



EDD Presentation on the 3rd Quarter 2019/20

Presentation to the Portfolio Committee
Economic Development

3 March 2020

The report covers the period from 1 October 2019 to 31
December 2019 unless otherwise stated.



economic
development

Economic Development Department
REPUBLIC OF SOUTH AFRICA



- A. Economic and employment overview
- B. Highlights from the Department's report for the quarter:
 1. Clean Audit Opinion
 2. Update: Export Tax on Scrap Metal as a measure for promoting beneficiation
 3. National Township and Village Economies Framework
 4. Budget Facility for Infrastructure
 5. Update: National Macro Organization of Government: PICC
- C. Report on KPIs
- D. Report on Human Resources
- E. Report on Finances

A. Products targeted

EDD has 183 products for the year, but in Q3:

KPI	Target	Achieved
1	1	1
2	1	1
3	1	2
4	0	0
5	1	3
6	1	6
7	2	1
8	16	18
9	1	1
10	7	10
11	1	0
12	1	1
13	4	6
14	2	2
15	1	1
16	3	1



16 KPIs



43 products planned



54 products achieved



78% of allocated budget spent

A: ECONOMIC AND EMPLOYMENT OVERVIEW

- Economic context
- Employment review

Economic context

The GDP result for Q3 2019/2020 will be released on March the 3rd at 11:30.

- The global economy grew by 2.9% in 2019, its lowest growth rate since 2009.
- South Africa's growth rate remained low at an estimated 0.4% for the calendar year
- South Africa's GDP forecasts for 2020 and 2021 have been revised downwards by the Reserve Bank to 1.2% and 1.6% respectively.

	2017	2018	2019	2020(f)	2021(f)
Global economy	3.8	3.6	2.9	3.3	3.4
Advanced economies	2.4	2.2	1.7	1.6	1.6
Emerging markets and developing economies	4.8	4.5	3.7	4.4	4.6
Sub-Saharan Africa	2.9	3.2	3.3	3.5	3.5
Brazil	1.1	1.3	1.2	2.2	2.3
Russia	1.6	2.3	1.1	1.9	2.0
India	7.2	6.8	4.8	5.8	6.5
China	6.8	6.6	6.1	6.0	5.8
South Africa	1.4	0.8	0.4	1.2	1.6

- South Africa's exports in 2019 totalled R 1 302 billion, and imports totalled 1 272 billion; the trade balance was positive at R 31 bn
- SA's top 3 exports were platinum, cars and iron ore, and our top 3 imports were oil, cars and mobile phones
- SA's top 3 export destinations were China, Germany and the USA and our top 3 sources of imports were also China, Germany and the USA
- In 2019, South Africa was the world's largest exporter of platinum, ferro-alloys, manganese and chromium, the second largest exporter of citrus fruit, the third largest exporter of iron ore, and the sixth largest of coal

Labour market in Q3 2019/2020

Unemployment rate for the quarter was 29.1%, unchanged from the previous quarter

Main Results for the Quarter

- Labour force increased by 38 000, to 23 146 000.
- 45 000 jobs were added in the fourth quarter, taking total jobs to 16 420 000
- Number of unemployed decreased by 8 000 to 6 726 000

Main Results for the 12 months ending December 2019

- Labour force increased by 478 000, to 23 146 000, but the number of jobs decreased by 108 000, to 16 420 000
- Number of unemployed has increased by 587 000, to 6 726 000
- As a result, the unemployment rate increased from 27.1% to 29.1%

Youth Labour Market

- This quarter, 61 000 jobs were created for youth (15-64); however, youth jobs have decreased by 172 000 over the last twelve months.
- Number of unemployed youth decreased by 15 000 this quarter, but is 371 000 more than 12 months ago.
- Youth unemployment rate is now 41.5%, compared to 38.7% a year ago.

Jobs by Industry

- In the last quarter, government (113 000), business services (76 000) and transport (36 000) were the main job creators.
- The largest job losses occurred in trade (159 000), manufacturing (39 000) and the utilities (14 000).
- Over the last year, government (168 000), transport (46 000) and agriculture (36 000) have been the main job creators
- The largest job losses have occurred in construction (131 000), trade (70 000) and manufacturing (46 000).

