Administration		3 494
Compensation of employees	Reprioritisation of funds from Strategic Management, Special programme, Internal Audit, Finance and Compliance & Risk Management to cater for interns.	(107)	Compensation of employees	Reprioritisation due to the centralisation of interns to Corporate Services for where there was no initial budget .	107
Compensation of employees	Savings realised due to the slow recruitment process resulting from the Provincial Coordinating Management Team (PCMT) process.	(2 279)	Compensation of employees	Funds shifted to defray over expenditure in the Office of the MEC due to the appointment of the Parliamentary Liason Officer (PLO).	600
Goods and services	Savings realised due to the recruitment process , that affect the spending of the operational cost.	(406)	Goods and services	Funds allocated for the shortfall on Travel and subsistence resulting from the MEC and HOD overseas trips that were not budgeted as well as the the Programme Management Office (PMO) and the CFOs section that were not allocated sufficient budget for the oversight of the Coega infrastructure projects.	2 787
Machinery and equipment	Savings realised as the result of reduction in the PABX lines that were disconnected in the regional offices (Maluti and Aliwal North).	(731)	Economic Development and Tourism		29
			Departmental agencies and accounts	Funds allocated to fund the Eastern Cape Liquor Board (ECLB) operations that will enhance the regulatory function due to budget shortfall.	29
Shift within the programme as a percentage of the programme budget		1.6%			
Virements to other programmes as a percentage of the programme budget		0.0%			

2016 Adjusted Estimates of Provincial Revenue and Expenditure

FROM: R'000		(71 212)	TO: R'000		71 212
Programme by economic classification	Motivation		Programme by economic classification	Motivation	
Economic Development and Tourism		(71 212)	Administration		2 080
Compensation of employees	Reprioritization of funds from Consumer Protection to cater for interns.	(400)	Compensation of employees	Reprioritisation due to the centralisation of interns to Corporate Services for where there was no initial budget.	400
Goods and services	Savings realised due to centralisation of Software licences from Trade and Sector Development.	(1 680)	Goods and services	Funds allocated to cater for software licences and training due to insufficient budget.	1 680
	Savings realised as a results of Social Infrastructure projects that is not performing as anticipated.	(31 407)	Economic Development and Tourism		69 132
Higher education institutions	Realisation of savings as part of the Labour Market research project will be implemented in the next financial year.	(175)	Goods and services	Funds allocated to fund Liquor Provincial Indaba due to insufficient budget.	632
Buildings and other fixed structures	Savings realised as a results of Social Infrastructure projects that is not performing as anticipated.	(37 550)	Provinces and municipalities	Funds allocated to the Nelson Mandela Metro Municipality for Storm Water projects resulting from the accruals of previous year.	15 000
			Departmental agencies and accounts	Funds allocated to fund the ECDC Economic Infrastructure projects of industrial fencing at Fort Jackson, revitalisation of the Mdantsane Mall and manufacturing filter bags for Eskom by the Butterworth factory. Also funds are allocated for the ECGBB Enterprise Resource Planning (ERP) solution as well as conditional allocation to Coega Development Corporation. These funds were allocated since there was no initial budget.	53 500
Shift within the programme as a percentage of the programme budget		11.0%			
Virements to other programmes as a percentage of the programme budget		0.3%			
FROM: R'000		(4 783)	TO: R'000		4 783
Programme by economic classification	Motivation		Programme by economic classification	Motivation	
Environmental Affairs		(4 783)	Environmental Affairs		2 812
Goods and services	Saving realised due to delay in the appointment of service provider for protective clothing for Environmental officers.	(2 812)	Goods and services	Funds allocated to Environmental Empowerment services for facilitation of environmental education awareness programmes due to insufficient budget	287
			Goods and services	Funds allocated to cater for Software licence and centralisation of legal costs due to insufficient budget	2 525
Compensation of employees	Savings realised due to the slow recruitment process resulting from the Provincial Coordinating Management Team (PCMT) process.	(1 971)	Economic Development and Tourism		1 971
			Departmental agencies and accounts	Funds allocated to fund the Eastern Cape Liquor Board (ECLB) operations that will enhance the regulatory function due to budget shortfall.	1 971
Shift within the programme as a percentage of the programme budget		0.9%			
Virements to other programmes as a percentage of the programme budget		0.6%			
Total		(79 518)			79 518

Declared unspent funds – R11.500 million

An amount of R11.500 million for social infrastructure is devoted to Provincial Revenue Fund and will be re-allocated in 2017/18 for the economic infrastructure.

