



**Department of Economic
Development and Tourism**
Umnyango Wezokuthuthukiswa
Komnotho Nezokuvakasha
KWAZULU-NATAL PROVINCIAL GOVERNMENT

Department of Economic Development and Tourism
Annual Report
2010/2011



LIST OF ACRONYMS

KZN	KwaZulu-Natal
MEC	Member of Executive Council
DEDT	Department of Economic Development and Tourism
ASGISA	Accelerated Shared Growth Initiative of South Africa
PGDS	Provincial Growth and Development Strategy
IDS	Industrial Development Strategy
PSEDS	Provincial Spatial Economic Development Strategy
RIDS	Regional Industry Development Strategy
IDP	Integrated Development Plan
LED	Local Economic Development
HOD	Head of Department
PFMA	Public Finance Management Act
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
HR	Human Resources
SLA	Service Level Agreement
EAP	Employee Assistance Programme
FET	Further Education and Training
NSIC	National Small Industry Corporation
TDTC	Technology Demonstration and Training Centre
KZNSIC	KwaZulu-Natal Small Industry Corporation
BBBEE	Broad-Based Black Economic Empowerment
EU	European Union
NGO	Non-Governmental Organisation
LCF	Local Competitiveness Fund
LCFI	Local Competitiveness Fund Implementation
CAP	Competitiveness Action Plans
BEF	Business Enabling Fund
FA	Financing Agreement
EEP	Employment Equity Plan
EXCO	Executive Committee
DIPA	Durban Investment Promotion Agency
TIKZN	Trade and Investment KwaZulu-Natal
SITA	State Information Technology Agency
TKZN	Tourism KwaZulu-Natal
NTCE	National Tourism Careers Expo
NIPF	National Industrial Policy Framework
IPAP	Industrial Policy Action Plan
BPO	Business Process Outsourcing
ICT	Information and Communication Technology
IEDS	Integrated Economic Development Services
NGP	New Growth Path
IMS	Integrated Manufacturing Strategy
NTSS	National Tourism Sector Strategy
IGR	Intergovernmental Relations
G&S	Goods and Services
ADA	Agri-Business Development Agency
ESID	Economic Sectors and Infrastructure Development Cluster
PVA	Public Viewing Area
DTP	Dube Trade Port
RBIDZ	Richards Bay Industrial Development Zone



Departmental Leadership

Executive Authority & Head of Department



Mr. Michael Mabuyakhulu
MEC for the Department of Economic
Development and Tourism



Carol Lyn Coetzee
HOD for the Department of Economic
Development and Tourism

Senior Management Team

- Mr Siddiq Adam – **Senior General Manager Industrial Development and Business Regulations**
- Mr Sibusiso Myeza – **Senior General Manager Integrated Economic Development**
- Mr Bongani Shezi – **Senior General Manager for Administration (Chief Financial Officer)**
- Ms Fikiswa Pupuma – **General Manager for Trade and Sector Development**
- Mr Sifiso Chili – **General Manager for Strategic Management Services**
- Mr Ranveer Persad – **General Manager for Local Economic Development**
- Mr David Matojane – **General Manager for Enterprise Development**
- Mr Sihle Mkhize – **General Manager for Economic Planning**
- Ms Navlene Thavar – **General Manager for Business Regulations and Governance**
- Mr Damon Mathfield – **General Manager for Executive Support and Strategy Analysis**
- Mr Smanga Sithene – **Head of Ministry**
- Mr Harry Mchunu – **General Manager for Corporate Communication**



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

VOTE 4

2010/11 ANNUAL REPORT

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PART 1

GENERAL INFORMATION



PART ONE: GENERAL INFORMATION

1.1 Vision, Mission and Values

1.1.1 Vision

KwaZulu-Natal to be a competitive economy that improves the lives of its people

1.1.2 Mission

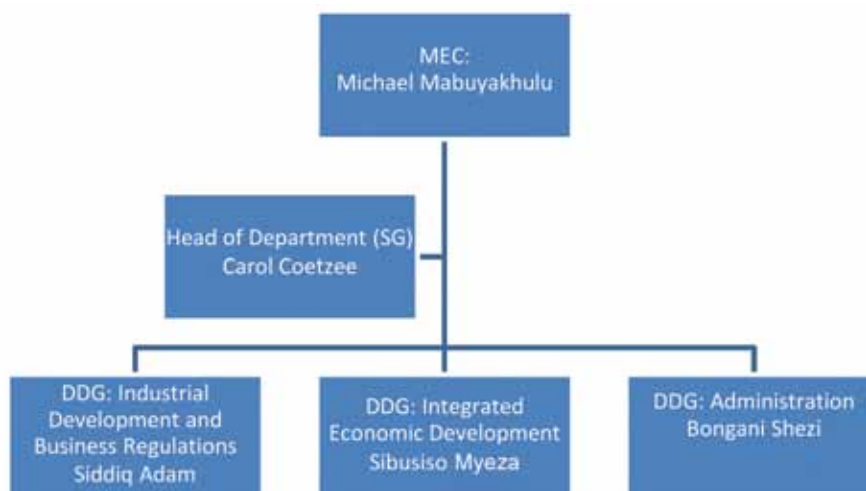
To develop and implement strategies that encourages participatory sustainable economic development

1.1.3 Values

The Department commits to providing a conducive environment for its employees. We believe and promote the culture of *Ubuntu* and subscribe to the following values:

- Caring and Supportive;
- Ethics and Integrity;
- Accountability;
- Transparency;
- Innovation; and
- Commitment

1.2 Organisational Structure



1.3 Diplomatic Leadership

The mandate of the Department of Economic Development and Tourism is to influence the direction of the KwaZulu-Natal provincial economy, and position it on a sustainable growth path that systematically reduces high levels of poverty and unemployment. It is further to create opportunities for previously disadvantaged communities, enable them to participate in the mainstream of economy, and reduce income and wealth disparity.



Through this, the Department aims to improve access of marginalized people to basic services, and thus addressing the problems that result from both the imbalances caused by apartheid and post-apartheid service delivery failure.

The mandate of the Department is derived from the Constitution, specific legislation and National Policies and Strategies as well as provincial strategies. The mandate of the Department can be summarized as:

Creating a conducive environment for shared economic growth which is informed by:

- The New Growth Path (NGP)
- The Industrial Policy of Action Plan 2 (IPAP)
- The Integrated Manufacturing Strategy (IMS)
- National LED Framework
- Provincial Spatial Economic Development Strategy (PSEDS)
- Schedule 4 of the Constitution namely TRADE, INDUSTRIAL PROMOTION, URBAN AND RURAL DEVELOPMENT
- National Tourism Sector Strategy (NTSS)

Champion economic transformation which is informed by:

- BBBEE Act, PPPFA, KZN BBBEE Strategy
- Schedule 4 of the Constitution namely URBAN AND RURAL DEVELOPMENT

Oversee and co-ordinate the implementation of economic policies and strategies which is informed by:

- PSEDS, IGR Act, IDS
- Schedule 4 of the Constitution namely PROVINCIAL PUBLIC ENTITIES

Provide leadership in the formulation of economic policy, strategy and related legislation which is informed by the:

- Liquor Act, Unfair Businesses Act, Businesses Act, Small Business Development Act, Co-operatives Act (Bank), SMME Act
- Schedule 4 and 5 of the Constitution namely LIQUOR LICENSES and CONSUMER PROTECTION

Other legislation and government policy frameworks which govern the Department are:

- Constitution of the Republic of South Africa, 1996 Act 108 of 1996
- Public Service Act, 1994 Proclamation 103 of 1994
- Public Service Regulations, 2001
- Public Finance Management Act, 1999 Act 1 of 1999
- National Treasury Regulations Gazette 23463
- Labour Relations Act, 1995 Act 66 of 1995
- Promotion of Access to Information Act, 2000 Act 2 of 2000
- Employment Equity Act, 1998 Act 55 of 1998
- Promotion of Administrative Justice Act 3 of 2000



- Basic Conditions of Employment Act, 1997 Act 75 of 1999
- The Companies Act 2004 Act 20 of 2004
- Occupational Health and Safety Act, 1993 Act 85 of 1999
- Equality and Prevention of Unfair Discrimination Act 4 of 2000
- Tourism Act, Act No 72 of 1993 as amended
- KwaZulu-Natal Tourism Act, Act no. 11 of 1996 as amended.

The following is a list of all legislation tabled in the legislature during the 2010/11 financial year:

- KZN Business Rehabilitation Trust Fund Act Repeal Act, Act No. 6 of 2010
- KZN Trade and Investment Agency Act No. 5 of 2010
- KZN Dube Trade Port Corporation Act No. 2 of 2010
- KZN Film Commission Act No. 3 of 2010
- KZN Liquor Licensing Act No. 6 of 2010

1.4 Entities Reporting to the Minister

The following entities report to the MEC of the Department of Economic Development and Tourism:

Name of entity	Legislation	Nature of Business
Trade and Investment KZN	KZN Trade and Investment Agency Act No. 5 of 2010	The objects of the Agency are: (a) to attract foreign and domestic investment; (b) to generate exports and export capacity
Tourism KZN	KZN Tourism Act No 11 of 1996 as amended in 2002	Responsible for marketing and promoting the province at international and domestic tourism markets
KZN Sharks Board	KZN Sharks Board Act No. 5 of 2008	To protect the beach users in KZN against shark attacks and promote conservation and research on sharks
Ithala Corporation	KZN Ithala Corporation Act No 2 of 1999	The objectives of the corporation are to promote, support and facilitate social and economic development in the Province
KZN Growth Fund Trust	No enabling legislation	The Trust is a project finance facility which has been established to fund large economic projects (+R30 million in value) in the Province which can stimulate faster growth and job creation.
Moses Kotane Institute	No enabling legislation	Facilitation of accredited training in maths and science with philosophy and political science orientation
Agri-Business Development Agency Trust	No enabling legislation	Coordinate and support to land reform projects in KZN in order to manage the impact of land reform programmes and align to the economic development initiatives of transformation in commercial agri-business.
Dube Trade Port	KZN Dube Trade Port Corporation Act No. 2 of 2010	<ul style="list-style-type: none"> • Undertake or invest in projects associated with the Dube Trade Port; • Enable increased private sector investment, through the utilization of legally recognized commercial enterprises • Attract long term investments to the Province, • Encourage exports and imports through the Dube Trade Port;
Richards Bay IDZ	National Manufacturing Act	The Richards Bay Industrial Development Zone (RBIDZ) is a purpose-built and secure industrial estate on the North-eastern South African coast. It encourages international competitiveness through tax and duty-free incentives, world-class infrastructure



1.5 MEC's Statement



"I have the honour of submitting the *Annual Report* of the Department of Economic Development and Tourism for the period 1 April 2010 to 31 March 2011."

Global economic activity increasingly gained momentum in 2010, benefiting largely from the significant monetary and fiscal stimulus that continued in most parts of the world. The year also witnessed fears of a double-dip recession brought about by the Euro area debt crisis which emanated from Greece. In 2010, global economic growth continued to be characterized by a two-speed recovery where growth in advanced economies remained largely subdued whilst robust growth characterized emerging and developing countries. According to the IMF, global economic growth accelerated by 5% in 2010.

Economic growth in South Africa accelerated at 4.4% in the 4th quarter of 2010. This followed a 2.7% (revised from 2.6%) growth rate in the preceding quarter. The robust 4th quarter growth rate is the 6th consecutive positive quarterly growth rate recorded since the end of recession in 2009. Estimates show that the KwaZulu-Natal economy posted a growth rate of 3.9% in the 4th of quarter of 2010. This compares buoyantly to the 1.4% registered in the 3rd quarter. The drivers of the 3.9% quarter-on-quarter growth were mining (11.5%), agriculture (10.2%), general government services (5.4%), manufacturing (4.2%), electricity and water (4.1%) wholesale and retail trade (3.9%) and transport and communication (3.9%). In the 4th quarter, KwaZulu-Natal economic growth lagged behind South Africa. This is because the national growth rate of 4.4% was anchored largely by the mining sector which grew by 17.1% and contributed to 0.9% to growth. The mining sector in KwaZulu-Natal contributes an infinitesimal 1.1% to provincial GDP as compared to an average of 5.3% for South Africa as a whole. It is encouraging to note that manufacturing and electricity and water sectors recovered tremendously after posting negative growth rates of -5.1% and -1.6% in the 3rd quarter. On an annual basis, KwaZulu-Natal posted a growth rate of 2.6% in 2010 following a decline of 1.8% in 2009. The growth of 2.6% recorded in 2010 is typical of an economy that is recovering from the recession. Economic recovery in KwaZulu-Natal was anchored primarily by increased consumer spending, the 2010 World Cup and by growth in all the sectors of the economy.

The South African policy environment has undergone considerable changes during the past year. Some of the notable policy changes have been the development of the New Growth Path (NGP), Industrial Policy Action Plan 2 (IPAP2) and the South African Trade policy. These policies all emphasize sustainable economic growth which addresses the twin economic woes of unemployment and poverty. To operationalize these policies in the province, the Department undertook to review a number of provincial strategies in an endeavour to improve the efficacy of government initiatives and interventions in the province. Accordingly, the Department, under the auspices of the Economic Sectors and Infrastructure Development (ESID) Cluster, is currently reviewing our economic strategies such as the Provincial Spatial Economic Development Strategy (PSEDS) and the KwaZulu-Natal Industrial Development Strategy (KIDS). Furthermore, the Department is finalizing the development of the Provincial Export and Investment Promotion Strategies. These strategies are aimed at finding ways of unlocking the Province's export potential and attracting investment in a focused and a coordinated manner. The development of these two strategies is a direct response to the 2009 job summit which resolved that the Department should develop these strategies. The development and review of these strategies is critical given the need to embark on a sustainable growth path in terms of job creation, poverty eradication and bridging the gap between the first and second economies. These provincial policy developments will ensure that we are aligned with the new National policy directives and priorities of government.

The Department and its entities have through its strategic programmes, created an estimated 6,068 number of direct jobs in the 2010/2011 financial year. It is anticipated with the budget of R1.5 billion for 2011/2012, a further 7,800 jobs will be created through effective leveraging of departmental resources with the private sector.

Mr. Michael Mabuyakhulu

MEC for the Department of Economic Development and Tourism

30 July 2011



1.6 Accounting Officer's Overview



The Department has attained a number of noteworthy achievements during the year which I will briefly highlight, as the details are provided for in subsequent chapters of this report:

- The successful hosting of Public Viewing Areas (PVAs) in all districts during the FIFA World Cup allowing 439,224 citizens to view the games and 824 SMMEs and Co-operative traders to benefit directly through the provision of services and commodities, and a total of 1,329 volunteer 'tourism buddies' were trained from over 312 participating KZN companies.
- Promotion of the province at 6 countries which were used as 2010 international tourism and investment platforms leading up to the games namely England, Argentina, Nigeria, Ghana, Spain and Germany thereby enhancing the awareness and interest in the province linked to the attention the World Cup presented to the country at an international level.
- Establishment of the Economic Council and BEE Advisory Council which play a critical role in the oversight and review of economic policy and development in the Province.
- Securing partnerships with business e.g. ILO and Tongaat Hullet, to leverage support to women and emerging sugarcane farmers respectively.
- Provision of over 500 SMMEs were provided with training, and over 200 receiving financial assistance through our partnerships with ABSA, SBSA and Ithala.
- Enactment of five pieces of legislation.
- Approval of Informal Trade policy to assist and regulate this critical sector.
- Issuing BEE Verification certificates for government departments and its entities (first of its kind in the country)

The Department has made these achievements possible with the collective support of all personnel, management, our external partners and through the leadership of our Executive Authority. Whilst there have been numerous challenges, as a team we have been able to overcome the challenges and make a significant contribution to the Provincial government. The Department has a significant portfolio of public entities which require support, guidance, monitoring and review to ensure that collectively we are able to achieve our key strategic objectives. The Department is also required to undertake specific responsibilities in terms of its underlying legislation which in the main relates to policy directives and corporate governance matters. The entities have performed well under the period of review and the details of their achievements can be found in their respective annual reports.

The areas of improvement which will receive renewed attention in the 2011 financial year is in the area of sourcing appropriate capacity for sector development; improvements in administrative process in particular human resources; supply chain management and legal services. Service charters will be closely monitored to ensure that internal processes do not delay service delivery. This will also ensure that the Department does not under-spend its operational budget.

Carol Lyn Coetzee

HOD for the Department of Economic Development and Tourism

30 July 2011



PART 2

INFORMATION ON PREDETERMINED OBJECTIVES



PART TWO: INFORMATION ON PREDETERMINED OBJECTIVES

2.1 Overall Performance

2.1.1 Voted Funds

Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
R'000	R'000	R'000	R'000
1,624,798	1,724,798	1,624,311	100,487
Responsible MEC	MEC of Economic Development and Tourism		
Administering Dept.	Department of Economic Development and Tourism		
Accounting Officer	Head of Department Economic Development and Tourism		

2.1.2 Aim of vote

The main aim of the Vote is to develop and implement strategies that encourage participatory sustainable economic development. The Department is a key facilitator in economic development amongst its varied client base from industrialists to informal traders.

2.1.3 Summary of Programmes

The Department currently operates a five-programme structure. The programmes are each broken up into sub-programmes, as shown below:

Programme 1 – Administration

Sub-programmes:

- Office of the MEC
- Office of the HOD
- Financial Management
- Corporate Services

Programme 2 – Integrated Economic Development Services

Sub-programmes:

- Enterprise Development
- Local Economic Development
- Economic Empowerment

Programme 3 – Trade and Industry Development

Sub-programmes:

- Trade and Investment Promotion
- Sector Development
- Industry Development
- Tourism Development



Programme 4 – Business Regulation and Governance

Sub-programmes:

- Consumer Protection
- Liquor Licensing
- Regulation Services

Programme 5 – Economic Planning

Sub-programmes:

- Policy and Planning
- Research and Development
- Knowledge Management
- Monitoring and Evaluation

2.1.4 Key strategic objectives achievements

The Department's Strategic Objectives are as follows:

- To facilitate globally competitive and sustainable industries and services
- To support the development of sustainable small, micro and medium and social enterprises that contribute to food security, wealth and job creation
- To facilitate integrated planning that ensures effective implementation of sustainable economic development policies, strategies and programmes
- To strengthen compliance with relevant legislation and government policies
- To become the choice destination for Investment and Tourism
- To be the centre of excellence through effective and efficient administration that promotes service delivery and good corporate governance

The 2010/11 financial year was significant for the Department, the Province and the Country as a whole given that we hosted a successful FIFA World Cup. The Department played an instrumental role in marketing and promoting the Province as a choice destination for Investment as well as for Tourism. This process included utilising international trade platforms as well as hosting international delegates during the tournament. The programme has seen a dramatic increase in the level of awareness of the capabilities of the province and in forthcoming years will be building on these new relationships as well as concluding on essential investment deals in the province. The tourism statistics clearly demonstrate that the number of tourists entering the country have increased (excluding the period of the World Cup). The Department was also responsible for ensuring that the citizens and our small businesses were able to participate in the event. This was achieved through the hosting of Public Viewing Areas wherein members of the public could attend whilst local small businesses benefitted through the provision of services etc. Through these initiatives we were able to tangibly measure the impact on several of the strategic objectives listed above. The details of further achievements will be provided for under each of the programmes.



2.1.5 Overview of the service delivery environment for 2010/2011

The Department has a variety of stakeholders which it is required to engage with at regular intervals. There has been a marked improvement in the level of consultation with our stakeholders to such an extent that this has resulted in partnerships with our stakeholders through the provision of technical, financial or other resources.

Overall the Department has performed well despite a number of challenges encountered during the year. These can be briefly summarised as:

- Operating at 80% human capability due to high vacancy levels (described in details below)
- Failure by municipalities to secure contracts impacting on joint projects with the department
- Failure to secure service providers timeously for specific projects due to poor or inappropriate responses resulting in cancelled or delayed projects
- Significant emphasis and resources expended on ensuring the success of DEDT in hosting the FIFA World Cup.

The department provides the following services to the general public:

- Consumer awareness and education programmes
- Consumer and BEE complaints handling and investigation
- Liquor applications and administration
- Business advisory support services

In the main these services are rendered effectively with minimal client complaints. There is a need to ensure that these services are rendered at all district offices to improve accessibility of our clients. This is being dealt with temporarily through the deployment of personnel until such time as permanent placements are made. Personnel have been trained on customer client relations to further enhance their communication with the public and to ensure that timeous feedback is provided.

The Department was required to review its budget during adjustment estimates based on the level of service delivery at the time. As indicated previously in this report, there were projects which did not take off as was anticipated due to third party dependency and hence the department attempted to bring forward projects to counter the projected under spending. The later-than-anticipated passing of the legislation resulted in the under spending for both the liquor and film commissions as the entities could not be established in the absence of the legislation. However the necessary business plans and processes are underway to ensure that such funding is spent in the New Year. Virements were therefore required during and post adjustments which are discussed in more detail in the annual financial statements chapter of this report.

The Department contributes towards the outcome of creating sustainable jobs and providing training emerging enterprises. A total of 1,039 SMMEs were trained in a variety of skills in business management and technical training to improve their capacity to manage their businesses. The youth development programme has seen the training a total of 1,770 youth in variety of technical skills and 95% of them are working in sustainable jobs in the province.

2.1.6 Overview of the organizational environment for 2010/2011

The Department has functioned with approximately 80% capacity; this is assigned to the fact that a variety of specialised posts particularly those in sector development have been a challenge to fill. The moratorium on filling posts placed a further restraint on the filling of all posts and only critical posts were filled during the



year. There was success during the year in that both DDG posts have been filled as well as that of the GM: Finance which has been vacant for the past three years. These posts have now ensured that we have the appropriate strategic capacity and leadership within the organisation. The 2007 structure is currently under review to ensure that the department is aligned to the service delivery outcome approach and that we are adequately skilled to meet our legislated mandate as described above. The oversight responsibility of nine public entities and a further two in the new year, requires additional resources to ensure that public funds are spent within the parameters of the PFMA and more importantly that the mandate of the entities and their strategies are aligned to the priorities of the Executing Authority. It is anticipated that the new structure will be finalised and approved in the first quarter of the New Year.

The entire public sector was impacted by the wage strike and although the Department was not heavily influenced by the process, there was an impact on the level of output and the level of services being provided to the public particularly in the district offices.

2.1.7 Key policy developments and legislative changes

During the year there were significant developments in the review of economic policies and strategies. At a National perspective these included the New Growth Path and the Industrial Policy of Action plan 2 which placed significant focus on the development of sustainable growth through specific interventions in the economy. At a provincial level, there has been a review of the Industrial Development Strategy of 2005 to ensure alignment to national priorities as well as to ensure that our focus is still relevant given the changes in the economic climate over the past few years.

New strategies being developed focussed on the investment and export promotion for the province in order to facilitate a coordinated focus on investment and export promotion for the province. 2011/2012 will see the implementation of these strategies.

As indicated in section 1, the Department has tabled a variety of legislation which provides a legal framework for the operations of existing and new entities. The New Year will see the finalisation of the Consumer Protection Bill as well as legislation on the Ombudsman Office and the Agri-Business Development Agency. The consumer protection Bill will have organisational implications for the department as new responsibilities are required to be capacitated with additional resources; these have been secured through the budget process with additional funding being secured through the provincial treasury.

2.1.8 Departmental revenue, expenditure, and other specific topics

Collection of Departmental Revenue

Revenue collected for the 2010/2011 financial year amounts to R5.486 million. This figure is significantly less than originally budgeted for due to the delay in the establishment of the KZN Liquor Entity, however with the adjustment budget the projection was reduced to R5 million. The Liquor entity will be mandated to collect liquor license revenue for the Province. Together with the establishment of the entity the promulgation of the new Liquor Act will see the introduction of a revised license fee structure. The revised fees will be significantly higher than the current rates. The Act was promulgated at the end of November 2010 and is currently with the Office of The Premier for assenting after which it will come into operation with the establishment of the Liquor Entity.

In July 2010 R100 million was transferred back to the Department from Ithala. These funds were in respect of amounts transferred to Ithala to cover the cost of the purchase of land, for the Richard's Bay IDZ project, in previous financial years. The IDZ is to be converted into a Section 21 company thus it will no longer fall under the control of Ithala. The money was voted back into the budget of the Department, in the adjustment budget, and was transferred directly to the Richards Bay IDZ in February 2011.



