

VOTE 06

**DEPARTMENT OF ECONOMY AND
ENTERPRISE DEVELOPMENT**

DEPARTMENT OF ECONOMY AND ENTERPRISE DEVELOPMENT

Adjusted budget summary

R thousand	2016/17			Decrease	Increase
	Main Appropriation	Special Appropriation	Adjusted Appropriation		
Amount to be appropriated	302 685		306 315		3 630
Of which					
Current payments	159 262		162 253		2 991
Transfers and subsidies	141 234		141 873		639
Payments for capital assets	2 189		2 189		
Payments for Financial Assets					
Direct Charge against the Provincial Revenue Fund					
Executive authority	MEC for Finance, Economy and Enterprise Development				
Accounting officer	Head of Department of Economy and Enterprise Development				

Vote Purpose

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

Programmes

4. Administration
5. Integrated Economic Development Services
6. Economic Planning and Sector Development
7. Business Regulation and Governance

Changes to programme purpose, objectives and measures

None

Summary of receipts

SUMMARY OF RECEIPTS

Item Description	Source of Funding			
	Conditional Grant	Equitable Share	Own Revenue	Financing
Main appropriation		144 365	158 320	
Rollovers				
of which				
Additional allocations				12 000
Liquor Licence System				6 000
VTSD Summit				6 000
Less: Budget Reductions		-8 370		
Compensation of Employees		-7 449		
Goods and Services		-921		
Totals		135 995	158 320	12 000
				306 315

Mid-year performance status

There are no changes to performance indicators and the 2016/17 targets as published in the 2016 Estimates of Provincial Revenue and Expenditure. The table below indicates performance in the first six months of the year.

Mid-year performance status					
Indicators	Programme	Outcome to which it contributes	Annual performance		
As published in the 2016 EPRE	Programme linked to the indicators	Outcome the indicators is linked to	Projected for 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of SMME supported	IEDS	Outcome 4	150	140	Not Changed
Number of SMME developed	IEDS	Outcome 4	150	156	Not Changed
Number of existing cooperatives supported	IEDS	Outcome 4	150	124	Not Changed
Number of informal businesses supported	IEDS	Outcome 4	130	141	New
Number of industry studies on economic opportunities	EP and Sector Dev	Outcome 4	4	2	New
Number of market practices investigated	Busreg	Outcome 4	20	6	Not Changed

Adjustments Estimates of Provincial Revenue and Expenditure 2016

Departmental summary of 2016 Adjustment Estimates of Provincial Expenditure according to programmes

Programme	2016/17							Total adjustments appropriation	Adjusted Appropriation	
	Main Appropriation	Special Appropriation	Adjustments appropriation							
			Unforeseeable / Rollovers	Virements and unavoidable	Function Shifts	Declared unspent funds	Other adjustments			
R thousand										
ADMINISTRATION	101 863				-1 406		-2 484	-921	-4 821	97 042
INTEGRATED ECONOMIC DEVELOPMENT SERVICES	54 639						-1 695		-1 695	52 944
ECONOMIC PLANNING AND SECTOR DEVELOPMENT	43 943				1 275		-463	6 000	6 812	50 755
BUSINESS REGULATION AND GOVERNANCE	102 240				131		-2 797	6 000	3 334	105 574
Subtotal	302 685						-7 449	11 079	3 630	306 315
Direct charge against the Provincial Revenue Fund										
Total	302 685						-7 449	11 079	3 630	306 315
Economic Classification										
Current payments	159 262				-639		-7 449	11 079	2 991	162 253
Compensation of employees	99 790						-7 449		-7 449	92 341
Goods and services	59 462				-639			11 079	10 440	69 902
Interest and rent on land	10									10
Transfers and subsidies	141 234				639				639	141 873
Provinces and municipalities										
Departmental agencies and accounts	77 312									77 312
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises	62 617				-16 619				-16 619	45 998
Non-profit institutions										
Households	1 305				17 258				17 258	18 563
Payments for capital assets	2 189									2 189
Buildings and Other fixed structures										
Buildings										
Other fixed structures										
Machinery and equipment	2 189									2 189
Transport assets										
Other Machinery and equipment	2 189									2 189
Biological assets										
Software and Other intangible assets										
Land and subsoil assets										
Heritage assets										
Specialised military assets										
Payments for Financial Assets										
Total	302 685						-7 449	11 079	3 630	306 315