Jobs by Industry for the Quarter

	Change ('000)	% Change
Government	113 000	3.1
Business Services	76 000	3.0
Transport	36 000	3.7
Construction	12 000	0.9
Mining	11 000	2.5
Agriculture	6 000	0.6
Private Households	0	0
Utilities	- 14 000	-10.2
Manufacturing	-39 000	-2.2
Trade	-159 000	-4.7

Jobs by Industry for the 12 months ending December 2019

	Change ('000)	% Change
Government	168 000	4.6
Transport	46 000	4.7
Agriculture	36 000	4.2
Mining	-8 000	-1.8
Utilities	-14 000	-10.5
Business Services	-43 000	-1.7
Private Households	- 46 000	-3.5
Manufacturing	-46 000	-2.6
Trade	-70 000	-2.1

Jobs by Province

- In the last quarter, Gauteng create the most jobs (38 000), followed by North West (32 000) and Western Cape (24 000).
- The most jobs were lost in Limpopo (35 000), Eastern Cape (18 000) and KZN (10 000).

- In the last year, North West (19 000), KZN (16 000) and Northern Cape (13 000) saw the most jobs created
- Limpopo (77 000), Gauteng (65 000) and Free State (21 000) have lost the most jobs

Jobs by Province for the Quarter

	Change ('000)	% Change
Gauteng	38	0.7
North West	32	3.4
Western Cape	24	1.0
Northern Cape	13	4.2
Mpumalanga	11	0.9
Free State	-10	--1.2
KZN	-10	--0.4
Eastern Cape	-18	-1.3
Limpopo	-35	-2.5

Jobs by Province for the 12 months to December 2019

	Change ('000)	% Change
North West	19	2.0
KZN	16	0.6
Northern Cape	13	4.1
Eastern Cape	9	0.7
Mpumalanga	-1	-0.1
Western Cape	-3	-0.1
Free State	-21	-2.7
Gauteng	-65	-1.3
Limpopo	-77	-5.2

B. HIGHLIGHTS FROM DEPARTMENT'S REPORT

1. Clean Audit Opinion
2. Update: Export Tax on Scrap Metal as a measure for promoting beneficiation
3. National Township and Village Economies Framework
4. Budget Facility for Infrastructure
5. Update: National Macro Organization of Government: PICC

- Clean Audit Opinion obtained for second consecutive year for 2018/2019 after 2017/2018
- The department received Certificate of Excellence from AGSA for achieving a Clean Audit Opinion in terms of the PFMA

- Historical PPS operational periods are that:
 - Initially implemented for a 5 year period: September 2013 to September 2018
 - Extended for 9 months: October 2018 to June 2019
 - Extended for 9 months: June 2019 to March 2020
- The current Price Preference System (PPS) introduced in 2013 to restrict exporting of Scrap Metal will be extended until Export Duty is introduced
- Work to finalise implementation of an Export Tax on Scrap Metal commenced and picked up pace in Q3
- According to Minister of Finance the “...proposed export taxes will apply to ferrous metals at the rate of R1 000 per tonne, aluminium at R3 000 per tonne, red metals at R8 426 per tonne, and other waste and scrap metals at R1 000 per tonne...Consultation will begin today (26 Feb 2020), to be concluded by the end of May 2020, for consideration in the annual tax bills.” (Budget Review 2020, National Treasury, 26 Feb 2020, p43) – **Annual Taxation Laws Amendment Bill (TLAB)**
- The initial consultation process was conducted by ITAC through a gazette in October 2019
- The effective date of implementation of the tax will depend on Parliamentary tax process during the 2020 calendar year.

- EDD is coordinating the development of **National Township and Rural Economies Development Framework** and also designing:
 - A Social Economy Policy Framework which will be finalized in the coming financial year
- A multi-party Task Team was formed and guided by the Office of the Deputy President and the National Planning Commission to drive the coordination process for township and rural economy development
- Some of the strategies, below, to be implemented with other stakeholders, for instance
 - SEZs and Industrial Parks will be
 - Integrated into local economies, and also
 - Work with local universities to strengthen R&D on local economies
 - Grocery Retail Market Inquiry remedial actions made by the Competition Commission
 - The framework will
 - assist in tracking available niches in the value-chains of CTFL and Poultry, target unserved/underserved markets in these sectors
 - nullify badly run by-laws not promoting competitiveness, in the local economies

