

VOTE 3

DEPARTMENT OF ECONOMIC DEVELOPMENT

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 331 638	1 387 699		56 061
of which:				
Current payments	494 249	407 301	(86 948)	
Transfers and subsidies	821 890	955 618		133 728
Payments for capital assets	15 499	24 758		9 259
Payment for financial assets		22		22
Executive authority	MEC for Economic Development			
Accounting officer	Head of Department			

1. Vision and Mission

Vision

A radically transformed, modernised and re-industrialised economy in Gauteng, manifesting decent work, economic inclusion and equity.

Mission

The mission of the DED in pursuit of its vision is to:

- Ensure radical transformation, modernisation and re-industrialisation of the Gauteng economy;
- Provide an enabling policy and legislative environment for equitable economic growth and development;
- Develop and implement programmes and projects that will:
- Revitalise Gauteng's township economies;
- Build new smart, green, knowledge-based economy and industries;
- Ensure decent employment and inclusion in key economic sectors;
- Facilitate radical economic transformation, modernisation and re-industrialisation;
- Include the marginalised sectors of women, youth and persons with disabilities in mainstream economic activities;
- and
- Establish appropriate partnerships for delivery and ensure the DED effectively delivers on its mandate.

2. Changes to programme purpose, objective and measures

No changes.

3. Summary of Adjusted Estimates of Departmental Expenditure 2016/17

TABLE 3.1: DEPARTMENT OF ECONOMIC DEVELOPMENT

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
1.Administration	227 109				10 549				10 549	237 658
2.Integrated Economic Development Services	198 345				43 300			7 000	50 300	248 645
3.Trade and Sector Development	624 317				44 883			10 500	55 383	679 700
4.Business Regulation and Governance	77 249				(6 133)			8 000	1 867	79 116
5.Economic Planning	204 617			30 561	(92 599)				(62 038)	142 579
Total for programmes	1 331 638			30 561				25 500	56 061	1 387 699

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
Current payments	494 249			30 561	(117 509)				(86 948)	407 301
Compensation of employees	230 626				(36 876)				(36 876)	193 750
Salaries & wages	197 830				(30 205)				(30 205)	167 625
Social contribution	32 796				(6 671)				(6 671)	26 125
Goods and services	263 623			30 561	(80 633)				(50 072)	213 551
Interest and rent on land										
Transfers and subsidies	821 890				108 228			25 500	133 728	955 618
Provinces and municipalities					500				500	500
Departmental agencies and accounts	821 890				107 183			25 500	132 683	954 573
Households					545				545	545
Payments for capital assets	15 499				9 259				9 259	24 758
Buildings and other fixed structures										
Machinery and equipment	10 499				9 100				9 100	19 599
Software and other intangible assets	5 000				159				159	5 159
Payments for financial assets					22				22	22
Total economic classification	1 331 638			30 561				25 500	56 061	1 387 699

The table above illustrates the main appropriation of R1.3 billion in 2016/17 which increases to R1.4 billion, reflecting a net increase of R56 million. An additional amount of R25.5 million was received during adjustment budget, of which; R10.5 million is allocated to Gauteng Tourism Authority (GTA) for the Discorp Africa project (R1 million), Cycling Festival (R3.3 million) and World choir games (R6.2 million); R8 million is granted to Gauteng Liquor Board (GLB) to supplement the personnel budget; and lastly R7 million is allocated to Gauteng Enterprise Propeller (GEP) for Small, Medium and Micro Enterprise (SMME) support project.

Furthermore, a rollover of R30.5 million was approved to fund the 2015/16 township industrial hubs commitments. The department reprioritized R36.8 million from compensation of employees due to the delays in the approval of the organizational structure to fund the Township Economy Revitalization (TER) projects such as the SMME support, Youth Project Management Office (PMO), Cooperative Bank Platform, Review and Finalization of the Gauteng City Region Development Plan, and the phase 2 Qondis'ishishini Lakho. The department will host the following indaba/summits before the end of the financial year: the Cooperative Financial Institutions (CFI), Westrand Economic Indaba and the Stockvel /burial society summit.

In addition, an amount of R44.8 million has been moved from Economic Planning to Trade and Sector development for Gauteng Growth and Development Agency (GGDA) to implement the projects as part of infrastructure for Township Industrial hubs. The budget for consumer mobile satellite bus project which amounts to R12 million has been moved from Programme 4 to Programme 1.

