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Economic Development Department
REPUBLIC OF SOUTH AFRICA

Economic Development Department 4th Quarter Performance Report

Presentation to the
Portfolio Committee on Economic
Development

29 May 2012



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Presentation

- 4th Quarter Performance
 - Economic Policy Development
 - Economic Planning and Coordination
 - Economic Development and Social Dialogue
- New Areas of work not captured in 2011/12 Performance Framework
- Progress against targets in the Estimates of National Expenditure (ENE)
- Human Resources
- Financial Performance
- Concluding Remarks

Economic Policy Development (Prog 2)



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Quarterly Outcome 4 report

- Completed in conjunction with DTI and NT and accepted by Cabinet
- Found an improvement in year-on-year employment creation as well as continued growth in investment and the GDP

Survey on employment reporting for state departments and agencies

- Second round of reports from departments was completed with the DPME
- Work underway on improving capacity building with provinces and departments & on initiating the modelling of employment impacts with the ILO

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Economic Policy Development (Prog 2)



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Economic Development Index

- Initial study undertaken by staff members and by the Trade and Industrial Policy Strategies (TIPS) institute
- Progress made in identifying important variables – employment level, healthcare, education and economic growth, amongst others
- More work to be done
 - To test the proposed index against South Africa's experiences to date
 - To look at technical issues that arose in the study

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Economic Policy Development (Prog 2)



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NGP

- Youth Employment
 - Discussion document work-shopped at NEDLAC and in bilaterals with NEDLAC constituencies
 - Dialogue to be accelerated and concluded shortly
- Gender Policy
 - Initial draft finalised
 - A second draft will be finalised by mid-June 2012
- Reporting framework for assessing income inequality
 - Draft finalised and discussed in a meeting with EDD, DTI and NT staff
- Annual Development Conference with the theme of Infrastructure and Development held in April 2012

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Economic Planning and Coordination (Prog 3)



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Sector and spatial plans

- Departmental approach to this area of work being reviewed in the context of the infrastructure plan developed by the Presidential Infrastructure Co-ordinating Commission (PICC)
- The Infrastructure Plan, as adopted by Cabinet, includes both spatial and sectoral elements, shaping work in this area
- Covers amongst others unlocking Northern mineral deposits; shifting coal from road to rail; expanding agricultural production; development of rural areas around the Eastern Cape; manganese supply line
- Details are included in the Infrastructure Plan

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Economic Planning and Coordination (Prog 3)

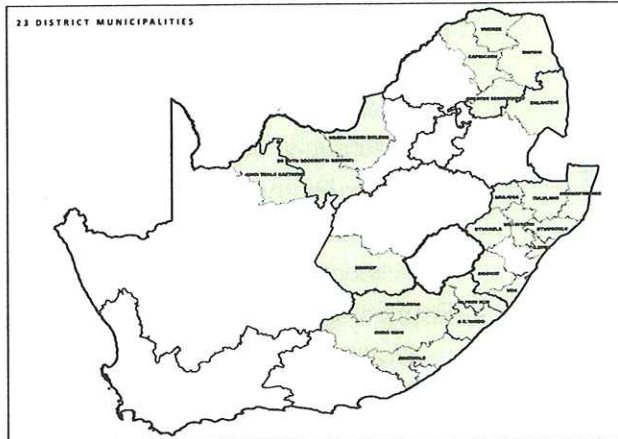


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23 District Plan

- Participation with Department of Rural Development and Land Reform (DRDLR) in process to improve infrastructure in 23 worst-served district municipalities
- Included in PICC programme as SIP 6
- Work with CSIR to ensure embedded in viable economic strategies



Economic Planning and Coordination (Prog 3)



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Engagements with provincial and local government:

- Presentation on the functional regions approach to planning for infrastructure investment in the context of the 23 districts project
- Training of local government officials from five municipalities at Wits University to broaden the economic development capacities of municipalities
- Participated in the Economies of Regions learning network on 6 March 2012. The focus was on key city-regions, provinces and national role-players to share ideas and approaches to planning
- Engagements with Eastern Cape authorities on three green energy projects (Biofuels and Wind Energy)

Economic Planning and Coordination (Prog 3)



