



edtea

Department:
Economic Development, Tourism and
Environmental Affairs
PROVINCE OF KWAZULU-NATAL

**DEPARTMENT OF ECONOMIC DEVELOPMENT,
TOURISM AND ENVIRONMENTAL AFFAIRS
PROVINCE OF KWAZULU-NATAL**

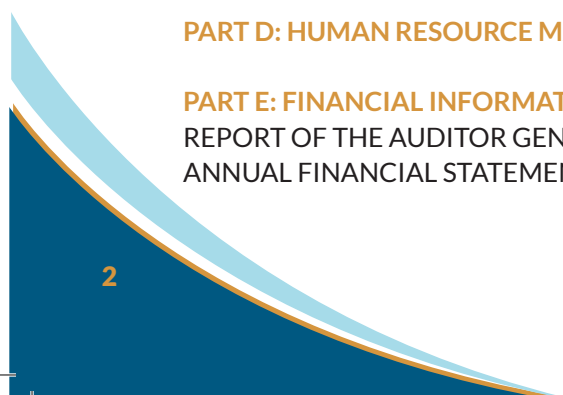
VOTE NO.4

**ANNUAL REPORT
FINANCIAL YEAR 2016-2017**



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Part A: GENERAL INFORMATION





1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CFO	Chief Financial Officer
MEC	Member of Executive Council
HOD	Head of Department
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
EU	European Union
SITA	State Information Technology Agency
SDIP	Service Delivery Improvement Plan
RASET	Radical Agrarian Socio-Economic Transformation
SEZ	Special Economic Zone
EPWP	Expanded Publics Works Programme

3. FOREWORD BY THE EXECUTIVE AUTHORITY

The 2016/2017 financial year was characterised by subdued economic growth which regrettably created an environment that is unfavourable for the complete achievement of our developmental targets that included the reduction of poverty, inequality and unemployment levels. Our prime objective has always been to grow the economic cake to be able to accommodate more historically marginalised sections of our society.

However, the ponderous economic performance has not dampened our commitment to effect radical economic transformation as we believe that the current state of the economy which is skewed in favour of whites can only grow sustainably provided more people from black communities are actively involved in the management, ownership and control of the first economy as opposed to being limited to the periphery of business operations.

Amid the consecutive slow growth in the fourth quarter of 2016 and first quarter of 2017 respectively, government and social partners in business, labour and civil society continued sharing ideas on how to shield the economy from the severe impacts of negative market conditions. Government remained committed to prudent management of the fiscus through active implementation of measures to reduce reckless public expenditure which has been coupled with the provision of financial and technical support especially to emerging enterprises to ensure that were able to withstand the rigours of highly competitive business environment.

We believe that our interventions are crucial in the palliation of market uncertainties which had been further exacerbated by the credit risk downgrading of the country's economy which could have adverse implications for investor and consumer confidence. Again, our success in keeping the province's economy above treacherous waters will hinge on constant collaboration with all role players in the province's economy as we have been able to cross-pollinate remedial ideas to reduce the prospect of the economy experiencing a complete collapse.

This is the foundation we want to build on moving forward as we need growth to fast-track our radical economic transformation agenda. We are of course mindful that there had been a number of people benefitting from government driven empowerment initiatives but we are still a long way from achieving our ultimate goal of building a province where the economy is reflective of the country's demographics in terms of ownership, management and control.

It is equally true that the majority of our historically disadvantaged communities still operate at the base of the economy. Even amongst the beneficiaries especially of high profile empowerment deals, blacks of African descent still do not represent an equitable share of the industrial operations. The Department, together with statutory organisations falling under its constitutional mandate, as well as private industries, have an obligation to mobilise for radical economic transformation which seeks to speed up the process of equitable access to economic opportunities across the racial line.

The content of this document serves as a testimony to our collective endeavours to growing the province's economy and at the same time addressing the socio-economic inequities perpetuated by the apartheid government. In this we have prioritised specific social groupings especially for government driven business opportunities, hence the period under review prominently featured the implementation of the resolutions adopted during the 2015 Provincial Procurement Indaba where we said that 30% spent on government goods and services would be set aside for women, 35% for youth, 5% for people with disabilities and 10% for military veterans, whilst Africans in general would be prioritised for the remaining 60% share of state procurement expenditure. We are pleased to report that we are already putting it into action the commitments of our radical economic transformation agenda.



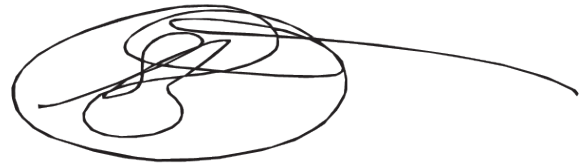
Mr Sihle Zikalala, MPL
MEC for Economic Development,
Tourism & Environmental Affairs

Our goal is to activate all sectors of the economy as conduit to socio-economic freedom for all our people regardless of their racial background and geographical location. Notwithstanding tamed economic conditions, KwaZulu-Natal has not stopped campaigning to attract both domestic and foreign investments that would add value to the creation of new business and employment opportunities.

As part of endeavours to create an appealing terrain for business to settle and flourish in KwaZulu-Natal, we have also taken steps to broaden our scope for the promotion of tourism, development of aviation routes, speeding up environmental impact assessment processes, increased focus on improving the province's maritime industry, creation of more energy sources to power the economy, revitalisation of township and rural economies as well as the inculcation of entrepreneurial appetite among designated empowerment groupings such as young people and women through support for SMMEs and co-operatives.

This reporting period also featured a review of the role of our public entities which was influenced by a national government resolution to rationalise the state delivery machinery to ensure cost-effectiveness and value for each rand injected into all departments and state owned enterprises.

In a nutshell, this annual report is therefore a comprehensive account of the achievements and challenges registered by the Department during the 2016/2017 financial year. With respect to positives that had been scored, we attribute this to the continuous collaboration and support secured from all social partners and stakeholders in the economy of the Province of KwaZulu-Natal and equally we would continue seeking advice and wise counsel from our partners to be able to overcome challenges that could undermine our efforts to bring about long terms socio-economic transformation in our beloved province.



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Mr Sihle Zikalala, MPL
MEC for Economic Development, Tourism &
Environmental Affairs
29 August 2017

4. REPORT OF THE ACCOUNTING OFFICER

OPERATING ENVIRONMENT

The KwaZulu-Natal Department of Economic Development, Tourism & Environmental Affairs is the lead portfolio with respect to the management and activation of the province's economy through a combination of government and private sector efforts. It is therefore imperative that this Department takes a pole position in terms of developing integrated and complementary strategic frameworks that guarantee optimum and effective participation by all stakeholders in fast-tracking socio-economic transformation essential to address the triple challenges of poverty, joblessness and inequality.

Taking the cue from the national and provincial socio-economic blue-prints like the National Development Plan and Provincial Growth & Development Plan respectively, the Department constantly liaises with various social partners when developing and reviewing strategies that would assist KwaZulu-Natal becoming the leading location for both domestic and foreign investors and as well as tourists. We are delighted to report that notwithstanding constrained economic conditions across the world, through collaboration with our diverse partners including organizations falling under the Department's statutory purview, we have been able to cushion the province's economy from the severity of the market jitters.

Amongst practical steps put in place was prudent utilization of public resources and a combination of technical, financial and market support extended to enterprises to ensure they remained competitive amid turbulence in the global economy.

Indeed, some decline in the province's economic performance was acknowledged at more than the country's gross domestic product. But it is our belief that the impact would have been dire if it wasn't that we maintained constant communication with social partners to share ideas on the attenuation of the market situation to avoid complete derailment of developmental targets and citizens' expectations. The vulnerability of KwaZulu-Natal to global economic tremors confirms that the province is now fully integrated to the world market.