4. Details of Adjustments to Estimates of Departmental Expenditure 2016/17

Programme 1: Administration

TABLE 3.2: PROGRAMME 1:ADMINISTRATION

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
1.Office Of The MEC	12 806				(3 100)				(3 100)	9 706
2.Office Of The HOD	19 712				(5 249)				(5 249)	14 463
3.Financial Management	39 824				(869)				(869)	38 955
4.Corporate Services	154 768				19 767				19 767	174 535
Total for programme	227 109				10 549				10 549	237 658

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
Current payments	211 610				685				685	212 295
Compensation of employees	116 586				(18 347)				(18 347)	98 239
Salaries & wages	99 847				(15 158)				(15 158)	84 689
Social contribution	16 739				(3 189)				(3 189)	13 550
Goods and services	95 024				19 032				19 032	114 056
Transfers and subsidies					744				744	744
Provinces and municipalities					500				500	500
Households					244				244	244
Payments for capital assets	15 500				9 100				9 100	24 600
Buildings and other fixed structures										
Machinery and equipment	10 500				9 100				9 100	19 600
Land and sub-soil assets										
Software and other intangible assets	5 000									5 000
Payments for financial assets					20				20	20
Total economic classification	227 109				10 549				10 549	237 658

TABLE 3.3 DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 1: ADMINISTRATION

Economic classification	Motivation	From	Motivation	To
Current payments		(32 410)		33 095
Compensation of employees	Realignment of personnel budget due to delays in the finalisation of the organisational structure and recruitment	(27 682)	Provision is made for the appointment of additional staff.	9 335
Goods and services	The department has implemented cost containment measures for the internal operational requirements on items such as: Catering, Communication, Travel and subsistence and Advertising. Funds are reprioritized to areas where these items assist with the core priority areas in the department.	(4 728)	Funds are shifted to cater for the implementation of Phase 2 of Qondis'ishishini Lakho projects. In addition, the funds will also cater for operational costs of the new office building such as: the second phase access control system; security scanners; and installation of blinds. Furthermore, R12 million is for the consumer mobile satellite bus project which is now allocated within this programme.	23 760
Interest and rent on land				
Transfers and subsidies				744
Provinces and municipalities			Provision is made for interdepartmental claim to Department of Social Development for the Gauteng Provincial Prayer Meeting which was held for the local elections.	500
Households			Provision for leave gratuity	244
Payments for capital assets				9 100
Buildings and other fixed structures				
Machinery and equipment			Funds for the procurement of office furniture for the new building that the department has relocated to.	9 100
Payments for financial assets			Funds required to cover expenditure for debts write-off's	20
Total economic classification		(32 410)		42 959

Virements and shifts

The programme budget has been adjusted upwards by R10.5 million due to some of the TER projects which are implemented under Administration programme such as Phase 2 Qondis'ishishini Lakho and Consumer Mobile satellite office solution which was initially delivered under Programme 4. The operational projects which are central to the relocation to No: 56 Eloff Street office building has also been catered for. Furthermore, provision is made for the TER stakeholder engagement.

The budget for compensation of employees was reduced by R18.3 million due to delays in the approval and implementation of the proposed structure as well as rotation of posts internally as a result of internal promotions which does not reduce the vacancy rate.

The budget for capital assets is increased by R9.1 million to make provision for the procurement of office furniture and the Microsoft Office 365 implementation programme. The new Microsoft Office 365 will enable the department and the entities to be able to do document collaboration, increase in heterogeneous devices access and ensuring the GPG data is protected.

Programme 2: Integrated Economic Development Services

TABLE 3.4: PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
1.Enterprise Development	180 817				48 901			7 000	55 901	236 718
2.Regional & Local Economic Development	1 044									1 044
3.Economic Empowerment	16 484				(5 601)				(5 601)	10 883
Total for programme	198 345				43 300			7 000	50 300	248 645

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
Current payments	21 927				(10 052)				(10 052)	11 875
Compensation of employees	21 654				(10 052)				(10 052)	11 602
Salaries & wages	18 305				(7 376)				(7 376)	10 929
Social contribution	3 349				(2 676)				(2 676)	673
Goods and services	273									273
Transfers and subsidies	176 418				53 350			7 000	60 350	236 768
Departmental agencies and accounts	176 418				53 300			7 000	60 300	236 718
Households					50				50	50
Payments for capital assets										
Payments for financial assets					2				2	2
Total economic classification	198 345				43 300			7 000	50 300	248 645