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Engagements with DFIs

- IDC Board – Minister attended the IDC Board meeting for a strategic discussion
- DG meeting with the Entity Heads - Entities presented their Quarter 3 dashboards and received feedback from Cabinet Lekgotla
- **samaf** Advisory Board - Presentation by EDD on merger between samaf, Khula and the IDC small business portfolio, including the merger process, implications and way forward
- Finalising the IDC's Corporate Plan

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Economic Planning and Coordination (Prog 3)



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Leveraging state expenditure and procurement

- Agreement with Proudly South African amongst others commits it to provide support to small and medium sized enterprises, including by training them on tender processes
- Concluded discussions with a local stationery manufacturer for Department to procure locally manufactured submissions folders, instead of the imported product, at prices lower than the imported product
- Involvement in local procurement regulations, including
 - addressing obstacles to speedy implementation;
 - participating with the dti, SABS, Treasury and the private sector on a committee on technical standards to define and measure local content; and
 - participating in the implementation of the designation of oral-solid pharmaceuticals

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Green economy: Solar Water Heaters (SWH)

- 265 476 installed to date;
- 500 installed in Groutville, KZN as part of COP 17;
- shifting to new model with more low-pressure heaters for low-income households and improved oversight;
- R4,7 bn in funding secured through 2014;
- Work with the dti to strengthen local procurement and designation;
- IDC has invested in manufacturing through its green industries fund;
- Expect to generate 9000 jobs mostly in installation

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Economic Planning and Coordination (Prog 3)



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Green economy: Meetings with provincial departments

- the Eastern Cape Provincial Government with the view of co-ordinating national policy on potential wind farm developments in the former “homelands” regions
- the Western Cape Provincial Government to co-ordinate Green Economy Strategy

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Green Economy: Investments

- IDC continues to take a lead in green investments
 - Amongst others, of the 47 preferred bidders identified for renewable IPPs it funded 19, including support for community participation as well as equity and debt finance
 - Value of IDC investment is R7,5 billion
 - Technologies include wind farms, concentrated solar projects and photovoltaic, and hydro power
- Participated in the climate-change negotiations process, in particular supporting modelling and simulation processes led by the Department of Environmental Affairs and in international conferences and workgroups
- The IDC has finalised pre-implementation work for a major bio-fuels plant near Cradock but implementation will depend on regulatory decisions by DOE

Economic Planning and Coordination (Prog 3)



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Special financing

- A total of R2,467.3 million was disbursed during this quarter. The breakdown of funds disbursed was as follows:
 - Transfers to SAMAF: R23,000,000
 - Transfers to Khula: R35,700,000
 - Transfers to IDC: R8,500,000
 - IDC disbursements: R2,400,000,000

African regional economic development

- Paper on increasing South Africa's exports with member states of the tripartite free-trade area completed.
- Annual bilateral forum held with the USA Government

Economic Development and Dialogue (Prog 4)



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Social dialogue and capacity building

- The NGP and four accords were presented at seven provincial capacity building workshops conducted between February and March 2012 in seven provinces
 - Final two provincial workshops were held after the 4th quarter
- Attended by all social partners at provincial level (business, labour, provincial government and community organisations)
- Provided an opportunity to bring together about 100 participants per province, including the provincial economic development department, Cosatu, Fedusa, Nactu, Busa, Nafcoc, Sanco, Women's National Coalition

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Economic Development and Dialogue (Prog 4)



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Economic Development Agreements

- Agreement with Proudly South African to implement certain commitments of the Local Procurement Accord
- Establishment of the Western Cape Furniture Industry Pilot Project to enhance employment in the furniture industry through intervention in skills development and increase cooperation between manufacturers through cluster development
- Agreement between Sappi and the Unions to implement the Training Layoff Scheme
- Agreement concluded with the SA Institute of Chartered Accountants (SAICA) to provide business management and accounting support to small businesses. SAICA to establish a business hub and a training programme to support small business development

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The PICC



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- Department's mandate has been expanded to support and coordinate the work of the Presidential Infrastructure Coordinating Commission
- These activities are not captured in 2011/12 performance framework
- They include:
 - Administrative and secretarial support to the PICC, Manco and Secretariat. (Minister chairs the Political Secretariat made up of Ministers and Deputy Ministers)
 - Manage the technical team comprised of officials deployed from SOEs and EDD
 - Oversight over the development of the infrastructure plan, implementation framework and various work streams
- 17 Strategic Integrated Projects and 153 individual components, five enablers and GIS mapping of the infrastructure needs completed
- Implementation framework developed
- Discussions with a number of partners to explore funding and financing