In March 2011, 8 vehicles were disposed of in line with the Department's disposal policy, 5 of those vehicles had surpassed the 150,000 km odometer reading, 2 of the vehicles were damaged beyond reasonable economic repair and 1 vehicle was sold to the Office of The Premier. The total value recovered amounted to R350,000.

	2007/08 Actual R'000	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Target R'000	2010/11 Actual R'000	% deviation from target
Tax revenue	0	0	0	0	0	0
Liquor License Fee's	0	0	4,831	5,000	5,023	0%
Non-tax revenue	0	0	111	0	113	0%
(Specify)	0	0	0	0	0	0
Sales of capital assets	0	0	0	0	350	100%
Vehicles Disposed.	0	0	0	0	0	0
Financial transactions (Recovery of loans and advances)	0	0	614	100,000	100,008	0%
TOTAL DEPARTMENTAL RECEIPTS	0	0	5,556	0	105,494	0%

2.1.9 Departmental expenditure

Programme	Final Appropriation	Actual Expenditure	Variance
P1: Administration	194,748	181,676	13,072
P2: Integrated Economic Empowerment Services	452,348	420,362	31,986
P3: Trade & Industry Development	998,824	985,631	13,193
P4: Business Regulation and Governance	60,800	24,865	35,935
P5: Economic Planning	18,078	11,777	6,301
TOTAL	1,724,798	1,624,311	100,487

The Department of Economic Development and Tourism underspent its budget by R100.487 million or 5.8% for the vote as a whole.

Programme 1: Administration

Administration was under-spent by R13.072 million which was largely due to the following:

- R3.641 million due to savings under *Compensation of employees* mainly relating to the moratorium on the filling of non-critical posts.
- R13.977 million due to savings under Goods and Services (G&S) and projects such as the Aldeia Nova project, which did not progress as planned due to land ownership challenges. Additional savings were also realised from lease payments due to the fact that the expected takeover of the full lease of the Department's head office and district offices has less coverage than the estimated required office space.

The savings is R13.072 million but the above two bullets sums up to a savings of R17.618 million savings



Programme 2: Integrated Economic Development Services.

Services were under-spent by R31.986million largely due to the following:

- R5.863 million due to savings in *Compensation of employees* mainly as a result of the moratorium on the filling of non-critical posts.
- R21.732 million due to savings in *Goods and Services* mainly relating to delays in the uMlalazi Eshowe Trading Centre R4.815 million because of the cancellation of a contract; procurement delays in respect of the Okhahlamba Construction project (R4.630 million) and the Co-operatives Business Rehabilitation project (R8.999 million). In addition, savings were made in travel and subsistence due to cost-cutting measures (R3.574 million).
- R3.922 million due to G&S pre-payments comprising R1.5 million associated with the Rehabilitation of Co-operatives Project and R2.4 million for SEDA pre-financing.

Programme 3: Trade and Industry Development

The Trade and Industry Development Programme under-spent by R13.193 million, mainly due to the following:

- R5.958 million due to savings in *Compensation of employees* mainly as a result of the moratorium on the filling of non-critical posts.
- R7.415 million due to *Transfers and subsidies to: Non-profit institutions* being under-spent, as a result of delays in the transfers to the following entities:
- R4 million with respect to the Film Commission, because the bill establishing the Commission was only passed at the end of the financial year.
- R2.5 million to the Agri-business Development Agency because of the Service Level Agreement with Ithala and because the terms and conditions of the agreement were not finalised before the end of the financial year. In terms of this agreement, Ithala will also provide funding to the Agri-business Development Agency to provide assistance to distressed farmers.
- The budget for the KZN Music Studio was finalised late in the financial year and as a result the provision made was in excess of the final agreed budget per the approved Business Plan of R600,000.

It is important to note that the figures reflected in the bullets above total to more than the savings of R13.193 million

Programme 4: Business Regulation and Governance

Business Regulation and Governance was under-spent by R35.935 million due to the following:

- R1.897 million due to savings in *Compensation of employees* mainly relating to the moratorium on the filling of non-critical posts.
- R30.439 million due to *Transfers and subsidies to: Other (Public corporations and private enterprises)* being under-spent. This was largely due to delays in the promulgation of the KZN Liquor Bill, which was enacted late in 2010/2011, and the consequent delay in the establishment of the Liquor Entity which led to the majority of the transfer payments planned for this entity not being spent.
- R3.5 million due to G&S prepayments with respect to the liquor regulation awareness project



Programme 5: Economic Planning

The Economic Planning programme under-spent by R6.301 million mainly as a result of the following:

- R3.334 million due to savings in Compensation of employees mainly due to the moratorium on the filling of non-critical posts.
- R2.967 million due to savings in Goods and Services (G&S), mainly as a result of the planned study relating to the social impact of the Dube Trade Port being undertaken by DTP directly themselves.

2.1.10 Transfer payments

Ithala Development Finance Corporation Limited

Ithala is KwaZulu-Natal's sole development finance agency and strives to create sustainable economic growth in this Province. Ithala is listed on Schedule 3D of the Public Finance Management Act and has ring-fenced banking activities which provide banking services to the citizens of the Province.

The Ithala Development Finance Corporation Limited, KwaZulu-Natal's development finance agency is mandated to promote development within the Province. The primary developmental focus of Ithala is to increase BBBEE; contribute towards the diversification of the Provincial economy; increase the participation of black people in all sectors of the economy and positively impact on job creation, skills development and training.

Trade and Investment KwaZulu-Natal (TIKZN)

The function of TIKZN is:

- To identify and package investment and export trade opportunities in KwaZulu-Natal;
- To provide a professional and comprehensive service to potential and current investors and exporters;
- Ensure easy access to investment and export trade opportunities and sustained aftercare; and
- To brand and market provincial investment opportunities and link opportunities to the developmental needs of our people through the facilitation of partnerships.

KwaZulu-Natal Sharks Board

Provincial Sharks Board Act, 5 of 2008 provides this entity's mandate that is as follows:

- Research, develop, install and maintain schemes, devices or measures necessary to safeguard bathers in the Province against shark attacks; and
- Consider existing or proposed schemes to determine whether such schemes are reasonably effective to protect bathers in the province from shark attacks.

KwaZulu-Natal Tourism Authority

KwaZulu-Natal Tourism Authority, trading as Tourism KwaZulu-Natal (TKZN) was established in terms of the KwaZulu-Natal Tourism Act, 1996 as amended by Act 2 of 2002, and is responsible directly and indirectly for the development, promotion and marketing of tourism into and within the province.

Agri-business Development Agency (ADA)

The Agri-business Development Agency (ADA) was established in 2010/2011 in line with a Cabinet decision to support land reform farmers in the province. The role of this new public entity is to ensure that emerging farmers and rural communities, particularly those that have acquired land through the restitution programme, have the required farming skills and experience to maintain their farms.



Dube Trade Port

Dube Trade Port was initially a section 21 Company and was recently amended to a provincial public entity, known as the Dube Trade Port Corporation.

The objectives of the Dube Trade Port Corporation are:

- To develop the Dube Trade Port;
- To undertake or invest in projects associated with the Dube Trade Port;
- To facilitate economic growth in the Province through the Dube Trade Port;
- To attract long term investment to the Province; and
- To facilitate exports and imports through the Dube Trade Port.

Durban Film Festival

To develop and promote competitiveness of music industry in the province

KZN Film Commission

The KZN Film Commission Bill is a Section 21 company that was enacted in 2010/2011 and is aimed at the co-ordination, marketing and development of films in KZN. The commission also seeks to facilitate investment in the film and video industry in KZN.

KZN Music Studio

The Department of Economic Development and Tourism has a mandate to help encourage the development of a music industry cluster and promote the local music industry.

Moses Kotane Institute

The Moses Kotane Institute project is an extension of the South African Liberation Institute of Technology, Philosophy and Political Science (SANLITPPS) project which commenced in 2009/2010. The aim of this initiative is to train teachers and students in mathematics and science critically needed in industry, to prepare them for their transition from schools to tertiary institutions.

KZN Liquor Entity

The Liquor Entity's main purpose is to promote an effective and efficient regulatory system for the liquor industry.

Thus its objective is to:

- Manage and implement effective and efficient Liquor administrative processes in terms of the receiving and processing of liquor licence applications.
- To raise awareness and provide education on liquor issues
- To implement enforcement and compliance within the prescripts of the applicable liquor legislation,
- Facilitate entry of the new entrants into the liquor industry.



Richards Bay IDZ

The RBIDZ, a demarcated industrial development zone has the following purpose:

To develop and establish a purpose built world-class industrial zone, incorporating a delimited CCA, designated in accordance with Section 21A of the Customs and Excise Act (Act No. 91 of 1964) and linked to the Port of Richards Bay;

Monthly cash flow reports are received and analyzed paying attention to ineffective financial trends, and engaging with the relevant entities on corrective steps to be taken. Quarterly reviews are held on financial and the non-financial performance information whereby actual outcomes are compared with the quarterly predetermined performance. Other important aspects related to risk and corporate governance are also discussed.

Organisations to which transfer payments have been made are as follows:

ANNEXURE: 1C TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

NAME OF AGENCY	AMOUNT TRANSFERRED R'000
Trade and Investment KwaZulu-Natal	56,508
Natal Sharks Board	25,551
Tourism Authority	71,444
Total	153,503
Agri-Business Development Agency (ADA)	24,051
Dube Trade Port	526,905
Durban Film Festival	1,200
KZN Film Commission	0
KZN Music Studio	15,229
Moses Kotane	34,297
Richards Bay IDZ	156,975
KZN Liquor Entity	0
Total	758,657

ANNEXURE: 1E TRANSFERS TO Public Corporations and Private Enterprises

NAME	AMOUNT TRANSFERRED R'000
Ithala Development Finance Corporation of which :	280,000
Growth Fund	60,000
Ithala Share Capital	40,000
SMMES	180,000
Total	280,000

2.1.11 Conditional Grants and Earmarked Funds

No conditional grants were received



2.1.12 Capital Investment, Maintenance and Asset Management Plan

Asset Management

Subject : Movable Tangible Capital Assets

	Opening balance R'000	Curr year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS					
Heritage assets					
MACHINERY AND EQUIPMENT	20 711	3 602	6 461	(1 388)	29 386
Transport assets	4 301	590	481	(1 278)	4 094
Computer equipment	8 954	2 900	2 815	(37)	14 632
Furniture and office equipment	6 544	(250)	561	(73)	6 782
Other machinery and equipment	912	362	2 604	-	3 878
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	20 711	3 602	6 461	(1 388)	29 386

Subject : Immovable Tangible capital assets					
	Opening balance R	Curr year adjustments to prior year balances R	Additions R	Disposals R	Closing balance R
BUILDINGS AND OTHER FIXED STRUCTURES	3,261	2,337	741	-	6,339
Dwellings					-
Non-residential buildings					-
Other fixed structures	3,261	2,337	741		6,339
HERITAGE ASSETS	-	-	-	-	-
Heritage assets					-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land					-
Mineral and similar non-regenerative resources					-
INVESTMENT PROPERTY	-	-	-	-	-
Investment property					-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,261	2,337	741	-	6,339

Subject : Intangible capital assets					
	Opening balance R	Curr year adjustments to prior year balances R	Additions R	Disposals R	Closing balance R
CAPITALISED DEVELOPMENT COSTS					-
COMPUTER SOFTWARE	800	224	6,750		7,774
MASTHEADS AND PUBLISHING TITLES					-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS					-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS					-
SERVICES AND OPERATING RIGHTS					-
OTHER INTANGIBLES					-
TOTAL INTANGIBLE CAPITAL ASSETS	800	224	6,750	-	7,774



Subject : Minor assets					
	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R	R	R	R	R
Opening balance	898		5,248		6,146
Current year adjustments to prior year balances					-
Additions	3		775		778
Disposals			129		129
TOTAL	901	-	5,894	-	6,795
	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-		1,216		1,216
Number of minor assets at cost			5534		5534
Total number of Minor assets			6,750		6,750.00

During the 2010/2011 Financial year the Department wrote off Computer Equipment with a purchase value of R36,633.75 due to theft

Monthly reconciliations are performed to link expenditure on Assets against the Asset Register, and the Department conducts a bi-annual asset verification to ensure that all assets are accounted for.

Capital Assets to the value of R344,833.08 (1%) are deemed to be in a poor condition and have been identified for disposal. Assets that are deemed to be in a fair condition identified for repairs and maintenance amount to R208,000 less (<1%) are on the maintenance plan.

UAMP submitted to Treasury and Public Works. The Department had no maintenance indicated because all our offices are leased and maintenance is then carried out by an individual landlord. The Department complies with regards to the submission of UAMP every year as required by Public Works and Treasury. We only have one state owned office in Mkuze but the office is still new so no maintenance is required as yet.





2.2 Programme Performance

1. Programme One: ADMINISTRATION				
1.1 Sub-Programme: Office of the Head of Department				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Implementation of Special Projects	Number of projects	8	10	The Waaihoek Agri-village project, Macambini Tourism Development Initiative and Convention Bureau are key projects that are work in progress. The office contributed to the African Renaissance and a KZN Convention Bureau was set up and funded.
Integration and oversight of entities	Compliance with reporting and SLA conditions	100%	80%	About 20% of the Annual Performance Plans were received late from entities.
	Number of Shareholder Compacts	11	4	We are currently working on a policy with the Legal sub-programme of Administration in order to ensure compact agreements are to completed by only 3D and government business entities
	Number of Quarterly Reviews with all entities	4	4	All quarterly reviews with all the public entities took place as scheduled.
Strategic review and monitoring of departmental programmes	Number of Service Delivery Reports	4	4	Target met
Promote Integrated Governance	Number of Cluster meetings per annum	20	29	More cluster meetings were held than originally anticipated
	Number of meetings with private sector per annum	4	25	A lot more meetings were held with the private sector than what was originally planned. 2010 through the international platforms and related local business engagement platforms accounted for the higher number
Facilitate Regional Integration	Number of international forums	2	5	Two international engagements took place between the Ambassador of Korea and the Ambassador of Germany
Ensure Minimum Information Security Standard	Compliance with requirements	100%	90%	We are almost fully compliant with Minimum Information Security Standards. Card-readers, thumb-readers, motion detectors, bugler bars, CCTVs, a visitor management system and reinforced glasses have all been installed at the Department and are all operational. All staff were trained on how to deal with document security and a draft document security policy is currently being developed. Already a number of SMS members have been issued with security clearance certificates and all SMS members, except the 3 newly appointed officials, complied with the security clearance requirements.
Professional and positive working culture	Staff Satisfaction Survey completed	75%	10%	A service provider has been appointed and the questionnaire survey has been circulated to Departmental officials.
To implement mechanism to monitor the Department's strategies	Number of reviews and approvals of quarterly reports	4	4	Target met
To provide effective administrative support	Turnaround time in number of days	4	3	A concerted effort was made this past financial year to improve administration support. The average response/turnaround time was thus reduced from 4 to 3 days



1.2 Sub-Programme: Financial Management				
1.2.1 Component: Financial Services				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Reconciliation of all Ledger Accounts	Number of Monthly suspense accounts with non-zero balances at every month end and at year end	0	0	Target met
	Number of Annual suspense accounts with non-zero balances at year end	0	0	Target met
	Number of accurate monthly debts reconciled and debtor statements issued	12	9	The BAS system functionality problems caused there to be fewer monthly debts statements issued than planned.
Compliance with all Finance Support Services regulations	Number of Finance Support Services policies approved (drafted or reviewed)	3	4	One more policy than planned was reviewed
	Number of Departmental staff not complying with Finance Support Services regulations	0	0	Target met
	Number of Finance Support Services staff not complying with Finance Support Services regulations	0	0	Target met
	Number of information sessions on Finance Support Services regulations per year	4	2	Staff capacity constraints led to the cancelling of two of the planned sessions
Turnaround time for the authorising of invoices	Average number of days taken to authorise an invoice correctly from receipt	15	15	Target met
Submission of all legislative reports as per PFMA, TR and all Finance Support Services regulations	Number of timely submissions of accurate IYM to Provincial Treasury on the 15th of every month	12	12	Target met
	Number of timely submissions of first draft budget submission to Provincial Treasury by the 31 August	1	1	Target met
	Number of timely submissions of accurate Adjustment Estimate to Provincial Treasury by the 31 October	1	1	Target met
	Number of timely submissions of second draft budget submission to Provincial Treasury by the 30 November	1	1	Target met
	Number of timely submissions of Final budget submission to Provincial Treasury by the 31 January	1	1	Target met
Financial performance and Financial position of Public Entities	Number of timely submission of accurate Cash Flow Statements to Provincial Treasury by the end of February	1	1	Target met
	Number of timely submissions of accurate Annual Financial Statements to Provincial Treasury by the 31 May	1	1	Target met
	Number of Departmental monthly budget meetings	12	10	One meeting was cancelled due to the Public Service Strike in July 2010 and the meeting planned for December 2010 was cancelled due to the majority of staff being on leave.
	Number of days for timely review and comments on monthly IYM reports, and other financial inputs from public entities, from date of receipt of monthly reports	3	3	Target met



Innovativeness and process improvement culture	Number of innovative activities and or process improvement	1	0	No innovative activity or process improvement was developed
Risk and Internal Control Management	Number of Audit (Internal & External) queries not cleared from the previous financial reporting cycle.	0	0	Target met
	Reports submitted to Accounting Officer on Risk and Internal Control Management.	4	4	Target met
	Departmental processes investigated by Internal Control	8	9	One more case was investigated than the planned number

1.2 Sub-Programme: Financial Management

1.2.2 Component: Supply Chain Management

Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Turnaround time for the commitment of all orders	Average number of days taken to commit orders correctly from receipt	3	3	It is important to note that although generally the target was met, in January 80%, February 76% and March 86% of the target was met on average. Reasons for not achieving 100% was as a result of delays in obtaining funding approval from responsibility managers, late submissions of requisitions and absence of banking details from service providers
Turnaround time for the awarding of quotations for goods and services other than projects	Average number of days taken to award quotations correctly from receipt	10	10	Although the actual output of 10 is reflected on average the target was 86% achieved. A total of 6 quotations were cancelled and 28 pending due to a problem with TIPCO.
Turnaround time for the awarding of quotations for projects	Average number of days taken to award quotations correctly from receipt	21	21	A total of 7 quotations were awarded and all these exceed 21 days. Delays were due to adverts running in the school holidays impact on award date, members still on leave - unsigned minutes, inability to set up evaluation meeting with project leaders.
Turnaround time for the awarding of bids	Average number of days taken to award bids correctly from receipt	45	45	A total of 9 bids for the period under review were submitted. There was a challenge in achieving bid committee quorums therefore 8 bids took more than 45 days to award. The International conference was put on hold. Reasons. The BSC did not approve 3 bids. They were sent to the research committee or referred back to the project leader. Multiple queries were raised by the BAC and responses were provided by the BEC. A total of 3 bids were cancelled.
Reconciliation of assets by 31 March of each year.	All assets reconciled by 31 March of each year	100%	100%	January reconciliations were submitted on 15 February and February reconciliations were submitted on 15 March. Year end reconciliations were completed successfully.
Efficient and Effective use of Demand Management in the pricing of Goods and Services	Percent savings of total Departmental budget (Goods & Services) due to market price analysis	2%	2%	We are awaiting correctional services for implementation. As savings of 2% on the goods and services budget equates to approximately R 7m. With cost cutting measures this is unachievable. Furthermore SCM processes have proved to be restrictive. We have saved approximately R 5m shown through the value for money analysis on projects for the entire year.
	Number of Departmental staff not complying with SCM regulations	0	0	No record of any staff not complying
	Number of SCM staff not complying with SCM regulations	0	0	No record of any staff not complying



1.2 Sub-Programme: Financial Management (Continued)				
<i>1.2.2 Component: Supply Chain Management</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
	Number of information sessions on SCM regulations per year	4	4	A transport information session was held on 15 February. A SCM information session held on 14 February. Sessions on Delegations were postponed until amended delegations were approved. Bid Committee training was held on 28 March. An Information session on Inventory hard-cat stock module by Steve Wells was attended by Treasury, the systems controller, and asset and transport staff.
	Number of timeous submissions of all SCM legislative reports to relevant bodies with zero mistakes	37	27	Reports on BEE spend were submitted only on 10 February and 10 March. Asset reconciliations and monthly reports on asset management were sent on 10 February and 10 March reports are only due on 15 April.
	Number of SCM related policies approved (drafted or reviewed)	2	4	The following SCM policies were submitted for approval: Loss/ Control Policy on 11 March 2011 and Inventory Policy on 11 March 2011. Petty cash policy was resubmitted on 11 March 2011 to CFO/GM. SCM delegations were amended.
Innovativeness and process improvement culture	Number of innovative activities and or process improvement	1	2	The inventory module on hard-cat for inventory management was secured.





1.3 Sub-Programme: Corporate Services				
<i>1.3.1 Component: Human Resources Management and Development</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Organisational structure that fully meets the human resource requirements of Departmental objectives	Timeous approval of correct reviewed organisational structure	3	2	The intended number could not be achieved as reviews are guided by directives issued by the HOD/MEC
Turnaround time for the ratification of all posts needing evaluation	Number of days taken to approval of ratification of JE results from time of receipt of request	40	40	Target met
Turnaround time for the updating of Persal transactions	Average number of days taken to update information on Persal from receipt of request	3	3	Target met
Turnaround time for the filling of a vacant post (up to approval)	Average number of days taken to fill a vacant post from receipt of request (including filling posts from approval of resignation)	40	40	Target met
Turnaround time on the facilitation of Labour case	Percentage of labour cases facilitated within prescribed timeframes	100%	100%	Target met
Assessment of all employees qualifying for annual assessments	Percent of qualifying employees assessed annually by 31 May of each year	100%	100%	Target met
Departmental HR related policies developed or reviewed	Number of Departmental HR policies developed or reviewed	6	6	Target met
Development of skills for Departmental employees	Percentage of employees trained on skills in line with their Personal Development Plan	100%	80%	Assessments were finalized very late
Management of EAP Programme	Percent of EAP cases facilitated within prescribed timeframes	100%	0%	Prescribed timeframes for the various categories of EAP cases cannot be documented as each case is dealt with based on its own merit.
Compliance with all HRM&D regulations	Percent of Departmental staff complying with HRM&D regulations	100%	80%	Lack of capacity in terms of staff members and competence.
	Percent of HRM&D staff complying with HRM&D regulations	100%	80%	Lack of capacity in terms of staff members and competence.
	Number of information sessions on HRM&D regulations per year	4	13	A total of 5 labour sessions and 6 EAP sessions were held
	Number of timeous submissions of all HRM&D legislative reports to relevant bodies with zero mistakes	21	15	Only 15 timeous submissions were made
Innovativeness and process improvement culture	Number of innovative activities and or process improvement	1	0	This is subject to management views/opinions. No innovative activities were established.