TABLE 3.5 DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 2: INTERGRATED ECONOMIC DEVELOPMENT SERVICES

Economic classification	Motivation	From	Motivation	To
Current payments		(10 710)		658
Compensation of employees	Alignment of personnel budget due to delays in the finalisation of the organisational structure and the recruitment process.	(10 552)	Funds are shifted within the line item to align the budget with expenditure.	500
Goods and services	Realignment of the budget	(158)	Provision for operating payments and travel claims linked to TER projects.	158
Transfers and subsidies				53 350
Provinces and municipalities				
Departmental agencies and accounts			Funds are allocated towards the following projects; the Youth Project Management Office (PMO),The Mid-term impact assessment and the SMMEs and TER Support projects	53 300
Households			Provision for leave gratuity	50
Payments for capital assets				
Payments for financial assets			Funds to cover expenditure for debts write-off's	2
Total economic classification		(10 710)		54 010

Virements and shifts

The programme budget reflects a net increase of R50.3 million mainly to fund the Youth PMO, mid-term impact assessment and the SMME support project under GEP such as the 5000 Job creation and Project Vuthela which is based on creating youth employment opportunities with an exit plan of job placement as well as SMME's and Cooperatives development.

Compensation of employees is decreased by R10 million due to delays in the implementation of the organizational structure to fund core priority projects. Furthermore, provision is made for leave gratuity which amounts to R50 000.

Additional provincial funding: R7 million

An amount of R7 million is granted as additional funding to GEP for SMME Support project in order to assist the SMMEs due to the increased demand for GEP product offerings which have increased over the past two years. GEP focuses on moving SMMEs and Cooperatives from the margins into the mainstream economy as outlined in the NDP which advocates the creation of jobs where people live.

Programme 3: Trade and Sector Development

TABLE 3.6: PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
1. Trade and Investment Promotion	5 515				(3 000)				(3 000)	2 515
2. Sector Development	212 853				(11 450)			10 500	(950)	211 903
3. Strategic Initiatives	405 949				59 333				59 333	465 282
Total for programme	624 317				44 883			10 500	55 383	679 700

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	5 515				(3 000)				(3 000)	2 515
Compensation of employees	5 415				(3 000)				(3 000)	2 415
Salaries & wages	5 394				(3 000)				(3 000)	2 394
Social contributions	21									21
Goods and services	100									100
Transfers and subsidies	618 802				47 883			10 500	58 383	677 185
Departmental agencies and accounts	618 802				47 883			10 500	58 383	677 185
Payments for capital assets										
Payments for financial assets										
Total economic classification	624 317				44 883			10 500	55 383	679 700

TABLE 3.7 DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

Economic classification	Motivation	From	Motivation	To
Current payments		(3 000)		
Compensation of employees	Alignment of personnel budget due to delays in the finalisation of the organisational structure and recruitment process.	(3 000)		
Goods and services				

Economic classification	Motivation	From	Motivation	To
Interest and rent on land				
Transfers and subsidies		(12 700)		61 583
Provinces and municipalities Departmental agencies and accounts	Slow appointments resulted in low levels of spending in the personnel budget of both Cradle of Humankind and Dinokeng.	(12 700)	The Department has made provision for the Discorp project and the Feather Awards to be hosted by GTA. The funds will also cater for the renovation and refurbishment of the Township Industrial Hubs which will be undertaken by GGDA.	61 583
Total economic classification		(15 700)		61 583

Virements and shifts

The programme budget has increased from R624.3 million to R679.7 million, which translates to a R55.4 million net increase.

Amounts of R7.7 million and R6 million were reprioritized from the personnel budget of Cradle of Humankind and Dinokeng respectively. A further shift of R2 million is to supplement the budget for the Discorp Africa Project and R250 000 was shifted within for hosting of the Feather Awards.

In addition to that, an amount of R59 million was allocated to GGDA for the following infrastructure projects:

- Renovation and refurbishment of the Township Industrial Hubs; these hubs have been created to stimulate economic activity in the townships, towards the creation of sustainable jobs, reduction in levels of inequality and addressing poverty. The objective is to ensure that the industrial parks are rehabilitated for business activity in the townships.
- The Innovation Hub (TIH) infrastructure projects; this entails further expansion of the Innovation Hub Precinct and the development impact in the Gauteng City Region as a Science and Technology Park.