2016/17 Adjusted Estimates of Provincial Revenue and Expenditure

Programme summary of estimates according to subprogrammes

Programme 1 : ADMINISTRATION

R thousand	2016/17								Adjusted Appropriation	
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation		
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds			Other adjustments
Office of the MEC	2 827				-1 806			-921	-2 727	100
Office of the HD	6 074				-100			-500	-600	5 474
Financial Management	25 095							-800	-800	24 295
Corporate Services	67 867				500			-1 194	-694	67 173
Subtotal	101 863				-1 406			-2 494	-921	-4 821
Direct charge against the Provincial Revenue Fund										
Statutory payment										
Total	101 863				-1 406			-2 494	-921	-4 821
Economic Classification										
Current payments	98 211				-1 914			-2 494	-921	-5 329
Compensation of employees	55 841							-2 494		-2 494
Goods and services	42 360				-1 914				-921	-2 835
Interest and rent on land	10									10
Transfers and subsidies	1 463				508					508
Provinces and municipalities										
Departmental agencies and accounts	156									156
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households	1 305				508					508
Payments for capital assets	2 189									2 189
Buildings and Other fixed structures										
Buildings										
Other fixed structures										
Machinery and equipment	2 189									2 189
Transport assets										
Other Machinery and equipment	2 189									2 189
Biological assets										
Software and Other intangible assets										
Land and subsoil assets										
Heritage assets										
Specialised military assets										
Payments for Financial Assets										
Total	101 863				-1 406			-2 494	-921	-4 821

Programme summary of estimates according to subprogrammes

Programme 2 : INTEGRATED ECONOMIC DEVELOPMENT SERVICES

R thousand	2016/17								Adjusted Appropriation	
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation		
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds			Other adjustments
Enterprise Development	44 760							-1 000	-1 000	43 760
Regional and Local Economic Development	3 114									3 114
Economic Empowerment	6 765							-695	-695	6 070
Subtotal	54 639							-1 695	-1 695	52 944
Direct charge against the Provincial Revenue Fund										
Statutory payment										
Total	54 639							-1 695	-1 695	52 944
Economic Classification										
Current payments	22 520							-1 695	-1 695	20 825
Compensation of employees	16 188							-1 695		-1 695
Goods and services	6 332									6 332
Interest and rent on land										
Transfers and subsidies	32 119									32 119
Provinces and municipalities										
Departmental agencies and accounts										
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises	32 119				-16 619				-16 619	15 500
Non-profit institutions										
Households					16 619				16 619	16 619
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										
Payments for Financial Assets										
Total	54 639							-1 695	-1 695	52 944

Department of Economy and Enterprise Development

Programme summary of estimates according to subprogrammes

Programme 3 : ECONOMIC PLANNING AND SECTOR DEVELOPMENT

R thousand	2016/17							Total adjustments appropriation	Adjusted Appropriation
	Main Appropriation	Special Appropriation	Adjustments appropriation						
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds		
Economic Research, Policy Development and Planning	6 141				100		-463	-363	5 778
Trade and Sector Development	37 802				1 175		6 000	7 175	44 977
Subtotal	43 943				1 275		-463	6 000	6 812
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	43 943				1 275		-463	6 000	6 812
Economic Classification									
Current payments	13 445				1 275		-463	6 000	20 257
Compensation of employees	5 730						-463	-463	5 267
Goods and services	7 715				1 275		6 000	7 275	14 990
Interest and rent on land									
Transfers and subsidies	30 498								30 498
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Foreign governments and international organisations									
Public corporations and private enterprises	30 498								30 498
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									
Payments for Financial Assets									
Total	43 943				1 275		-463	6 000	50 755

Programme summary of estimates according to subprogrammes

Programme 4 : BUSINESS REGULATION AND GOVERNANCE

R thousand	2016/17							Total adjustments appropriation	Adjusted Appropriation
	Main Appropriation	Special Appropriation	Adjustments appropriation						
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds		
Regulation Services	2 184				2			2	2 186
Consumer Protection	11 517				35		-897	-862	10 655
Liquor Regulation	11 385				94		-1 900	6 000	15 579
Gambling and Betting	77 154								77 154
Subtotal	102 240				131		-2 797	6 000	105 574
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	102 240				131		-2 797	6 000	105 574
Economic Classification									
Current payments	25 086						-2 797	6 000	28 289
Compensation of employees	22 031						-2 797	-2 797	19 234
Goods and services	3 055						6 000	6 000	9 055
Interest and rent on land									
Transfers and subsidies	77 154				131				77 285
Provinces and municipalities									
Departmental agencies and accounts	77 154								77 154
Higher education institutions									
Foreign governments and international organisations									
Public corporations and private enterprises									
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									
Payments for Financial Assets									
Total	102 240				131		-2 797	6 000	105 574