1.3 Sub-Programme: Corporate Services				
<i>1.3.2 Component: Legal Services</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Provision of Legal Support services to the Department	Number of requests (opinions, memos, general advice, etc.) not completed for clients within service charter timeframes	0	0	Target met
Management of the Department's legislative programme	Number of contracts drafted for clients not within service charter timeframes	0	0	Target met
	Number of default judgments	0	0	Target met
	Number of bills drafted within service charter timeframes	7	7	Target met
	Number of bills submitted to cabinet	7	7	Target met
Provision of contract management	Number of SLAs signed after start date of contractual work	0	0	Target met
	Number of SLAs not renewed timeously before expiry date that needs to be renewed	0	0	Target met
Compliance with all Legal Services policy	Number of Legal Services policies approved (drafted/reviewed)	1	1	Target met
	Number of Departmental staff not complying with Legal Services policy	0	0	Target met
	Number of Legal Services staff not complying with Legal Services policy	0	0	Target met
	Number of information sessions on Legal services regulations per year	4	4	Target met
	Number of Legal updates circulated to all staff	4	6	Target was exceeded, as we made two additional presentations
Innovativeness and process improvement culture	Number of innovative activities and or process improvements	1	3	Target was exceeded by two





1.3 Corporate Services:				
<i>1.3.3 Component: Auxiliary Services</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Records Management	Average time taken to retrieve filed documents in minutes	10 min	10 min	Target met
	Operationalise records management system for the rest of the Department	3/31/2011	3/31/2011	Target met
Management of physical facilities	Time taken to resolve requests logged by clients in hours	24	24	Target met
Management of outsourced contracts	Number of days all Departmental offices are cleaned	260	260	Target met
	Number of monthly reports on the maintenance of plants	12	12	Target met
	Number of service disconnections	0	0	Target met
Compliance with all Auxiliary Services regulations	Number of Auxiliary Service policies approved (drafted/reviewed)	2	1	Only one policy was drafted
	Number of Departmental staff not complying with Auxiliary Service regulations	0	0	Target met
	Number of Auxiliary Service staff not complying with Auxiliary Service regulations	0	0	Target met
	Number of information sessions on Auxiliary Service regulations per year	4	4	Target met
Messenger Services	Number of documents from SMS offices collected and distributed correctly	520	520	Target met
Provision of General Registry Services	Average time taken to resolve requests by clients in hours	4	4	Target met
Compliance with all Auxiliary Service regulations	Number of timeous submissions of all Auxiliary legislative reports to relevant bodies with zero mistakes	1	1	Target met
Innovativeness and process improvement culture	Number of innovative activities and or process improvements	1	1	Target met





1.3 Sub-programme: Corporate Services				
<i>1.3.4 Component: Information Technology Services</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Management of frontline services	User friendly reception areas for all offices measured through a satisfaction survey	98%	98%	The situation at Head Office is being addressed, both from the technology perspective and from the side of more responsible staff members respectively.
Development and co-ordination of IT Systems	Annual approval of Master Systems Plan for following financial year by March	1	1	Target met. An interim MSP has been reviewed to include newly endorsed initiatives. Final approval is expected.
	Percent successful implementation of Master Systems Plan Initiatives for current financial year	100%	100%	Target met. Newly endorsed initiatives have been implemented and finalised. Some of these implementation processes are still underway due to untimely deliveries.
Compliance with all IT regulations	Number of IT policies approved (drafted / reviewed)	2	2	Target met. The Departmental IT Policy and the Disaster Recovery Plan were approved.
	Number of Departmental staff not complying with IT regulations	0	0	Target met
	Number of IT staff not complying with IT Services regulations	0	0	Target met
	Number of information sessions on IT regulations per year	4	1	An IT information update was presented at the Administration Strategic Planning session. Unfortunately another three sessions could not be conducted.
Provision of IT services to the Department	Number of monthly reports on performance of Service Providers on Service Level Agreements	12	12	Target met. Service Review meetings were held as per schedule and reports were received whereby SLA's deem it official and mandatory.
	Availability of Department's infrastructure	98%	98%	Target met
	Time taken to resolve all IT related calls (including telephone systems) in hours	4	4	Target met. The stipulated time to resolve calls has been achieved and maintained at Head Office and local offices. Efforts are in progress to address the situation at outlying offices.
	Number of working days taken to provide new computer equipment fully installed after request	15	15	Target met. This target is achievable and efforts are constantly made to reduce the total number of waiting days and deliver timeously
Innovativeness and process improvement culture	Number of innovative activities and or process improvement	1	1	Target met. It relates to the procurement process and sourcing of quotations on a rotational basis amongst registered service providers.





2. Programme Two: INTEGRATED ECONOMIC DEVELOPMENT SERVICES				
2.1 Sub-Programme: Small Business Development				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Creation and Development of Infrastructure for Integrated Business Support Service Delivery to SMMEs	Number of SMMEs supported through the institutions	3,585	1,944	The original budget for training was revised and reduced and hence the target was not met. The recession resulted in a general reluctance from finance institutions to support SMMEs.
	Number of Technology Demonstration Cum Training Centres (TDTCs) supported	2	2	Target met. Two TDTCs were supported- One at the Northdale Campus of Umgungundlovu FET and one at the Hammarsdale Centre of the Coastal KZN FET College.
	Number of SMMEs trained in Business Management and Technical skills	1,625	1,039	Annual target of 1,625 SMMEs trained was revised and reduced to 1,045 SMMEs due to a reduced budget allocation. The original budget requested was R6,175,000 and the budget approved was R3,970,000.
	Number of One Stop Shop and Satellite Business Information Centres maintained	15	15	Target met. District Managers continue to provide support to SMMEs from the One Stop Shops. Regular visits to satellite centres were maintained as part of support to SMMEs.
	Number of Business Incubation Centres supported	1	0	Target not achieved as the project was suspended due to lack of funding support from the Department of Public Works
	Number of SMMEs incubated	10	0	Target not achieved as the project was suspended due to lack of funding support from the Department of Public Works
	Number of SMMEs trained in TDTC Technical Training (wire nails, barbed wire, exercise note book & wire drawing machine)	160	80	Target not achieved. There were no new TDTCs established due to limited budget available and as such the target of 160 SMMEs trained could not be achieved.
Provision of Access to Finance	Number of loan applications forwarded to SMME Funds that include: -Ithala Loan Applications -Other Financial Institutions	552	368	Target not achieved as unfavourable and unstable economic conditions affected the funding processes hence processing and approval of applications. Only a total of 368 loan applications were submitted to the banks.
Provision of Access to Markets	Number of SMMEs assisted to access finance that include: -Ithala Loan Applications -Other Financial Institutions	410	301	Target not achieved. Only 301 SMMEs received loans from Ithala, Standard Bank and ABSA at R384,105,912, resulting in the creation of 1,313 jobs. This was due to unfavourable and unstable economic conditions.
	Number of SMMEs assisted to access markets at the Royal Show 2010	20	23	Target exceeded. This was due to an additional three SMMEs being offered an opportunity to exhibit due to the uniqueness and complementarity of their products.
	Number of SMMEs assisted to access markets at Local Business Fairs and Exhibitions	20	153	Target exceeded. This was due to a further 133 SMMEs assisted to exhibit and sell their products at the Public Viewing Areas (PVAs) throughout KZN during the 2010 FIFA World Cup.
	Number of market linkages (private and public)	10	2	Target not achieved. This was due to economic recession that led to a reduced demand for goods and services from SMMEs.
Provision of Policy and Strategic Framework for SMME development in KZN	SMME Development Strategy formulated	0	0	The target was not given as this project is a carryover from 2009/2010. The SMME Development Strategy was approved in 2010/2011.
Facilitate the creation of sustainable jobs	Number of jobs created	1,746	1,313	Target not met due to only 301 SMMEs receiving loans from Ithala, Standard Bank and ABSA totalling an amount of R384,105,912. This translated to the creation of 1,313 jobs. This is attributed to the economic downturn experienced.



2.2 Sub-Programme: Co-operatives Development				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Facilitate access to appropriate funding by Co-operatives	Number of Co-operatives supported	465	85	Target not achieved. Initially there were no systems in place to assist co-operatives in this regard. The unit has since put in place systems to improve the quality of training and a funding model for co-operatives, for example, pre-funding support services.
	Number of Co-operatives funded	100	18	Target not achieved due to delays in the finalization of the funding agreement with Ithala. The co-operatives could only be funded through other sources e.g. CIS of the DTI.
	Number of SACCOs/ FSCs established and operational	8	2	Target not met. This is due to long protracted processes engaged in before the registration of SACCOs in order for them to be finalised. Processes primarily entail the mobilization of stakeholders and ensuring compliance with the Co-operatives Act etc.
Facilitate access to skills development and mentorship	Number of primary Co-operatives trained	100	79	Target not achieved as the appointment of the KZN Poultry Institute in order to provide technical training and mentorship was delayed.
	Number of Co-operatives mentored	100	36	Target not met. This was due to delays experienced during the procurement phase.
	Numbers of existing Co-operatives rehabilitated	156	2	Target was not achieved due to delays experienced with procurement processes
	Number of students and staff supported	96	161	Target exceeded. Over and above the 70 students funded by DEDT for attaining Co-operative Management Diplomas at UNIZULU, there is an additional 11 trainers being trained by UK Co-operative College. In addition the department also provided training to 80 Savings and Credit Co-operatives.
Provide institutional structures at a district level for support with respect to monitoring and evaluation	Number of economic infrastructure to support Co-operatives	7	2	Target was not achieved. This was due to complex processes involved in acquiring infrastructure.
	Number of sector specific secondary Co-operatives established	11	2	Target was not achieved as there were no ready primary co-operatives to be formed into a secondary co-operative. Vibrant secondary co-operatives can only be achieved through the strengthening of primary co-operatives that are compliant with the Co-operatives Act.
Facilitate creation of sustainable jobs	Number of jobs created	500	674	Target exceeded due to 109 co-operatives who were awarded contracts for grass cutting services at Ethekwini Municipality. Each co-operative has a minimum of 5 individuals.
Facilitate access to markets	Number of co-operative exhibitions conducted	2	3	Target was exceeded as more opportunities for co-operatives with respect to exhibiting were created during the 2010 FIFA WC.
	Number of markets (private and public)	10	5	Target not met. This was due to public and private entities' perceptions about co-operatives and their quality of services



2.3 Sub-Programme: Local Economic Development				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Facilitation of pro-poor investment at local level	Number of economic development projects supported at municipalities	24	17	Target not achieved due to the closing down of 3 LCFi projects in the 4th quarter. A total of 17 projects closed out. The balance of projects including THS partnership, VSDI, DCO Matiwane are multi-year projects due for completion in the outer MTF years. A total of 3 projects were stalled in the implementation process e.g. RSDI, Okhahlamba TC and Umlalazi TC.
	Number of partnerships groups assisted to leverage private finance	5	40	Target exceeded. A total of 40 partnership groups were assisted to obtain co-funding from financial services institutions as part of the application process for the re-launched LCF 2.
	Number of direct sustainable jobs created or saved	500	225	Target not achieved. Instead 225 permanent employment opportunities were created through the partnership with THS. However, a further 1,207 seasonal jobs were also created. A total of 980 small growers were the main beneficiaries of the project to date. The variance with the annual target is due to stalled projects (mentioned above) and the absence of any further job creation through the EU funded Gijima KZN LCFi projects.
	Number of Feasibility studies completed	30	17	Target not met as all EU funded LCF CAP projects were closed in the financial year. The variance of thirteen projects was due to an overestimation in terms of the number of projects to be closed.
Improvement in alignment of LED planning between provincial and local spheres	Number of LED planning projects completed.	49	41	Target not met. Of the total number of projects closed, 15 were trading centre feasibility studies and the balance were EU funded BEF projects. Again the variance of seven projects was due to an overestimation in the number of BEF projects that needed to be closed. All EU funded BEF projects are now closed.
	Number of LED stakeholder organisations supported	0	0	Target met
Improvement in the capacities of LED Institutions and Stakeholders	Number of capacity building interventions at municipalities	2	2	Target met. This included the completion of the LED Leadership course as well as post graduate studies at the UKZN.
	Number of people trained	320	420	Target exceeded. The original target was an estimate based on previous experience. The target was exceeded due to above average attendance of the LED Leadership Course.





2.4 Sub-Programme: Economic Empowerment				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
BBBEE Partnerships and Stakeholder Relations	Number of BEE Forums	2	2	Target met
	Number of Implementation Team meetings	2	4	Target met
	Number of Youth Structures supported (no financial support or partnerships)	4	4	Target met
	Number of MOUs signed with Strategic Partners	4	5	Target exceeded. MOUs concluded with ILO, SAWIC, NFCO, KZN Wildlife, IDT
	Number of Women Structures supported and partnered with (1 financially partnered with and 3 with no financial linked support)	4	13	ILO, Tourism, IDT, KZN Wildlife, NAFCO, and SAWIC
BBBEE Monitoring and Evaluation	Number of BEE Advisory Council meetings	4	1	Target not met due to unavailability of Council Members.
	Number of Verification certificates	11	11	Target met
	Establishment of BEE Ombudsman office	1	0	Target not met due to delays with recruitment processes. Drafting of Bill underway.
	Consolidated Targeted Approach report	4	0	Target not achieved due insufficient funds.
BBBEE Sector Matrix Enterprise Development	Number of Women Empowered	1,000	1,000	Target met
	Number of Youth Empowered	30	55	Target exceeded due to more fashion shows organized.
	Number of Transformation Charters monitored	3	3	Target met
BBBEE Information Dissemination	Information tools developed	1	0	The target was not achieved due to insufficient funds.
	'Youth Biz' information interest	2,000	16,510	This is measured by the number of hits on the site. The hits on site exceeded the anticipated figure.
	Development of BEE Information and Communication Plan	1	0	The target was not achieved due to insufficient funds.
	Umyezane Conference	1	1	Target met
	Umyezane Golf and Awards	1	1	Target met
	Number of BBBEE workshops conducted	5	5	Target met
Skills Development	Number of youth trained (learnership, general skills development and apprenticeship)	350	2,337	Target exceeded
	Number of youth trained (employment readiness)	1	1	Target met
Preferential Procurement	Percent Government spend on BEE set aside from procurement budget	10%	0	Target was not achieved as the proposed Procurement Cabinet memo was delayed.
Facilitation of access to Finance	Number Of BEE deals facilitated.	2	0	Target not achieved due to lack of required resources.
	Establishment of Provincial Empowerment Fund	1	0	Target not achieved due to capacity constraints





Programme Three: TRADE & INDUSTRY DEVELOPMENT				
3.1 Sub-Programme: Trade				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Provision of exposure and access to domestic and international markets	Number of companies actively assisted with export support	7	12	These exporter registration codes are obtained from the South African Receiver of Revenue. It was possible to support more than the targeted companies.
	Value of investment attracted	750,000,000	1,041,000,000	A total of 4 projects were committed: Umngeni Water Upgrade (R340.08m), Bizworks R100m), Motherson Sumi (R300m) and Velvet Sky (R400m).
	Number of foreign direct investments facilitated	40	57	Inbound and outbound missions are TIKZN's initiatives to promote the Province to attract foreign direct investments
	Number of SMMEs and emerging enterprises exporting due to the initiative of Trade Point Durban	500	83	SMMEs still require basic business skills, especially with regards to product pricing, product development and marketing. The staff compliment was also too low.
	Number of overseas promotional agents/distributors engaged	10	1	The Trade Point Project Steering Committee decided to retain only one promotional agent in Reunion.
	Number of international trade exhibitions	0	4	Even though nothing was targeted international trade exhibitions were planned in line with the DTI National Pavilions in order to afford the opportunity to a larger group. A total of 7 International trade exhibitions took place, namely: Master Crafter - Japan; International Folk Art Market - USA; The World Expo - Shanghai; Germany Primary Market Research; Import Shop Berlin – Germany; Foire des Mascareignes - Reunion; and L'Artigiano in Fiera Milan – Italy.
	Number of local exhibitions emerging enterprises participated in	0	4	Even though there was no target a total of 4 local exhibitions were held, namely: 2 Retail Art Development (RAD) exhibitions; Decorex JHB & SAHC; and the Trends and Taste Exhibition in Durban.
	Number of emerging enterprises participating in local exhibitions	0	99	Even though no target was specified a total of 99 SMMEs participated in the 4 local exhibitions held in April 2010, June 2010, August 2010 and March 2011.



3.2 Sub-Programme: Logistics				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Promote skills development in logistics	Number of logistics infrastructure projects initiated	0	1	Skills audit / assessment undertaken and consultations held with stakeholders and tertiary institutions.
	Number of workshops held on the Rural Logistics Viability study Report	0	0	No target was set for this financial year
	Number of strategies to address skills development	0	0	No target was set for this financial year

3.3 Sub-Programme: Sector Development				
<i>3.3.1 Component: Agribusiness</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Identify, package and implement agri-business strategies / projects	Number of industry clusters supported	2	2	Target met. Support was provided to the cut-flower and honey producers
	Number of business plans completed	0	0	No target was set for this financial year
	Number of projects supported	4	6	The Unit had planned to implement one goat project however three projects were implemented using the same resources, therefore two additional projects were supported this financial year
	Number of Agri-business sector strategies developed	0	0	No target was set for this financial year
	Number of Agri-business, entrepreneurs trained	150	374	A total of 124 entrepreneurs were initially trained and then approval was received to train an additional 250 youth and women from the Amajuba District in Leather Tanning. Processing came after the finalisation of the APP
	Number of Agri-business, fora established and supported	1	0	The target was not met as the establishment of the Agribusiness Forum was transferred to ADA

3.3 Sub-Programme: Sector Development				
<i>3.3.2 Chemicals</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Implement competitiveness programmes/projects for chemical sector	Number of clusters established	1	0	The target was not met as the cluster establishment is now earmarked for 2011/2012
	Number of industry hubs established	1	0	The target was not met as the development of Chemical Industry Parks were pursued instead
	Number of strategic projects initiated/supported	2	2	Target met. The Waste Management study has been completed. Chemical Industry Parks were initiated for 2011/2012
Fluoro-Chemicals expansion initiatives	Number of entrants facilitated into main-stream industry	1	0	The target was not met as this project has been shelved due to the high costs involved



3.3 Sub-Programme: Sector Development				
<i>3.3.3 Component: Automotive</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
No of interventions implemented in Key Sectors	Number of supplier development programmes completed	2	0	No targets were set for this financial year for the whole component
	Number of industry development programmes undertaken, linked to the Durban Auto Cluster	1	0	
	Number of AIDC offices established	1	0	
	Number of Automotive supplier park master plans and business plans developed.	1	0	
	Number of Automotive supplier park construction frameworks developed	0	0	

3.3 Sub-Programme: Sector Development				
<i>3.3.4 Component: Clothing and Textile</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Implement competitiveness programmes/projects to promote, recapture and stabilise the domestic market	Number of value chain interventions implemented	4	6	Target was exceeded due to request for additional training being granted. According to the plan only 4 training interventions were to be held but firms requested for more training and the cluster made the training available.
	Number of MSc clothing and textiles engineering students supported	15	19	Target was exceeded. A total of 3 students withdrew from the programme. A total of 15 students were to be admitted in 2010 and only 12 were admitted. The number of students supported is now 19 comprising 12 first year and 7 second year students.
	Number of industry employee programmes delivered	2	2	The MSC Textile Technology and Continuous Professional Development training programmes were implemented.
	Number of revitalisation strategy initiatives implemented	3	3	Target met. Technical training, access to markets and equipment was provided



3.3 Sub-Programme: Sector Development				
<i>3.3.5 Component: Wood and Wood Products</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Implement competitiveness programmes / projects for wood and wood products	Number of industry clusters established	1	1	Target met. One Forestry Cluster was established, but it is dormant at present due to a lack of support from stakeholders.
	Number of SMME Companies Trained	35	24	Target was not met as 11 SMME companies pulled out because the training was not advanced enough for their needs
	Number of business plans completed	2	2	Target met. Two Business Plans were completed for Sawdust Collecting and Packaging Co-operatives and a Mobile Wood Chipping Facility.
	Number of projects initiated	1	0	Target was not met as the project was cancelled due to not finding a suitable service provider on time.
	Number of projects supported	0	0	No target was set for this financial year
	Number of Sawmill supported	0	0	No target was set for this financial year
	Number of forums formulated	1	1	Target was met. The KZN Forestry Sector Initiative Forum was established





3.3 Sub-Programme: Sector Development				
3.3.6 Component: ICTE				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
To facilitate the implementation of high impact projects	Number of ICTE Sub-clusters formed	1	1	Target was met. 1 Mobile Applications sub-cluster was formed.
	Number of international engagements facilitated	3	3	Target was met. A total of 3 international engagements took place with respect to joint initiatives
To enable the creation of jobs	Number of new SMMEs formed	5	5	Target was met. A total of 5 new ICT SMMEs entered into the sector
	Number of ICT incubator/ Technology Parks established	1	0	Target met. Msunduzi municipality withdrew due to uncertainty within the municipality.
To facilitate the implementation of high impact projects	Number of Broadband workshops facilitated	3	3	Target not met. A total of 3 Broadband workshops were held with provincial departments, municipalities and industry.
	Number of industry/ digital community hubs established	12	12	Target was met. Twelve Digital Community Hubs were established
3.3 Sub-Programme: Sector Development				
3.3.7 Component: BPO				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
To develop programmes to facilitate growth of the KZN BPO Sector	Number of BPO Training Centres established.	1	1	Target was met. One BPO Training Centre established in Pietermaritzburg
	Number of BPO agents trained.	200	282	Target was exceeded. A total of 282 Students completed BPO Training.
3.3 Sub-Programme: Sector Development				
3.3.8 Component: Creative Industries				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
To develop and promote competitiveness of arts and craft in KZN Province.	Number of Villages assisted in terms of the One Village One Product	2	2	Target met
	Number of crafters exposed to markets.	120	163	Target was exceeded. A local platform was created at Gateway Theatre of Shopping which accommodates a large number of crafters.
	Number of integrated craft hubs established.	3	1	Target was not met as there are currently challenges with the implementation of Provincial Craft Hubs
To develop and promote the KZN indigenous music industry.	Number of musicians recorded.	10	12	The target was exceeded. The Vezikhono Talent Search programme resulted in the recording of an excess number of artists.
	Number of Integrated Music Hubs established.	1	1	Target met. One Integrated Music Hub was established.
Implement strategies to support the development of the KZN film industry.	Number of film offices established	1	0	Target was not met. The bill was only passed late in the financial year and the establishment of the KZN Film Commission thus was delayed.
	Number of film festivals assisted.	3	3	Target met. Festivals took place as planned.



3.4 Sub-Programme: Industrial Development				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Generic Sector Support	Number of key sectors identified and supported	8	8	Target met. The following key sectors were identified and supported: Agribusiness; Chemicals; Clothing and Textiles; Creative Industries; ICTE; BPO; KZN Tooling Initiative; and Wood and Wood Products.
	Number of interventions implemented in key sectors	8	8	Target met
	Number of high-impact initiatives packaged / developed	1	1	Target met. The KZN Tooling Initiative was developed.
	Number of high impact initiatives implemented	2	2	Target met. The KZN Tooling Initiative and ADA were implemented.
	Number of small scale producers targets	20	20	Target met
	Number of district BRE forums established and maintained	11	0	Target was not met as this project has been transferred to TIKZN
	Number of BRE guidelines compiled and / updated	1	1	Target was met
	Number of district level locally produced product directories developed and maintained	11	1	Target was not met. Only the 'Made in KZN Directory' could be finalised, due to challenges experienced by the service provider in obtaining accurate information from municipalities
	Number of Community websites developed and maintained	11	0	Target was not met. The service provider's contract was placed on hold due to non-compliance with service delivery agreement.





3.5 Sub-Programme: Tourism Development				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Building of enabling platforms for interaction, co-operation and collaboration	Number of intergovernmental/ inter sectoral and private sector engagements to improve destination image	16	24	Target was exceeded. The Provincial Tourism Committee and Tourism Business Forum meetings were held in February 2011, and the Global Competitiveness Project meeting was held in March 2011.
Supporting tourism HDEs through leveraging of funding, capacity building, and quality assurance interventions	Number of tourism safety awareness workshops organised	4	5	Target was exceeded. In total 5 workshops were conducted in the financial year. The participation of municipalities in this regard is the exceeding of the target.
	Number of graduates granted internships and students awarded bursaries	60	41	Target was not met however 41 students were assisted as follows: 15 bursary holders, 18 interns and 8 in-service training. All interns and in-service training students have been placed at municipalities.
	Number of delegates attending National Tourism Careers Expo (NTCE)	20,000	0	Target not met. NTCE for 2010 did not take place due to a public sector strike. The event was postponed to the 2011/12 financial year.
	Number of key tourism products facilitated (Second economy interventions)	9	5	Target was not met. Two projects were taken over by respective municipalities and 2 projects have been deferred to the next financial year owing to challenges in their implementation.
	Number of Tourism Mentorship Programme participants	124	384	Target was exceeded. A total of 78 were trained in hospitality business skills, 15 in mentorship partnerships and 283 attended business awareness workshops. There were 8 Book-A-Guesthouse participants.
	Number of municipalities capacitated	61	0	Target was not met. A decision was taken to hold a municipal workshop after the municipal elections in order to capacitate all the new councillors that will take over the Tourism Portfolio
	Number of Educators empowered through training	60	0	Target was not met. The project was withdrawn due to a decision from the National Department in designing and implementing a national programme to be rolled out in all provinces.
	Number of workshops implemented through Service Excellence	11	8	Target was not met however a total of 8 workshops were conducted for the year. Other district municipalities such as Sisonke, Ugu, Mzinyathi and Uthukela were merged with respect to the hosting of workshops hence the reduced number of workshops
	Number of Tourist Buddies trained at various tourist touch points	500	1,200	Target was exceeded. A total number of 1,200 Tourist Buddies were trained for the year. This was due to the overwhelming excitement created by the 2010 FIFA World Cup.
Facilitate the implementation of BBBEE and Tourism Scorecard	Number of awareness, advisory initiatives and programmes on Gazetted Tourism BEE Sector Codes	6	5	Target was not met. A total of 4 meetings of the BEE Fora were held as per the target and 1 joint BEE awareness workshop was conducted with 1 being cancelled.
Rate of adherence and compliance by tourism enterprises, public entities, municipalities and other tourism industry role players	Availability of policies, strategies and enabling legislation produced	3	3	Target was met. A Beach Tourism Policy has been developed and is awaiting Cabinet approval. The Community Tourism Organisation Strategy and Phase 1 of the Tourism Master Plan were developed.