Whilst most sectors of the economy were taking knocks, manufacturing and trade were hard hit which threatened our campaign to ensure the economy accommodated all sections of society. However, we are mindful that for tangible and sustainable growth to be realized at larger scale we have to broaden the base of skills essential to bolster our competitiveness and resilience in all sectors that make KwaZulu-Natal ticks. We need more artisans, engineers, maritime practitioners, statisticians, economists, accountants and more importantly entrepreneurs that could stand the test of time in the highly competitive global market.

As champions of economic development in the province the Department also requires a pool of adequately qualified, experienced and capable professionals to guide and inspire aspirant entrepreneurs to achieve their business ambitions which is crucial in our endeavors to accelerate growth. It is pleasing to note that we have been able to attempt at living up to our portfolio's constitutional mandate in the face of various challenges inclusive of scarce skills and tamed economic performance that gave rise to the application of austerity financial measures to promote creative and cost-effective implementation of our strategies.

During the year under review the Department was able to respond to the redefine its delivery mechanisms through the review of its strategic pillars for effective activation of some of the key economic initiatives like maritime, aerotropolis and district based industrial economic hubs directed at promoting equitable spatial development across the province. The 2016/2017 financial year has in all respects been characterized by prioritization and prudent utilization of resources.

Whilst the support of the major events has been critical to attracting tourism investment in the province, we reduced funding to events that we felt were less likely to bring about immediate economic benefits including increased tourist numbers gracing our shores and as well as potential investors attending these functions. We are delighted to report that those that we hosted had a positive bearing on our efforts to locate KwaZulu-Natal amongst leading holiday-making destinations in the region and the world over.

Organisations are like living organisms that respond to changing environments. To ensure that the province's economy keeps up with new developments in the world market the Department had been actively involved in the activation of economic research initiatives covering various sectors that included energy, agriculture and



Ms Pumla Ncapayi

Accounting Officer of the Department
of Economic Development, Tourism
and Environmental Affairs

value-addition. The gathered market intelligence is crucial in influencing the development and review of results oriented economic strategies. We have therefore joined forces with different research individuals and organisations including reputable academic institutions where amongst other things we undertook action research projects in wide areas such as technology transfer, bio-energy research and industrial symbiosis to improve the province's innovative prowess.

The study initiatives impacted on the formulation and review of economic strategies like Innovation Strategy, Provincial Export Strategy, KZN Informal Economy Strategy, District Investment Promotion Strategy and as well as the review of the Provincial Spatial Economic Development Strategy which ensured that we remained a reliable repository of economic data in the province as reflected in the quality information published regularly in the Ezomnotho booklet and the departmental website.

ECONOMIC TRANSFORMATION, SMME & CO-OPERATIVES DEVELOPMENT

Government commitment to the acceleration of economic transformation couldn't be adequately emphasized and the Department has always taken the lead to mobilize aspirant entrepreneurs especially in the historically excluded communities to seize opportunities available in the diverse sectors of the province's economy. This also influenced by our belief that the increase in the number of people entering the business world would contribute to the creation of new employment opportunities essential in addressing poverty levels and inequalities.

We have therefore invested considerable resources in supporting the budding entrepreneurs in the form of SMMEs and co-operatives through partnerships with amongst others Ithala Development Finance Corporation. The interventions featured providing a combination of financial and skills development support to business operations amid that small scale enterprises often struggle to access funding especially from high street financial institutions as they are perceived to be risky clientele. Government has an obligation to preside over a growing and transformed economy hence we have ensured that we entered into liaisons to leverage resources with individuals and organisations inclined towards the development and inculcation of an entrepreneurial culture in the province.

We are also fully aware of the role of the street vending thus the Department had been at the core in creating suitable conditions for this sector to positively contribute to growth and social stability. Through the application of the Provincial Informal Economy Policy we have been able to formalise our liaison with participants in this area of the economy as we have developed a reliable data illustrating the extent of this subsector of the economy.

The Department as the custodian of economic advancement in the province has been placed at the centre of implementing the resolutions of the 2015 Provincial Procurement Indaba. In an effort to widen public awareness about the urgency of facilitating socio-economic transformation the Department had used various interactive platforms communicate the government stance of economic transformation.

We have amongst other things hosted functions such as uMyezane B-BBEE Conference that focused on highlighting empowerment opportunities available in the diverse sectors of the economy in the province. Besides this, the Department continued to deal with complaints associated with the subversion of empowerment policies like fronting and general lack of interest amongst businesses to embrace change.

CREATIVE INDUSTRY

Moreover, KwaZulu-Natal is endowed with a tapestry of cultures that we continue transforming into economic pastimes under the banner of creative industry. Amongst latest developments, we have finalised Provincial Film & Television Strategy which we would use as a lever to drive transformation in the arts sector.

TOWNSHIP ECONOMY

Our Department has been actively involved in the mobilisation of stakeholders for the revitalisation of the township economy and as well as injection of economic impetus in the rural communities across the province. A strategic framework was therefore developed to guide the process of breathing life to the local economy by promoting shareholding by local people, mall tenancy by local small entrepreneurs, sustainability, localization and the general empowerment of local communities. The framework will also consider case studies from historic projects in the Province.

INDUSTRIAL ECONOMIC HUBS

Each part of the province has its own economic strength based on a specific economic sector with potential to unleash considerable business and employment opportunities for local communities. Over the past years, we have demarcated districts according to their individual spatial economic strengths, the Industrial Economic Hubs that were given special support to ensure that each sector of the economy contributes equitably to socio-economic transformation.

Land has been therefore secured for the majority of the hubs and feasibility studies completed. These will allow for appropriate implementation in line with the engineering designs, drawings, business and tenancy models as well as operational plans that have been completed. It is envisaged that the establishment of these hubs will play a critical role in attracting a wide range of investments to promote and enhance the competitiveness of the province's manufacturing

sector, encourage the beneficiation of available resources whilst providing significant opportunities for local economic development in the districts.

A review will be considered to align with competencies in the respective districts in support of local economic imperatives.

AEROTROPOLIS

In line with KwaZulu-Natal's ambition to compete effectively in the regional and global markets, efforts were being made to improve our transportation systems including the aviation facilities. Dube Trade Port, anchored by King Shaka International Airport is the exemplary aviation hub inspired by a futuristic urban development, the aerotropolis characterised by an assortment of business and residential projects emerging around an airport infrastructure.

In liaison with Dube Trade Port Corporation we have completed the formulation of the Aerotropolis Master Plan based on the fifty year vision under the auspices of the special economic zone expected to improve the province's competitiveness in the world market in terms of investment attraction and export profile.

Meanwhile, the Department has forged a partnership with the University of KwaZulu-Natal towards the establishment of an Aerotropolis Institute that would be a catalyst for the development of relevant skills for the successful implementation of this industrial initiative. During the reporting period, the university undertook a benchmarking study while the Department formulated a comprehensive business plan that would guide the implementation of the project.

KWAZULU-NATAL ROUTE DEVELOPMENT STRATEGY

The province continued to attract more airlines capitalising on its world class King Shaka International Airport. Air Namibia was amongst the latest airlines to introduce new flights. This illustrates the benefits of hosting the World Routes Summit in 2014 where operators of international airlines were able to sample what the province could offer in terms of aviation infrastructure that allows convenient movement of goods and passengers.

New routes are expected to come to fruition with more airlines likely to acknowledge that King Shaka International Airport is strategically located to transverse across the region.

KWAZULU-NATAL REGIONAL AIRPORTS STRATEGY

With plans to improve economic activity in each district priority is being made to upgrade transport infrastructure. Besides road and rail transport KwaZulu-Natal is injecting resources in the establishment of new or upgrading of existing regional airports connecting to King Shaka International Airport.

During the year under review, we have worked towards the revival of uMkhuze Airport which we believe would be the catalyst for economic advancement in uMkhanyakude District. In partnership with uMhlosinga District Development Agency we installed a five kilometre perimeter fence to ensure security around uMkhuze Airport which is a strategic facility especially for tourism development in this district that is blessed with world class game parks.

The airport will be used for tourism charter flights from major centres like Durban, Cape Town, Johannesburg and other destinations in the country. It can also be used for pilot training, emergency services, anti-poaching and border patrol services.