Budget Facility for Infrastructure Bid Window 3

- Previously EDD reported to Parliament about the Budget Facility for Infrastructure (BFI) window 1 and 2 platform for applications for funding infrastructure
- As directed by Cabinet, NT is working jointly with the Presidential Infrastructure Coordinating Commission (PICC) secretariat, DPME and EDD to establish the BFI
- Aim of BFI is to support quality public investments through robust project appraisal, effective project development and execution to ensure
 - sustainable financing arrangements beyond the MTEF
- Joint Technical Committee (JTC) is a multi- stakeholder committee comprising of senior officials from NT, PICC, and DPME
 - manages detailed technical assessment process and makes recommendations to budget authorities (MTEC) and political decision makers (MINCOMBUD)
- Window 3 between March and May 2019
- 42 applications were received for funding with a combined value of R99.1bn covering Agriculture, Water and Sanitation, Education, Broadband, Transport, Health, and Industrial Development sectors

BFI Bid Window 3: Quarter 3

No of Projects	Decision taken
5	Supported and recommended for funding
2	Not supported for funding
18	Recommended for further consideration through consultation with applicants to establish priority and further clarity



1. **Gauteng Schools Programme**
2. **Klipfontein Hospital**
3. **Tygerberg Hospital**
4. **Coega project (Gas to power)**
5. **Coega project (Return effluent scheme)**

The BFI will help address:

1. **Weaknesses in planning and project identification**, due to an inadequate link with asset management and spatial plans, poor intergovernmental coordination and a lack of planning expertise and capacity. A general lack of collaboration results in “go it alone” mentality.
2. **No formalised authorisation environment** whereby projects are approved per stage at clearly defined decision gates (SIPDM) so that it can progress along the cycle without informal changes to decisions and unnecessary delays.
3. **Project preparation processes are incomplete and of poor quality**. Preparation activities are constrained by poor system design, limited project management knowledge and capacity, and insufficient project preparation skills, which results in infrastructure projects being delayed, with only a few projects reaching a stage where they are ready to be funded. This is further indicated by the way projects are presented for funding, often proposing biased solutions, over-optimistic forecasts and/or inaccurate information.

- Following the Presidential announcement to merge EDD + dti under the NMOG process:
 - Work has commenced to move the PICC Technical capability to DPW&I and alignment with DBSA
- The EDD supported the human resourcing of the roll-out of national priority infrastructure and made available human resources to support the Presidency in its responsibility to establish the Infrastructure Fund
- A number of key interactions between EDD and DPW&I decision makers were held during the quarter
- Agreement on modalities of the takeover of Technical Unit by DPWI+I reached
 - and to support Infrastructure Fund under Presidency, and in turn DBSA

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16 KPIs



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Programme 1: Administration

Strategic Objective 1: To ensure good governance in the administration of the Department

Key Performance Indicators

KPI 1 : Audit Opinion obtained in respect of the previous financial year

Clean Audit obtained for the fiscal year 2018/19 against a target of an unqualified audit (see Focus Area 1/5)

Programme 2: Growth Path and Social Dialogue

Strategic Objective 2: Coordinate jobs drivers and implementation of the New Growth Path economic strategy in support of the National Development Plan

Key Performance Indicators

KPI 2: Analytical and public policy advocacy

KPI 3: NGP jobs drivers and coordination structures

KPI 6: Support to provinces

Number of analytical and public advocacy reports

- 1. Report on National Township and Village Economies Development Framework (see Focus Area 3/5)**

- 1. Report on establishing Gauteng Biofuels Coordination Forum**
- 2. Report on strategic support to Amadiba Coastal Communities Development Association Trust**

TORs for Gauteng Biofuels Coordination Forum

Secretariat

- EDD

Purpose

- Coordinate the economic activities within the biofuels value chain in collaboration with key stakeholders (small scale producers, government departments, state-owned entities and interested buyers)

Scope

- Develop understanding of the biofuels value chains and finding innovative ways for employment creation in the industry
- Identify viable projects and opportunities
- Facilitate participation and networking of key stakeholders
- Develop and action plan

Composition

- Government, Academia, research entitles and industry

Report on strategic support to Amadiba Coastal Communities Development Association Trust