Programme Four: BUSINESS REGULATIONS & GOVERNANCE				
4.1 Sub-Programme: Consumer Protection				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
To network and form partnerships with NGO's, local Municipalities and District Municipalities, in order to educate consumers.	Number of NGO's, local Municipalities and District Municipalities targeted	20	75	Target was exceeded. The dedicated focus on the District forums has assisted the unit in identifying more stakeholders in all the 11 districts in the Province. Interaction with municipalities at both district and local level assisted the unit in exceeding the set target of 20 to reach 75
	Number of major workshops / campaigns targeted to specific sector consumers	4	12	Target was exceeded. We had targeted 4 major workshops for the financial year but ended up doing 12 workshops across all districts. The partnerships established with Regulators made this possible. One workshop was held in each district and two were held in the eThekweni municipality.
	Number of minor workshops / campaigns targeted to specific sector consumers	146	322	Target was exceeded. The dedicated focus on the District forums has assisted the unit in identifying more stakeholders in all the 11 districts in the Province. Interaction with municipalities at both district and local level assisted the unit in exceeding the set target of 146 to 322 minor workshops in all the 11 districts. The focus herein has been more on local municipalities.
	Number of consumers targeted in millions.	2.5m	3.6m	Target was exceeded. We managed to exceed the target set because of the radio drama promoting consumer rights at uKhozi FM in the last quarter of the financial year. As a result of the reach of uKhozi around 15h00 we exceeded the number target of 2.5 million by reaching 3.6 million consumers.
To provide general consumer information by utilising marketing instruments (National and community based electronic media)	Number of consumers informed in millions	6.5m	3.6 m	Target was not met. We could have exceeded the annual targets if we could use media for the whole year as it was the case with the last quarter of the financial year.
	Number of Media campaigns on regional /national radios stations targeted per quarter	4	6	Target was exceeded. We had a radio drama focusing on consumer Rights between February and March 2011. We had extensive coverage of the World Consumer Rights Day activities in both print and electronic media.
	Number of Community based radio shows targeted	0	3	Although no radio shows were targeted. During the World Consumer Rights Celebrations at KwaMashu, we used three community based radio stations to promote the event
To handle consumer complaints	Number of complaints received (i.e. walk in, telephonic and written complaints)	6,200	7,447	Target was exceeded. As a result of the radio drama and extensive media coverage we saw an increase in the number of complaints received by the office. Most of the complaints were dealt with and those that could not be handled were referred to our partners
	Number of written claims investigated	750	1,066	Target was exceeded. We exceeded the set target by about 70% which is a vast improvement from the previous years.
	Number of written claims resolved	650	886	Target was exceeded. We have saved consumers an amount of R2,678,336.00 with an average of 74 days turnaround time for the financial year
Enforcement and Compliance	Number of consumer rights interventions conducted (No. of sector/industry specific issues investigated)	4	14	Target exceeded. The employment of an enforcement and compliance officer increased the capacity of the unit resulting in increased inspections and interventions
	Secondary Investigations	8	14	Target exceeded. The employment of an enforcement and compliance officer increased the capacity of the unit resulting in increased inspections and interventions
	Enforcement and Compliance	48	42	Target exceeded. The employment of an enforcement and compliance officer increased the capacity of the unit resulting in increased inspections and interventions
To facilitate the implementation of Consumer protection services in district offices	Number of district offices rolled out	8	6	Target not met. Officials are currently being relocated to the Ugu district and we are currently awaiting the finalization of the process to relocate all staff so the target will be met next financial year
Provide oversight support to the Legal processes relating to the Consumer Protection Bill	Bill drafted and presented to cluster and cabinet	1	1	Target met. The Bill was approved by Cabinet on the 24 th of November 2010, so we achieved the target set.
	Completed facilitation of public consultation on the Bill	100%	50%	Target was not met. Public consultation on the Bill is to commence in the first quarter of the 2011/2012 financial year.



4.2 Sub-Programme: Liquor Regulation				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Liquor Administration Process	Number of liquor license applications processed	1,970	4,571	Target was exceeded. The trend is always an increase in the number of applications submitted hence the increase in applications processed due to public perception created that liquor is one of the easiest industries in which to enter.
	Turnaround time for processing applications in months	2	2	Target met. We are continuously attempting to maintain this turnaround time to ensure operational efficiencies.
	Total number of new applications (Section 19) received and processed	1,536	3,404	Target was exceeded. The trend is always an increase in the number of applications submitted hence the increase in applications processed due to public perception created that liquor is one of the easiest industries in which to enter.
	Total number of applications in terms of section 113 received and processed	378	908	The target was exceeded. The trend is always an increase in the number of applications submitted hence the increase in applications processed due to public perception created that liquor is one of the easiest industries in which to enter.
	Number of applications in terms of section 120 received and processed	56	194	The target was exceeded. The trend is always an increase in the number of applications submitted hence the increase in applications processed due to public perception created that liquor is one of the easiest industries in which to enter.
	Number of postponed applications processed	1,006	758	The target was exceeded. The annual target is dependent on the rate of response from the applicant to the postponed matters, hence the target was achieved.
	Total number of applications granted	2,223	2,200	Target was not met. Due to stringent adjudication by the Liquor Board in the second half of the financial year, it has resulted in a decrease in the number of applications granted. This is a positive indication that the Liquor Board is applying itself to issues of public interest.
	Total number of applications refused	256	1,426	Target was exceeded. Due to stringent adjudication by the Liquor Board in the second half of the financial year, it has resulted in a decrease in the number of applications granted. This is a positive indication that the Liquor Board is applying itself to issues of public interest.
	Total number of applications postponed	1,537	2,343	Target was exceeded. The rate of postponement of applications is increasing as a result of incomplete applications being submitted to the board for adjudication hence the high rate of postponed applications. This issue has been addressed in the latter part of the financial year and the result will be evident in the new financial year
To facilitate entry of new entrants into the liquor industry	Number of new entrants as licensed traders	2,223	2,432	Target was exceeded. Due to stringent adjudication by the Liquor Board in the second half of the financial year, it has resulted in a decrease in the number of applications granted. This is a positive indication that the Liquor Board is applying itself to issues of public interest.
To raise awareness and provide education on liquor issues	Number of workshops coordinated/ organized	22	69	Target was exceeded. Major efforts have been made in terms of education and outreach programmes with both private and public sector stakeholders.
	Number of persons work shopped / trained	851	2,914	Target was exceeded. Major efforts have been made in terms of education and outreach programmes with both private and public sector stakeholders.
	Number of people accessed through print and electronic media in millions	1.65m	1.65m	Target met
Facilitate the drafting of the Liquor Bill	Number of Liquor Bills approved by Cabinet	0	1	No target was set however the Liquor Bill was passed by the KZN Legislature in December 2010
Implement enforcement and compliance	Number of stakeholder forums established	11	12	Target was exceeded. Major efforts have been made in terms of education and outreach programmes with both private and public sector stakeholders.
	Number of licensed premises inspected	1,100	780	The target was not met due to lack of capacity. There is only one Liquor license inspector for KZN
	Number of inspection blitzes held with SAPS	6	32	Target was exceeded. As a result of joint partnerships with the SAPS policing forum, Ethekwini Municipality and the DTI, inspection blitzes were held in the province
Facilitate the implementation of the Business plan for the Liquor Authority upon enactment of the Bill	Percent Achievement of Business Plan Targets	100%	0%	Target was not met. The liquor bill was only passed in December 2010 and the implementation of the business plan was dependent on the establishment of the KZN liquor entity. Due to the delay in passing of the legislation the establishment of the entity and implementation of the business plan was deferred to the 2011/2012 financial year.



4.4 Sub-Programme: Regulation Services				
<i>4.4.1 Formal Sector</i>				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
To establish a regulatory framework for monitoring compliance in terms of the Formal Business sector	Number of Audits Conducted to establish the regulatory impact of legislation on Formal Businesses	1	1	Target was met. Business Regulatory Impact Assessment (RIA) study was conducted
	Number of Municipalities Monitored and evaluated with the implementation of Regulations	11	35	Target was exceeded. A total number of 35 Municipalities were monitored and evaluated with regards to the implementation of the regulations
	Number of barriers identified that restrict business compliance	4	5	The target was exceeded. The barriers to compliance were identified as follows: - Lack of understanding of the applicability and impact of the Business Act - Lack of capacity within the Municipalities - Only 2 Municipalities in the Province had a valid Licensing Authority - Business Licensing function is not regarded as a priority by Municipalities
	Number of barriers addressed to ensure business compliance	4	4	Target met. The Department has developed programmes to address the identified barriers
	Number of reviews of the Business Act conducted	1	1	Target met. The Business Act 71 of 1991 was reviewed
	Number of Amendments to the Business Act implemented	1	1	Target met. The Department is currently busy with the processes of developing a Provincial Business Act and the first draft has been completed





4.4 Sub-Programme: Regulation Services				
4.4.2 Informal Trade				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
To establish a policy framework on creating an enabling environment for the sustained development and support of the informal sector	Policy framework approved by Cabinet and legislature (White paper)	1	1	Target met. Policy has been approved by Cabinet
	Number of established District Informal Traders Forums	11	7	Target not met. A total number of 7 districts forums were established- Sisonke, Ugu, Umgungundlovu, Amajuba, Ethekwini, iLembe, uThungulu. The target was not achieved due to the fact that challenges were experienced in Northern KZN where there was resistance to the establishment of the chambers due to sensitivity around political issues. The unit will be revisiting areas with a view to establishing chambers in the new financial year.
	Number of established Provincial Informal Traders Forums	1	1	Target met. Provincial Informal Traders Forum has been established.
	Number of Municipality IDP's incorporated into the White Paper	8	13	Target was exceeded. A total 8 municipalities were consulted with an aim to incorporate their IDP's into the White paper. However, due to the nature of the policy there was a massive uptake by most municipalities to adopt the policy and the target was exceeded.
	Number of Municipalities monitored and evaluated on the implementation of the white paper	11	15	Target was exceeded. A total of 15 Municipalities were visited to ensure compliance with regards to informal trade functions.
	Promotion of the White Paper	1	0	Target was not met. The launch of the event was deferred to May 2011 by Ministry.
Providing specialised interventions with regards to the traders at the Early Morning Market	Skills Audit Conducted	1	0	Target was not met as the project was suspended. This was a joint initiative between Durban Metro and the Department, however, due to the on-going court battle between the Municipality and the traders within 'Early Morning Market' the Municipality decided to pull-out of the agreement.
	Number of Skills Training interventions offered to traders	5	0	Target was not met as the project was suspended. This was a joint initiative between Durban Metro and the Department, however, due to the on-going court battle between the Municipality and the traders within 'Early Morning Market' the Municipality decided to pull-out of the agreement.
	Number of Traders identified as secondary traders	3	0	Target was not met as the project was suspended. This was a joint initiative between Durban Metro and the Department, however, due to the on-going court battle between the Municipality and the traders within 'Early Morning Market' the Municipality decided to pull-out of the agreement.



Programme Five: ECONOMIC PLANNING				
5.1 Sub-Programme: Policy & Planning				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Provide technical support in the drafting, implementation and review of policies and strategies	Number of integrated policies	1	0	Target was not met. This initiative is taking longer to implement than originally anticipated. The PSEDS review process consisted of a number phases that include: Preliminary Research; Data base update; Review of District Economic Drivers and Stakeholder Consultations.
	Number of policies reviewed / updated	1	2	Target exceeded. The Unit collaborated with the Trade and Sector Development programme to develop the Export and Investment Promotion Strategies for KwaZulu-Natal. Draft strategies have already been developed and the final strategies are expected in the 1st quarter of 2011/2012 financial year.
	Number of strategies developed	2	2	Target met. The Unit collaborated with programme 3 to draft the Industrial Development Strategy for KwaZulu-Natal. The draft KZN IDS has already been completed and the final document is being finalised in the 1st quarter of 2011/2012 budget period.
To be the prime source of economic information in the Province and produce up-to-date and reliable statistics and economic indicators	Number of quarterly statistical and economic analysis reports drafted	4	4	Target met
	Number of district municipality statistical overviews drafted	1	2	Target has been exceeded due to the involvement staff from other sub-programs
Track and analyse macroeconomic developments in regional and global economies	Number of economic snap shots developed	4	13	Target has been exceeded. More work has been done due to increased requests from the MEC's office
Provide capacity building to stakeholders	Number of economic training sessions conducted	4	3	Target was not met. The fourth training session was cancelled on the 1st day due to poor attendance.

5.2 Sub-Programme: Research & Development				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Generation of macroeconomic research on the KZN economy	Number of research reports compiled	5	19	Target was exceeded due to the fact that two out-sourced projects were terminated and two employees has more time to write research pieces
Develop innovation economic research intervention approach for DEDT	Number of new research articles uploaded onto the electronic portals	20	20	Target met
Coordination of departmental Research and Development Agenda	Number of research studies coordinated	8	8	Target met



5.3 Sub-Programme: Knowledge Management				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Develop innovative knowledge management system for the DEDT	Number of Knowledge Management modules and strategies formulated	1	3	Target was exceeded. One Knowledge Management Strategy and two modules were written. The target was exceeded due to workload sharing by colleagues in completing these tasks.
	No. of economic intelligence reports developed	4	2	Target was not met. Only 2 Economic intelligence (EI) reports were produced this financial year because the Deputy Manager who was part of this project resigned and we experienced staff constraints to achieve the initially set target.
Operationalise and institutionalize effective and efficient Departmental management information systems	% of operational level of DEDT resource centre	100%	100%	Target was met. The employment of a Resource Centre Coordinator in September 2010 has pushed the availability of resource centre to 100% in terms of responding to requests.
	Number of relevant economic resource materials gathered and stored	20	25	Target was exceeded. Socio-economic information is sourced, stored and disseminated. The storage is with the Resource Centre. Target exceeded because there is a dedicated person and budget.
Provide coaching and mentorship to DEDT staff on project management	Number of staff competently using MIS	20	34	Target was exceeded. Project managers are trained and coached on a need basis. Various workshops and one-on-ones have been held for this financial year. The commissioning of computer based training centres will further improve this service. The target was exceeded because more project managers are seeing the value of using MIS.

5.4 Sub-Programme: Monitoring & Evaluation				
Measurable objective:	Performance Indicator:	Annual Targets	Actual Output	Comments:
Monitor and evaluate Departmental programmes	Number of monitoring reports	5	5	Target met
	Number of evaluation reports	6	6	Target met
Provide M&E capacity building to stakeholders	Number of stakeholders trained on research and M&E	25	26	Target was exceeded. The set target of 25 was exceeded by 1. However, this refers to the Emerging Researchers Programme (ERCEP). When considering other trainings where M&E has presented the actual output could be a lot more.
Track progress on the implementation of Economic Sector Flagship Programme	Number of M&E frameworks developed	1	1	Target met. Monitoring Framework was developed and approved by EXCO
	Number of analytical reports produced	2	2	Target met. Done according to plan



PART 3
ANNUAL FINANCIAL STATEMENTS



PART THREE: ANNUAL FINANCIAL STATEMENTS

3.1 REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 4 - ECONOMIC DEVELOPMENT & TOURISM

The KwaZulu-Natal Provincial Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2011.

3.1.1 Provincial Audit and Risk Committee Members and Attendance

The Provincial Audit and Risk Committee consist of the members listed hereunder. During the year under review the contracts of two (2) members expired while the contracts of the five (5) other members were terminated by the MEC: Finance. A new Provincial Audit and Risk Committee was appointed with effect from 1 June 2011.

The Cluster Audit and Risk Committee (CARC) is a sub-committee of the Provincial Audit and Risk Committee (PARC). The CARC and the PARC are required to meet at least four times and two times respectively in a financial year. During the financial year ending 31 March 2011 a total of eleven (11) meetings were held, namely, two (2) PARC meetings, seven (7) CARC meetings and two (2) special meetings. The members that attended the meetings as reflected below:

Surname & Initial	PARC		CARC		Special		Total no. of Meetings Attended
	No. of Meetings Held	Attended	No. of Meetings Held	Attended	No. of Meetings Held	Attended	
Adv. BS Khuzwayo (Contract expired June 2011)	2	2	7	7	2	1	10
Mr. V Naicker (Contract expired – reappointed 01 June 2011)	2	2	2	2	2	1	5
Mr. N Mhlongo (Contract terminated December 2010)	2	1	3	3	2	2	6
Mr. S Taku (Contract terminated December 2010)	2	2	2	2	2	2	6
Mr. P Mnisi (Contract terminated December 2010)	2	2	2	2	2	2	6
Ms. P Gobinca (Contract terminated December 2010)	2	2	2	2	2	2	6
Ms. E Ogunniyi (Contract terminated December 2010)	2	0	2	1	2	1	2
Ms. T Tsautse (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr. T Boltman (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr. F Docrat (Appointed 01 June 2011)	0	0	0	0	0	0	0
Ms. N Jaxa (Appointed 01 June 2011)	0	0	0	0	0	0	0
Ms. M Mothipe (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr. L Mangquku (Appointed 01 June 2011)	0	0	0	0	0	0	0



3.1.2 *Provincial Audit and Risk Committee Responsibility*

The Provincial Audit and Risk Committee reports that it complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations, including any other statutory regulations. Subsequent to the dissolution of the previous Committee, the new Provincial Audit and Risk Committee resolved all outstanding responsibilities for the financial year.

The Provincial Audit and Risk Committee also reported that it adopted appropriate formal terms of reference as its Provincial Audit and Risk Committee Charter, regulated its affairs in compliance with this charter and discharged all its responsibilities as contained therein.

3.1.3 *The Effectiveness of Internal Control*

The systems of internal control are the responsibility of the Department's management and are designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the requirements of the PFMA and the principles of the King Reports (II and III) on Corporate Governance, the Internal Audit Function provides the Provincial Audit and Risk Committee and the Departmental management with assurance that the systems of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Report and Management Letter of the Auditor-General on the Annual Financial Statements, it was noted that the systems of internal control were not effective for the year under review as control deficiencies were detected in the following significant control areas:

- Human Resource Management
- Supply Chain Management
- Asset Management
- Industry Development
- Co-operative Development
- SMME's
- Commitments
- Accruals

3.1.4 *The quality of "In Year Monitoring" and monthly / quarterly reports submitted in terms of the Treasury Regulations and the Division of Revenue Act*

The Provincial Audit and Risk Committee through the Internal Audit Function was satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Control deficiencies around the ineffective implementation of transfer payments to institutions as well as the inadequate monitoring of the institutions over the utilization of transferred funds were reported during the year.



3.1.5 Audit of Performance Information

The monitoring of the Department's performance is a key function of the executive management of the Department. The Provincial Audit and Risk Committee have no direct line of responsibility over the Department's performance. However, the Provincial Audit and Risk Committee is responsible for ensuring, principally through the Internal Audit Function that the systems of performance management, measurement and reporting; as well as the systems of internal control that underpin the performance management framework of the Department, remain robust and are reviewed routinely in the internal audit plans.

The Committee has accepted the responsibility of ensuring that adequate reporting on performance information is in line with its mandate and charter.

The Committee reviewed the Internal Audit and Auditor-General reports relating to Performance Information for the year under review and noted the following significant issues:

- Inadequate setting of performance indicators
- Incomplete records
- Inadequate validation processes
- Inconsistent reporting

3.1.6 Internal Audit Function

The Provincial Audit and Risk Committee provide oversight and monitor the activities of the Internal Audit Function. Consequently, the Committee is able to report on the effectiveness and efficiency of the function.

The function was effective during the period under review and there were no unjustified restrictions or limitations. The Audit Committee will in the forthcoming year, monitor progress to ensure that the Internal Audit Function continues to add value to the Department and achieves its optimal performance.

3.1.7 Risk Management Function

Risk Management is a proactive discipline that involves scenario planning that is intended to provide reasonable assurance so that the Department will achieve its objectives. King III principle 2.2 states that the board, (executive authority in the case of a government Department) "should appreciate that strategy, risk, performance and sustainability are inseparable."

Since the approval of the Provincial Risk Management Framework in March 2010, and during the financial year under review, the Committee monitored how the Department established the necessary risk management functions, risk policies, and oversight structures. The Committee believes that these interventions will assist the Department in complying with the Provincial Risk Management Framework, and the risk management sections of the PFMA.

The Committee noted that the Department had a dedicated Risk Management Function but did not have a Risk Management Committee, and hence urged the Department to establish this during the 2011/12 financial year.

Although progress was made in implementing the risk mitigation strategies arising from the risk assessments facilitated by the Provincial Treasury's Internal Audit Function, the Committee urged the Department to fully implement the outstanding risk mitigation strategies as soon as possible.

3.1.8 Other Governance Issues

As part of its governance responsibilities, the Committee also monitors the fraud prevention strategies that have been developed and implemented by provincial departments, and these responsibilities include monitoring the implementation of recommendations arising from forensic investigations.

During the period under review, the Committee noted that the Department had 1 completed investigation, and 2 ongoing investigations that were being conducted by the Provincial Treasury's Internal Audit Function. The Department was urged to implement recommendations arising from these investigations.



3.1.9 Evaluation of Financial Statements

The Provincial Audit and Risk Committee were provided a report by the Internal Audit Function that reflects the results of the review of the annual financial statements. The Provincial Audit and Risk Committee concurs and accepts the Internal Audit report on the above, as well as the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Chairperson: Provincial Audit and Risk Committee

Date: 05 August 2011

3.2 Report of the Accounting Officer

3.2.1 Introduction

The purpose of the Report of the Accounting Officer is to highlight specific financial matters of the period under review. These specific matters are discussed in the headings below.

3.2.2 Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Parliament / Provincial Legislature of the Republic of South Africa

3.2.3 General review of the state of financial affairs

Economic recovery

The Provincial economy has seen a slow recovery following a recessionary period in the country, as well as globally. This required the Department to remain focussed on the key priorities of government in terms of sustaining businesses through support initiatives and thereby retaining jobs, while creating new jobs through enterprise development and skills development. Furthermore, the key initiatives of the Department are in line with the resolutions of the Economic Recovery Summit, which will benefit those sectors driving the economy. The growth rates currently being experienced are not sufficient to deal with the number of jobs lost and hence the critical need to focus on the absorptive capability of the growing industrial sectors through the New Growth Path (NGP). The focussed attention on economic growth which enables job creation will hopefully impact directly on the increasing levels of poverty.

2010 FIFA World Cup

The Department played a key role in the 2010 FIFA World Cup in terms of providing opportunities for all citizens to watch various World Cup games through the provision of Public Viewing Areas (PVAs) in all ten district municipalities. Similarly, the Department provided opportunities for entrepreneurs to participate in the PVAs. Other departments were also involved in the process – for example, the Department of Arts and Culture who arranged for various artists to present performances of their works at various PVAs. In addition, we embarked on a new programme to enhance our visitors experience by means of the Tourism Buddy Programme, in terms of which frontline staff at various public and business outlets were trained to ensure that tourists were treated with respect and supplied with correct information.



Integrated Economic Development

With regard to provincially funded LED initiatives, the three-year partnership with Tongaat Hulett Sugar Limited, aimed at supporting small-scale cane-growers, began to yield good results. Despite being negatively affected by drought, at the time of writing, 291 hectares of cane were planted, with the expectation that 1,400 ha will be planted by March 2011, benefiting 239 beneficiaries (small-scale cane-growers) and creating more than 700 job opportunities. The approach to sector based co-operatives continued to be successful, and contracts were secured with government departments and support programmes were fine-tuned to ensure appropriate support was provided at the appropriate times. The Department's partnership with Kenya, relating to assistance with the activities of co-operatives, continued, and the accreditation of these courses were achieved this year. There was great interest in the establishment of Savings and Credit Co-operatives (SACCO) which are democratic, member-driven, self-help co-operatives, owned, governed and managed by the members who deposit their own savings collectively and lend to its members. The relationship between the Department and the University of Zululand with regard to co-operative training continued, and the Department had its first intake of students for the Co-operative Diploma in January of this year.