Additional provincial funding: R10.5 million

The baseline for the programme is increased by R10.5 million due to the additional funding received for the implementation of the following projects to be undertaken by GTA:

- R6.2 million for the World Choir Games ;
- R1 million for the Discorp Africa project; this is an annual, three-day tradeshow that brings together buyers, sellers and producers of televised entertainment content for investment opportunities; and
- R3.3 million for the Cycling Festival, a road Cycling team event of 3 cyclists participating in the team.

The additional funding will ensure that GTA's mandate of marketing the province as the vibrant business-tourism capital of Africa as well as a leisure destination of choice is achieved.

Programme 4: Business Regulation and Governance

TABLE 3.8: PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

Programmes	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1.Governance	10 202				(133)				(133)	10 069
2.Regulation Services	9 625				(37)				(37)	9 588
3.Consumer Protection	30 727				(11 963)				(11 963)	18 764
4.Liquor Regulation	26 695				6 000			8 000	14 000	40 695
Total for programme	77 249				(6 133)			8 000	1 867	79 116

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	50 580				(12 220)				(12 220)	38 360
Compensation of employees	31 070				(559)				(559)	30 511
Salaries & wages	26 518				(559)				(559)	25 959
Social contribution	4 552									4 552
Goods and services	19 510				(11 661)				(11 661)	7 849
Transfers and subsidies	26 669				6 087			8 000	14 087	40 756
Departmental agencies and accounts	26 669				6 000			8 000	14 000	40 669
Households					87				87	87
Payments for capital assets										
Payments for financial assets										
Total economic classification	77 249				(6 133)			8 000	1 867	79 116

TABLE 3.9 DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

Economic classification	Motivation	From	Motivation	To
Current payments		(23 812)		11 592
Compensation of employees	Funds are shifted to where people are placed in the organisational structure. Alignment of personnel budget due to delays in the finalisation of the organisational structure.	(8 329)	The department is in the process of structure clean-up which entails aligning the placement of staff against correct objective and responsibility codes.	7 770
Goods and services	The budget is shifted to where the function is performed since the Consumer mobile satellite bus project has been moved from Consumer Protection to Programme 1 under the Communication Chief Directorate. Savings were also realised under Travel and subsistence, venues and facilities.	(15 483)	Provision for the merger of GLB and GGB, the identification of new sectors to be regulated as well as the establishment of the Conservation and Heritage Agency.	3 822
Interest and rent on land				
Transfers and subsidies				6 087
Households			Provision for leave gratuity	87
Payments for capital assets				
Total economic classification		(23 812)		17 679

Virements and shifts

The Programme's budget is increased from R77.2 million to R79.1 million. The increase is attributable to the virement of R6 million which is allocated to Gauteng Liquor Board. The department further reprioritized R559 000 from compensation of employees to fund amongst other projects; the identification of new sectors to be regulated; the hosting of consumer thematic events such as the National Savings Month; Financial Education for Young Entrepreneurs; and the Varsity Financial literacy Campaigns. Goods and services is decreased by R11.7 million as a result of the consumer mobile satellite office solution project moving to Programme 1 where the function will be delivered.

Additional provincial funding: R8 million

An additional funding of R8 million is allocated to the Gauteng Liquor Board to supplement their personnel budget so that they deliver on their mandate.

Programme 5: Economic Planning

TABLE 3.10: PROGRAMME 5:ECONOMIC PLANNING

Programmes	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Policy & Planning	38 045				(18 477)				(18 477)	19 568
2. Research & Development	7 500				(1 488)				(1 488)	6 012
3. Knowledge Management					1 935				1 935	1 935
4. Monitoring And Evaluation	2 940				1 503				1 503	4 443
5. Economic Infrastructure	82 386			30 561	(67 284)				(36 723)	45 663
6. Sector & Industry Development	65 232				(9 788)				(9 788)	55 444
7. Inclusive Economy	8 514				1 000				1 000	9 514
Total for programme	204 617			30 561	(92 599)				(62 038)	142 579

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	204 617			30 561	(92 922)				(62 361)	142 256
Compensation of employees	55 901				(4 918)				(4 918)	50 983
Salaries & wages	47 766				(4 112)				(4 112)	43 654
Social contribution	8 135				(806)				(806)	7 329
Goods and services	148 716			30 561	(88 004)				(57 443)	91 273
Transfers and subsidies					164				164	164
Households					164				164	164
Payments for capital assets					159				159	159
Software and other intangible assets					159				159	159
Payments for financial assets										
Total economic classification	204 617			30 561	(92 599)				(62 038)	142 579