Roll-overs

None

Unforeseeable and unavoidable expenditure (per programme)

None

Summary of Virements and Shifts

Virements and shifts Table

Programmes					
Virements					
From			To		
Programme by Economic Classification	Motivation	R thousand	Programme by Economic Classification	Motivation	R thousand
Programme : Administration		1 914	Programme : Administration		1 914
Office of the MEC	Transfer from goods and services to cater for the shortfall on bursaries from the previous year	400	Corporate services	Transfer to cater for the shortfall on bursaries from the previous year	400
Office of the HOD	Transfer from goods and services to household to cater for the payment of retirement benefit	108	Corporate Services	Transfer to cater for the shortfall on bursaries due to increase on tuition fees	100
			Office of the HOD	To cater for the retirement benefit payment	8
			Programme 3: Economic Planning and Sector Development		1 275
Office of the MEC	Virement of funds to Economic Planning and Sector Development to augment the budget for the hosting of Economic VTSD Lekgotla	1 406	Trade and Sector Development	Virement to goods and services budget to augment the VTSD Lekgotla's budget	1 275
			Programme 4: Business Regulations and Governance		131
			Regulating Services	Virement to Household to cater for retirement benefits payment	131
Shift within the programme as a percentage of the programme budget		0,5%			
Virements of the programme as a percentage of the programme budget		1,4%	Percentage of virement		1,4%
Programme : Integrated Economic Development Services		16 619	Programme : Integrated Economic Development Services		16 619
Enterprise Development	Shifting of funds from Public Corporations to Household to cater for the implementation of empowerment fund internally	16 619	Enterprise Development	Shifting of funds from Public Corporations to Household to cater for the implementation of empowerment fund internally	16 619
Shift within the programme as a percentage of the programme budget		31%			31%
Programme 4: Business Regulations and Governance		129	Programme 4: Business Regulations and Governance		129
Regulation services	Shifting from goods and services to cater for the hosting of liquor and Consumer months	129	Consumer Protection	shifting to goods and services budget to cater for the hosting of consumer month	35
			Liquor Regulations	shifting to goods and services budget to cater for the hosting of Liquor month	94
Shift within the programme as a percentage of the programme budget		0,1%			0,1%
Virements of the programme as a percentage of the programme budget					
Total		18 662			18 662

Virements and shifts

Programme 1 – Administration (R1.406 million)

A virement of R1.406 million has been effected to programme 3: Economic Planning and Sector Development and Programme 4: Business Regulations and Governance and has been re-directed as follows:

Goods and Services (R1.275 million)

An amount of R1.275 million has been moved to Programme 3: Economic Planning and Sector Development under goods and services to augment the VTSD Economic Lekgotla budget which will be held during the December month.

Transfers and Subsidies (R131 thousand)

Furthermore, a virement of R131 thousand has been effected to Programme 4: Business Regulation and Governance to cater for the retirement benefits.

Programme 3: Economic Planning and Trade and Sector Development (R1.275 million)

A total amount of R1.275 million has been moved from Programme 1: Administration under goods and services to cater for the VTSD Economic Lekgotla.

Programme 4: Business Regulations and Governance (R131 000)

An amount of R131 thousand is received as virement from Programme 1: Administration under goods and services to Transfers and Subsidies to cater for the retirement benefits

Funds shifted within a vote

Programme 1: Administration

R400 thousand has been shifted from the Office of the MEC to sub-programme: Corporate Services to cater for the shortfall on bursaries which came as a result of increase on tuition fees.

R100 thousand has been shifted from the office of the HOD to sub-programme: Corporate Services to cater for the shortfall on bursaries due to increase on tuition fees.

R8 thousand has been shifted to Households under transfer and subsidies to cater for the retirement benefits to the retiring employee.

Programme 2 – Integrated Economic Development Services

Transfer and subsidies R16.619 million

This amount has been shifted from transfers and subsidies under Public corporation to Households within the same programme to cater for the allocation of the empowerment fund. The criterion for qualifying beneficiaries has been completed by October and disbursement will flow and be reported by third quarter.