The funding of both co-operatives and SMMEs continued to be a challenge in terms of identifying viable businesses to fund. However, there was an improvement in the uptake of SMME projects, and the implementation of the business support model will provide further assurance of the recoverability of such funding.

Sector Development

The airport portion of the Dube Trade Port (DTP) (i.e. King Shaka International Airport) was officially opened in May 2010 in time for the 2010 World Cup. DTP secured the first international passenger airline flight, with the Emirates airline running a passenger airline service from Dubai to Durban. The DTP is also developing other facilities parallel with the international air service. These include the generation of new cargo volume through productive investment and property development servicing the needs of the travelling market. In 2010/2011, DTP commenced constructing a 16 hectare greenhouse Agri-zone that will produce over 3,000 tons of airfreight once fully operational. The Trade-zone property developments are geared to bring in more light manufacturing activities that are dependent on air cargo services. The planned Dube City is geared towards addressing the needs of the passenger market through the facilitation of hotel development, retail and entertainment needs.

The Agri-business Development Agency (ADA) was established in 2010/2011 in line with a Cabinet decision to support land reform farmers in the province. The role of this new public entity is to ensure that emerging farmers and rural communities, particularly those that have acquired land through the restitution programme, have the required farming skills and experience to maintain their farms. Many successes were achieved in 2010 in terms of interventions, accessing markets and skills development initiatives, through commodity partnerships. Although the entity falls under the auspices of the Department of Economic Development and Tourism, who fund the operational costs of the entity, other provincial and national departments, such as the Department of Agriculture, Environmental Affairs and Rural Development and the national Department of Rural Development and Land Reform, are using the entity to accelerate land reform projects in KZN.

With regard to the Richards Bay Industrial Development Zone (RBIDZ), an application was made to National Treasury for the listing of the RBIDZ as a public entity in terms of Schedule 3B of the PFMA, due to a decision taken by the Department that an entity be established to control the RBIDZ, and that all funding be transferred directly to the entity rather than via Ithala. The land ownership issue is taking longer to resolve than expected, due to environmental challenges on 3 of the 5 pieces of land. Negotiations are underway to undertake land swaps with the uMhlathuze Municipality. The project has been granted a business licence to trade as an IDZ. This has enabled it to source funding of R80 million from the Department of Trade and Industry. This funding is additional to that allocated to the project by the Department. Consultants were appointed to revise and update the business plan for the project. Civil engineers were appointed in November 2010 and have begun with an assessment of the project. The tender for the fencing of Phase 1A was awarded in January 2011, with work having begun on this in February 2011.

The Moses Kotane Institute aim is to train teachers and students in mathematics and science in order to prepare them for their transition from schools to tertiary institutions. During 2010/2011, the Department



reprioritised once-off additional funding to expand the Moses Kotane Institute's training facilities to a further four districts, so as to meet the increasing demand for its services.

The KZN Convention Bureau was established in 2010/2011. This is a partnership between the Department, eThekweni Metro; the Durban Chamber of Commerce and the Albert Luthuli International Convention Centre to promote business tourism services in KZN whereby we proactively bid for major events to be hosted in the province.

Business Regulations and Governance

The KZN Liquor Act was promulgated at the end of November 2010. The Act will be enacted in a phased approach to ensure that the appropriate systems and structures are in place and operating effectively as well as allowing the industry time to amend their practices to the new legislation. The KZN Film Commission is a Section 21 company that was established in terms of KZN Film Commission Act No.3 of 2010 in 2010/2011. This is aimed at the co-ordination, marketing and development of films in KZN. The commission also seeks to facilitate investment in the film and video industry in KZN.

Economic Planning

The Department is now equipped to produce a quarterly analysis of the economic trends for the Province and to provide regular analysis of relevant statistics as and when required.

The table below reflects the position per programme and reinforces what is indicated above in terms of the areas of under-spending.

Programme	Final Appropriation	Actual Expenditure	Variance
P1: Administration	194,748	181,676	13,072
P2: Integrated Economic Empowerment Services	452,348	420,362	31,986
P3: Trade and Industry Development	998,824	985,631	13,193
P4: Business Regulation and Governance	60,800	24,865	35,935
P5: Economic Planning	18,078	11,777	6,301
TOTAL	1,724,798	1,624,311	100,487

The Department of Economic Development and Tourism under-spent its budget by R100.487million, or 5.8%, for the vote as a whole.

Programme 1: Administration

Administration was under-spent by R13.072 million which was largely due to the following:

- R3.641 million due to savings under *Compensation of employees* mainly relating to the moratorium on the filling of non-critical posts.
- R13.977 million due to savings under *Goods and Services (G&S)* include savings from projects such as the Aldeia Nova project, which did not progress as planned due to land ownership challenges. Additional savings were also realised through lease payments due to the fact that the expected take-over of the full lease of the Department's head office and district offices has less coverage than the estimated required office space.



Programme 2: Integrated Economic Development Services

Integrated Economic Development Services was under-spent by R31.986 million largely due to the following:

- R5.863 million due to savings in *Compensation of employees* mainly as a result of the moratorium on the filling of non-critical posts.
- R21.732 million due to savings in *Goods and Services (G&S)* mainly relating to delays in the uMlalazi Eshowe Trading Centre R4.815 million because of the cancellation of a contract, procurement delays in respect of the Okhahlamba Construction project (R4.630 million) and the Co-operatives Business Rehabilitation project (R8.999 million). In addition, savings were made in travel and subsistence due to cost-cutting measures (R3.574 million).
- R3.922 million due to Goods and Services Prepayments amount paid to R1,500,000 (rehab bakeries) R2,421,899 SEDA pre-financing.

Programme 3: Trade and Industry Development

The Trade and Industry Development Programme under-spent by R13.193 million mainly due to the following:

- R5.958 million due to savings in *Compensation of employees* mainly as a result of the moratorium on the filling of non-critical posts.
- R7.415 million due to *Transfers and subsidies to: Non-profit institutions* being under-spent, as a result of delays in the transfers to the following entities:
 - R4 million in respect of the Film Commission, because the bill establishing the Commission was only passed at the end of the financial year.
 - R2.5 million to the Agri-business Development Agency (ADA) because the Service Level Agreement with Ithala and the terms and conditions of the agreement were not finalised before the end of the financial year. In terms of this agreement, Ithala will also provide funding to the Agri-business Development Agency to provide assistance to distressed farmers.
 - The budget for the KZN Music Studio was finalised late in the year and as a result the provision made was in excess of the final agreed budget per the approved Business Plan of R600,000.

Programme 4: Business Regulation and Governance

Business Regulation and Governance was under-spent by R35.935 million due to the following:

- R1.897 million due to savings in *Compensation of employees* mainly relating to the moratorium on the filling of non-critical posts.
- R30.439 million due to *Transfers and subsidies to: Other (Public corporations and private enterprises)* being under-spent. This was largely due to delays in the promulgation of the KZN Liquor Bill, which was enacted late in 2010/2011, and the consequent delay in the establishment of the Liquor Entity which led to the majority of the transfer payment planned for this entity not being spent.
- R3.5 million due to *Goods and Services (G&S)* pre-payments amount paid to Liquor Regulations.

Programme 5: Economic Planning

Economic Planning was under-spent by R6.301 million mainly as a result of the following:

- R3.334 million due to savings in *Compensation of employees* mainly due to the moratorium on the filling of non-critical posts.
- R2.967 million due to savings in *Goods and Services (G&S)* mainly as a result of the undertaking of a study relating to the social impact of the Dube Trade Port being undertaken by DTP directly themselves.



3.2.4 Virements

Programme	Main appropriation	Additional appropriation			Total	Adjusted
		Roll-overs	Virement	Other adjustments	additional appropriation	appropriation
P1: Administration	188,748	0	6,000	0	6,000	194,748
P2: Integrated Economic Empowerment Services	481,300	0	(28,952)	0	(28,952)	452,348
P3: Trade and Industry Development	870,776	0	28,048	100,000	128,048	998,824
P4: Business Regulation and Governance	66,023	0	(5,223)	0	(5,223)	60,800
P5: Economic Planning	17,951	0	127	0	127	18,078
TOTAL	1,624,798	0	0	100,000	100,000	1,724,798

Virement – Programme 1: Administration: R6 million

The Department vired funds between programmes and economic categories to offset spending pressures. The net increase of R6 million under Programme 1 is due to savings identified under *Goods and services* in Programme 2 in respect of the Richmond trading centre project because of delays in the procurement processes by the municipality. These savings were vired as follows:

- R2.5 million from Programme 2 due to savings in consultants' fees because of delays in co-operative rehabilitation projects was allocated to *Goods and Services (G&S)* to provide for improving departmental communications to our stakeholders.
- R3.5 million identified in Programme 2, due to savings in consultants' fees because of delays in co-operative rehabilitation projects was allocated to *Machinery and Equipment* to provide for the costs of security improvements to the offices of the Department, after a risk assessment identified areas of high risk which required immediate attention.

Virement – Programme 2: Integrated Economic Development Services: (R28.952 million)

Savings of R58 million were identified in the programme due to R52 million identified in *Consultants fees* within Goods and services and R6 million found in respect of Richmond Trading Centre project was vired to Programme 1 as described above) to Economic Empowerment sub-programme for funding for Ifihlile projects (R30 million) and new projects in Programme 3 such as the Industrial Development Strategy and training in the Amajuba Tannery.

Virement – Programme 3: Trade and Industry Development: R28.048 million

The budget for Programme 3 was increased by R28 million as a result of virements undertaken, details of which are provided below:

- Savings of R22 million, were identified in respect of consultants fees under Goods and services in Programme 2, because a number of co-operative rehabilitation projects, such as the Agricultural and School Nutrition Rehabilitation projects, were not continued due to the non-availability of suitable service providers and, in some instances, projects were cancelled due to poor delivery of service providers. These savings were moved to Goods and services in the sub-programme Sector Development under this programme for new projects such as the Industrial Strategy and Amajuba Tannery projects.
- Savings of R6 million, were identified under Transfers and subsidies to:
- Public corporations and private enterprises in Programme 4, relating to the Liquor Entity (as discussed above), were moved to Transfers and subsidies to: Non-profit institutions under this programme. These savings were reprioritised to cater for the expansion of services of the Moses Kotane Institute. An amount of R2,4 million was moved from *Goods and services* under this programme and allocated to the following:



- R2 million was allocated to *Transfers and subsidies to: Departmental agencies and accounts* for a transfer payment to TKZN in respect of the Tour of SA Cycling event, which included the UCI BMX Championships.
- R400,000 was allocated to *Machinery and equipment* in respect of office furniture for critical posts which were filled in this programme

Other adjustments – Programme 3: Trade and Industry Development: R100 million

A decision was taken to delist the RBIDZ as a subsidiary of Ithala into a stand-alone public entity of the Department. As a result Ithala had to surrender funding which it had retained on the Department's behalf for the purchase of land. This amount was then reallocated to the Department and transferred to the RBIDZ in 2010/11 for the purchase of land.

Virement – Programme 4: Business Regulation and Governance: (R5.223 million)

Savings were identified following the delays in the promulgation of the KZN Liquor Bill which allowed a portion of funding to be reallocated to Moses Kotane Institute in Programme 3 who were expediting their level of activities.

Virement – Programme 5: Economic Planning: (R127,000)

Savings in other programmes used to slightly increase the budget for Capital Assets to cover the cost of essential computer equipment required by the unit.

3.2.5 Services rendered by the Department

The Department renders the following core functions in terms of its mandate:

Creating conducive environment for shared economic growth which is informed by:

- *The Integrated Manufacturing Strategy*
- *National Industrial Policy Framework (IPAP)*
- *National LED Framework*
- *Provincial Spatial economic Development Strategy (PSEDS)*
- *Accelerated Shared Growth Initiative of South Africa (ASGISA)*
- *Growth, Employment and Redistribution (GEAR) Schedule 4 of the Constitution namely TRADE, Industrial Promotion, Urban and Rural Development*
- *KwaZulu-Natal Tourism Authority Amendment Act, No. 2 of 2002*

a. Champion economic transformation which is informed by:

BBBEE Act, PPPFA, KZN BEE Strategy
Schedule 4 of the Constitution namely URBAN AND RURAL DEVELOPMENT

b. Oversee and co-ordinate implementation of economic policies and strategies which is informed by:

PSEDS, IGR Act, IDS
Schedule 4 of the Constitution namely PROVINCIAL PUBLIC ENTITIES

c. Provide leadership in the formulation of economic policy, strategy and related legislation which is informed by:



Liquor Act, Unfair businesses Act, Businesses Act, Small Business Dev. Act, Co-ops Act (Bank), SMME Act

Schedule 4 and 5 of the Constitution namely LIQUOR LICENSES and CONSUMER PROTECTION

In addition the following services are rendered:

- Unlock key anchor investment projects,
- Undertake a process of development planning based on economic statistical review and research,
- Promote informal traders, SMME's and co-operatives,
- Promote internal and external trade,
- Promote rural and local economic development,
- Effectively manage parastatals as instruments of delivery and economic co-ordination.
- Administration of Liquor Licenses for KwaZulu-Natal
- Consumer Protection Services for KwaZulu-Natal
- Promote the province for domestics and international tourism

3.2.6 Tariff policy

The fees charged by the department for Liquor Licenses are prescribed in the Liquor Act 27 of 1989 nationally.

3.2.7 Free Services

Consumer Affairs division of the department continued to protect, promote and further the rights and interests of consumers in the Province of KwaZulu-Natal. The Consumer Affairs division sees its primary responsibility as the spreading of consumer awareness and developing a rights culture in the Province. It achieves this through two specific interventions viz. Consumer Complaints Handling and Consumer Education.

The Black Economic Empowerment division provides recourses to individuals who have complaints relating to the implementation of the various pieces of empowerment legislation.

The Business Development unit provides free business planning support to entrepreneurs.

These services are provided to the general public at no cost.

3.2.8 Capacity constraints

The Department continued to have a number of critical vacancies, this being a result of the cost-cutting measures but also due to the challenge in sourcing certain scarce skills. This placed pressure on certain divisions to deliver and required the appointment of temporary personnel to assist in certain instances.

3.2.9 Utilisation of donor funds

The European Union (EU) funded Gijima KZN Local Economic Development (LED) Support programme concluded its implementation activities in December 2010, although certification of projects and final payments are still in the process of being finalised. As at December 2010, of the 200 LED projects funded, 168 were completed, 22 were terminated and 10 remain to be completed. A total of 4,300 employment opportunities were created and more than R40 million was leveraged through the implementation of the Local Competitiveness Fund Grant Scheme which is a continuation of the LED projects. Projects aimed at building skills and capacity among LED stakeholders also gathered steam in 2010/2011.

**3.2.10 Trading entities and public entities****Ithala Development Finance Corporation Limited**

Ithala is KwaZulu-Natal's sole development finance agency and strives to create sustainable economic growth in this Province. Ithala is listed on Schedule 3D of the Public Finance Management Act and has ring-fenced banking activities which provide banking services to the citizens of the Province. Its mandate is:

1. mobilising financial resources and providing financial and supportive services to persons domiciled, ordinarily resident, or carrying on business within the Province;
2. planning, executing, financing and monitoring the implementation of development projects and programmes in the Province;
3. promoting, assisting and encouraging the development of the Province's human resources and its social, economic, financial and physical infrastructure;
4. promoting, encouraging and facilitating private sector investment in the Province and the participation of the private sector and community organisations in development projects and
5. programmes and in contributing to economic growth and development generally;
6. acting as the government's agent for performing any development-related tasks and responsibilities that the government considers may be more efficiently or effectively performed by a corporate entity.

3.2.11 Organisations to whom transfer payments have been made**ANNEXURE:1B TRANSFERS TO MUNICIPALITIES**

Name	Amount '000
AmajubaMunicipality	R 100
TOTAL	R 100

ANNEXURE:1C TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Name	Amount '000
Trade and Investment KwaZulu-Natal	R 56,507
Natal Sharks Board	R 25,551
Tourism Authority	R 71,444
TOTAL	R 153,502

ANNEXURE: 1E TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name	Amount '000
Ithala Development Finance Corporation Limited – Growth Fund	R 60,000
Ithala Share Capital	R40 000
Ithala Development Finance Corporation Limited – Small Business Development	R 180,000
TOTAL	R 280,000



ANNEXURE: 1G TRANSFERS TO NON-PROFIT INSTITUTIONS

Name	Amount '000
Dube Trade Port	R 526,905
SANLITPPS (Moses Kotane)	R 34,297
KZN Music Studio	R 15,229
Agri-business Development Agency	R 24,051
Richards Bay IDZ	R 156,975
Mothers Union	R 241
Durban Film Festival	R 1,200
TOTAL	R 758,898

ANNEXURE: 1H TRANSFERS TO HOUSEHOLDS

Name	Amount '000
Leave Gratuities	R 137
TOTAL	R 137

TOTAL AMOUNT OF THE TRANSFERS MADE

R 1,192,637

3.2.12 Public private partnerships (PPP)

The department has not entered in to any public private partnerships.

3.2.13 Corporate governance arrangements

All SMS members within the Department participated in the risk identification which was facilitated with the assistance of Provincial Treasury. The Department is waiting to take over the Risk Management function, as per the Provincial Risk Management Framework. There is a common understanding from all Managers on the importance of Risk Management, and most importantly the inclusion of Risk discussions in the compilation of the Department's annual strategic plan, and the monitoring on the implementation of the various plans at executive meetings.

The Department relies on the service of the independent audit committee and internal audit unit, which is shared by all departments in the province in line with the Provincial Cabinet decision. The Department has an Internal Control unit which is responsible for risk management and the implementation and monitoring of the Fraud prevention policy. This unit works with the Internal Audit unit from the Provincial Treasury, as and when the Treasury needs to carry out any audit assignment.

All members of the various Supply Chain Management committees are required for every bid meeting to sign forms on conflict of interest. The Human Resource directorate is responsible for managing the implementation of the code of conduct across the whole department, and from time to time to run information sessions for all departmental staff. The Security and OHS directorate is responsible for safety, health and environmental issues for the whole Department. For the 2010/2011 financial year, there were no serious issues that faced the Department in this area.

3.2.14 Discontinued activities/activities to be discontinued

The Department did not have any discontinued activities for the 2010/2011 financial year.



3.2.15 New/proposed activities

The Department does not have any new/proposed activities for the 2010/2011 financial year save for the establishment of the Film Commission and the Liquor Entity. The Department is also in the process of converting TIKZN and DTP into public entities.

3.2.16 Asset management

The Department complies with all the Asset Management Framework and milestones as managed and monitored by Provincial Treasury. The Department also fully utilises the Hardcat software system for its asset management and reconciles its ledgers on a monthly basis.

3.2.17 Events after the reporting date

Currently there are no events (adjusting and non-adjusting), favourable and unfavourable that occurred after the reporting date and the date of approval of the Annual Financial Statements.

3.2.18 Performance information

The reporting of performance information is as per the National Treasury Framework, where the process begins during the compilation of the Departmental Annual Performance Plan wherein the specific indicators and targets are identified. On a quarterly basis, a report indicating actual achievements against quarterly targets is sent to the Provincial Treasury including explanations for variances. The Department's Monitoring and Evaluation directorate, verifies the information on a quarterly basis.

3.2.19 SCOPA resolutions

There were no SCOPA resolutions for the Department in this financial year.

3.2.20 Prior modifications to audit reports

The Department received a clean audit report for the 2009/2010 financial year. The report did contain matters with regard to on-going investigations as follows:

- Embezzlement of funds at the Bee Foundation
- Fraud and corruption in the KwaZulu-Natal Business Rehabilitation Trust Fund.

3.2.21 Exemptions and deviations received from the National Treasury

No matters to be reported in this financial year

3.2.22 Other

There are no other material facts or circumstances which may have an effect on the understanding of the state of financial affairs for the Department.

3.2.23 Approval

The Annual Financial Statements have been approved by the Accounting Officer.

Carol Lyn Coetzee

Accounting Officer

31 May 2011



3.3 REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON VOTE NO. 4: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

REPORT ON THE FINANCIAL STATEMENTS

Introduction

3.3.1 I have audited the accompanying financial statements of the Department of Economic Development and Tourism, which comprise the appropriation statement, statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 66 - 120.

Accounting officer's responsibility for the financial statements

3.3.2 The accounting officer is responsible for the preparation of the financial statements in accordance with the *Departmental Financial Reporting Framework* prescribed by the National Treasury, and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2010 (Act. No 15 of 2010) (DORA), for such internal control as management determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3.3.3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the PFMA, my responsibility is to express an opinion on the financial statements based on my audit.

3.3.4 I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010* issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

3.3.5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

3.3.6 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

3.3.7 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development and Tourism as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the PFMA and DORA.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Irregular expenditure

3.3.8 As disclosed in note 35 to the financial statements, irregular expenditure of R38.141 million was incurred as a result of non-compliance with supply chain management and Treasury Regulations.



Material under-spending of the Vote

3.3.9 As disclosed in the appropriation statement, the Department has materially under-spent the budget on all programmes to the amount of R100.487 million.

Additional matters

3.3.10 I draw attention to the following matters below. My opinion is not modified in respect of these matters:

Financial reporting framework

3.3.11 The financial reporting framework prescribed by the National Treasury and applied by the Department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the Department.

Unaudited supplementary schedules

3.3.12 The supplementary information set out on pages 121 to 130 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

3.3.13 In accordance with the PAA and in terms of *General Notice No.1111 of 2010*, issued in *Government Gazette No.33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 12 to 48 and material non-compliance with laws and regulations applicable to the Department.

Predetermined objectives

Included below is the finding raised during the audit of the annual performance report:

Reliability of information

3.3.14 The following criteria are relevant to the findings below:

- a) Validity: Actual reported performance has occurred and pertains to the Department

3.3.15 The following audit finding relates to the above criteria:

- a) Validity: Sufficient appropriate evidence in relation to the selected programmes and objectives for integrated economic development services and trade and industry development was not provided. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

Compliance with laws and regulations

Included below are the findings raised during the audit related to compliance with laws and regulations:

Procurement and contract management

3.3.16 Goods and Services with a transaction value of over R500,000 were not procured by means of a competitive bidding process as per the requirements of Treasury Regulation 16A6.1, 16A6.4 and National Treasury Practice Note 6 and 8 of 2007/2008.

3.3.17 Awards were made to bidders who did not submit an SBD 4 form declaring whether the bidder or any person connected with the bidder is employed by the state or whether the bidder has a relationship with persons involved in the evaluation and/or adjudication of the bids as per the requirements of National Treasury Practice Note 7 of 2009/2010.



Expenditure management

- 3.3.18** The accounting officer did not take effective and appropriate steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.
- 3.3.19** Expenditure was incurred without approval of a delegated official as per the requirements of section 44 of the PFMA and TR 8.2.1.
- 3.3.20** The accounting officer did not take effective and appropriate steps to prevent fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.

Annual financial statements

- 3.3.21** The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with *Departmental Financial Reporting Framework* prescribed by the National Treasury and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Certain misstatements identified by the AGSA with regard to prepayments, lease commitments, financial assets, immovable assets, accruals, leave commitments, contingent liabilities and commitments were subsequently corrected.

INTERNAL CONTROL

- 3.3.22** In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- 3.3.23** The accounting officer did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with the PFMA, procurement procedures and related internal controls.

Financial and performance management

- 3.3.24** Management did not implement proper record keeping to ensure that complete and accurate information is available to support financial and performance information. In addition, management did not reconcile transactions and prepare accurate and complete financial and performance reports that are supported by reliable information.

OTHER REPORTS

Investigations completed

- 3.3.25** An investigation into funding received by an entity that was not used for its intended purpose was completed during the year.

Investigations in progress

- 3.3.26** Investigations are also currently being conducted on the irregular establishment of a poultry co-operative where the proceeds of sales were used fraudulently and irregularities in the procurement of assets at another consortium.