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ENE targets for 2011/12 (1 of 2)



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Indicator	4 th Q target	4 th Q actual	Annual target
Number of reports on the implementation of the NGP	1	1	4
Number of policies to mainstream the second economy	5	2	11
Number of engagements with provincial and/or local government	3	4	10
Number of strategic engagements with development finance institutions and/or economic regulatory bodies	6	8	12
Value of special financing facilitated for small businesses, targeted growth sectors and companies in distress	R1.25bn	R2.47bn	R5bn

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ENE targets for 2011/12 (2 of 2)



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Indicator	4 th Q target	4 th Q actual	Annual target
Number of spatial and sector plans produced or reviewed	3	4	12
Number of interventions in relation to promoting economic development through leveraging state expenditure and procurement	3	3	12
Number of reports on the implementation of the green economy strategy	1	1	2
Number of interventions to create or save jobs	1	2	4
Number of policy platforms, social dialogue and capacity building engagements	2	7	10
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners	2	4	10

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Staff Complement (31/03/2012)



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Programme	# of Funded Posts	Female	Male	Total filled
ADMINISTRATION	62	41	23	64 (2 contract cleaners)
POLICY DEVELOPMENT	20	9	6	15
PLANNING & COORDINATION	33	10	14	24
SOCIAL DIALOGUE	14	5	7	12
TOTAL	129	65 (57%)	50 (43%)	115

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Employment Equity Statistics (31/03/2012)



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Occu- pational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Level 13 - 16	11	3	4	4	9	1	0	2	34
Level 11 -12	9	0	0	2	13	2	1	2	29
Level 9 - 10	6	0	0	0	8	1	0	1	16
Level 1 - 8	10	1	0	0	22	1	1	1	36
Total	36	4	4	6	52	5	2	6	115

PERSONS WITH DISABILITY = 1% [the target will be met when a second person assumes duties in June 2012]

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Recruitment (1 Apr 2011 to 31 Mar 2012)



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Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Level 13 - 16	3	0	4	4	3	1	0	0	15
Level 11 -12	1	0	0	1	6	0	1	1	10
Level 9 - 10	6	0	0	0	6	0	0	1	13
Level 1 - 8	6	0	0	0	13	0	0	0	19
Total	16	0	4	5	28	1	1	2	57

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Financial Performance



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Overview of Expenditure as at 31/03/2012

- The allocated budget for the department for the 2011/12 financial year was R598.4 million
- Expenditure in this period amounted to R578.5 million, which is 97% of the voted budget
- Overall the department under spent by R19.9 million or 3% during the 2011/12 financial year
- The department requested rollovers amounting to R2.0 million
- These requests have been approved by the National Treasury

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Financial Performance



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	Adjusted Budget (Pre virement)	Virements Approved by Treasury	Adjusted Budget (Post virement)	YTD Expenditure: 30 Mar 2012	Budget Spent	Budget Underspent	Budget Underspent
	R	R	R	R	%	R	%
COMPENSATION OF EMPLOYEES	79,719,000	(16,047,538)	63,671,462	48,558,303	76%	15,113,159	24%
GOODS AND SERVICES	45,322,000	(4,994,000)	40,328,000	41,000,310	102%	(672,310)	-2%
TRANSFERS	466,823,000	21,041,898	487,864,898	487,999,111	100%	(134,213)	0%
CAPITAL	6,495,000	-	6,495,000	1,160,371	18%	5,334,629	82%
EDD's TOTAL	598,359,000	360	598,359,360	578,718,095	97%	19,641,265	3%
EDD's TOTAL (Excl. Transfers)	131,536,000	(21,041,538)	110,494,462	90,718,984	82%	19,775,478	18%
EDD's Transfers Only	466,823,000	21,041,898	487,864,898	487,999,111	100%	(134,213)	0%

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Financial Performance



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Overview of Revenue

- Revenue collection for the financial year 2011/12 was R 591.8 million or 143% of the estimated revenue of R 243.8 million for the year as a whole
 - Mostly from fines and penalties imposed by the Competition Commission and the Competition Tribunal
 - Also dividends received from the Industrial Development Corporation

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