TABLE 3.11 DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 5: ECONOMIC PLANNING

Economic classification	Motivation	From	Motivation	To
Current payments		(139 091)		46 169
Compensation of employees	Funds are shifted to where people are placed in the organisational structure. Alignment of personnel budget due to delays in the finalisation of the organisational structure.	(19 343)	The department is in the process of structure clean-up which entails aligning the placement of staff against correct objective and responsibility codes.	14 425
Goods and services	The budget has been redirected to core priority areas such SMME support programmes, Youth Project Management Office, Mid-term impact assessment and TER projects which are undertaken by different entities.	(119 748)	Funds will cater for 11 Industrial sector studies, for the review and finalisation of the Gauteng City Region Economic Development Plan, Westrand Indaba, CFI Indaba, Cooperative bank platform and the LED capacity building intervention.	31 744
Transfers and subsidies				164

Economic classification	Motivation	From	Motivation	To
Households			Provision made for leave gratuity	164
Payments for capital assets				159
Total economic classification		(139 091)		46 492

Provincial Roll-overs: R30.5 million

The roll-over amount of R30.5 million was approved to the department for the refurbishments and rehabilitation of Township Industrial Parks and the Gauteng IDZ-bulk infrastructure projects that could not be paid by the end of the 2015/16 financial year since invoices are paid based on the agreed completion stages of the project. The funding will ensure continuation of the following projects: Orlando Industrial Park, Khutsong Business Centre, Mabopane Skills Development Centre, Ennerdale Skills Development Centre, Hammanskraal Skills Development Centre, Alexandra Industrial Park, Saulsville Industrial Park, Kwa Thema Industrial Hub, Residentia Industrial Park, Gauteng IDZ JMP.

Virements and shifts

The programme budget reflects a net decrease of R62 million, which was reprioritized to fund TER projects which are implemented by different entities of the department. The department also moved R20 million towards the implementation of the Youth PMO, R1 million for the mid-term impact assessment and R22.3 million for the continuous support of SMME under the GEP.

In addition, an amount of R45 million is moved to GGDA for Township industrial parks infrastructure. Furthermore, an amount of R31.7 million is reprioritized within the programme to fund projects such as the review of the Gauteng City Region Economic Development Plan, Westrand Economic Indaba. The main objective of Westrand Economic Indaba is to forge partnerships and areas of collaboration between the GPG and its social partners towards the implementation of various programmes aimed at developing the West Rand economy. Provision will be further made for the hosting of the Cooperative Financial Institution (CFI) Indaba which is an international event on cooperative financial institutions that offer credit and savings facilities to co-operatives.

5. Expenditure 2015/16 and preliminary expenditure 2016/17

TABLE3:12 EXPENDITURE 2013/14 AND PRELIMINARY EXPENDITURE 2014/15

Department	2015/16				2016/17		
	Expenditure Outcome				Preliminary expenditure		
	Adjusted appropriation	April 2015 - September 2015	April 2015 - March 2016	April 2015 - March 2016 as a % of adjusted appropriation	Adjusted appropriation	April 2016-September 2016	% change 15/16-16/17 Apr-Sept
R thousand							
1.Administration	219 380	79 404	202 072	92%	237 658	108 256	36%
2.Intergrated Economic Development Services	268 967	83 929	301 958	112%	248 645	172 927	106%
3.Trade and Sector Development	576 509	333 336	578 254	100%	679 700	515 801	55%
4.Business Regulation and Governance	62 061	20 039	55 228	89%	79 116	44 966	124%
5.Economic Planning	178 693	32 402	133 332	75%	142 579	71 882	122%
Total	1 305 610	549 110	1 270 844	97%	1 387 699	913 832	66%
Current payments	434 986	131 638	369 174	85%	407 301	203 005	54%
Compensation of employees	181 787	80 968	165 315	91%	193 750	92 033	14%
Goods and Services	253 199	50 670	203 859	81%	213 551	110 972	119%
Interest and rent on land							
Transfers and subsidies	861 199	416 088	886 660	103%	955 618	706 385	70%
Provinces and municipalities					500		
Departmental agencies and accounts	860 543	415 837	885 945	103%	954 573	706 041	70%
Households	656	251	715	109%	545	344	
Payments for capital assets	9 425	1 383	15 008	159%	24 758	4 438	221%