Auditor-General

Pietermaritzburg
29 July 2011





3.4 Appropriation Statement

APPROPRIATION STATEMENT	Appropriation per programme									
	2010/11					2009/10				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. ADMINISTRATION										
Current payment	187,561	-	(763)	186,798	168,214	18,584	90.1%	144,420	136,249	
Transfers and subsidies	-	-	-	-	339	(339)	-	168	168	
Payment for capital assets	7,187	-	-	7,187	12,349	(5,162)	171.8%	10,683	9,858	
Payment for financial assets	-	-	763	763	763	-	100%	-	-	
2. INTEGRATED ECONOMIC										
Current payment	172,800	-	(1,851)	170,949	140,021	30,928	81.9%	157,790	130,992	
Transfers and subsidies	280,000	-	-	280,000	280,030	(30)	100.0%	100,059	100,059	
Payment for capital assets	500	-	-	500	113	387	22.6%	225	254	
Payment for financial assets	-	-	899	899	198	701	22.0%	-	-	
3 TRADE and INDUSTRY										
Current payment	78,484	-	-	78,484	72,945	5,539	92.9%	169,839	144,735	
Transfers and subsidies	919,892	-	-	919,892	912,238	7,654	99.2%	1,873,463	1,871,212	
Payment for capital assets	400	-	48	448	448	-	100.0%	674	361	
4. BUSINESS REGULATION										
Current payment	29,074	-	952	30,026	24,641	5,385	82.1%	23,712	20,908	
Transfers and subsidies	30,439	-	-	30,439	-	30,439	-	-	52	
Payment for capital assets	510	-	(175)	335	235	100	70.1%	466	170	
5. ECONOMIC PLANNING										
Current payment	17,951	-	(29)	17,922	11,621	6,301	64.8%	10,732	10,159	
Transfers and subsidies	-	-	29	29	29	-	100.0%	6	6	
Payment for capital assets	-	-	127	127	127	-	100.0%	134	134	
TOTAL	1,724,798	-	-	1,724,798	1,624,311	100,487	94.2%	2,492,401	2,425,317	
	1,724,798	-	-	1,724,798	1,624,311	100,487	94.2%	2,492,401	2,425,317	



	2010/11		2009/10	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	105,494		5,556	
Direct Exchequer receipts	976		-	
Aid assistance	-		-	
	1,831,268		2,497,957	
Actual amounts per statement of financial performance (total revenue)				
ADD				
Aid assistance				
Direct Exchequer payments				
Prior year unauthorised expenditure approved without funding				
		1,624,311		2,425,317
Actual amounts per statement of financial performance (total expenditure)				



Appropriation per economic classification									
	2010/11					2009/10			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	139,982	-	(1,081)	138,901	118,136	20,765	85.1%	100,594	100,183
Goods and services	345,600	-	-	345,600	299,305	46,295	86.6%	405,899	342,860
Transfers and subsidies									
Provinces and municipalities	100	-	-	100	100	-	100.0%	-	-
Departmental agencies and accounts	153,632	-	-	153,632	153,503	129	99.9%	158,766	158,355
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	310,439	-	-	310,439	280,000	30,439	90.2%	203,750	203,750
Non-profit institutions	766,260	-	-	766,260	758,898	7,361	99.0%	1,611,006	1,609,166
Households	135	-	137	272	137	135	50.4%	174	174
Gifts and donations	-	-	-	-	(2)	-	-	-	-
Payments for capital assets									
Buildings and other fixed structures	-	-	319	319	741	(422)	232.3%	3,261	3,261
Machinery and equipment	8,270	-	(2,066)	6,204	5,979	224	96.4%	7,954	6,815
Heritage assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	450	450
Software and other intangible assets	380	-	-	-	-	-	-	547	303
Payments for financial assets									
	-	-	944	944	763	181	80.8%	-	-
Total	1,724,798	-	-	1,724,798	1,624,311	100,487	94,2%	2,492,401	2,425,317



Program 1 Per Economic classification	Statutory Appropriation per economic classification						2009/10		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	53,829	-	(763)	53,066	49,415	3,651	93.1%	40,302	40,302
Goods and services	133,444	-	-	133,444	118,799	14,645	89.0%	104,118	95,947
Transfers and subsidies									
Provinces and municipalities	100	-	-	100	100	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	241	(241)	-	-	-
Households	135	-	-	135	-	135	-	168	168
Gifts and donations	-	-	-	-	(2)	2	-	-	-
Payments for capital assets									
Buildings and other fixed structures	-	-	319	319	319	-	100.0%	3,261	3,261
Machinery and equipment	6,930	-	(2,045)	4,885	4,885	-	100.0%	6,747	5,922
Land and subsoil assets	-	-	-	-	-	-	-	450	450
Software and other intangible assets	310	-	1,726	2,036	6,723	(4,687)	330.2%	225	225
Payments for financial assets									
	-	-	763	763	763	-	100.0%	-	-
Total	194,748	-	-	194,748	181,665	13,083	93.3%	155,271	146,275



Administration	2010/11					2009/10			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 OFFICE OF THE MEC									
Current payment	19,212	-	3,937	23,149	23,150	(1)	100.0%	18,229	15,428
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	2,341	-	(2,098)	243	243	-	100.0%	365	365
Payment for financial assets	-	-	-	-	-	-	-	-	-
1.2 OFFICE OF THE HOD									
Current payment	47,044	-	(735)	46,309	43,272	3,037	93.4%	41,164	37,666
Transfers and subsidies	-	-	-	-	339	(339)	-	-	-
Payment for capital assets	-	-	66	66	67	(1)	101.5%	75	75
Payment for financial assets	-	-	735	735	735	-	100.0%	-	-
1.3 FINANCIAL MANAGEMENT									
Current payment	21,582	-	(28)	21,554	16,710	4,844	77.5%	18,050	16,178
Transfers and subsidies	-	-	-	-	64	-	-	168	168
Payment for capital assets	1,346	-	(1,282)	64	64	-	100.0%	4,205	4,205
Payment for financial assets	-	-	28	28	28	-	100.0%	-	-
1.4 CORPORATE SERVICES									
Current payment	99,723	-	(3,937)	95,786	85,082	10,704	88.8%	66,977	66,977
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	3,500	-	3,314	6,814	11,975	(5,161)	175.7%	6,038	5,213
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	194,748	-	-	194,748	181,665	13,083	93.3%	155,271	146,275



2.Integrated Economic Development Service	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	41,866	-	(211)	41,655	35,697	5,958	85.7%	32,195	32,127
Goods and services	130,934	-	(952)	129,982	104,324	25,658	80.3%	125,595	98,865
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	280,000	-	-	280,000	280,000	-	100.0%	100,000	100,000
Non-profit institutions	-	-	-	-	-	-	100.0%	59	59
Households	-	-	30	30	30	-	-	-	-
Payments for capital assets									
Machinery and equipment	480	-	-	480	130	350	27.1%	207	206
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	20	-	-	20	-	20	-	48	48
Payments for financial assets									
	-	-	181	181	-	181	-	-	-
Total	453,300	-	(952)	452,348	420,362	31,986	92.9%	258,104	231,305



2. Integrated Economic Development Service	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
2.1 ENTERPRISE DEVELOPMENT									
Current payment	57,475	-	(885)	56,590	44,974	11,616	79.5%	50,300	46,529
Transfers and subsidies	280,000	-	(93)	280,000	280,030	(30)	100.0%	100,059	100,059
Payment for capital assets	209	-	885	116	-	116	-	172	171
Payment for financial assets	-	-	-	885	198	687	22.4%	-	-
2.2 LOCAL ECONOMIC DEVELOPMENT									
Current payment	60,331	-	(966)	59,365	42,661	16,704	71.9%	49,431	37,944
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	271	-	-	271	-	271	-	17	17
Payment for financial assets	-	-	14	14	-	14	-	-	-
2.3 ECONOMIC EMPOWERMENT									
Current payment	54,994	-	-	54,994	52,386	2,608	95.3%	58,059	46,519
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	20	-	93	113	113	-	100.0%	66	66
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	453,300		(952)	452,348	420,362	31,986	92.9%	258,104	231,305



3.Trade and Industrial Development	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	17,568	-	(78)	17,490	11,555	5,935	66.1%	10,448	10,332
Goods and services	60,916	-	-	60,916	61,390	(474)	100.8%	159,391	134,403
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	153,632	-	-	153,632	153,503	129	99.9%	158,766	158,355
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	103,750	103,750
Non-profit institutions	766,260	-	-	766,260	758,658	7,602	99.0%	1,610,947	1,609,107
Households	-	-	78	78	78	-	100.0%	-	-
Gifts and donations	-	-	-	-	-	-	-	-	-
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	400	-	48	448	448	-	100.0%	674	361
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets									
Total	998,776	-	48	998,824	985,631	13,193	98.7%	2,043,976	2,016,308



3.Trade and Industry Development	2010/11				2009/10				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
3.1 TRADE AND INVESTMENT PROMOTIONS									
Current payment	10,992	-	-	10,992	8,014	2,978	72.9%	12,696	8,199
Transfers and subsidies	583,542	-	-	583,542	583,491	51	100.0%	1,653,270	1,653,270
Payment for capital assets	-	-	6	6	6	-	100.0%	14	14
3.2 INDUSTRIAL DEVELOPMENT									
Current payment	-	-	-	-	-	-	-	4	4
Transfers and subsidies	156,975	-	-	156,975	156,975	-	100.0%	103,785	103,750
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
3.3 TOURISM DEVELOPMENT									
Current payment	23,363	-	-	23,363	21,518	1,845	92.1%	17,970	13,804
Transfers and subsidies	96,995	-	-	96,995	96,995	-	100.0%	104,350	103,939
Payment for capital assets	200	-	191	391	391	-	100.0%	516	266
Payment for financial assets	-	-	-	-	-	-	-	-	-
3.4 SECTOR DEVELOPMENT									
Current payment	44,129	-	-	44,129	43,413	716	98.4%	139,169	122,728
Transfers and subsidies	82,380	-	-	82,380	74,777	7,603	90.8%	12,058	10,253
Payment for capital assets	200	-	(149)	51	51	-	100.0%	144	81
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	998,776	-	48	998,824	985,631	13,193	98.7%	2,043,976	2,016,308



Statutory Appropriation per economic classification										
4. Business Regulation and Governance	2010/11					2009/10				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments										
Compensation of employees	16,174	-	-	16,174	14,287	1,887	88.3%	11,894	11,894	11,894
Goods and services	12,900	-	952	13,852	10,353	3,499	74.7%	11,818	11,818	9,014
Transfers and subsidies										
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-
Universities and technicians	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	30,439	-	-	30,439	-	30,439	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
Payments for capital assets										
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	460	-	(175)	285	230	55	80.7%	222	222	222
Heritage assets	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	50	-	-	50	6	44	12.0%	244	244	-
Payments for financial assets										
	-	-	-	-	-	-	-	-	-	-
Total	60,023	-	777	60,800	24,876	35,924	40.9%	24,178	24,178	21,130



4 Business Regulation and Regulations	2010/11			2009/10					
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
4.1 CONSUMER PROTECTION									
Current payment Transfers and subsidies	13,777	-	295	14,072	14,096	(24)	100.2%	13,899	12,469
Payment for capital assets	190	-	-	190	182	8	95.8%	170	170
Payment for financial assets	-	-	-	-	-	-	-	-	-
4.2 LIQUOR REGULATIONS									
Current payment Transfers and subsidies	10,504 30,439	-	2,334	12,838 30,439	9,338	3,500 30,439	72.7%	9,813	8,439
Payment for capital assets	320	-	(175)	145	53	92	36.6%	296	52
Payment for financial assets	-	-	-	-	-	-	-	-	-
4.3 BUSINESS REGULATIONS									
Current payment Transfers and subsidies	4,793	-	(1,677)	3,116	1,207	1,909	38.7%	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	60,023	-	777	60,800	24,876	35,924	40.9%	24,718	21,130



5. Economic Planning	2010/11				2009/10				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	10,545	-	(29)	10,516	7,182	3,334	68.3%	5,755	5,528
Goods and services	7,406	-	-	7,406	4,439	2,967	59.9%	4,977	4,631
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	29	29	29	-	100.0%	6	6
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	106	106	106	-	100.0%	104	104
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	21	21	21	-	100.0%	30	30
Payments for financial assets									
	-	-	-	-	-	-	-	-	-
Total	17,951	-	127	18,078	11,777	6,301	65.1%	10,872	10,299



5. Economic Planning	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
5.1 POLICY and PLANNING									
Current payment	3,749	-	-	3,749	2,065	1,684	55.1%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	56	56	56	-	100.0%	-	-
5.2. RESEARCH and DEVELOPMENT									
Current payment	4,889	-	-	4,889	2,795	2,094	57.2%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	14	14	14	-	100.0%	-	-
5.3 KNOWLEDGE MANAGEMENT									
Current payment	1,595	-	-	1,595	1,062	533	66.9%	4,710	4,350
Transfers and subsidies	-	-	-	-	-	-	-	6	6
Payment for capital assets	-	-	21	21	21	-	100.0%	-	-
5.4 MONITORING and EVALUATION									
Current payment	7,718	-	(29)	7,689	5,698	1,991	74.1%	6,022	5,805
Transfers and subsidies	-	-	29	29	29	-	100.0%	-	-
Payment for capital assets	-	-	36	36	36	-	100.0%	134	134
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Total	17,951	-	127	18,078	11,777	6,301	65.1%	10,872	10,299



3.5 Notes to the Appropriation Statement

3.5.1 Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

3.5.2 Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3.5.3 Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

3.5.4 Explanations of material variances from Amounts Voted (after Virement):

Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
P1 Administration	194,748	181,665	13,083	93%
P2 Integrated Economic De.	453,300	420,362	31,986	93%
P3 Trade and Sector Dev.	998,824	985,631	13,193	99%
P4 Business Regulation	60,800	24,876	35,924	41%
P5 Economic Planning	18,078	11,777	6,301	65%

Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	138,901	118,136	20,765	85%
Goods and services	345,600	299,305	46,295	87%
Transfers and subsidies				
Provinces and municipalities	100	100	-	100%
Departmental agencies and accounts	153,632	153,503	129	100%
Public corporations and private enterprises	310,439	280,000	30,439	90%
Non-profit institutions	766,260	758,899	7,361	99%
Households	272	137	135	50%
Gifts and donations				
Payments for capital assets				
Buildings and other fixed structures	319	741	(422)	232%
Machinery and equipment	6,204	5,979	225	96%
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Software and other intangible assets	2,127	6,750	(4,623)	317%
Payments for financial assets	944	763	(763)	81%



3.6 Statement of Financial Performance

	Note	2010/11 R'000	2009/10 R'000
REVENUE			
Annual appropriation	<u>1</u>	1,724,798	2,492,401
Departmental revenue	<u>2</u>	105,496	5,556
Direct Exchequer Receipts	<u>3</u>	976	-
TOTAL REVENUE		1,831,268	2,497,957
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	118,136	100,184
Goods and services	<u>5</u>	299,305	342,858
Unauthorised expenditure approved without funding	<u>9</u>	-	-
Total current expenditure		417,441	443,042
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	1,192,637	1,971,446
Unauthorised expenditure approved without funding		-	-
Total transfers and subsidies		1,192,637	1,971,446
Expenditure for capital assets			
Tangible capital assets	<u>8</u>	6,720	10,526
Software and other intangible assets	<u>8</u>	6,750	303
Unauthorised expenditure approved without funding		-	-
Total expenditure for capital assets		13,470	10,829
Payments for financial assets			
Direct Exchequer Payments	<u>6</u>	763	-
		-	-
TOTAL EXPENDITURE		1,624,311	2,425,317
SURPLUS/(DEFICIT) FOR THE YEAR		206,957	72,640
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		100,487	67,084
Annual appropriation		100,487	67,084
Conditional grants		-	-
Unconditional grants		-	-
Departmental revenue and NRF Receipts	<u>15</u>	105,494	5,556
Direct Exchequer receipts/payments	<u>16</u>	976	-
Aid assistance		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		206,957	72,640


3.7 Statement of Financial Position

	<i>Note</i>	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets		9,611	68,108
Unauthorised expenditure		-	-
Fruitless and wasteful expenditure		-	-
Cash and cash equivalents	<u>10</u>	5	66,129
Prepayments and advances	<u>11</u>	8,176	36
Receivables	<u>12</u>	1,430	1,943
Loans		-	-
Non-current assets		1,008,607	1,008,607
Investments	<u>13</u>	1,008,607	1,008,607
Loans		-	-
Other financial assets		-	-
TOTAL ASSETS		1,018,218	1,076,715
LIABILITIES			
Current liabilities		9,578	68,076
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	(139,513)	67,084
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	786	923
Bank overdraft	<u>17</u>	148,264	-
Payables	<u>18</u>	41	69
Non-current liabilities			
Payables		-	-
TOTAL LIABILITIES		9,578	68,076
NET ASSETS		1,008,640	1,008,639
	<i>Note</i>	2010/11 R'000	2009/10 R'000
Represented by:			
Capitalisation reserve		1,008,607	1,008,607
Recoverable revenue		33	32
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		1,008,640	1,008,639



3.8 Statement of changes in Net Assets

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Capitalisation Reserves			
Opening balance		1,008,607	1,008,607
Transfers:			
Movement in Equity			-
Movement in Operational Funds			-
Other movements			-
Closing balance		1,008,607	1,008,607
Recoverable revenue			
Opening balance		32	66
Transfers:		1	(34)
Irrecoverable amounts written off	<u>6.2</u>	28	-
Debts revised			-
Debts recovered (included in departmental receipts)		229	73
Debts raised		-256	-107
Closing balance		33	32
Retained funds			
Opening balance			-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)			-
Utilised during the year			-
Other			-
Closing balance			-
Revaluation Reserve			
Opening balance			-
Revaluation adjustment (Housing departments)			-
Transfers			-
Other			-
Closing balance			-
TOTAL		1,008,640	1,008,639



3.9 Cash Flow Statement

	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,590,918	2,497,957
Annual appropriated funds received	<u>1.1</u>	1,484,798	2,492,401
Statutory appropriated funds received		-	-
Departmental revenue received	<u>2</u>	105,144	5,556
Direct Exchequer Receipts	<u>3</u>	976	-
NRF Receipts		-	-
Aid assistance received		-	-
Net (increase)/decrease in working capital		(7,655)	2,365
Surrendered to Revenue Fund		(173,691)	(6,710)
Surrendered to RDP Fund/Donor		-	-
Current payments		(417,441)	(443,042)
Payments for financial assets		(763)	-
Transfers and subsidies paid		(1,192,637)	(1,971,446)
Net cash flow available from operating activities	<u>19</u>	(201,269)	79,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(13,470)	(10,829)
Proceeds from sale of capital assets	<u>2.2</u>	350	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities		(13,120)	(10,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		1	(34)
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		1	(34)
Net increase/(decrease) in cash and cash equivalents		(214,388)	68,261
Cash and cash equivalents at beginning of period		66,129	(2,132)
Cash and cash equivalents at end of period	<u>20</u>	(148,259)	66,129



3.10 Statement of Accounting Policies and Related Matters

The Provincial Audit and Risk Committee were provided a report by the Internal Audit Function that reflects the results of the review of the annual financial statements. The Provincial Audit and Risk Committee concurs and accepts the Internal Audit report on the above, as well as the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

3.10.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

3.10.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

3.10.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

3.10.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

3.10.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.





3.10.6 Revenue

Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

Aid assistance

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.



3.10.7 Expenditure

Compensation of employees

Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**Unauthorised expenditure**

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.10.8 Assets**Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

Other financial assets

Other financial assets are carried in the statement of financial position at cost.

Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.



Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

3.10.9 Capital assets

Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance are expensed as current “goods and services” in the statement of financial performance.

Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the Department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

3.10.10 Liabilities

Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

**Commitments**

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

Lease commitments*Finance lease*

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

Impairment and other provisions

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.10.11 Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

3.10.12 Net Assets**Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.



Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.





3.11 Notes to the Annual Financial Statements (including Accounting Policies)

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2010/11	2009/10
	Final Appropriation R'000	Actual Funds Received R'000
		Funds not requested/ not received R'000
		Appropriation received R'000
Administration	194,748	167,649
Integrated Econ.	452,348	390,225
Trade and Sector D	998,824	859,800
Business Reg.	60,800	51,671
Economic Plan.	18,078	15,453
Total	1,724,798	1,484,798
		240,000
		2,492,401

2 Departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Tax revenue		5,023	4,831
Sales of goods and services other than capital assets	<u>2.1</u>	113	111
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets	<u>2.2</u>	350	-
Transactions in financial assets and liabilities	<u>2.3</u>	100,008	614
Transfer received		-	-
Total revenue collected		105,494	5,556
Less: Own revenue included in appropriation			
Departmental revenue collected		105,494	5,556

2.1 Sales of goods and services other than capital assets

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the department		113	111
Sales by market establishment		113	111
Administrative fees		-	-
Sales of scrap, waste and other used current goods		-	-
Total		113	111



2.2 Sale of capital assets

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Tangible assets			
Buildings and other fixed structures		-	-
Machinery and equipment	<u>29</u>	350	-
Specialised military assets		-	-
Land and subsoil assets		-	-
Investment property		-	-
Biological assets		-	-
Software and other intangible assets			
Capitalised development costs		-	-
Computer software		-	-
Mastheads and publishing titles		-	-
Patents, licences, copyright, brand names, trademarks		-	-
Recipes, formulae, prototypes, designs, models		-	-
Services and operating rights		-	-
Other intangibles		-	-
Total		350	-

2.3 Transactions in financial assets and liabilities

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Loans and advances		-	-
Repayment of Public Contributions		-	-
Receivables		7	51
Proceeds from investment		-	-
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		100,001	563
Total		100,008	614



3 Direct Exchequer Receipts

	Note	2010/11 R'000	2009/10 R'000
Transfers received		-	-
Fines, penalties and forfeits		-	-
Interest and dividends		976	-
Restructuring of State assets		-	-
Debt portfolio receipts		-	-
Other		-	-
Total		976	-

4 Compensation of employees

4.1 Salaries and Wages

	Note	2010/11 R'000	2009/10 R'000
Basic salary		77,771	67,955
Performance award		50	395
Service Based		214	242
Compensative/circumstantial		2,814	1,184
Other non-pensionable allowances		24,227	18,702
Total		105,076	88,478

4.2 Social contributions

	Note	2010/11 R'000	2009/10 R'000
Employer contributions			
Pension		9,589	8,706
Medical		3,455	2,991
UIF		-	-
Bargaining council		16	9
Official unions and associations		-	-
Insurance		-	-
Total		13,060	11,706
Total compensation of employees		118,138	100,184
Average number of employees		394	327



5 Goods and services

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		601	711
Advertising		13,237	20,371
Assets less than R5,000	<u>5.1</u>	791	1,853
Bursaries (employees)		321	885
Catering		1,020	3,199
Communication		7,910	7,238
Computer services	<u>5.2</u>	9,385	8,228
Consultants, contractors and agency/outsourced services	<u>5.3</u>	201,292	227,478
Entertainment		-	17
Audit cost – external	<u>5.4</u>	1,743	2,580
Fleet services		605	264
Inventory	<u>5.5</u>	2,606	4,799
Housing		-	-
Operating leases		22,358	20,187
Owned and leasehold property expenditure	<u>5.6</u>	7,645	5,763
Transport provided as part of the departmental activities		44	324
Travel and subsistence	<u>5.7</u>	20,294	21,832
Venues and facilities		4,706	9,850
Training and staff development		866	1,457
Other operating expenditure	<u>5.8</u>	3,881	5,822
Total		299,305	342,858

5.1 Assets less than R5,000

	Note	2010/11 R'000	2009/10 R'000
Tangible assets		787	958
Buildings and other fixed structures		-	-
Biological assets		-	-
Machinery and equipment		787	958
Specialised military assets		-	-
Intangible assets		4	895
		-	-
Total		791	1,853



5.2 Computer services

	Note	2010/11 R'000	2009/10 R'000
SITA computer services		7,476	6,572
External computer service providers		1,909	1,656
Total		9,385	8,228

5.3 Consultants, contractors and agency/outsourced services

	Note	2010/11 R'000	2009/10 R'000
Business and advisory services		194,661	221,138
Infrastructure and planning		-	-
Laboratory services		-	-
Legal costs		218	613
Contractors		6,411	5,335
Agency and support/outsourced services		2	392
Total		201,292	227,478