Programme 4: Business Regulations and Governance (R129 000)

The saving is been re-directed as follows:

R35 thousand to sub-programme: Consumer Protection Services to cater for the hosting of consumer month event to be held in March 2017.

R94 thousand to sub-programme: Liquor Regulations to cater for the hosting of Liquor month to be held in February 2017.

Declared unspent funds (R7.449 million)

Programme 1: Administration – R3.415 million

Programme 2: Integrated economic development services - R1.695 million

Programme 3: Economic planning and sector development – R463 thousand

Programme 4: Business regulation and governance – R2.797 million

Other adjustments (R921 thousand)

An amount of R921 thousand has been surrendered for establishment of a provincial integrated shared services model (ISSM). The model will provide key services to the provincial departments, district, local municipalities, healthcare facilities and various structures of the government.

Funds shifted within a vote following a function shift

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

Direct charges against the Provincial Revenue Fund

None

Additional allocations R12 million

Programme 3: Economic Planning and Sector Development- R6 million

This amount has been allocated to this programme for the hosting of the VTSD Economic Iekgotla which will be held during the November/December month.

Programme 4: Business Regulations- R6 million

This amount has been allocated to the liquor Regulations to cater for the procurement of the liquor licence issuing system.

Amounts surrendered

None

Expenditure outcome for 2015/16 and actual expenditure for 2016/17 as at 30th September 2016

Programme	2015/16						2016/17			
	Actual Expenditure						Preliminary expenditure			
	Adjusted appropriation	Apr 15-Sep 15	Apr 15-Sep 15	Apr 15-Mar 16	Apr 15-Mar 16	Adjusted appropriation	Adjusted appropriation/ total (%)	Apr 16 Sep 16	% of Adjusted appropriation	
R thousand										
ADMINISTRATION	83 852	36 464	43.5%	79 943	95.3%	97 042	31.7%	39 380	40.6%	
INTEGRATED ECONOMIC DEVELOPMENT SERVICES	54 541	21 659	39.7%	53 031	97.2%	52 944	17.3%	23 825	45.0%	
ECONOMIC PLANNING AND SECTOR DEVELOPMENT	81 657	26 710	32.7%	79 920	97.9%	50 755	16.6%	18 622	36.7%	
BUSINESS REGULATION AND GOVERNANCE	83 954	35 170	41.9%	83 242	99.2%	105 574	34.5%	48 262	45.7%	
ECONOMIC PLANNING	6 092	2 945	48.3%	5 504	90.3%					
Subtotal	310 096	122 948	39.6%	301 640	97.3%	306 315	100.0%	130 089	42.5%	
Direct charge against the Provincial Revenue Fund										
Subtotal										
Total	310 096	122 948	39.6%	301 640	97.3%	306 315	100.0%	130 089	42.5%	
Economic classification										
Current payments	130 481	59 458	45.6%	121 582	93.2%	162 253	53.0%	59 991	37.0%	
Compensation of employees	83 238	38 509	46.3%	81 736	98.2%	92 341	30.1%	40 584	44.0%	
Goods and services	47 243	20 949	44.3%	39 846	84.3%	69 902	22.8%	19 407	27.8%	
Interest and rent on land						10	0.0%			
Transfers and subsidies	177 631	62 849	79.2%	178 121	100.3%	141 873	46.3%	69 778	49.2%	
Provinces and municipalities										
Departmental agencies and accounts	64 907	26 331	40.6%	64 661	99.6%	77 312	25.2%	38 570	49.9%	
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises	96 878	36 334	37.5%	101 378	104.6%	45 998	15.0%	30 905	67.2%	
Nonprofit institutions										
Households	15 846	184	1.2%	12 082	76.2%	18 563	6.1%	303	1.6%	
Payments for capital assets	1 928	641	33.2%	1 887	97.9%	2 189	0.7%	320	14.6%	
Buildings and Other fixed structures										
Machinery and equipment	1 928	641	33.2%	1 887	97.9%	2 189	0.7%	320	14.6%	
Biological assets										
Software and Other intangible assets										
Land and subsoil assets										
Heritage assets										
Specialised military assets										
Payments for Financial Assets	56			50						
Total	310 096	122 948	39.6%	301 640	97.3%	306 315	100.0%	130 089	42.5%	

Expenditure trends for the first half of 2016/17

Programme 1: Administration

Expenditure as at the end of the second quarter is at 40.6 per cent as compared to 43.5 per cent registered in 2015/16. The projected expenditure for the remainder of the financial year is 61.34 per cent. The delayed spending results from the revision of property rentals rates that is due the third quarter. Furthermore, the recruitment process for critical positions is at an advanced stage and appointments will be effected by end of third quarter.