Department	2015/16				2016/17		
	Expenditure Outcome				Preliminary expenditure		
	Adjusted appropriation	April 2015 - September 2015	April 2015 - March 2016	April 2015 - March 2016 as a % of adjusted appropriation	Adjusted appropriation	April 2016-September 2016	% change 15/16-16/17 Apr-Sept
R thousand							
Buildings and other fixed structures	1 200						
Machinery and equipment	8 225	1 383	14 924	181%	19 599	4 388	217%
Heritage assets							
Software and other intangible assets			84		5 159	50	
Payments for financial assets		1	2		22	4	
Total	1 305 610	549 110	1 270 844	97%	1 387 699	913 832	66%

Expenditure trends for 2015/16

Programme 1: Administration

This programme was allocated a budget of R219. 4 million and the total spending at the end of the 2015/16 financial year was R202 million which translates to 92 per cent of the budget spent for the year. The underspending was due to the delays in the filling of vacant posts.

Programme 2: Integrated Economic Development Services

The allocated budget for this programme amounted to R269 million whilst an amount of R302 million was spent in 2015/16. The total percentage spent for the year is 112 per cent.

Programme 3: Trade and Sector Development

This programme has spent 100 per cent of the budget in the 2015/16 financial year.

Programme 4: Business Regulation and Governance

Business Regulation and Governance was allocated R62 million and R55.2 million was spent. The underspending of R6.8 million was due to the accelerated revenue collection for liquor which compelled the department not to transfer further amounts to the Liquor Board.

Programme 5: Economic Planning

This programme has underspent by R45.4 million against the adjusted budget of R178.7 million. The underspending is a result of the projects that were not completed during the 2015/16 financial year. The department was granted a rollover approval of R30.5 million for the completion of industrial hubs.

Expenditure trends for the first half of 2016/17

The expenditure as at end of September is R913.8 million against the main budget of R1.3 billion and this translates to 66 per cent. The department spent 16 per cent more than the expected spending of 50 per cent on both quarter 1 and 2. The increased spending is primarily due to the transfers of funds to entities which were paid over a period of 6 months as opposed to the 10 months SLA that the department previously had with the entities. The spending pattern is expected to normalize owing to a management decision to reverse the decision of transferring funds to entities over 6 months.

Compensation of Employees

The expenditure from April to September amounts to R92 million and this translates to 14 per cent as at the end of September 2016. The underspending is mainly due to positions that are not yet filled and the pending finalization of the organizational structure by DPSA. However a recruitment catch up plan is in place to fast-track filling of vacant funded posts. All outstanding positions will be filled before the end of financial year.

Good and Services

The overall expenditure as at the end of the second quarter is R110.9 million and translates to 119 per cent of the total budget. The underspending is primarily attributed to commitments on major projects which the department still needs to undertake or is awaiting invoices. These projects include the Gauteng Industrial High Impact, Business case for the State owned bank, West Rand Economic Indaba, the Township stock exchange, preparation of the SMME pilot projects, CFI Indaba, LAN switching and the Multi-media Audio visual amongst others.

Transfers and Subsidies

The spending to date is R706 million against the main budget of R821.9 million which is 70 per cent of spending to date. The increased spending is primarily due to the transfer of funds to entities. The department has since reviewed the decision to transfer funds over six months.

Households

This item caters for incidental costs and normally is not budgeted for. In the quarter under review, the total expenditure amounted to R344 000.

Payments for Capital Assets

Machinery and equipment

The overall expenditure amounts to 22.4 per cent in the quarter under review. However, procurement processes are underway and spending will start to increase in quarters 3 and 4.

6. Departmental receipts

TABLE 3.13 DEPARTMENTAL RECEIPTS

Department	2015/16 Audited Outcome				2016/17 Actual Receipts		
R thousand	Adjusted appropriation	April 2015 - Sep 2015	April 2015 - Mar 2016	April 2015 - March 2016 as a % of adjusted appropriation	Adjusted appropriation	Apr 2016-Sep 2016	% change 15/16-16/17 Apr-Sept
Tax receipts	804 017	403 582	870 999	108%	928 874	323 189	(20%)
Casino taxes	706 204	383 167	828 997	117%	878 874	303 243	(21%)
Horse racing taxes	97 813	20 415	42 002	43%	50 000	19 946	(2%)
Sales of goods and services other than capital assets		23 716	374			155 500	556%
Interest, dividends and rent on land	2 111	3 647	5 167	245%	2 222	1 743	(52%)
Sales of capital assets						30	
Financial transactions in assets and liabilities	277	127	(5 215)	(1 883%)	292	153	20%
Total receipts	806 405	431 072	871 325	108%	931 388	480 615	11%

Revenue trends for the first half of 2016/17

The table above shows the contribution of each revenue source towards the total revenue generated as at end of the second quarter of the 2016/17 financial year. The revenue estimates from previous financial year has increased from R806.4 million to R931.4 million in the current financial year. Revenue collection for the current financial year as at 30 September 2016 was R480.6 million.