5.4 Audit cost – External

	Note	2010/11 R'000	2009/10 R'000
Regularity audits		-	-
Performance audits		1,743	2,580
Investigations		-	-
Environmental audits		-	-
Other audits		-	-
Total		1,743	2,580





5.5 Inventory

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Medsas inventory interface		-	-
Learning and teaching support material		3	17
Food and food supplies		66	98
Fuel, oil and gas		-	-
Other consumable materials		31	32
Maintenance material		150	85
Stationery and printing		2,349	4,489
Medical supplies		7	78
Medicine		-	-
Military stores		-	-
Total		2,606	4,799

5.6 Property payments

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Municipal services		1,742	-
Property management fees		-	-
Property maintenance and repairs		-	-
Other		5,903	5,763
Total		7,645	5,763

5.7 Travel and subsistence

	<i>Note</i>	2010/11	2009/10
Local		15,073	17,518
Foreign		5,221	4,314
Total		20,294	21,832

5.8 Other operating expenditure

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Learnerships		1,415	-
Professional bodies, membership and subscription fees		643	810
Resettlement costs		(74)	1,553
Other		1,897	3,459
Total		3,881	5,822



6 Payments for financial assets

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Material losses through criminal conduct		-	-
Theft		-	-
Other material losses		-	-
Other material losses written off		-	-
Debts written off	<u>6.1</u>	763	-
Forex losses		-	-
Total		763	-

6.1 Debts written off

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Nature of debts written off			
Transfer to debts written off		763	-
(Group major categories, but list material items)		-	-
Total		763	-

6.2 Receivables for department revenue written off

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Recoverable revenue written off			
Nature of losses			
Debt write off		28	-
Total		28	-

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Receivables for department revenue written off			
Nature of losses			
(Group major categories, but list material items)		735	-
Public works interdepartmental written off		-	-
Total		735	-



7 Transfers and subsidies

		2010/11 R'000	2009/10 R'000
	<i>Note</i>		
Provinces and municipalities	<i>Annex 1B</i>	100	-
Departmental agencies and accounts	<i>Annex 1C</i>	153,503	158,356
Universities and technikons		-	-
Public corporations and private enterprises	<i>Annex 1E</i>	280,000	203,750
Non-profit institutions	<i>Annex 1G</i>	758,898	1,609,166
Households	<i>Annex 1H</i>	136	174
Gifts, donations and sponsorships made		-	-
Total		1,192,637	1,971,446
Unspent funds transferred to the above beneficiaries			

8 Expenditure for capital assets

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Tangible assets		6,720	10,526
Buildings and other fixed structures	<u>31</u>	741	3,261
Heritage assets		-	-
Machinery and equipment	<u>29</u>	5,979	6,815
Specialised military assets		-	-
Land and subsoil assets		-	-
Investment property		-	-
Biological assets		-	-
Software and other intangible assets		6,750	303
Capitalised development costs		-	-
Computer software		-	303
Services and operating rights		-	-
Other intangibles	<u>30</u>	6,750	-
Total		13,470	10,829



8.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	6,720		6,720
Buildings and other fixed structures	741	-	741
Heritage assets	-	-	-
Machinery and equipment	5,979	-	5,979
Specialised military assets	-	-	-
Land and subsoil assets	-	-	-
Investment property	-	-	-
Biological assets	-	-	-
Software and other intangible assets	6,750		6,750
Capitalised development costs	-	-	-
Computer software	6,750	-	6,750
Services and operating rights	-	-	-
Other intangibles	-	-	-
Total	13,470	-	13,470

8.2 Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	10,526		10,526
Buildings and other fixed structures	3,261	-	3,261
Heritage assets	-	-	-
Machinery and equipment	6,815	-	6,815
Specialised military assets	-	-	-
Land and subsoil assets	450	-	450
Investment property	-	-	-
Biological assets	-	-	-
Software and other intangible assets	303		303
Capitalised development costs	-	-	-
Computer software	-	-	-
Services and operating rights	-	-	-
Other intangibles	-	-	-
Total	10,829	-	10,829



9 Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	220
Unauthorised expenditure – discovered in current year		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery		-	(220)
Unauthorised expenditure awaiting authorisation / written off		-	-

Analysis of awaiting authorisation per economic classification

Capital	-	-
Current	-	-
Transfers and subsidies	-	-
Total		

10 Cash and cash equivalents

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account		-	66,124
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		5	66,129

11 Prepayments and advances

	Note	2010/11 R'000	2009/10 R'000
Staff advances		-	-
Travel and subsistence		36	36
Prepayments		-	-
Advances paid to other entities		8,140	-
SOCPEN advances		-	-
Total		8,176	36



12 Receivables

	Note	2010/11			2009/10
		R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total
Claims recoverable	<i>Annex 4</i>	-	-	-	735
Trade receivables		-	-	-	-
Recoverable expenditure	<u>12.2</u>	26	227	-	288
Staff debt	<u>12.3</u>	347	531	208	897
Other debtors	<u>12.4</u>	67	-	24	23
Total		440	758	232	1,943

12.1 Claims recoverable

	Note	2010/11	2009/10
	13	R'000	R'000
Provincial departments		-	735
Local governments		-	-
Total		-	735

12.2 Recoverable expenditure (disallowance accounts)

	Note	2010/11	2009/10
	13	R'000	R'000
Sal: Reversal Control: CA		5	53
Sal: Tax Debt : CA		28	7
Sal: Deduction Disall acc:CA		-	8
Disallowance payment fraud :CA		220	220
Disall: Damages and Losses Recover CA		323	516
Disall Damages and Losses CA		(323)	(516)
Total		253	288



12.3 Staff debt

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Miscellaneous		1	46
Bursary		(5)	7
Private telephone and Cell phone		523	633
Subsistence and travel		6	4
Salary and Allowance Overpayments		49	10
EX Employee		508	185
Tax Debt		4	12
Total		1,086	897

12.4 Other debtors

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Suppliers		91	23
Total		91	23

13 Investments

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Non-Current			
Shares and other equity			
Ithala Development Finance Co-operation		1,008,582	1008,582
African Bank		25	25
Total		1,008,607	1,008,607
Securities other than shares			
(List investments at cost)			
Total			
Total non-current		1,008,607	1,008,607



	2010/11	2009/10
	R'000	R'000
Analysis of non-current investments		
Opening balance	1,008,607	1,008,607
Additions in cash		-
Disposals for cash		-
Non-cash movements		-
Closing balance	1,008,607	1,008,607

14 Voted funds to be surrendered to the Revenue Fund

	Note	2010/11	2009/10
		R'000	R'000
Opening balance		67,084	1,339
Transfer from statement of financial performance		100,487	67,084
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received	1.1	(240,000)	-
Paid during the year		(67,084)	1,339
Closing balance		(139,513)	67,084

15 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2010/11	2009/10
		R'000	R'000
Opening balance		923	738
Transfer from Statement of Financial Performance		105,494	5,556
Own revenue included in appropriation		-	-
Transfer from aid assistance		-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)		-	-
Paid during the year		(105,631)	(5,371)
Closing balance		786	923

16 Direct Exchequer receipts to be surrendered to the Revenue Fund

	Note	2010/11	2009/10
		R'000	R'000
Opening balance			
Transfer from Statement of Financial Performance		976	-
Paid during the year		(976)	-
Closing balance		-	-



17 Bank Overdraft

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Consolidated Paymaster General Account		148,264	-
Fund requisition account		-	-
Overdraft with commercial banks (Local)		-	-
Overdraft with commercial banks (Foreign)		-	-
Total		148,264	-

18 Payables – current

	<i>Note</i>	2010/11	2009/10
		Total	Total
Amounts owing to other entities		-	-
Advances received		-	-
Clearing accounts	<u>18.1</u>	41	69
Other payables		-	-
Total		41	69

18.1 Clearing accounts

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Sal: Income Tax		25	57
Sal: Medical Aid		15	11
Sal: Pension Fund		1	1
Total		41	69





19 Net cash flow available from operating activities

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		206,957	72,640
Add back non cash/cash movements not deemed operating activities		(408,226)	6,484
(Increase)/decrease in receivables – current		513	2,117
(Increase)/decrease in prepayments and advances		(8,140)	(33)
(Increase)/decrease in other current assets		-	220
Increase/(decrease) in payables – current		(28)	61
Proceeds from sale of capital assets		(350)	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		13,470	10,829
Surrenders to Revenue Fund		(173,691)	(6,710)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		(240,000)	-
Own revenue included in appropriation		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		(201,269)	79,124

20 Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Consolidated Paymaster General account		(148,264)	66,124
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		(148,259)	66,124



Disclosure Notes to the Annual Financial Statements

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements

21 Contingent liabilities and contingent assets

Contingent liabilities

		Note	2010/11 R'000	2009/10 R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3A		-
Housing loan guarantees	Employees	Annex 3A	33	68
Other guarantees		Annex 3A	5,562	16,687
Claims against the department		Annex 3B	5,959	5,959
Other departments (interdepartmental unconfirmed balances)		Annex 5	2,113	3,241
Total			13,667	25,955

22 Commitments

	Note	2010/11 R'000	2009/10 R'000
Current expenditure			
Approved and contracted		81,521	199,167
Approved but not yet contracted		21,313	23,900
		102,834	223,068
Capital expenditure			
Approved and contracted		666	106
Approved but not yet contracted		90	-
		756	106
Total Commitments		103,590	223,174



23 Accruals

	2010/11			2009/10
	R'000			R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	9,939	5,165	15,104	2,142
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Capital asset	-	-	-	58
Other	-	-	-	-
Total	9,939	5,165	15,104	2,200

	Note	2010/11	2009/10
		R'000	R'000
Listed by programme level			
Administration		8,904	1,594
Integrated Econ		5,298	35
Trade and Industry		475	307
Business Reg.		410	264
Economic Plan		17	-
Total		15,104	2,200

	Note	2010/11	2009/10
		R'000	R'000
Confirmed balances with other departments	Annex 5	853	2,172
Confirmed balances with other government entities	Annex 5	-	-
Total		853	2,172

24 Employee benefits

	Note	2010/11	2009/10
		R'000	R'000
Leave entitlement		4,868	4,039
Service bonus (Thirteenth cheque)		2,892	2,698
Performance awards		-	395
Capped leave commitments		6,128	5,689
Total		13,888	12,821



25 Lease commitments

25.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
Not later than 1 year	-	-	20,188	1,384	21,572
Later than 1 year and not later than 5 years	-	-	16,861	520	17,381
Later than five years	-	-	-	-	-
Total lease commitments	-	-	37,049	1,904	38,953

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10					
Not later than 1 year	-	-	17,356	1,035	18,391
Later than 1 year and not later than 5 years	-	-	30,135	950	31,085
Later than five years	-	-	180	-	180
Total lease commitments	-	-	47,671	1,985	49,656

25.2 Finance leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
Not later than 1 year	-	-	-	1,612	1,612
Later than 1 year and not later than 5 years	-	-	-	650	650
Later than five years	-	-	-	-	-
Total lease commitments				2,262	2,262
LESS: finance costs	-	-	-		
Total present value of lease liabilities	-	-	-	2,262	2,262

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10					
Not later than 1 year	-	-	-	1,099	1,099
Later than 1 year and not later than 5 years	-	-	-	419	419
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1,518	1,518
LESS: finance costs					
Total present value of lease liabilities	-	-	-	1,518	1,518



2009/10	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	1,099	1,099
Later than 1 year and not later than 5 years	-	-	-	419	419
Later than five years	-	-	-	-	-
Total operating lease revenue receivable	-	-	-	1,518	1,518

26 Irregular expenditure

26.1 Reconciliation of irregular expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		1,763	-
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		38,141	1,763
Less: Amounts condoned		-	-
Less: Amounts recoverable (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
Irregular expenditure awaiting condonation		39,904	1,763

Analysis of awaiting condonation per age classification

Current year	38,141	1,763
Prior years	1,763	
Total	39,904	1,763

26.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Non-compliance- Deviations from competitive bidding not reported to Treasury.		23,733
Exceeding of financial delegations authority limit.		
		14,408
Total		38,141



27 Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2010/11	2009/10
		R'000	R'000
Opening balance			
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		488	-
Less: Amounts condoned		-	-
Less: Amounts transferred to receivables for recovery		-	-
Fruitless and wasteful expenditure awaiting condonement		<u>488</u>	<u>-</u>

27.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2010/11
		R'000
No service derived for some period rental was paid.	Matter has been referred to Provincial Treasury for Investigation too.	425
Supplier incorrectly paid.	Departmental Legal Services started recovery process with Supplier	63
Total		<u><u>488</u></u>

28 Key management personnel

	No. of	2010/11	2009/10
	Individuals	R'000	R'000
Political office bearers (provide detail below)			
Officials:			
Level 15 to 16	1	1,492	1,240
Level 14 (incl. CFO if at a lower level)	4	4,134	3,616
Family members of key management personnel	12	8,047	6,481
Total		<u>13,673</u>	<u>11,337</u>



29 Statement of Changes in Net Assets

Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Curr. Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	20,711	3,062	6,461	1,388	29,386
Computer equipment	4,301	590	481	1,278	4,094
Furniture and office equipment	8,955	2,900	2,815	37	14,633
Other machinery and equipment	6,543	(250)	561	73	6,781
	912	362	2,604		3,878
SPECIALISED MILITARY ASSETS					
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	20,711	3,602	6,461	1,388	29,386





29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	5,980	481	-	-	6,461
Computer equipment	2,815	-	-	-	2,815
Furniture and office equipment	561	-	-	-	561
Other machinery and equipment	2,604	-	-	-	2,604
SPECIALISED MILITARY ASSETS					
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS					
	5,980	481	-	-	6,461




29.2 Disposals
DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS				
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	1,278	110	1,388	350
Computer equipment	-	37	37	-
-Furniture and office equipment	-	73	73	-
Other machinery and equipment	-	-	-	-
SPECIALISED MILITARY ASSETS				
Specialised military assets	-	-	-	-
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1,278	110	1,388	350

29.3 Movement for 2009/10
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS				
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	14,138	7,163	590	20,711
Computer equipment	224	4,077	-	4,301
Furniture and office equipment	7,357	1,688	90	8,995
Other machinery and equipment	5770	970	200	6,543
	787	425	300	912
SPECIALISED MILITARY ASSETS				
Specialised military assets	-	-	-	-
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL MOVABLE TANGIBLE ASSETS	14,138	7,163	590	20,711



29.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor assets	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets						
Number of minor assets at cost	-	-	-	-	-	-
TOTAL NUMBER OF MINOR ASSETS	-	-	-	-	-	-

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor assets	898		-	5,248	-	6,146
TOTAL	898		-	5,248	-	6,146

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1,274	-	1,274
Number of minor assets at cost	-	257	-	4,717	-	4,974
TOTAL NUMBER OF MINOR ASSETS		257	-	5,991	-	6,248



30 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening bal- ance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-	-
COMPUTER SOFTWARE	800	224	6,750	-	7,774
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
OTHER INTANGIBLES	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	800	224	6,750	-	7,774





30.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-	-
COMPUTER SOFTWARE	6,750	-	-	-	6,750
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
OTHER INTANGIBLES	-	-	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	6,750	-	-	-	6,750





30.2 Movement for 2009/2010

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	684	607	491	800
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
OTHER INTANGIBLES	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	684	-	607	800





31 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Curr.Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,261	2,337	741		6,339
Dwellings	-	-	-	-	-
Non-residential buildings					
Other fixed structures	3,261	2,337	741	-	6,339
HERITAGE ASSETS					
Heritage assets	-	-		-	-
LAND AND SUBSOIL ASSETS					
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY					
Investment property	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,261	2,337	741		6,339


31.1 Additions
ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease pay- ments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES		-	-	-	
	741				741
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	741	-	-	-	741
HERITAGE ASSETS				-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS					
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
INVESTMENT PROPERTY					
Investment property	-	-	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	741	-	-	-	741





31.2 Movement for 2009/2010

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
		3,261		3,261
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	3,261	-	3,261
HERITAGE ASSETS				
Heritage assets	-	-	-	-
LAND AND SUBSOIL ASSETS				
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
INVESTMENT PROPERTY				
Investment property	-	-	-	-
TOTAL IMMOVABLE TANGIBLE ASSETS	-	3,261	-	3,261





Annexures (Unaudited supplementary schedules)

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT			2009/10 Total Available R'000
	Amount R'000	Roll Overs R'000	Adjustment s R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %			
										R'000	R'000	
Amajuba District	100	-	-	-	100	100	-	-	-	-	-	-
	100	-	-	-	100	100	-	-	-	-	-	-

ANNEXURE 1C STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION					TRANSFER			2009/10 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	% of Available funds Transferred %	Actual Transfer R'000	Amount Transferred R'000	% of Available funds Transferred %	
Trade and Investment KZN	56,637	-	-	56,637	-	56,508	-	-	54,416
Natal Sharks Board	25,551	-	-	25,551	-	25,551	-	-	27,450
Tourism Authority	71,444	-	-	71,444	-	71,444	-	-	76,490
	153,632	-	-	153,632	-	153,503	-	-	158,356



ANNEXURE 1E STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2009/10	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	Appropriation Act R'000
Public Corporations									
Growth Fund	60,000			60,000	60,000	100%			
Ithala Share Capital	40,000			40,000	40,000	100%			
KZN Liquor	30,439			30,439					
	130,439			130,439	100,000				
Subsidies									
Total	130,439			130,439	100,000				
Private Enterprises									
Ithala (SBD)	180,000			180,000	180,000	100%			100,000
Ithala IDZ									103,750
Total	180,000			180,000	180,000				203,750
TOTAL	310,439			310,439	280,000				203,750


ANNEXURE 1G STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
	R'000	R'000	R'000	R'000	R'000	%	
Dube Trade Point	526,905	-	-	526,905	526,905	100%	1,598,254
SANLITPPS(Moses Kotane)	34,300	-	-	34,300	34,297	100%	4,500
Clothing and Textiles cluster	-	-	-	-	-	-	1,643
ICTE Cluster	-	-	-	-	-	-	1,800
Iqhaza Co-ops	-	-	-	-	-	-	59
Seda Ethekwini	-	-	-	-	-	-	600
Indigenous Music	-	-	-	-	-	-	1,000
Furniture Cluster	-	-	-	-	-	-	450
Durban Film Festival	1,200	-	-	1,200	1,200	100%	860
Film Commission	4,180	-	-	4,180	-	-	-
KZN Music Studio	15,900	-	-	15,900	15,229	96%	-
Agri Business	26,800	-	-	26,800	24,051	90%	-
Richards Bay IDZ	156,975	-	-	156,975	156,975	100%	-
Sponsorshp-Mothers Union-HOD	-	-	-	-	241	-	-
Total	766,260			766,260	758,898		1,609,166



ANNEXURE 1H STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
HOUSEHOLDS							
Leave Gratuities	135	-	-	135	136	101%	174
<hr/>							
<hr/>							
<hr/>							
<hr/>							
Total	135	-	-	135	136	-	174

Subsidies



ANNEXURE 2B STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Controlled entities									
Ithala Development Finance Corporation	Financial Services				1,008,582				
Subtotal					1,008,582				
Non-controlled entities									
	Associates								
	Subtotal								
	Joint Ventures								
	Subtotal								
	Other non-controlled entities								
	African Bank (Financial Service)				25				
	Subtotal				25				
TOTAL					1,008,607				



ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repayments / cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
Standard Bank		-	-	35	35	-	35	-	-
First National Bank		-	-	23	-	-	-	-	-
Old Mutual		-	-	10	-	-	10	-	-
ABSA		-	-	31	31	-	31	-	-
	Subtotal	-	-	99	66	-	33	-	-
DBSA	Other Loans Advances to Ithala	-	-	16,687	-	11,125	5,562	-	-
	Subtotal	-	-	16,687	-	11,125	5,562	-	-
	TOTAL	-	-	16,786	-	11,191	5,595	-	-


ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 1 April 2010 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduc ed during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2011 R'000
Claims against the department					
Mr Delivery Newcastle v Liquor Board	15	-	-	-	15
Mr Delivery (PTY) LTD (various) v Liquor Board	50	-	-	-	50
X Haug and Other v DEDT	40	-	-	-	40
Southern Spirit Properties	50	-	-	-	50
Metcash Trading Africa (PTY) Ltd/Liquor Board	100	-	-	-	100
Pratric Mtolo Lombo and Associates /MEC	60	-	-	-	60
Aji Willemse/Liquor Board	100	-	-	-	100
Masifundisane Training and Development v MEC	4,994	-	-	-	4,994
BEE Foundation (PTY) Ltd (In Liquidation)	200	-	-	-	200
Stanger Food Enterprises (PTY) Ltd Min of safety and Security	250	-	-	-	250
National Tourism careers expo vs DEDT and	100	-	-	-	100
Subtotal	5,959	-	-	-	5,959
TOTAL	5,959	-	-	-	5,959



ANNEXURE 3B (continued)

Nature of Liabilities recoverable	Opening Balance 1 April 2010 R'000	Details of Liability and Recoverability	Movement during year R'000	Closing Balance 31 March 2011 R'000
Msezane	32	PVT cellphone cost	-	32
Siyangoba Caterers	18	Error Payment	-	18
Patric Mtolo, Lombo and Associates	15	Recovery of Legal costs		
Ladysmith Black Mambazo Indigenous	790	Misappropriation funds	-	15
				790
Total	855		-	855



ANNEXURE 4 CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
KZN Public Works	-	-	-	735	-	735
	-	-	-	735	-	735
Other Government Entities						
	-	-	-	735	-	735
TOTAL	-	-	-	735	-	735



ANNEXURE 5 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
KZN Provincial Works	735	2,167	1,885	1,056	2,620	
Palama	-	5	-	-	-	3,223
Dept. of Transport	-	-	228	13	228	5
Premier	118	-	-	-	118	13
						-
Subtotal	853	2,172	2,113	1,069	2,966	3,241
Non-current						
Subtotal	-	-	-	-	-	-
Total	853	2,172	2,113	1,069	2,966	3,241

ANNEXURE 6 INVENTORY

Inventory	Note	Quantity	2010/11	Quantity	2009/10
			R'000		R'000
Opening balance		11,997	219	11,535	261
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases – Cash		23,061	1,749	-	-
Add: Additions - Non-cash		-	-	14,357	4,799
(Less): Disposals		-	-	-	-
(Less): Issues		-	-	-	-
Add/(Less): Adjustments		32,432	1,719	(13,895)	(4,841)
Closing balance		68,030	3,687	11,997	219



PART 4

HUMAN RESOURCE MANAGEMENT



PART FOUR: HUMAN RESOURCE MANAGEMENT

4.1 Service Delivery

A Departmental Service Delivery Improvement (SDI) Plan has been scheduled for conceptualisation in the 2011/2012 financial year. The Department is following initiatives being undertaken by the Provincial MAS and JE Forum and has become a participant in these forums in 2011. Moreover the M&E Unit in the department has recently proposed a departmental committee to undertake this task. The SDI Plan will be able to address:

4.1.1 Main Services Provided and Standards

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual achievement against standards
0	0	0	0	0

4.1.2 Consultation Arrangements with Customers

Type of Arrangement	Actual Customers	Potential Customers	Actual Achievements
0	0	0	0

4.1.3 Service Delivery Access Strategy

Access Strategy	Actual Achievements
0	0

4.1.4 Service Information Tool

Types of Information Tool	Actual Achievements
0	0

4.1.5 Complaints Mechanism

Complaints Mechanism	Actual Achievements
0	0

4.2 Expenditure

The following tables summarise final audited expenditure by programme (Table 2.1) by salary band (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.