The Department is also working with uMhlathuze and Alfred Duma local municipalities to upgrade Richards Bay and Ladysmith airports respectively.

MARITIME

In a concerted effort to robustly grow and develop the provincial maritime industry, the Department developed the KwaZulu-Natal Integrated Maritime Strategy which is aligned to the country's plan to grow the oceans economy under the banner of Operation Phakisa.

Following on from the maritime strategy and ensuring that coastal municipalities prioritize the development of the oceans economy within their Integrated Development Plans (IDPs), district focused maritime strategies for both the Ugu and King Cetshwayo have been developed. These plans are tailor-made roadmaps for the efficient exploitation of not only the ocean space but also the inland waterways in the respective districts where most rural communities live. Meanwhile, the maritime training geared at empowering Local Economic Development Officials with maritime knowledge has also been undertaken at King Cetshwayo District.

In collaboration with the KwaZulu-Natal Sharks Board Maritime Centre of Excellence, our Department initiated the maritime incubator programme for the above-mentioned coastal districts. The programme is aimed at creating women and youth owned profitable and sustainable maritime enterprises that are able to contribute meaningfully to the economy and the creation of jobs.

Projects in aquaculture, catfish farming, oil and gas, marine manufacturing and marine protection governance were undertaken within the framework of the KwaZulu-Natal Integrated Maritime Strategy.

TOURISM DEVELOPMENT

The total contribution of travel and tourism to the country's economy was R402 billion in 2016 which is 9.3% of gross domestic product and was expected to grow by 2.5% to R412.2 billion (9.4% of GDP) in 2017, based on the report by the World Travel and Tourism Council.

The Department has since established partnerships with other key players in the sector which led to the achievement of targets for the 2016/2017 financial year. These partnerships allowed for the sharing and leveraging of limited resources in achieving tourism developmental goals.

In an effort to respond to the prevailing conditions within the tourism sector and in keeping with the latest Tourism Act No3 of 2014, the process of repealing the current KwaZulu-Natal Tourism Act of 1996 as amended in 2002 was still underway.

To create more choices for our visitors, the province continues to work on the development of new tourism products which also contribution in the expansion of the sector to accommodate the historically marginalised section of the society in this business. The feasibility studies on the implementation of the Drakensberg Cable Car project and the establishment of a provincial tourism business and events bidding support fund have therefore all advanced towards completion.

Two additional maritime industry based labs were incorporated into Operation Phakisa and these included the Small Craft Harbours and Marine and Coastal Tourism thus making a total of six Ocean Economy Labs that add value to the ocean oriented tourism business operations. Amongst the priority areas identified for advancement in this province were:

- Potential coastal and marine tourism events to attract visitors to the province,
- Coastal and marine tourism routes to enhance visitor experiences,
- Coastal and marine tourism infrastructure developments in the form of waterfront, cruise terminal (cruise tourism) and small craft harbor,
- Coastal and marine tourism accommodation such as seaside lodges, hotels and resorts and
- Growing the number of blue flag beaches.

ENVIRONMENTAL MANAGEMENT

Environmental Management is responsible for ensuring that radical economic transformation is achieved in the most environmentally sustainable fashion as we have to preserve our biodiversity capital for the benefit of future generations. The Department is responsible for the promotion of balanced development that acknowledges the infiniteness of natural resources hence we have to ensure that any industrial advancement is preceded by environmental impact assessment (EIA). This is part of the integrated environmental management which encourages sustainable development.

We are delighted to report that the Department had performed well in terms of processing and reviewing EIAs at a 97% approval rate which is crucial for speeding up the process of unlocking the economic potential of the province. KwaZulu-Natal also performed well in terms of administrative environmental enforcement which helps to improve compliance with environmental legislation.

One of the greatest threats to the maintenance of environmental integrity in the province is the invasion of natural ecosystems and agricultural production systems by alien plant species. However, in addressing the challenge, the Department had implemented the Invasive Alien Species Programme within the Expanded Public Works Programme.

This programme had managed to create about 10705 work opportunities through environmental related initiatives in various communities, which included contribution to waste management. Some small scale recyclers were assisted through this programme where amongst other things, were exposed to capacity building and linked to the recycling companies that purchased waste materials they had gathered in their respective localities. This is not only contributing to environmental protection but is also in line with the Provincial Poverty Alleviation Master Plan.

In view that environmental protection is a global phenomenon KwaZulu-Natal has been actively involved in forums debating plans to mitigate potential threats to the planet. The Department therefore participated in the regional and global events that focused on the dangers of climate change where participants shared ideas on how to ensure that development doesn't become detrimental to our environment. We are also playing an active role in the Provincial Climate Change Council where the Department provides technical support in the on-going discourse around climate change.

STRATEGIC PARTNERSHIPS & COLLABORATIONS

As stated earlier, the Department serves as a reference point with respect to economic development and it therefore requires new information to be aware on new developments in various industrial sectors. It is that reason that we work closely with different partners that are mainly involved in undertaking economic research projects. Amongst partners we have Statistics South Africa and our long term plan is to establish a centralized statistical database for the province and we are pleased to report that this initiative has been boosted by Statistic SA's willingness to partner with us towards the realisation of this noble ambition.

We are also working with academic institutions to undertake and manage research in various sectors of the province's economy. This liaison with universities, colleges and specialist research organisations will

assist us to tap into the world class research expertise that could help influence our economic strategies.

Moreover, another key strategic partnership was concluded with the Department of Trade Industry focused on the promotion of the Black Industrialists Programme. This enabled the Department to secure grant funding support of over R115 million for seven projects. These projects were in the pharmaceutical, paper and pulp, logistics and aerospace manufacturing sectors.

In addition a partnership with the National B-BBEE Commission was concluded to review B-BBEE Policy compliance matter across the Province.

The Durban Chamber of Commerce remains one of our strategic partners hence it was engaged on matters of women economic empowerment. This resulted in the finalisation of the KwaZulu-Natal Directory of women owned businesses. Key stakeholders are utilising the directory to offer training and mentorship by the sector. The accounting firm, KPMG has taken all women in the accounting field for mentorship. Women were further provided with training, capacity building and mentorship in various areas such as sewing, enterprise development, and business management. The Durban Chamber of Commerce and Industry also provided business support to winners of uMyezane Awards.

The Department collaborated with the SAGCC for the development of the provincial maritime industry and delivery on the KIMS. EDTEA aims to leverage on the chamber's service offerings such as the Senior Experten Services. This programme offers the services of retired industry experts in various

fields and the Department aims to use these services across various projects from marine manufacturing to aquaculture so as to ensure the creation of internationally competitive co-operatives and SMMEs.

Further to this, discussions have been held with the German Consul, OTP, and the Royal Natal Yacht Club on how the KZN government can collaborate to develop skills in the maritime industry and particularly how to develop the boat building industry in KwaZulu-Natal. An MOU has been signed between the Department and SAGCC. Existing agreements between Germany and the province will also be used to support the province's maritime industry.

CONCLUSION

The Department will continue to fervently pursue programmes and interventions that are geared towards realising a radical shift in the participation of previously disadvantaged communities in the mainstream economy whilst ensuring job creation and sustainable economic growth.



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Ms Pumla Ncapayi

Accounting Officer of the Department of
Economic Development, Tourism and
Environmental Affairs
29 August 2017

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2017.

Yours faithfully



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Ms Pumla Ncapayi

Accounting Officer of the Department of
Economic Development, Tourism and
Environmental Affairs
29 August 2017



6. STRATEGIC OVERVIEW

VISION

Leading the attainment of inclusive and sustainable economic growth for job creation.