- Amadiba Coastal Communities Development Association (ACCODA) Trust approached EDD to discuss agriculture and tourism development issues
 - ACCODA is the community trust is in partnership with the Eastern Cape Parks and Tourism, EC Department of Land and EC Department of Economic Development, Environment and Tourism.
- Situated in the Wild Coast, Mtentu campsite and lodge is owned by ACCODA Trust
 - Had an impasse around environmental approval required for planned renovation and refurbishment at the lodge.
- EDD facilitated that ACCODA Trust submit new documents to be to DEDEA
 - Original application was in 2017
 - DEDEA approved application Dec 2019



- 1. 5 Provincial Support**
- 2. Technical MinMec**

Number of reports on support provided to provinces

5 Reports on support to provinces

- Entities in support: IDC, sefa, SEDA, NEF, CIPC, SARS, NYDA, Provincial Economic Development Departments, National Departments - eg Dept of Small Business, Department of Agriculture Forestry and Fisheries etc.
- On average attendance: 100 individuals/SMMEs
- Work done: better understand challenges faced by SMMEs, registration of companies, information on funding processes, tax processes (registration/clearances), business plan development, youth empowerment initiatives

Technical MinMEC: 28 Nov 2019

Key areas discussed:

- National Framework for Township and Informal settlements (See Focus Area 3/5)
- Resolution on implementation of the Social Policy
- Local procurement as an instrument of inclusion
- Draft MTSF – Cluster Report
- Re-imagined Industrial Strategy- Cluster Report

Programme 2: Growth Path and Social Dialogue

Strategic Objective 3: Facilitate social dialogue and implementation of social accords

Key Performance Indicators

KPI 4: Implementation of the green economy accord

KPI 5: Employment and entrepreneurship for black women and youth

KPI 7: Social dialogue interventions to save and create jobs & reports on implementation of Social Accords

Number of reports on black women and youth with access to employment and entrepreneurship opportunities

- 1. Report on assistance to women and youth owned cooperatives in Dr Pixley ka Isaka Seme Local Municipality**
- 2. Report on Limpopo SMME support with SABS services**
- 3. Report on Limpopo SMME support with Sanral**

Number of reports on black women and youth with access to employment and entrepreneurship opportunities

Report on assistance to women and youth owned cooperatives in Dr Pixley ka Isaka Seme Local Municipality, Mpumalanga

- EDD helped revive the projects:
 - **Toilet Paper Manufacturing Premises**
 - Cooperative currently in training through SEDA: Business plan, mentoring, financial management

Kagiso Mokgalaka 29yr old Bcom Graduate: Nora Elle Pty Ltd in Lebowakgomo

- Manufactures tru-comfort toilet papers and range from 1Ply 500 sheets, 2Ply 350 sheets from recycled materials. Wants to expand
- EDD arranged for SABS Auditors to conduct a gap analysis report on requirements to meet the SABS standards

Stephen Mametsa: Tsoga O Phakgame (Pty Ltd) in Driekop

- EDD contacted SANRAL and ensured that they fast-racked the process of connecting the electricity to the new building
- Youth-owned laundry - employs about 50 staff

Number of reports on social dialogue interventions to save and create jobs and reports on implementation of social accords

1. Report on session with CEO's of businesses trading in Africa

Number of reports on social dialogue interventions to save and create jobs and reports on implementation of social accords

Report on support to CEOs on businesses trading in Africa

- Report focuses on an engagement with CEO's of businesses trading in Africa
- Engagement highlighted export opportunities and discussed solutions towards challenges faced by businesses in exporting to Africa
- EDD produced a consolidated Africa trade sheet which reported on South Africa's trade position with other African countries on a number of commodities
- Report showed that South Africa's exports deteriorated over the years and its trade position with other African countries is increasingly being threatened
- EDD shared the report with CEO's of 60 companies trading in Africa requesting them to engage with the report and respond on any areas of assistance
- Companies responded and were invited to participate in a session
- The dti's Trade Invest Africa Unit was also invited to address issues raised by companies
- Some of key resolutions are as follows:
 - Companies were advised to contact **the dti** for trade missions and were subsequently linked with country representatives in the targeted countries for exports
 - ITAC to be engaged on tariff support for local businesses
 - CEOs or representatives to be invited to 2020 sessions involving private sector on Master Plans.