Other adjustments

Expenditure already announced in the main Budget speech of the MEC for Finance but not allocated at that stage.

None.

Adjustments due to significant economic and financial events

Use of funds in emergency situations

None.

Self-financing expenditure

None.

Function shifts between votes following a transfer of a function

None.

Funds shifted within a vote following a function shift within the same vote

None.

Surrenders of surplus funds from Public Entities

None.

Gifts, donations and sponsorships

None.

Direct charges against the Provincial Revenue Fund

None.

Expenditure for 2015/16 and preliminary expenditure for 2016/17

Table 4: Summary of expenditure trends by programme and economic classification

Programme	2015/16					2016/17				
	Audited Outcome					Actual Expenditure				
R'000	Adjusted Appropriation	Apr 15 - Sep 15	Apr 15 - Sep 15 Adjusted Appropriation	Apr 15 - Mar 16	Apr 15 - Mar 16 Adjusted Appropriation	Adjusted Appropriation	Adjusted Appropriation / Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 Adjusted Appropriation	
Administration	196 745	97 772	49.7	196 745	100.0	217 944	10.8	106 548	48.9	
Economic Development and Tourism	755 592	295 753	39.1	760 022	100.6	616 145	(18.5)	260 511	42.3	
Environmental Affairs	289 584	136 235	47.0	289 584	100.0	301 901	4.3	149 865	49.6	
Total	1 241 921	529 760	42.7	1 246 351	100.4	1 135 990	(8.5)	516 924	45.5	
Economic classification										
Current payments	342 947	154 308	45.0	393 855	114.8	373 336	8.9	170 888	45.8	
Compensation of employees	216 292	109 515	50.6	216 292	100.0	234 323	8.3	112 233	47.9	
Goods and services	126 655	44 793	35.4	177 563	140.2	139 012	9.8	58 656	42.2	
Interest and rent on land	-	-	-	-	-	-	0.0	-	-	
Transfers and subsidies to:	756 996	370 814	49.0	756 996	100.0	658 785	(13.0)	333 940	50.7	
Provinces and municipalities	76 132	-	-	76 132	100.0	26 501	(65.2)	8 394	31.7	
Departmental agencies and accounts	649 828	366 209	56.4	649 828	100.0	590 940	(9.1)	320 374	54.2	
Public corporations and private enterprises	23 796	900	3.8	23 796	100.0	34 026	43.0	900	2.6	
Foreign govt. and international organisations	-	-	-	-	-	-	-	-	-	
Higher education institutions	3 433	2 433	70.9	3 433	100.0	3 045	(11.3)	2 973	97.6	
Non-profit institutions	978	182	18.6	978	100.0	1 300	32.9	300	23.1	
Households	2 829	1 090	38.5	2 829	100.0	2 973	5.1	999	33.6	
Payments for capital assets	141 978	4 638	3.3	95 500	67.3	103 870	(26.8)	12 096	11.6	
Buildings and other fixed structures	127 361	-	-	71 018	55.8	91 950	(27.8)	6 618	7.2	
Machinery and equipment	14 617	4 638	31.7	24 482	167.5	11 920	(18.5)	5 478	46.0	
Heritage sites	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	1 241 921	529 760	42.7	1 246 351	100.4	1 135 990	(8.5)	516 924	45.5	

Main expenditure trends for the first half of 2016/17

Expenditure for the first six months of 2016/17 is R516.924 million or 45.5 per cent of the adjusted appropriation. In 2015/16, expenditure for the first six months was R529.760 million or 42.7 per cent of the adjusted appropriation. The decrease of expenditure in 2016/17 is attributable to the delays in signing of Service Level Agreements between the department and entities as well as the prompt finalization of the bidding process, whilst there was a slow spending on the implementation of the social infrastructure by Coega Development Corporation. This is caused by the late approval of beneficiaries list from the Department of Human Settlements. This has an impact on the payment of management fees to Coega Development Cooperation.