MISSION

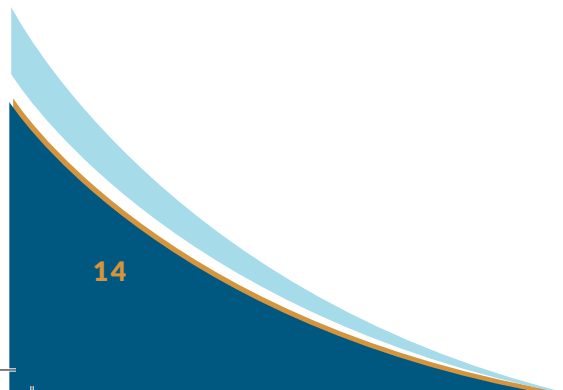
The mission of EDTEA is to:

- Provide leadership and facilitate integrated economic planning
- Be a catalyst for economic transformation and sustainable development
- Implement strategies that drive economic growth and promote sound environmental management
- Create a conducive environment for trade, investment and tourism
- Monitor and enforce sound business and consumer regulations

VALUES

The Department commits to providing a favourable 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 and Transparency
- Commitment and Innovation



7. LEGISLATIVE AND OTHER MANDATES

The Department operates within National and provincial legislative, policy and strategic frameworks. Some of the national acts that are critical to the operations of the Department are the Constitution of the Republic of South Africa, particularly Schedule 4 and 5 which stipulate the competences of the provincial government on matters of economic development and the Public Finance Management Act (PFMA) among other sector specific acts:

Integrated National B-BBEE Strategy and KZN B-BBEE Strategy;

B-BBEE Act;

B-BBEE Codes of Good Practice;

National Small Business Act of 1996 as amended

Cooperative Amendment Act 6 of 2013;

New Growth Path (NGP);

Industrial Policy Action Plan (IPAP2);

National Development Plan (NDP);

Local Economic Development (LED) policy guideline;

South Africa Trade policy framework;

Green Economy Framework;

Mining Beneficiation Strategy;

National Spatial Economic Development Perspective (NSDP);

Special economic Zones (SEZs) Bill and policy;

National Environmental Management Act 107 of 1998;

National framework for sustainable development;

National climate change response strategy;

National air quality management strategy;

National waste management strategy;

Tourism Act, Act No. 3 of 2014;

White Paper on the Development and Promotion of Tourism

National integrated coastal management strategy;

White Paper on Environmental Management Policy;

National Environmental Management: Biodiversity Act 10 of 2004 (NEMBA),

National Environmental Management: Protected Areas Act 57 of 2003

EDTEA's operations are also guided a myriad of national and provincial policies which include among others:

- South Africa Trade Policy Framework
- Industrial Policy Action Plan (IPAP2);
- Informal Economic Policy.
- Local Economic Development (LED) Policy Guideline.

The provincial government is aligned to these acts and policies and the Department's mandate is further guided by the following national and provincial strategies, among others:

Ithala Development Finance Corporation Act;

Ordinance 15 of 74, KwaZulu-Natal Nature Conservation Management Act 9 of 1997;

KwaZulu Natal Tourism Act;

KwaZulu Natal Tourism Master Plan;

KwaZulu- Natal Liquor Act;

Business Act;

Dube Trade Port Act;

BEE Act;

KwaZulu- Natal Film Commission Act;

Trade and Investment KwaZulu-Natal Act;

Consumer Protection Legislation;

Provincial Growth and Development Strategy (PGDS);

Provincial Spatial Economic Development Strategy (PSEDS);

Draft Export Strategy;

Industrial Development Strategy (IDS);

Investment Promotion Strategy;

Draft Green Economy Strategy;

Airport Strategy;

KZN Small Enterprise Development Strategy;

Cooperative Developments Strategy;



Youth Economic Empowerment Strategy and Informal Economic Policy

The emphasis in most of the current policies and provincial strategies is the issue of addressing the triple challenges of poverty, unemployment and inequality. The main policy discussions currently are centred on the following:

- Radical economic transformation;
- Job creation;
- Special economic zones (SEZ) and Industrial Economic Hubs;
- Beneficiation/Value Addition;
- Infrastructure Development;
- Rural Economic Development;
- Skills Development;

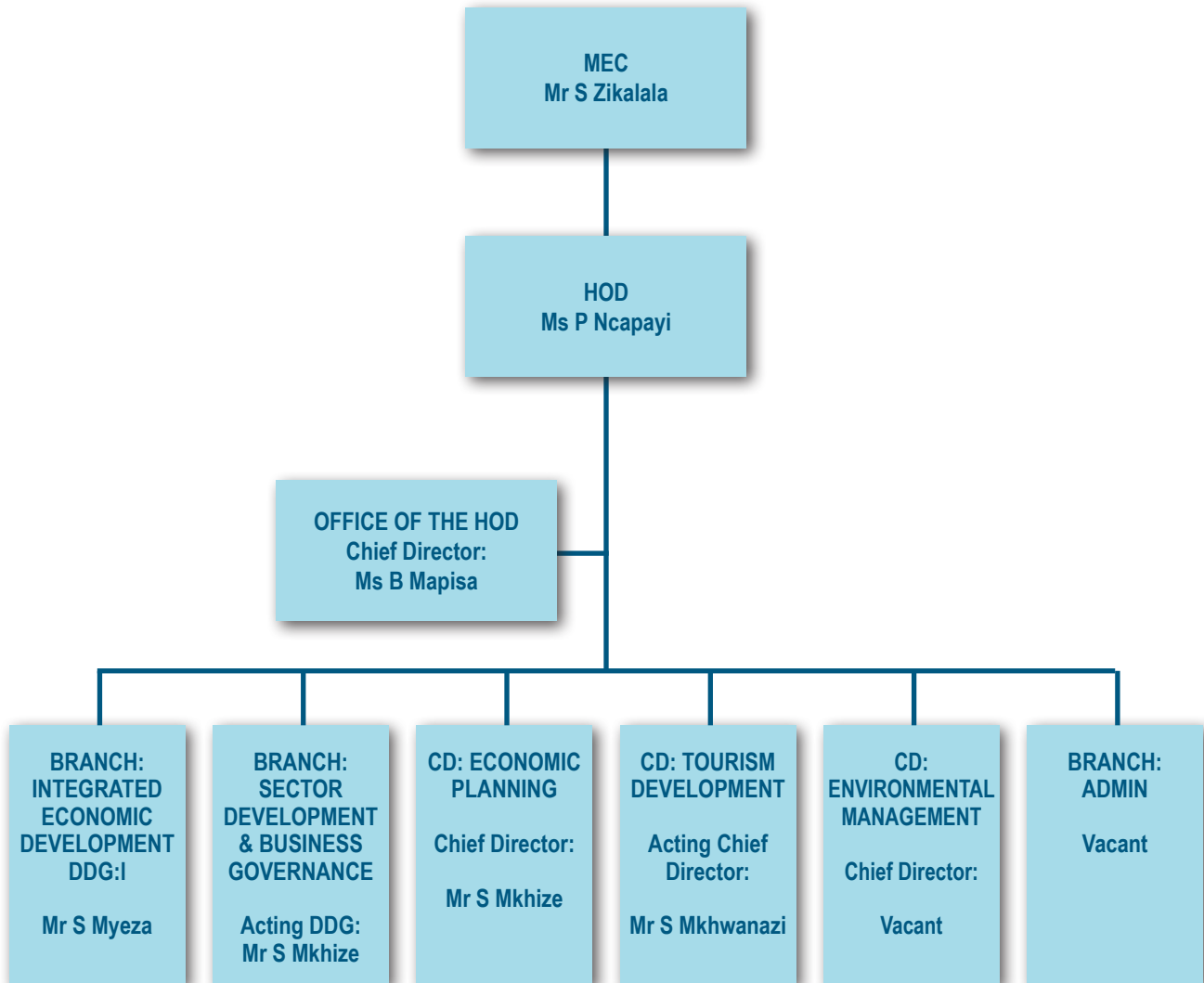
- Economic Transformation;
- KwaZulu Natal Beach Tourism Policy
- Trade Policy;
- Spatial Economic Development;
- Black industrialization;
- Revitalisation of township and Rural Economies

The above acts, policies and strategies are critical to direct the vision and mandate of the department. It is only through efficiency in the implementation of these legislations, policies and strategies that the Department can meaningfully contribute to the fight against the triple challenges of development.