The department is currently collecting own revenue at the required norm and will not be adjusting its 2016/17 main appropriation. Own revenue increased by 11 per cent from 2015/16 and 2016/17 financial years.

Tax Receipts collected a total of R323.2 million which emanates from casino taxes and horse racing taxes with a collection of R19.9 million.

Interest, dividends and rent on land collection is R1.7 million this emanates from interest earned from the departmental bank account and other interest related receipts.

Financial transactions in assets and liabilities contributed to R153 000 and this is due to recoveries from previous financial year's expenditure.

7. Changes to transfers and subsidies, conditional grants and infrastructure

7.1 Changes to transfers to public entities

TABLE 3.14 CHANGES TO TRANSFERS TO PUBLIC ENTITIES

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
1. Gauteng Enterprise Propeller	176 418				53 300			7 000	60 300	236 718
2. Gauteng Tourism Authority	91 994				2 250			10 500	12 750	104 744
3. Gauteng Growth Development Agency	405 949				59 333				59 333	465 282
Total changes of departmental transfers	674 361				114 883			17 500	132 383	806 744

The transfer payment budget reflects a net increase of R132.4 million which consists of R114.8 million as virements and shifts, and an additional funding of R17.5 million. The increased transfer's budget makes provision for the public entities to implement the following projects/programmes:

Gauteng Enterprise Propeller

An amount of R53.3 million will fund the Youth PMO, Mid-term impact assessment and the SMME support project.

Gauteng Growth Development Agency

An amount of R59 million is reprioritized to GGDA for the following infrastructure projects:

- Renovation and refurbishment of the Township Industrial Hubs. These hubs have been created to stimulate economic activity in the townships, towards the creation of sustainable jobs, reduction in levels of inequality and addressing poverty. The objective is to ensure that the industrial parks are rehabilitated for business activity in the townships.
- TIH infrastructure projects; this entails further expansion of the Innovation Hub Precinct and the development impact in the Gauteng City Region as a Science and Technology Park.

Additional provincial funding: R17.5 million

An amount of R7 million is granted as additional funding to GEP for SMME Support project in order to assist the SMMEs due to the increased demand for GEP product offerings which have increased over the past two years. GEP focuses on moving SMMEs and Cooperatives from the margins into the mainstream economy as outlined in the NDP which advocates the creation of jobs where people live.

GTA's transfer budget is increased by R10.5 million due to the additional funding received for the implementation of the following projects:

- R6.2 million for the World Choir Games ;
- R1 million for the Discorp Africa project, this is an annual, three-day, tradeshow that brings together buyers, sellers and producers of televised entertainment content for investment opportunities
- R3.3 million for the Cycling Festival, a road Cycling team event of 3 cyclists participating in the team.

The additional funding will ensure that GTA's mandate of marketing the province as the vibrant business-tourism capital of Africa as well as a leisure destination of choice is achieved.

7.2 Changes to transfers to trading entities

TABLE 3.15 CHANGES TO TRANSFERS TO TRADING ENTITIES

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
1. Cradle of Humankind	71 283				(7 700)				(7 700)	63 583
2. Dinokeng	49 576				(6 000)				(6 000)	43 576
3. Gauteng Liquor Board	26 669				6 000			8 000	14 000	40 669
Total changes transfer payments	147 528				(7 700)			8 000	300	147 828

Amounts of R7.7 million and R6 million are reprioritized from the personnel budget of Cradle of Humankind and Dinokeng respectively to fund the Constitutional hill infrastructure project and augment the budget for the Discorp Africa project.

Provincial additional funding: R8 million

An additional funding of R8 million is allocated to Gauteng Liquor Board to supplement their personnel budget so that they deliver on their mandate.

7.3 Changes to conditional grants

Not applicable.

7.4 Changes to infrastructure

Not applicable.