4.2.1 Personnel costs by programme, 2010/2011

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	181,673	49,426	682,726	34,475	27,2	426
Integrated Economic Development	425,102	35,792	0	100,147	8,4	377
Trade and Investment Promotion	985,631	11,555	0	55,775	1,2	350
Business Regulations and Government	28,365	14,277	0	7,483	50,3	332
Economic Planning	11,682	7,087	0	2,619	60,7	545
Total	1,632,453	118,137	682,726	200,499	7,2	394

4.2.2 Personnel costs by salary bands, 2010/2011

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Skilled (level 3-5)	3574	3	132
Highly skilled production (levels 6-8)	17720	15	193
Highly skilled supervision (levels 9-12)	57767	49	311
Periodical Remuneration	519	0.4	260
Contract	8750	7.4	875
Abnormal appointments	4872	4.1	305
Senior and Top management (levels 13-16)	24935	21.1	804
Total	118137	100	394

The following tables provide a summary by programme and salary bands, of expenditure incurred as a result of salaries, overtime, homeowner's allowances and medical aid. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items

4.2.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme, 2010/2011

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme
Administration	38,256	77.4	1053	2.1	819	1.7	1665	3.4
Integrated Economic Development	28,935	80.8	19	0.1	576	1.6	816	2.3
Trade and Investment Promotion	9,853	85.3	0	0	103	0.9	289	2.5
Business Regulations	10,430	73.1	343	2.3	306	2.1	588	4.1
Economic Planning	5,889	83.1	0	0	145	2	81	1.1
Total	93,362	79	1415	1.2	1,949	1.6	3,439	2.9



4.2.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary bands, 2010/2011

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands
Skilled (level 3-5)	2,411	67.5	7	0.2	215	6	389	10.9
Highly skilled production (levels 6-8)	12,484	70.5	406	2.3	623	3.5	1252	7.1
Highly skilled supervision (levels 9-12)	45,404	78.6	844	1.5	682	1.2	11455	20
Contracts	7,680	87.8	158	1.8	144	1.6	0	0
Abnormal Appointment	4,193	48	0	0	0	0	0	0
Senior and Top management	21,190	85	0	0	285	1.1	343	1.4
Total	93,362	79	1415	1.2	1949	1.6	3439	2.9

4.3 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme, salary band and critical occupations shown below. Departments have identified critical occupations that need to be monitored. Table 4.3.3 provides establishment and vacancy information for the key critical occupations of the department. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

4.3.1 Employment and vacancies by programme, 31 March 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	144	122	15.3	0
Integrated Economic Development	110	91	17.3	1
Trade and Industry Development	42	28	33.3	0
Business Regulations	54	45	16.7	1
Economic Planning	24	14	41.7	2
Total	374	300	19.8	4

4.3.2 Employment and vacancies by salary bands, 31 March 2011

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Skilled	32	27	15.6	0
Highly skilled production, Permanent	92	69	25	1
Highly skilled supervision	186	145	22	3
Senior and Top management	36	31	13.9	0
Contract	28	28	0	0
Total	374	300	19.8	4



4.3.3 Employment and vacancies by critical occupation, 31 March 2011

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, permanent	127	108	15	2
Communication and information related, permanent	9	8	11.1	0
Finance and economic related, permanent	18	15	6.25	0
Other Administrative policy and related officers	0	0	0	0
General legal administration and related professionals, permanent	7	4	42.9	0
Human resources related, permanent	29	25	13.8	0
Light vehicle drivers, Permanent	6	5	16.7	0
Messengers, porters and deliverers	2	2	0	0
Secretaries and other keyboard operating clerks, permanent	46	31	32.6	0
Trade/industry advisor and other related profession	94	71	24.5	0
Senior Managers, permanent	36	31	13.9	2
Total	374	300	19.8	4

The information in each case reflects the situation as at 31 March 2010. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4.4 Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

4.4.1 Job Evaluation, 1 April 2010 to 31 March 2011

Salary Bands	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Skilled (Levels 3-5)	33	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	107	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	198	4	1	0	0	0	0
Senior Management Service	36	1	2.86	0	0	0	0
Total	374	5	0.8	0	0	0	0



The following table provides a summary of the number of employees whose own positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

4.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by the job evaluation. Reasons for the deviation are provided in each case.

4.4.3 Employees who have been granted higher salaries than those determined by job evaluation, 1 April 2010 to 31 March 2011

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	
Administrative related, permanent	0	0	0	0	
Communication and information related, permanent	0	0	0	0	
Finance and economic related, permanent	0	0	0	0	
Other Administrative policy and related officers	0	0	0	0	
General legal administration and related professionals, permanent	0	0	0	0	
Human resources related, permanent	0	0	0	0	
Light vehicle drivers, Permanent	0	0	0	0	
Messengers, porters and deliverers	0	0	0	0	
Secretaries and other keyboard operating clerks, permanent	0	0	0	0	
Trade/industry advisor and other related profession	0	0	0	0	
Senior Managers, permanent	0	0	0	0	
Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2010/11					0
Percentage of total employment					0

The table below summarises the beneficiaries of the above in terms of race, gender, and disability.

4.4.4 Profile of employees who have been granted higher salary bands than those determined by job evaluation, 1 April 2010 to 31 March 2011

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0



4.4.5 Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2010/2011

Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2010/2011	0
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4.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the department. The following tables below provide a summary of turnover rates by salary band for critical occupations. (These “critical occupations” should be the same as those listed in table 4.3.3)

4.5.1 Annual turnover rates by salary band for the period 1 April 2010 to March 2011

Salary Band	Number of employees per band as on 1 April 2010	Appointments and transfers into the Department	Terminations and transfers out of the department	Turnover rate
Skilled (Levels 3-5)	28	1	4	14.3
Highly skilled production (Levels 6-8)	73	3	7	9.6
Highly skilled supervision (Levels 9-12)	142	2	0	0
Senior Management Service Bands A	18	1	2	11.1
Senior Management Service Bands B	9	0	0	0
Senior Management Service Bands C	2	0	0	0
Senior Management Service Bands D	2	0	0	0
Contract	21	13	2	9.5
Total	295	21	15	5.1

4.5.2 Annual turnover rates by critical occupation for the period 1 April 2010 to March 2011

Occupation:	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the Department	Terminations and transfers out of the department	Turnover rate
Administrative related, permanent	87	4	2	2.3
Administrative/management related, temporal	0	0	0	0
Bus and heavy vehicle drivers, Permanent	0	0	0	0
Communication and information related, permanent	8	0	0	0
Finance and economic related, permanent	17	0	0	0
Other administrative policy and related officers	7	0	1	14.3
General legal administration and related professionals, permanent	6	0	1	16.7
Human resources related, permanent	35	0	0	0
Light vehicle drivers, Permanent	5	0	0	0
Messengers, porters and deliverers	1	0	0	0
Other administrative and related clerks and organisers, permanent	0	0	0	0
Secretaries and other keyboard operating clerks, permanent	34	2	2	5.9
Trade/industry advisor and other related profession	66	6	5	7.6
Senior Managers, permanent	29	3	4	13.8
Total	295	21	15	5.1



The table below identifies the major reasons why staff left the department.

4.5.3 Reasons why staff are leaving the department

Termination Type	Number	% of total Terminations	% of Total Employment
Death	1	6.7	0.3
Resignation	11	73.3	3.7
Expiry of contract	3	20	1.0
Dismissal – operational changes	0	0	0
Dismissal – misconduct	0	0	0
Dismissal – inefficiency	0	0	0
Discharged due to ill-health	0	0	0
Retirement	0	0	0
Restructuring Package (Excess)	0	0	0
Medical retirement	0	0	0
Total	15	100	5.1

4.5.4 Granting of Employee Initiated Severance Packages

Category	No. of applications received	No. of applications referred to the MPSA	No. of applications supported by MPSA	No. of Packages approved by the Department
Lower skilled (levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0
Senior Management (levels 13 and higher)	0	0	0	0
Total	0	0	0	0

4.5.5 Promotions by critical occupation

Occupation:	Employees 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch promotions as a % of employees by occupation
Administrative related, permanent	0	0	0	0	0
Administrative/management related, temporal	0	0	0	0	0
Communication and information related, permanent	0	0	0	0	0
Finance and economic related, permanent	0	0	0	0	0
Other administrative policy and related officers	0	0	0	0	0
General legal administration and related professionals, permanent	0	0	0	0	0
Human resources related, permanent	0	0	0	0	0
Light vehicle drivers, Permanent	0	0	0	0	0
Logistical Support	0	0	0	0	0
Messengers, porters and deliverers	0	0	0	0	0
Secretaries and other keyboard operating clerks, permanent	0	0	0	0	0
Trade/industry advisor and other related profession	0	0	0	0	0
Senior Managers, permanent	0	0	0	0	0
Total	0	0	0	0	0



4.5.6 Promotions by salary band

Salary Band	Employees 1 April 2010	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch promotions as a % of employees by salary bands
Skilled	28	0	0	0	0
Highly skilled production	73	0	0	0	0
Highly skilled supervision	142	0	0	0	0
Senior Management Service Bands A	18	0	0	0	0
Senior Management Service Bands B	9	0	0	0	0
Senior Management Service Bands C	2	0	0	0	0
Other	2	0	0	0	0
Total	295	0	0	0	0

4.6 Employment Equity

4.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	3	3	3	8	0	2	1	36
Highly skilled supervision	74	0	5	1	71	1	7	2	161
Highly skilled production	18	0	2	0	49	0	6	2	77
Skilled/semi-skilled	11	0	0	0	14	0	1		26
Total	119	3	10	4	142	1	16	5	300

4.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	1	0	0	0	0	1	4
Senior Management	14	3	2	3	8	0	2	0	31
Professionally qualified and experienced specialists and mid- management	66	0	5	1	71	1	7	2	150
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	2	0	49	0	6	2	71
Semi-skilled and discretionary decision making	22	0	0	0	14	0	1	0	39
Total	119	3	10	4	142	1	16	5	300



4.6.3 Recruitment for the period 1 April 2010 till 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	2	0	1	1				4
Professionally qualified and experienced specialists and mid-management	5	0	0	0	5	0	1	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	1	0	2	0	5
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Contract	0	0	0	0	0	0	0	0	0
Total	7	2	0	1	8	0	3	0	21

4.6.4 Promotions for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0



4.6.5 Terminations for the period 1 April 2010 till 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	2	1	0		3	0	2	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	1	0	1	3
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract	1	0	0	0	0	0	0	0	0
Total	3	1	0	0	7	1	2	1	15

4.6.6 Disciplinary action

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	5	0	1	0	4	0	1	0	11

4.6.7 Skills development (In terms of Bursaries) 2010-2011

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (L 13 to 16)	0	0	0	0	0	0	0	0	0
Professionals (L 9 to 12)	1	0	0	0	2	0	0	0	3
Administrative (L 6 to 8)	3	0	0	0	2	0	1	0	6
Administrative (L 3 to 5)	1	0	0	0	2	0	0	0	3
Service and sales workers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Total	5	0	0	0	6	0	1	0	12



4.7 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

4.7.1 Performance Rewards by race, gender and disability, 1 April 2010 to 31 March 2011

Occupational categories	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Male	0	0	0	0	0
Asian, Male	0	0	0	0	0
Coloured Male	0	0	0	0	0
White Male	0	0	0	0	0
African Female	0	0	0	0	0
Asian Female	0	0	0	0	0
Coloured Female	0	0	0	0	0
White Female	0	0	0	0	0
Total	0	0	0	0	0

4.7.2 Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

Salary Bands	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Skilled (level 3-5)	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0
Total	0	0	0	0	0

4.7.3 Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	0	0	0	0	0
Communication and information technology related	0	0	0	0	0
Financial clerks and credit controllers	0	0	0	0	0
Finance and economic related	0	0	0	0	0
Other Administrative policy and related officers	0	0	0	0	0
General legal administration and related professionals	0	0	0	0	0
Human resources related	0	0	0	0	0
Light vehicle drivers	0	0	0	0	0
Messengers, porters and deliverers	0	0	0	0	0
Secretaries and other keyboard operating clerks	0	0	0	0	0
Trade/industry advisor and other related profession	0	0	0	0	0
Senior Managers	0	0	0	0	0
Total	0	0	0	0	0



4.7.4 Performance related rewards (cash bonus), by salary band for Senior Management Service

Salary Band	Number of beneficiaries			Cost		% of SMS wage bill
	Number of beneficiaries	Number of employees	% of total within band	Total Cost (R'000)	Average cost per employee	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total	0	0	0	0	0	0

4.7.5 Performance related rewards (pay progression), by salary band for Senior Management Service

Salary Band	Number of beneficiaries			Total Cost (R'000)	Average cost per employee
	Number of beneficiaries	Number of employees	% of total within band		
Band A	0	0	0	0	0
Band B	0	0	0	0	0
Band C	0	0	0	0	0
Band D	0	0	0	0	0
Total	0	0	0	0	0

4.8 Foreign Workers

The table below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

4.8.1 Foreign workers, April 2010 to March 2011 by salary band

Salary Band	April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract	5		8	0	3	0
Total	6	83.3	8	100	3	100

4.8.2 Foreign workers, April 2010 to March 2011 by major occupation

Major occupation	April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0
Contract	5	0	8	0	3	0
Total	6	83.3	8	100	3	100



4.9 Leave utilisation for the period 1 April 2010 to 31 March 2011

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (4.9.1) and disability leave (4.9.2). In both cases, the estimated cost of the leave is also provided.

4.9.1 Sick leave, 1 January 2010 to 31 December 2010

GRADE (SALARY BAND)	Total days	Per cent certification	Number of Employees using sick leave	% of total employees using sick leave	Average per employee	Estimated Cost (R'000)
Skilled (levels 3-5)	182	89.6	20	9.6	9	53
Highly skilled production (levels 6-8)	447	87	52	24.9	9	236
Highly skilled supervision (levels 9 -12)	1,019	90.5	101	48.3	10	1,324
Top and Senior management (levels 13-16)	68	66.2	19	9.1	4	194
Contract (levels 6-8)	55	83	15	7.1	7	28
Contract (Levels 9-12)	8	87.5	2	1	49	11
Total	1,779	88.4	209	100	9	1,846

4.9.2 Disability leave (temporary and permanent), 1 April 2010 to 31 March 2011

GRADE (SALARY BAND)	Total days taken	Per cent certification	Number of Employees using disability leave	% of total employees using disability leave	Average per employee	Estimated Cost (R'000)
Skilled	0	0	0	0	0	0
Highly skilled production	0	0	0	0	0	0
Highly skilled supervision	269	100	6	100	45	420
Top and Senior management	0	0	0	0	0	0
Total	269	100	6	100	45	420

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

4.9.3 Annual Leave, 1 January 2010 to 31 December 2010

GRADE (SALARY BAND)	Total days taken	Number of Employees using annual leave	Average per employee
Skilled (levels 3-5)	460	16	28
Highly skilled production (levels 6-8)	1,390	19	75
Highly skilled supervision (levels 9 -12)	3,006	21	146
Top and Senior management	606	20	31
Contract	399	30	14
Total	0	0	0



4.9.4 Capped leave, 1 January 2010 to 31 December 2010

GRADE (SALARY BAND)	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employees at 31 December 2010
Skilled	0	0	0
Highly skilled (Levels 6-8)	10	1	10
Highly skilled supervision (Levels 9-12)	0	0	0
Top and Senior management	15	1	15
Total	25	2	12.5

The following table summarise payments made to employees as a result of leave that was not taken.

4.9.5 Leave payouts for the period 1 April 2010 to 31 March 2011

REASON	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle	8	1	8
Capped leave payouts on termination of service for 2010/11	78	1	78
Current leave payout on termination of service for 2010/11	79	8	9
Total	165	10	17

4.10 HIV/AIDS and Health Promotion Programmes

4.10.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	None

4.10.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Have you designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Mr Logan Naidu has been appointed in this role
2. Do you have a dedicated unit or have you designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		The EAP Practitioner has been designated and the budget has been provided within the HR Directorate



<p>3. Have you introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.</p>	<p>√</p>		<p>The following programmes have been introduced:</p> <ul style="list-style-type: none"> • Counselling services on personal and work-related issues • Personal Finance Management programme- • HIV/AIDS Programme • Gender and Disability programme • Occupational Health and Safety • Health and Productivity Management
<p>4. Have you established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	<p>√</p>		<p>A committee has been established with the following members:</p> <ul style="list-style-type: none"> • Mr Logan Naidu HRM (Chairperson) • Mr Tito Mngoma – Corporate Communications • Nokuthula Dlamini – EAP Practitioner
<p>5. Have you reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</p>	<p>√</p>		<p>Yes the following policies have been reviewed:</p> <ul style="list-style-type: none"> • The Recruitment, Selection and Benefits Policies and practices • Skills development and training policy practices
<p>6. Have you introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	<p>√</p>		<p>An HIV/AIDS policy is in the approval process. The policy clearly outlines that discrimination on the basis on of HIV status is and prohibited. Education and awareness around the issue of HIV/AIDS also assist in dealing with some of the misconceptions and myths around HIV/ AIDS. We also have an open door policy where at any time an HIV positive employee cab cine and discuss his/her concerns</p>
<p>7. Do you encourage your employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.</p>	<p>√</p>		<p>The focus has been on an individual level at this stage and little feedback has been forthcoming in terms of disclosures although some employees have disclosed. There is still reluctance to test and disclose. Towards the end of 2009 we have seen an increase in the number of employees who tested and more are positive about their general wellbeing</p>
<p>8. Have you developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.</p>	<p>√</p>		<p>Sick and vacation leave days are used as indicators</p> <p>It is important to note that a baseline employee health and wellness report is being compiled upon which programme design will be based. This will then be reviewed periodically.</p>



4.11 Labour Relations

The following collective agreements were entered into with trade unions within the department.

4.11.1 Collective agreements, 1 April 2010 to 31 March 2011

Total collective agreements	Date
None	n/a

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review:

4.11.2 Misconduct and disciplinary hearings finalised, 1 April 2011

Outcomes of disciplinary hearings	Number	% of total
Correctional Counseling	3	27.28
Verbal warning	0	0
Written warning	4	36.36
Final written warning	1	9.09
Suspended without pay	2	18.18
Not guilty	1	9.09
Case withdrawn	0	0
Dismissal	0	0
Total	11	100

4.11.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Absent without permission	1	12.5
Poor work performance	1	12.5
In-subordination	4	50
Unprocedural removal of property	1	12.5
Unfair treatment of an employee	1	12.5
Total	8	100

4.11.4 Grievances logged for the period 1 April 2010 to 31 March 2011

Grievances	Number	% of Total
Number of grievances resolved	2	100
Number of grievances not resolved	0	0
Total number of grievances addressed	2	100

4.11.5 Disputes logged with Councils for the period 1 April 2010 to 31 March 2011

Grievances	Number	% of Total
Number of disputes upheld	0	0
Number disputes dismissed	0	0
Total number disputes lodged	0	0



4.11.6 Strike Actions for the period 1 April 2010 to 31 March 2011

Working Days Lost, Direct Cost and Recovery	Number and Amount
Total number of persons working days lost	71
Total costs working days lost	42,880
Amount (R'000) recovered as a result of no work no pay	42,880

4.11.7 Precautionary suspensions for the period 1 April 2010 to 31 March 2011

Suspensions and their Cost	Number and Amount
Number of people suspended	2
Number of people whose suspension exceeding 30 days	2
Average number of days suspended	126
Cost (R'000) of suspension	440,325

4.12 Skills development

This section highlights the efforts of the department with regard to skills development.

4.12.1 Training needs identified for the period 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at April 2010	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	0	6	0	6
	Male	24	0	7	0	7
Professionals	Female	76	0	10	0	10
	Male	75	0	8	0	8
Highly skilled (Levels 6-8)	Female	63	0	4	0	4
	Male	22	0	4	0	4
Skilled (level 3-5)	Female	20	0	4	40	4
	Male	9	0	4	14	4
Sub Total	Female	169	0	24	40	24
	Male	130	0	23	14	23
Total		299	0	47	54	47


4.12.2 Training provided for the period 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at April 2010	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	0	6	0	6
	Male	24	0	7	0	7
Professionals	Female	76	0	10	0	10
	Male	75	0	8	0	8
Highly skilled (Levels 6-8)	Female	63	0	4	0	4
	Male	22	0	4	0	4
Skilled (level 3-5)	Female	20	0	4	40	4
	Male	9	0	4	14	4
Sub Total	Female	169	0	24	40	24
	Male	130	0	23	14	23
Total		299	0	47	54	47

4.13 Injury on duty

The following tables provide basic information on injury on duty.

4.13.1 Injury on duty, 1 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0





4.14 Utilisation of Consultants

4.14.1 Report on consultant appointments using appropriated funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Contract value in Rand
Investment Promotion Strategy for KZN	1	4 months	R333,238.00
KZN Export Strategy	1	4 months	R498,978.00
Tourism Buddies	1	6 weeks	R894 900.00
Feasibility study and business plan for Dukuduku	1	4 months	R483,007.00
Financial Analyst to assess Business Plan Applications submitted to KZN Local Competitiveness Fund11	1	50 days	R393,210.00
Feasibility study waste management/recycling industry in KZN	1	5 months	R450,000.00
KZN Industrial Development Strategy	1	6 months	R463,200.00
Training on codes of good conducts for BBBEE	1	9 months	185,050.00
Tourism Strategy for Kokstad Municipality	1	5 months	R255,440.00
Tourism Strategy for Hlabisa Municipality	1	5 months	R246,641.00
Tourism Strategy for Ubuhlebezwe Municipality	1	5 months	R255,440.00
Publication for Pivot	1	3 months	R492,366.00
Website, technical maintenance and web-hosting plan for Durban	1	4 months	R450,040.00
Development of meeting Planers guide/business event planners guide for Durban KZN Convention Bureau	1	3 months	R95,000.00
Mentorship for furniture manufactures in south Coast Durban	1	6 months	R499,346.00
Feasibility study on viability of a general wholesale for the support of co-operatives	1	2 months	R365,923.00
Conduct the Hospitality training project as part of Tourism mentorship	1	3 months	R367,000.00
Feasibility study for informal trading facilities in Jozini Local Municipality	1	1 month	R317,320.00
Feasibility study for a light industrial park in Kwa-Sani Local Municipality	1	6 months	R364,500.00
Feasibility study for a business incubator for SMME and Informal Traders in Tongaat area	1	4 months	R273,190.00
Feasibility study for industrial park in Mthonjaneni Municipality	1	6 months	R265,608.00
Feasibility study for informal trading facilities in Buchanana Ntambanana Local Municipality	1	6 months	R266,352.00
Development of corporate Billboards	1	6 months	R468,540.00
Provision of training to board members of King III Report	1	1 week	R249,498.98
Feasibility study for the Dukuduku arts and crafts project in Mtubatuba Municipality	1	6 months	R205,596.72
Compilation of based black-business database in KZN	1	3 months	R384,896.00
Establishment of KZN Unemployed Graduates Database and its management	1	2 months	R459,648.00



4.14.1 Report on consultant appointments using appropriated funds (Continued)

SMS Alert facility	1	4 months	R78,535.92
Employee survey	1	6 months	R407,299.20
BEE implementation workshop	1	1 week	R50,000.00
Development of KZN Tourism Master Plan	1	10 months	R1,729,043.00
Broadcasting services and technical support during 2010 FIFA world cup	4	7 weeks	R17,360,746.00
Provide security services for KZN DEDT Head Office	1	12 months	R1,132,850.70
Economic impact assessment on 2010 FIFA World Cup	1	4 months	R764,174.00
Spatial Economic Development Strategy (PSEDS) Profiling of District Economic Drivers	1	10 months	R2,136,209.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
36	39	0	R33,642,786.52

4.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Tourism Buddies	100%	100%	1
Feasibility study waste management/ recycling industry KZN	100%	100%	1
Feasibility study for informal trading facilities in Jozini Local Municipality	100%	100%	1
Feasibility study for a light industrial park in Kwa-Sani Local Municipality	100%	100%	1
Development of corporate Billboards	100%	100%	1
Feasibility study for the Dukuduku arts & crafts project in Mtubatuba Municipality	100%	100%	1
Compilation of based black-business database in KZN	100%	100%	1
Establishment of KZN Unemployed Graduates Database and its management	100%	100%	1
SMS Alert facility	100%	100%	1
BEE implementation workshop	100%	100%	1
Broadcasting services and technical support during 2010 FIFA world cup	100%	100%	4



4.14.3 Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Donor and Contract value in Rand	
Manager: Training and capacity building	1	253	European Union	R1,132,689
Team Leader: Project Co-ordinating Unit	1	207	European Union	R1,355,182
Senior Fund Manager	1	103	European Union	R672,693
Team Leader: Finance and contracting	1	277	European Union	R1,139, 943
Assistant Fund Manager	1	247	European Union	R447,074
Fund Advisor	1	157	European Union	R558,400
Manager: Monitoring and Evaluation	1	56	European Union	R208,992
Administrative Support Officer	1	57	European Union	R65,208
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand	
8	8	1357	R5,580,181	

4.14.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups
Assistant Fund Manager	100%	100%
Team Leader : FCU	100%	100%
Administrative Support Office	100%	100%