8. ORGANIZATIONAL STRUCTURE

HIGH LEVEL ORGANISATIONAL STRUCTURE FOR EDTEA



The current approved structure for the Department dates back to 2007 and comprises of seven programmes and this takes into cognisance the merger with Environmental Affairs functions during the 2016/2017 financial year.

- Programme 1 is Administration which in terms of the budget structure, it also includes the Office of the MEC and the Office of the HOD. These add to other sub-programmes such as Financial Management and Corporate Services that all report to a Senior General Manager.
- Programme 2 is Integrated Economic Development Services that consists of the Regional & Local Economic Development, Enterprise Development and as well as Economic Empowerment. This programme is also headed by a Senior General Manager.
- Programme 3 is Trade & Sector Development which in terms of the organisational structure has Sector Development, Strategic Industrial Intervention and Trade and Investment promotion
- Programme 4 is Business Regulation & Governance and this consists of Regulation Services, Consumer Protection with respect to the organisational structure. Meanwhile both programme 3 and 4 currently report to a single Senior General Manager.
- Programme 5 is Economic Planning that features Policy & Planning, Research & Development, Knowledge Management and as well as Monitoring & Evaluation. This programme is headed by a General Manager.
- Programme 6 is Tourism Development, a function that was transferred from the Department of Arts & Culture soon after the 2009 elections from Arts and Culture and this unit is presently led by a General Manager.
- Programme 7: Environmental Affairs, was aligned to this portfolio from the Department of Agriculture and Rural Development following the 2014 elections and is also headed by a General Manager.

9. ENTITIES REPORTING TO THE MEC

The information furnished in this section should correlate with information provided in the related party transactions disclosure note to the financial statements and the information on the entities.

The tables below indicates the entities that report to the MEC.

Public Entity	Trade and Investment	2016/2017 Allocation R'000
Mandate	To attract foreign and domestic investment and to generate exports and exports capacity in KwaZulu Natal.	82 420
Enabling Legislation	Trade and Investment Act No. 5 of 2010.	
Other Policies	PGDP, Investment Strategy, Export Strategy	

Public Entity	Tourism Authority	2016/2017 Allocation R'000
Mandate	Directly or indirectly develop, promote and market tourism into and within the province of KwaZulu-Natal	110 414
Enabling Legislation	<ul style="list-style-type: none"> • KwaZulu-Natal Tourism Act, Act 11 of 1996 • Provincial Tourism Policy, Approved in March 2008 • National Tourism Sector Strategy, Approved in March 2011 <p>There are three further important documents which will have an impact on the role of TKZN in the future. These are :</p> <ul style="list-style-type: none"> • The National Tourism Sector Strategy • The Provincial Growth and Development Strategy • The Provincial Tourism Master Plan 	
Other Policies	<ul style="list-style-type: none"> • KZN Provincial Tourism Master Plan 	

Public Entity	KZN Sharks Board	2016/2017 Allocation R'000
Mandate	To undertake, initiate and approve measures for safeguarding bathers against shark attack in the Province.	72 175
Enabling Legislation	KwaZulu-Natal Sharks Board Act, 2008 (No. 05 of 2008)	
Other Policies	Draft Provincial Maritime Strategy	

Public Entity	Dube Trade Port Corporation	2016/2017 Allocation R'000
Mandate	<p>The Dube TradePort Corporation must, through the Board:</p> <ul style="list-style-type: none"> • Ensure the strategic planning, establishment, design, construction, operation, management and control of the Dube TradePort; • Implement and give effect to the Master Plan for the economic growth of the Dube TradePort Region and the Province; • Manage and utilise its resources in accordance with its objectives and the requirements of the Master Plan; • identify, develop, market and promote investment opportunities in the Dube TradePort; and • Develop an investment plan for the Dube TradePort 	387 223
Enabling Legislation	KZN Dube TradePort Corporation Act, 2010 (Act no. 2 of 2010). This needs to be updated as the DTP is now a Special Economic Zone	
Other Policies	Special Economic Zones Act	

Public Entity	Moses Kotane Institute	2016/2017 Allocation R'000
Mandate	To empower individuals through specialist education and training in mathematics, science, engineering, technology and business process outsourcing that will assist them to become employable, enhance service delivery and create employment opportunities for others.	53 822
Enabling Legislation	The Institute was established in 2009 by the Kwazulu-Natal Department of Economic Development in terms of Public Service Amendment Act No. 30 (2007).	

Public Entity	Richards Bay Industrial Development Zone	2016/2017 Allocation R'000
Mandate	To accelerate and improve infrastructure for industrial development through the government's Industrial Development Zone (IDZ) Programme	126 370
Enabling Legislation	The Industrial Development Programme promulgated in terms of the Manufacturing Development Act, 1993 (Act No. 187 of 1993) in Government Notice No R1224 of 1 December 2000 as amended by Government Notice No R1065 of 27 October 2006. This needs to be updated as the DTP is now a Special Economic Zone	
Other Policies	Special Economic Zones Act	

Public Entity	KZN Liquor Authority	2016/2017 Allocation R'000
Mandate	To control and regulate the retail sale and micro manufacturing of liquor in the province	73 753
Enabling Legislation	KwaZulu Natal Liquor Licensing ACT no. 06 of 2010	

Public Entity	Ithala Development Finance Corporation	2016/2017 Allocation R'000
Mandate	<ul style="list-style-type: none"> • mobilising financial resources and providing financial and supportive services to persons domiciled, ordinarily resident, or carrying on business within the Province; • planning, executing, financing and monitoring the implementation of development projects and programmes in the Province; • promoting, assisting and encouraging the development of the Province's human resources and its social, economic, financial and physical infrastructure; • promoting, encouraging and facilitating private sector investment in the Province and the participation of the private sector and community organisations in development projects and in contributing to economic growth and development generally; • 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 	77 567
Enabling Legislation	Ithala Development Finance Corporation Act No. 2 of 1999	

Public Entity	KZN Growth Fund Trust	2016/2017 Allocation R'000
Mandate	The Trust is the custodian of the KZN Growth Fund Trust a structured debt and equity fund. The Trust receives capital contribution from the KZN Provincial Government. The sole beneficiary of the Trust is EDTEA. The "Fund" is a closed, pooled infrastructure project debt and equity fund. It funds capital projects above R30m.	64 400
Enabling Legislation	The Department is in the process of drafting the legislation to govern the entity, list it in the PFMA and register it as a government owned company.	



Public Entity	KZN Film Commission	2016/2017 Allocation R'000
Mandate	<ul style="list-style-type: none"> to promote and market the Province as a global destination for film production; to develop, promote and market, locally, nationally and internationally, the film industry in the Province; to facilitate investment in the film industry in the Province; to provide and encourage the provision of opportunities for persons, especially from disadvantaged communities, to enter and participate in the film industry in the Province; to address historical imbalances in the infrastructure and in the distribution of skills and resources in the film industry in the Province; and to contribute to an enabling environment for job creation in the film industry in the Province. 	68 211
Enabling Legislation	KwaZulu-Natal Film Commission Act No. 3 of 2010	

Public Entity	KZN Ezemvelo Wildlife	2016/2017 Allocation R'000
Mandate	<ul style="list-style-type: none"> The management of nature conservation within the Province of KwaZulu – Natal both inside and outside the protected areas and; The development and promotion of ecotourism facilities within the protected areas. 	613 622
Enabling Legislation	<ul style="list-style-type: none"> KwaZulu-Natal Conservation Management Act (No. 9 of 1997) National Environmental Management: Biodiversity Act, No. 10 of 2004 National Environmental Management: Protected Areas Act, No. 57 Of 2004 Ordinance 15 of 1974 	



Part B:
PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 95 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

2.1.1 The Department has engaged itself in the development of organizational structures for its operations. The consideration of the structure is mostly informed by the regulated environment within which the Department operates. Functional structures are regarded by various Departments as suitable for a regulated environment. Notwithstanding their disadvantages they (functional structures) still allow greater operational control at a senior level and linked to this is the clear definition of roles and responsibilities.