Programme 3: Investment, Competition & Trade

Strategic Objective 4: Coordinate infrastructure development and strengthen its positive impact on the economy and citizens

Key Performance Indicator

KPI 8: Quarterly Cabinet-level progress reports of infrastructure SIPs

KPI 9: Quarterly Cabinet-level progress reports of infrastructure SIPs

KPI 10: Infrastructure projects evaluated, unblocked, fast tracked or facilitated

KPI 12: PICC meetings held and facilitated

KPI 13: Coordination actions to drive implementation of SIP 5 of the National Infrastructure Plan

Progress reports to Cabinet on the 18 Strategic Integrated projects (SIPs)

Work Completed: Cabinet Level Reports

- **18 Construction Update Reports** were prepared for Cabinet which provided information on financial, employment, localisation and construction activities; and identified progress and actions that Cabinet needed to consider to ensure the infrastructure build programme was implemented and able to boost jobs and growth.

Note: Implementation of the projects and **operational responsibility, funding and reporting** remains with the **relevant line Departments**.

Number of cabinet and PICC strategic decisions on infrastructure implemented

- 1. Action minute on the Technical Evaluations of the Budget Facility for Infrastructure (BFI) window 3 applications (See Focus)**

Number of PICC meetings held and facilitated

Work completed: PICC meetings held and facilitated

- During the quarter, EDD provided technical, secretariat and coordinating support for the hosting of PICC structures through the PICC Unit. These structures prepared and finalised the submissions discussed in the meetings held.

PICC held ten meetings supported by the EDD

22 nd October 2019	• Tirisano Trustees meeting
24 th October 2019	• SIP 1 Steercom
1 st November and 6 th December 2019	• SIP Coordinators Forum [2]
7 th November 2019	• PICC SIP 3 Programme Committee
5 th December 2019	• PICC meeting Office of the President
6 th December 2019	• Meeting with PICC Secretariat, Minister De Lille
8 th November 2019	• SIP2 Steercom
9 th December 2019	• PICC secretariat meeting with DBSA
Sep - Dec 2019	• PICC Infrastructure Fund Meetings

Initiatives to increase localisation in the infrastructure and industrialisation programmes

1. Report on the funding to establishment of Green Ship Recycling Facility In Saldanha Bay IDZ

Initiatives to increase localisation in the infrastructure and industrialisation programmes

Report on the funding to establishment of Green Ship Recycling Facility In Saldanha Bay IDZ

- Sector is strategic because SA:
 - produces world-class boats and ships.
 - Ship and boatbuilding sector is backed by a rich supply chain of manufacturers, technicians, fabricators, installers and system integrators
 - has extensive maintenance and repair facilities; a strong skills base; lower labour costs than many Western countries, and a strategic location.
- Saldanha Bay IDZ (SBIDZ) is earmarked as an Oil, Gas and Marine Repair Services Cluster Hub, focusing on oilfield logistics, and ship repair and engineering services with the aim to create SA's first free-zone port
- On 21 October 2020, IDC approved for the participation in a bankability feasibility study and shareholder's agreement



Special Credit Committee: 21 October 2019

AUTOMOTIVE AND TRANSPORT EQUIPMENT SBU
& BASIC METALS AND MINING SBU & THE PRESIDENTIAL
INFRASTRUCTURE COORDINATING COMMITTEE

34 SOUTH CONSULTING ENGINEERS (PTY) LTD
T/A GREEN SHIP RECYCLING FACILITY
(SALDANHA BAY IDZ, WESTERN CAPE)

PARTICIPATION IN A BANKABLE FEASIBILITY STUDY
AND PREPARATION OF A SHAREHOLDERS AGREEMENT
NEW APPLICATION

ACCEPTANCE

Scrap metal will be generated and help to increase capacity in South Africa value chain – links to work on Export Duty on Scrap Metal

Investment and Infrastructure projects evaluated, unblocked, fast tracked or facilitated or assessments completed

- 1. Action minute on unblocking of flora permit and land use application for Soetwater wind farm**
- 2. Action minute on fast-tracking appeal decision process for SANRAL's N3 project**
- 3. Action Minute on unblocking of the acquisition process of relocation of Arbeidsgenot Primary School in the Free State**
- 4. Action Minute on fast-taking remedial works at Zimbengwini Senior Primary School**
- 5. Action minute on facilitation of product development and testing of beauty products owned by a youth black woman**
- 6. Action minute on the unblocking of approved funding from Employment Creation Fund for Job Creation Trust**

Investment and Infrastructure projects evaluated, unblocked, fast tracked or facilitated or assessments completed