Departmental receipts

Table 5: Summary of departmental own receipts trends

Programme	2015/16					2016/17				
	Audited Outcome					Actual receipts				
R'000	Adjusted Estimate	Apr 15 - Sep 15	Apr 15 - Sep 15 % of Adjusted Estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of Adjusted Appropriation	Budget estimate	Adjusted estimate	Adjusted receipts estimate / total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of Adjusted estimate
Tax receipts	165 447	80 349	48.6	183 996	111.2	179 390	225 090	25.5	84 537	37.6
Casino taxes	142 527	70 168	49.2	150 632	105.7	155 299	191 859	23.5	78 355	40.8
Horse racing taxes	8 473	4 602	54.3	9 294	-	9 223	9 223	-	5 041	-
Liquor licences	14 447	5 579	38.6	24 070	166.6	14 868	24 008	61.5	1 141	4.8
Motor vehicle licences	-	-	-	-	-	-	-	-	-	-
Non-tax receipts	1 702	21 958	1 290.1	46 286	2 719.5	1 933	1 933	-	4 395	227.3
Sale of goods & services other than capital assets	1 237	595	48.1	1 071	-	1 298	1 298	-	702	-
Transfers received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	101	-	514	-	-	-	-	135	-
Interest, dividends and rent on land	440	55	12.5	73	16.6	609	609	-	95	15.6
Sales of capital assets	-	149	-	149	-	-	-	-	-	-
Financial transactions in assets and liabilities	25	21 058	84 232.0	44 479	177 916.0	26	26	-	3 463	13 205.0
Total	167 149	102 307	61.2	230 282	137.8	181 323	227 023	25.2	88 932	39.2

* Adjusted figures are used in the 'Adjusted Estimate'

Main departmental revenue trends for the first half of 2016/17

During the 2015/16 financial year, the total revenue collected was R230.282 million which was 137.8 per cent of the estimated revenue. The main revenue drivers for the department are casino taxes, horse racing taxes and liquor licences. Revenue collection in the first six months of 2016/17 was R88.932 million, which is 39.2 per cent of the revenue estimate of R181.323 million. In comparison with the mid-year revenue collection of 2015/16, R102.308 million or 61.2 per cent was collected of the revenue estimates. The decrease in collection is mainly due to surrender of funds by the entities in 2015/16, which was once off.

The department has adjusted the original revenue from R181.323 million to R227.023 million.