2.1.2 The Organizational structure of the Department should enable the Department to focus on the following strategic pillars:-

- Industrial Economic Hubs and Special Economic Zones;
- Aerotropolis;
- Maritime (Ocean Economy);
- Tourism;
- Environmental Management and
- Empowerment of SMMEs and Co-operatives

2.1.3 It should be noted that the Department is one of the delivery Departments with concurrent competencies. These (delivery departments) represent a mix between policy-making and delivery. At a National level they are mainly responsible for policy development, executive oversight, monitoring and evaluation whilst at Provincial level they are responsible for operational delivery of the functional competence. It is noted that the operational delivery of the functional competence is in this department based on the framework of the line function programmes as dictated to by the strategic plan of the Department.

2.1.4 It should be highlighted that whilst the National Departments are responsible for policies to be implemented at all Levels of Government, Provinces are expected to operationalize National priority programmes in order to discharge their Constitutional mandates. The investigation conducted reveals that in operationalizing the National priority programmes, Provinces rely heavily on various strategies designed both by National and Provinces.

2.1.6 The Department is in terms of the strategic plan constituted of seven (7) programmes and their associated sub-programmes with their main objectives.

These programmes are the following:

- Administration Services;
- Integrated Economic Development Services;
- Sector Development;
- Business Governance;
- Economic Research and Planning;
- Tourism Development; and
- Environmental Management

2.2 SERVICE DELIVERY IMPROVEMENT PLAN

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

MAIN SERVICES AND STANDARDS

Main Services	Service Standards	Beneficiaries	Desired standard of performance	Actual Achievement
Project Development and Management (employment creation and capacity building)	Queries will be resolved as per the approved Complaints/ Compliments Management Framework, which prescribe a maximum of 25 working days.	<ul style="list-style-type: none"> Cooperatives Local Municipalities Financial Institutions Government Institutions Private sector organizations (Consultants & big business) Public Entities Academic Institutions 	<p>RLED Forums (provincial, district and local)</p> <ul style="list-style-type: none"> Project Steering Committees RLED summits RLED workshops Follow-up consultation via telephone, email and cellphone communication Annual survey-questionnaires templates Develop RLED portal Review three year SDI plan (process and results) 	<ul style="list-style-type: none"> Planned quarterly meetings with key stakeholders Planned quarterly workshop Half yearly seminars
Handle and solve consumer complaints	Queries will be resolved as per the approved Complaints/ Compliments Management Framework, which prescribe a maximum of 25 working days	<ul style="list-style-type: none"> Consumers Municipalities Gov. Department Regulatory Bodies Traditional Authorities NGO's NPO's 	<ul style="list-style-type: none"> Planned monthly meetings with Municipalities OSS Quarterly meetings with National Consumer Protection Forums Monthly workshops 	<ul style="list-style-type: none"> Planned monthly meetings with Municipalities OSS Quarterly meetings with National Consumer Protection Forums Monthly workshops

Main Services	Service Standards	Beneficiaries	Desired standard of performance	Actual Achievement
Facilitate the Provision of integrated cooperatives development services (pre-establishment, registration, training and mentorship of Co-operatives, access to finance, in the province.	Queries will be resolved as per the approved Complaints/ Compliments Management Framework, which prescribe a maximum of 25 working days	<ul style="list-style-type: none"> Cooperatives Local Municipalities Financial Institutions Government Institutions Private sector organizations (Consultants & big business) Public Entities 	<ul style="list-style-type: none"> Information brochure available in all key areas where they can be easily accessible to all communities 	<ul style="list-style-type: none"> Planned quarterly meetings with key stakeholders Planned quarterly workshop Half yearly seminars

BATHO PELE ARRANGEMENTS WITH BENEFICIARIES (CONSULTATION ACCESS ETC)

Refer to the SDIP information provided above.

SERVICE DELIVERY INFORMATION TOOL

Refer to the SDIP information provided above.

COMPLAINTS MECHANISM

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Approved complaints/compliments Management Framework in place	Electronic based complaints management system	No outstanding complaints

2.3 ORGANISATIONAL ENVIRONMENT

2.3.1 The Department has since 2007 been responsible for Economic Development portfolio only, but to due to changes in the Provincial Administration as announced by the Honourable Premier the organisation was reconfigured with the inclusion of Tourism in 2009 and Environmental Affairs functions respectively. These were transferred from the Departments of Arts & Culture and Agriculture & Rural Development in 2009 and 2014 respectively to create the new Department of Economic Development, Tourism and Environmental Affairs.

2.3.2 It is customary that whenever there is a transfer of functions between departments, the broad structural design indicating roles, responsibilities and reporting, is developed. This is imperative for noting by the Department of Public Service and Administration, as prescribed by the Public Service Regulations 1/III/B.2. It is also important to note that the Department is in the process of aligning it's organisational structure with the Strategic Plan (2015 - 2019) and the following are some of the strategic changes that have taken place:

Operation Vula: As part of the broader commitment to promote local procurement in order to increase domestic production, that supports efforts to effect socio-economic transformation, Operation Vula aims to support the localisation in the province's economy by exploiting government buying power to favour mainly small scale enterprises such as SMMEs and co-operatives. This initiative is expected to broaden access to business opportunities by the historically marginalised sections of the society. Operation Vula covers all sectors of the economy, inclusive of agriculture that was selected as the pilot industry to activate radical economic transformation in the province under the auspices of Radical Agrarian Socio-Economic Transformation, affectionately referred as RASET. The following commodities will now be procured from local small scale businesses as part of Operation Vula:

- School & Prison Uniform;
- Protective Clothing;
- School & Government Furniture;
- Bakery;
- Infrastructure Materials;
- Cleaning Materials and
- Agricultural Produce.

Other strategic announcements and developments that would impact on the Departmental operations were:

- Activation of Black Industrialist Programme;
- Radical Agrarian Socio-Economic Transformation (RASET);
- Government Auto-Service Park;
- Provincial One-Stop-Shop;
- KZN Economic Transformation Monitoring Council;
- Operation Sakhinzuzo;
- Rationalization of Public Entities;
- KwaZulu-Natal Investment Conference.

2.3.3 The Department's Economic Planning Unit has through management decision would be changing focus with respect to its operations. The unit will no longer focus on the departmental activities/operations only but will also embrace all provincial operations that require the unit's expertise and support. It is this rationale that has influenced the departmental executive towards changing the status of the Unit from Chief Directorate into Branch level. The upgrade inevitably calls for the expansion of the existing structure thereby accommodating the management thinking towards the initiatives to be undertaken under the new arrangement in the unit. The branch will now cover a wide range of economic activities inclusive of Research on Sector specific fields and the gathering, packaging and distribution of Market Intelligence that will have a bearing on the Macro-Economic Planning to cover areas such as:

- Special Economic Zones (SEZs);
- Policy Co-ordination & Alignment;
- Economic Modelling; and
- Policy Advocacy, Briefs & Forums.

The change in approach for Economic Planning resulted in the creation of two additional units such as:

- Policy & Planning and
- Knowledge Management

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no policy changes during the period reported on.

3. STRATEGIC OUTCOME ORIENTED GOALS

The strategic focus for the KZN EDTEA during the 2015 -2020 planning period is to build a resilient KZN provincial economy that can respond to global factors, stimulating provincial economic development, alignment of functions and purpose of all economic development entities as well as building a vibrant organisation. The table below outlines a summary of strategic goals for 2015 to 2020 as well as the strategic objectives that would be key in driving each strategic intervention. These strategic goals inform the programmes of the KZN EDTEA for the afore-mentioned planning period.