1. Flora Permit: Flora permit from the Northern Cape Department of Environment and Nature Conservation for Soetwater Wind Farm
2. SANRAL N3: confirmation and finalisation of Environmental Authorization
3. Arbeidsgenot Primary School, Free State: approval of acquisition of relocation site
4. Zimbengwini Senior Primary School, Eastern Cape: appointment of replacement contractor for remedial work on unsafe school structures
5. Youth black female pharmacist: accessed R59 823 under the SEDA Technology Programme for product testing
6. Employment Creation Fund for Job Creation Trust: facilitation of R12m payout
 - Unblocking efforts contribute to ensuring practical realisation of economic value-chains

Programme 3: Investment, Competition & Trade

Strategic Objective 5: Promote productive investment, industrial financing and entrepreneurship for jobs and inclusive growth

Key Performance Indicators

KPI 14: Initiatives to increase localisation in the infrastructure and industrialisation programmes

KPI 15: Investment initiatives facilitated, fast tracked and /or unblocked

Report on the level and impact of industrial finance by DFIs and departments including on township enterprises

- 1. Report on the commitment progress by CCBSA Mintirho Fund**
- 2. Report on Evaluation of IDC-managed funds**

Report on the level and impact of industrial finance by DFIs and departments including on township enterprises

Report on the commitment progress by CCBSA Mintirho Fund

- Once-a-Year Report outlines the impact of the Coca-Cola Bottling South Africa (CCBSA) Mintirho R400million Fund which was established as public interest condition in the approval of the CCBSA Merger.
- EDD sit on foundation advisory board
- Report
 - provides update on some of the objectives and deliverables of the fund
 - R219million disbursed up to reporting period
 - creating 826 jobs of which 471 were women
 - 1 543 new outlets qualified to received new coolers
 - 8 091 that was reported in December 2018 bring the total participating outlets with CCBSA coolers now at 9 161

Report on the level and impact of industrial finance by DFIs and government departments

Report of IDC funding/investment in Q3 2019/20

IDC funds approved and disbursed

	Q3 2019/20	Q3 2018/19	%
Approvals	R3.915.3 billion	R3 186.6 billion	19% increase
Disbursements	R3.666.8 billion	R3 126.00 billion	15% increase
	Q2 2019/20		
Approvals	R6 116.2 billion		
Disbursements	R3 672.4 billion		

IDC approvals and jobs Q3

	R'million	Jobs
Black Empowered businesses	1 850.2	3277
Black Industrialists	410.8	219
Youth-empowered businesses	262.9	220
Women-empowered businesses	127.0	91

Report on the level and impact of industrial finance by DFIs and departments

IDC Funding by provinces for 2019/20 : Quarter 3

IDC Funding approved (gross) per Province

	R million	Jobs created / saved
Northern Cape	1 600.8	3922
Limpopo	1077.2	2708
Gauteng	622.2	200
KwaZulu-Natal	240.8	376
Western Cape	239.0	60
Eastern Cape	91.6	79
Mpumalanga	26.7	5
Free State	9.0	-
North West	8.0	-
SA Total	3 915.3	7350
Rest of Africa	-	-
Gross Total	3 915.3	7350

Ministerial or departmental oversight engagements with the IDC held

Record of Engagement on:

- **Amendment to the Downstream Steel Industry Competitiveness Fund (DSICF)**

Downstream Steel Industry Competitiveness Fund (DSICF)

Problem of the fund identified and reported in Q2 as follows:

- The uptake on the DSICF has been less satisfactory due to its stringent application criteria, particularly as it relates to **BBBEE**. The **pricing** was also considered too high.

Solution in Q3:

- Amendments were made in the
 - Qualifying criteria:
 - Sector
 - Regional focus
 - Type of enterprise
 - Due Diligence
 - BEE Requirement
 - Maximum Investment size and term
 - Pricing
 - All funding up to the first R30 million will be priced at the lower of (i) the prevailing prime interested rate (as quoted by the South African Reserve Bank), or (ii) the IDC risk-based pricing less the current scheme subsidy of 1.5%, for large or medium-sized businesses, or 2%, for small businesses, as the case may be; and
 - All funding in excess of the first R30 million should be priced at the current scheme subsidy of 1.5%, for large or medium-sized businesses, or 2%, for small businesses, as the case may be.