Changes to transfers and subsidies, including conditional grants

Table 6: Summary of changes to transfers and subsidies per programme

Programmes	Main appropriation	2016/17 Adjustments appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
R' 000								
Programme 1: Administration	2 973	-	-	-	-	-	2 973	
Households	2 973	-	-	-	-	-	2 973	
Social benefits	1 673	-	-	-	-	-	1 673	
Other transfers to households	1 300	-	-	-	-	-	1 300	
Programme 2: Economic Development and Tourism	376 981	-	-	70 325	-	-	447 306	
Local government	500	-	-	15 000	-	-	15 500	
Small town (Nyandeni)	500	-	-	-	-	-	500	
Nelson Mandela Municipality	-	-	-	15 000	-	-	15 000	
Departmental agencies and accounts	339 235	-	-	55 500	-	-	394 735	
East London Industrial Development Zone Corporation	100 866	-	-	-	-	-	100 866	
Eastern Cape Development Corporation	143 523	-	-	9 500	-	-	153 023	
EC Gambling and Betting Board	48 454	-	-	1 000	-	-	49 454	
Coega Development Corporation	-	-	-	43 000	-	-	43 000	
EC Liquor Board	46 392	-	-	2 000	-	-	48 392	
Higher education institutions	3 220	-	-	(175)	-	-	3 045	
Rhodes University	2 919	-	-	(175)	-	-	2 744	
Fort Hare University	231	-	-	-	-	-	231	
Nelson Mandela Metropolitan University	70	-	-	-	-	-	70	
Public corporations and private enterprises	34 026	-	-	-	-	-	34 026	
LRED Fund	32 226	-	-	-	-	-	32 226	
Chemin Incubation	1 800	-	-	-	-	-	1 800	
Programme 3: Environmental Affairs	208 506	-	-	-	-	-	208 506	
Local government	11 001	-	-	-	-	-	11 001	
Makana	1 600	-	-	-	-	-	1 600	
Ndlambe	2 656	-	-	-	-	-	2 656	
A mahlati	770	-	-	-	-	-	770	
Chris Hani	1 975	-	-	-	-	-	1 975	
Maletswai	1 000	-	-	-	-	-	1 000	
Ntabankulu	1 000	-	-	-	-	-	1 000	
Mhlontlo	1 000	-	-	-	-	-	1 000	
Unallocated	1 000	-	-	-	-	-	1 000	
Departmental agencies and accounts	196 205	-	-	-	-	-	196 205	
EC Parks and Tourism Agency	196 205	-	-	-	-	-	196 205	
Non-profit institutions	1 300	-	-	-	-	-	1 300	
Institution of waste	300	-	-	-	-	-	300	
Environmental awards	1 000	-	-	-	-	-	1 000	
Households	-	-	-	-	-	-	-	
Total	588 460	-	-	70 325	-	-	658 785	

Table 7: Summary of changes to conditional grants by programme and grant name

Programmes	Main appropriation	2016/17 Adjustments appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
R' 000								
Environmental Affairs	2 656	-	-	-	-	-	2 656	
EPWP Incentive Grants	2 656	-	-	-	-	-	2 656	
Total	2 656	-	-	-	-	-	2 656	

Annexures

Vote 09: Economic Development, Environmental Affairs and Tourism

No.	Project name	Municipality / Region	Type of infrastructure	Project Duration		Budget Programme Name	Source Of Funding	EPWP Budget for the current year	Total project cost	Expenditure to date from previous years	MTEF Forward estimates 2016/17	Additional Appropriation									
				Date: Start	Date: Finish							Unforeseeable/unavoidable	Revisions and shifts	Other adjustments	Total Additional Appropriation	Adjusted Appropriation					
R'000																					
1. New Infrastructure Assets																					
1.	Pre-feasibility Planning (ring fenced)	EC-WHOLE	Planning of Projects identified for following Financial Year	01 November 2016	01 March 2017	Economic Development and Tourism	Equitable share	-	2 000	-	-	-	-	2 000	-	2 000	-	2 000	2 000		
Total New Infrastructure Asset																					
2. Upgrades and additions																					
1.	Fort Jackson Security and Guardhouse	Buffalo City	Road upgrade (Industrial Park)	01 November 2016	01 March 2017	Economic Development and Tourism	Equitable share	-	17 027	8 304	-	-	-	2 000	-	2 000	-	2 000	2 000		
Total Upgrades and additions																					
3. Rehabilitation, renovations and refurbishment																					
1.	Revitalization of Midansane Mall	Buffalo City	Top infrastructure refurbishment of ECDC asset	01 January 2017	01 March 2019	Economic Development and Tourism	Equitable share	-	108 436	-	-	-	-	1 500	-	1 500	-	1 500	1 500		
2.	Rehabilitation of Butterworth Factory	Mquma Municipality	Top infrastructure refurbishment of ECDC asset	01 November 2016	01 March 2017	Economic Development and Tourism	Equitable share	-	11 432	-	-	-	-	4 000	-	4 000	-	4 000	4 000		
Total Rehabilitation, renovations and refurbishment																					
Total																					
												-	-	-	-	9 500	-	9 500	-	9 500	9 500

🔥 END OF VOTE 🔥