KZN EDTEA Strategic Outcome Oriented Goals and Objectives

Strategic outcome oriented goal 1	Integrated economic planning and development in the Province
Goal statement	Achieve an integrated and coordinated economic planning process and development in the Province of KZN.
Goal indicator	Effective implementation of Provincial interventions by relevant stakeholders
Strategic objectives	<ul style="list-style-type: none"> 1.1. Coordinate social partners and other stakeholders in the Province 1.2. Collect, process, maintain and report on economic and other social data 1.3. Track the implementation of economic interventions 1.4. Provide research on priority and strategic sectors 1.5. Develop and maintain an efficient regulatory and governance framework 1.6. Influence policy direction for economic and infrastructure development
Strategic outcome oriented goal 2	Sustainable and inclusive economic growth for job creation
Goal statement	Achieved economic growth with broad participation by the community
Goal indicator	Higher provincial GDP, lower unemployment, poverty and inequalities and improved key social indicators
Strategic objectives	<ul style="list-style-type: none"> 2.1. Facilitate the implementation of economic transformation strategies and policies 2.2. Implement existing productive and service sector strategies and plans 2.3. Promote SMMEs and Cooperatives 2.4. Facilitate trade and investment
Strategic outcome oriented goal 3	Preferred tourism destination in the country
Goal statement	Deepen and develop the positioning of KZN as a preferred tourism destination for domestic and global tourism
Goal indicator	Increased number of tourists visiting KZN
Strategic objectives	<ul style="list-style-type: none"> 3.1. Provide guidance, support and direction in terms of tourism policies, legislation and strategies 3.2. Implementation of the KZN Tourism Master Plan

Strategic outcome oriented goal 3	Preferred tourism destination in the country
Goal statement	Deepen and develop the positioning of KZN as a preferred tourism destination for domestic and global tourism
Goal indicator	Increased number of tourists visiting KZN
Strategic objectives	3.1. Provide guidance, support and direction in terms of tourism policies, legislation and strategies 3.2. Implementation of the KZN Tourism Master Plan

Strategic outcome oriented goal 4	Sustainable environmental management
Goal statement	Ensure effective implementation of policies and strategies for sustainable development
Goal indicator	Improved responsible environmental management and impact
Strategic objectives	4.1. Implement environmental management strategies and plans 4.2. Streamline the process of Environmental Impact Assessment 4.3. Promotion and facilitation of integrated environmental management through capacity building and awareness raising programmes and projects.

Strategic outcome oriented goal 5	Achieve institutional excellence responsive to the needs of the country
Goal statement	Establish a dynamic institution through a high performance and value based culture
Goal indicator	Accountable delivery of the mandate of the Department
Strategic objectives	5.1. Lead in the realisation of the vision of the Department and enhance service delivery and guaranteed value for money 5.2. Establish organisational capacity to enable delivery of mandate through effective human and financial management, corporate governance, risk management, and internal control frameworks 5.3. Deploy robust business processes and systems to promote a high performance and value-based culture 5.4. Strengthen planning oversight, monitoring and evaluation capabilities for measuring impact of economic development strategies within the Department and across its entities;



4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION

PURPOSE OF THE PROGRAMME:

The principal objective of this programme is to oversee and provide executive support to the Executive Authority and Accounting Officer to fulfil the Departmental mandate as prescribed by legislation. Furthermore, it has to provide effective and efficient support services to the whole Department regarding Human Resources (HR), Legal Services, Financial Management, Information & Communication Technology and as well as Auxiliary Services.

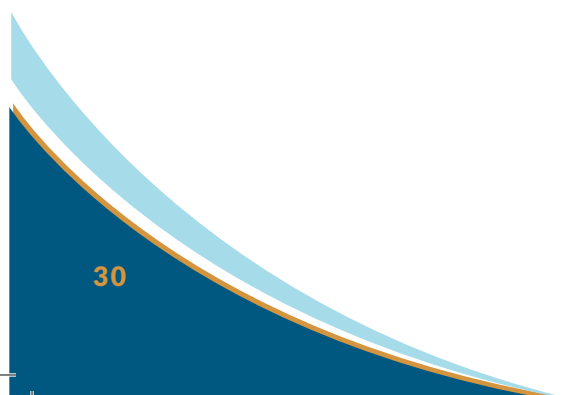
The programme is made up of the following sub-programmes:

- Office of the MEC
- Office of the Head of Department
- Financial Management Unit
- Corporative Service

Strategic objectives, performance indicators, planned targets and actual achievements

The table below provide the details of achievements of targets for the strategic objectives, outputs and performance indicators for the programme for the financial

Sub-Programme Name: Office of the Head of Department						
Performance Indicator	Audited for 2015/16	Planned	Actual Outputs verified	Actual Achievement	Variences	Comments
Number of monitoring reports	4	4	4	100.00%	0.00%	Target Achieved
APP developed and approved by the Executive Authority as per Provincial Treasury Guidelines	1	1	1	100.00%	0.00%	Target Achieved
Annual Report approved and submitted to Provincial Treasury and Cabinet within stipulated time	1	1	1	100.00%	0.00%	Target Achieved
Number of progress reports on the implementation of risk mitigating strategies (critical risks)	4	4	4	100.00%	0.00%	Target Achieved
Number of progress reports on the implementation of internal and external audit recommendations	4	4	4	100.00%	0.00%	Target Achieved
Annual Monitoring Plan	new	1	1	100.00%	0.00%	Target Achieved



Sub-Programme Name: Financial Management Unit						
Performance Indicator	Audited for 2015/16	Planned Annual Targets	Actual Outputs verified	Actual Achievement	Variiances	Comments
Number of Financial Management Report	new	4	4	100.00%	0.00%	
% of valid invoice paid within 30 days	new	80%	98%	122.50%	22.50%	Department processed more payments than baseline set as target for the current financial year.

Sub-Programme Name: Corporative Service						
Performance Indicator	Audited for 2015/16	Planned Annual Targets	Actual Outputs verified	Actual Achievement	Variiances	Comments
% of funded pots in PERSAL which are vacant per quarter (Vacancy rate)	13%	10%	16%	40.00%	60%	Department did not fill many posts over the last few months due to cost cutting measures.
Staff turnover rate	4.70%	5%	1%	180.00%	80%	Additional posts captured on persal system. Establishment has increased.
% of performance agreement submitted on time	new	100%	76.34%	76.34%	-23.66%	Non-compliance to EPMS processes by some departmental officials.
% of targets of workplace skills plan approved	new	80%	88%	110.00%	10.00%	More trainings were implemented than what was projected.

Strategy to overcome areas of under-performance

The Department has initiated the recruitment process for positions that were approved by the Premier in the year under review. The process is anticipated to be concluded during the course of the 2017/18 financial year.



PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

PURPOSE OF THE PROGRAMME:

The purpose of the Integrated Economic Development Services (IEDS) Programme 2 is to create partnerships and implement policies, programmes and projects aimed at creating employment and building capacity of stakeholders, supporting and promoting enterprises owned by previously disadvantaged individuals, groups, or communities in order to bring them into the mainstream of the economy.

The programme is made up of the following sub-programmes:

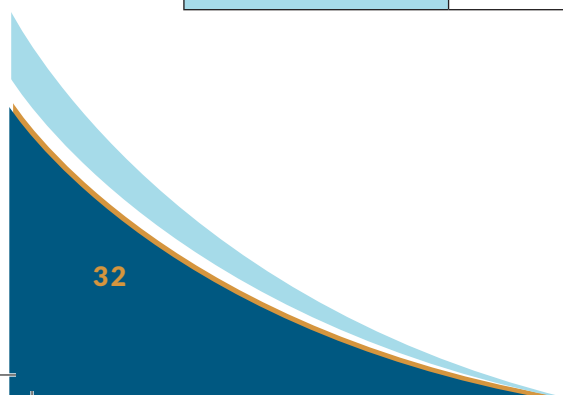
- Enterprise Development
- Economic Empowerment
- Regional and Local Economic Development

Strategic objectives, performance indicators, planned targets and actual achievements

The table below provide the details of achievements of targets for the strategic objectives, outputs and performance indicators for the programme for the financial

Sub-Programme Name: Enterprise Development						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variences	Comments
Number of reports on SMMEs and Cooperative registered	new	4	4	100.00%	0.00%	Target achieved
Number of SMMEs and Coops supported	5 596	2 119	887	41.86%	-58.14%	Target is demand driven and there was less demand of support services from SMMEs.