Programme 3: Investment, Competition & Trade

Strategic Objective 6: Promote competition, trade and economic regulation in support of job creation, industrialisation and economic inclusion

Key Performance Indicators

KPI 16: Work of the economic regulators

1. Meetings and Reports

Meetings and Reports

- Analysis of the 2nd Quarterly Reports of the Competition Commission, Competition Tribunal and ITAC in November 2019
- Quarterly entities meeting on 10 December 2019
 - Competition Commission, Competition Tribunal and ITAC received Clean Audit Opinion

D. REPORT ON HUMAN RESOURCES

EDD Personnel Expenditure by Programme for Q3

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	16 177	9 383	156	1 337	58.0%	180
Growth Path and Social Dialogue	8 225	7 784	-	-	94.6%	324
Investment, Competition & Trade	3 033	2 843	-	-	93.7%	150
Total	27 435	20 010	156	1 337	72.9%	211

Political Office Bearers are excluded

Gender Equity

The Department has exceeded the target of 50% in the filled and funded posts overall.

SMS	Male	Female	Total
Headcount	15	15	30
Percentage	50%	50%	100%

Non-SMS	Male	Female	Total
Headcount	21	44	65
Percentage	32%	68%	100%

EDD	Male	Female	Total
Headcount	36	59	95
Percentage	38%	62%	100%

Political Office Bearers are excluded

People with disabilities

- The Department has achieved the national target for people with disabilities of 2%

	Male	Female	Total
Staff with disabilities	1	2	3
Total staff	36	59	95
	<u>2.7%</u>	<u>3%</u>	<u>3%</u>

E. REPORT ON FINANCIALS

Summary of expenditure for Q3

- As at 31 December 2019 the department spent **R770.5 million** out of an adjusted allocation of **R989.6 million** i.e. **78%** of the total allocated budget.
- Of the **R770.5 million** spent, transfers to entities made up **R675.4 million** and **R95.1 million** was spent directly by the Department
- As at 31 December 2019 expenditure excluding transfers amounted to **R95.1 million (Core R32.8 million, Support R62.3 million)** out of an allocated budget of **R141.4 million** i.e. **67%** of the baseline allocation.
- The department achieved a total expenditure of **96% (R770.5 million)** of the Q3 targeted spent of **R798.9 million**
- The following tables reflect the expenditure against the budget per programme and per economic classification.
- Reasons for Variances:
 - **Compensation of employees:** Spending less than projected due to resignations
 - **Goods and services:** Spending more than projected due to increased legal service cases.
 - **Transfers and Subsidies:** Spending less than projections due to non-payment of penalties by construction companies.

Cumulative Financial Performance per Programme: Q3

Programmes	2019/20 Budget	YTD actual Expenditure	Variance	Spent
	R'000	R'000	R'000	%
Administration	85 014	62 190	22 824	73%
Growth Path and Social Dialogue	36 335	24 110	12 225	66%
Investment, Competition and Trade	19 803	8 835	10 968	45%
Transfers and Subsidies	848 491	675 365	173 126	80%
Total including Transfers	989 643	770 500	219 143	78%
Total excluding Transfers	141 152	95 135	46 017	67%

Cumulative Financial Performance per Programme: Q3

Expenditure per Economic Classification	2019/20 Budget	YTD actual Expenditure	Variance	Spent
	R'000	R'000	R'000	%
Compensation of Employees	95 943	63 192	32 751	66%
Goods and Services	44 463	31 447	13 016	71%
Transfers to Entities	848 241	675 285	172 956	80%
Households	250	80	170	32%
Payment of Capital Assets	746	496	250	66%
Total including Transfers	989 643	770 500	219 143	%
Total excluding transfers to entities	141 152	95 135	46 017	%

Quarter 3: Transfers to Entities

ENTITIES	Q3 Amount Budgeted	Q3 Amount Transferred to Entities	Variance	Spent
	R'000	R'000	R'000	%
Competition Commission	221 578	221 578	-	100
Competition Tribunal	36 172	36 172	-	100
ITAC	80 196	80 196	-	100
IDC:				
- Sefa	181 089	181 089	-	100
- PICC	60 000	60 000	-	100
- Steel Development Fund	35 000	35 000	-	100
- Tirisano Construction Fund	82 000	61 250	20 750	75
Total	696 035	675 285	-	97



SIYABONGA



Economic Development Department