Programme 2: Integrated Economic Development

Expenditure as at the end of the second quarter is at 45 per cent as compared to 39.7 per cent registered in 2015/16 financial year. The projected expenditure for the remainder of the year is 55 per cent. The cause for under-spending is due to the delayed finalization of the disbursement plan to beneficiaries. The process has been finalized during October and the spending will flow and be reported by end of third quarter.

Programme 3: Economic Planning and Trade and Sector Development

Expenditure as at the end of second quarter is at 36.7 per cent, the main reason for the under-spending is due to the allocation for the hosting of VTSD Economic Lekgotla which will be held in November/December 2016.

Programme 4: Business Regulations

Expenditure as at the end of September 2016 registered 45.7 per cent. The programme recorded bulk of under-spending on goods and services due to the consumer and liquor events that are held annually during the months of February and March 2017. The expenditure under this programme will be recorded after these events has passed.

Economic Classification

Current payments

As at the end of September the spending on current payments was at 37.0 per cent. The major reason for the under-spending is as a result of the allocation meant for the hosting of the Economic VTSD lekgotla which will be held in November/December 2016 and thus expenditure will improve onwards.

Transfers and subsidies

As at the end of September the spending on transfer payments was at 49.2 per cent. The on point spending is driven by the agreement reached by the department and the North West Gambling board that the allocation for the year be transferred in two tranches and not on a quarterly basis as it has been the norm.

Payments for Capital Assets

As at the end of September the spending on capital budget was at 14.6 per cent. Even though the department is currently under spending, there is a projected 85.4 per cent as at year end because of procurement of assets to the value of R1.134 million. These assets were ordered and will be delivered by end of third quarter and payment will be reflected in next reporting period.

Departmental receipts

Departmental Receipts

R thousand	Audited outcome					Actual Receipts				
	Adjusted appropriation	Apr 15-Sep 15		Apr 15-Mar 16		Budget estimate	Adjusted estimate	Adjusted appropriation/ total (%)	Apr 16-Sep 16	
		Apr 15 Sep 15	% of Adjusted appropriation	Apr 15 Mar 16	% of Adjusted appropriation				Apr 16 Sep 16	% of Adjusted appropriation
Departmental receipts	135 895	59 721	43.9%	122 610	90.2%	158 320	158 359	100.0%	77 044	48.7%
Tax receipts	135 775	59 670	43.9%	122 521	90.2%	158 200	158 200	99.9%	76 955	48.6%
Sales of goods and services Other than capital assets	120	43	35.8%	81	67.5%	120	120	0.1%	50	41.7%
Transfers received										
Fines, penalties and forfeits										
Interests, dividends and rent on land										
Sales and capital assets and liabilities										
Financial transactions in assets and liabilities		8		8			39		39	100.0%
Extraordinary receipts										
Subtotal	135 895	59 721	43.9%	122 610	90.2%	158 320	158 359	100.0%	77 044	48.7%

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

Tax receipts

This category is at 48.7 per cent of the adjusted budget of R158 million, the under- collection is due to the renewal of liquor licences which is due in December.

Fines, Penalties and forfeits

Revenue on this item is only received when transgressions with the regulations are identified.

Changes to transfers and subsidies

Table 2.5 Summary of changes to transfer and subsidies per programme

R thousand	Main Appropriation	2016/17 Adjustments appropriation							Adjusted Appropriation	
		Special Appropriation	Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
ADMINISTRATION	1 463				508				508	1 971
Lease Gratuity	54				8				8	62
SABC TV Licence	4									4
Bursaries	1 251				500				500	1 751
Skill Development Levy	154									154
INTEGRATED ECONOMIC DEVELOPMENT SERVICES	32 119									32 119
NW Development Corporation	32 119					-16 169			-16 169	15 950
Other Households						16 169			16 169	16 169
ECONOMIC PLANNING AND SECTOR DEVELOPMENT	30 498									30 498
NW Development Corporation	30 498									30 498
BUSINESS REGULATION AND GOVERNANCE	77 154				131				131	77 285
Lease Gratuity					131				131	131
NW Gambling Board	77 154									77 154
Name of Transfer payment										
Name of Transfer payment										
Name of Transfer payment										
Name of Transfer payment										
Total transfers subsidies	141 234				639				639	141 873

Summary of changes to conditional grants

None