Sub-Programme Name: Economic Empowerment						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variences	Comments
Number of BEE structures coordinated	new	5	6	120.00%	20.00%	Target over achieved due to additional structures engaged with.
Number of specific interventions implemented	14	3	7	233.33%	133.33%	Target over achieved due to unplanned partnership with Dept. of Labour & Ombuds of Motor Industry on awareness campaigns implementation.



Sub-Programme Name: Regional and Local Economic Development						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of employment opportunities supported	309	80	91	113.75%	13.75%	Seasonal jobs created by Tongaat Hulett sugar and Sihleza are influenced by climatic conditions and growing seasons.
Number of people trained	165	100	122	122.00%	22.00%	Ad-hoc training is demand driven by municipalities and other LED Stakeholders.

Strategy to overcome areas of under-performance

As can be seen from the tables above, the IEDS Branch has exceeded some of its targets whilst acknowledging that others were not achieved. This was due to different factors that included having to undertake projects that weren't in the initial plan but when activated they could contribute to either increased number of positive developments or adversely affect the very set targets. Reliance on external partners and limited resources also had a bearing on the programme's performance.

Amid a number of successes, the programme is mindful of the areas where it needs to improve its delivery performance. A combination of interventions including soliciting support from and entering into partnership with organisations that would add value to the Department's service delivery efforts and provide strategic research information that would help meet delivery expectations would be considered in the subsequent financial year. This includes collaborating with organisations such as tertiary institutions and TVET Colleges with respect to capacity building, mentorship and incubation for emerging enterprises such as SMMEs and co-operatives – as part of Small Enterprise Development initiatives.

Creation of more partnerships with Development Funding Institutions and Commercial Banks on financial support and empowerment of target groups would form part of the equation. The programme will continue with the co-ordination of stakeholders (public and private sectors) to ensure successful implementation of its various projects and programmes aimed at opening up empowerment and development opportunities

PROGRAMME 3: TRADE AND INDUSTRIAL DEVELOPMENT

PURPOSE OF THE PROGRAMME:

The Trade and Industry Development programme provides customised support services to prioritised sectors of the provincial economy. The strategic objective is to transform the provincial economy, to ensure job creation and long term sustainable growth.

The programme is made up of the following sub-programmes:

- Strategic Industrial Intervention
- Trade and Investment Promotion
- Sector Development

Strategic objectives, performance indicators, planned targets and actual achievements

The table below provides the details of achievements of targets for the strategic objectives, outputs and performance indicators for this programme during the financial year under review.

Sub-Programme Name: Strategic Industrial Intervention						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variences	Comments
Percentage of implementation of resolutions adopted by social partners	22%	65%	100%	153.85%	53.85%	All 8 task team work stream delivered on project resolutions.
No of jobs created through Aerotropolis initiative	1 714	50	50	100.00%	0.00%	Target achieved
Number of jobs created through Maritime initiative	-	22	0	0.00%	-100.00%	KwaZulu-Natal Maritime Institute on hold due to rationalisation.
Number of jobs created through Industrial hubs initiative	66	74	0	0.00%	-100.00%	IEHs in planning stage thus no jobs created.
No of business plans or master plans completed	6	10	6	60.00%	-40.00%	Delays in SCM processes and land Issues.
No new of international airlines flying directly to King Shaka Airport.	4	1	2	200.00%	100.00%	Agreement to secure second international flight was reached earlier than anticipated.
Number of cluster supported/special purpose vehicle	new	3	0	0.00%	-100.00%	KwaZulu-Natal Maritime Institute on hold due to rationalisation.
No of investment project facilitated by Aerotropolis and Industrial Hubs	new	3	3	100.00%	0.00%	Target achieved.

Sub-Programme Name: Strategic Industrial Intervention

Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
No of incubators established within the aerotropolis and industrial economic hubs initiative	new	1	1	100.00%	0.00%	Target achieved
No of people trained within the aerotropolis, maritime and industrial economic hubs initiative	new	70	23	32.86%	-67.14%	KwaZulu-Natal Maritime Institute on hold due to rationalisation.

Sub-Programme Name: Trade and Investment Promotion

Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
No. of investment and/or export strategies completed	-	4	4	100.00%	0.00%	Target achieved
Value of export facilitated (Figures in Billion Rands)	-	R 1.50	R 0.00	0.00%	-100.00%	Implementing agent is measuring number of companies assisted rather than rand value.
No. of trade exhibitions hosted	-	1	0	0.00%	-100.00%	There were no resources available during the financial year

Sub-Programme Name: Sector Development						
Performance Comments Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	
Number of jobs created and sustained	-	60	613	1021.67%	921.67%	Monyetla programme which runs throughout the year enabled more creation of jobs.
Number of Business Plans Completed	2	2	2	100.00%	0.00%	Target achieved.
Number of specific interventions implemented	6	20	1	5.00%	-95.00%	Budget cuts led to suspension of most of the projects.
Number of people trained and linked to opportunities	1 438	300	828	276.00%	176.00%	High demand for ICT trainings through Monyetla programme.
Number of Cluster Supported (KZN Music Cluster)	5	5	5	100.00%	0.00%	Target achieved
No of review reports	2	2	2	100.00%	0.00%	Target achieved

Strategy to overcome areas of under-performance

The programme will ensure alignment of the strategic plans of the EDTEA and Entities. Some of the indicators will have to be changed due to non-availability of information/data while some indicators will be replaced with measurable outputs. A bottom-up budgeting approach will be adopted and the budget will be aligned with project formulation and operations.

PROGRAMME 4: BUSINESS REGULATIONS

PURPOSE OF THE PROGRAMME:

This programme is housed within the branch Industry Development and Business Regulations and its prime purpose is to manage and implement the Constitutional legislative mandate of the province in relation to liquor (policy and legislation function only), consumer and business regulation services (formal and informal businesses) in terms of applicable liquor, consumer and business legislations.

It therefore comprises of three sub-programmes, namely:

- Consumer Protection,
- Business Regulation Services and
- Policy and Legislation

Strategic objectives, performance indicators, planned targets and actual achievements

Sub-Programme Name: Consumer Protection						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
Number of consumer education programmes conducted	1 057	1 500	1 047	69.80%	-30.20%	High vacancy rate in terms of the education staff at the district offices and this has impacted on target performance.
Number of inspections conducted	448	400	475	118.75%	18.75%	Increased inspections arising out of Integrated Compliance and Regulatory Forum.
No. of written complaints resolved	1 124	1 936	2 877	148.61%	48.61%	More consumers aware of the service offerings of the department arising out of workshops and road shows.
No. of written complaints received	3 716	2 420	4 355	179.96%	79.96%	More consumers aware of the service offerings of the department arising out of workshops and road shows.
% of consumer satisfaction with the dealings/handling of complaints.	new	75%	75%	100.00%	0.00%	Target achieved

Sub-Programme Name: Business Regulation Services						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of Municipalities Monitored and Evaluated with Implementation of Regulations	32	31	40	129.03%	29.03%	The success of the recently established KZN ICOREF has resulted to most municipalities to see the value and the need to enforce business regulations within their localities
Number of Provincial Informal Economy Policy Alignment Programmes facilitated	22	20	32	160.00%	60.00%	There is more focus on Informal Economy as a driver of local economies and this pushes municipalities to fast track development and finalisation of IE Policies
Number of barriers identified	1	3	3	100.00%	0.00%	Target achieved
Number of barriers addressed	1	3	3	100.00%	0.00%	Target achieved

Sub-Programme Name: Policy and Legislation						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of Liquor Authority monitoring report (Tracking the effectiveness of the KZNLA in regulating the industry)	4	4	4	100.00%	0.00%	Target achieved
Number of reviews of the legislatives framework relating to liquor, consumer and regulation services	4	4	4	100.00%	0.00%	Target achieved

Strategy to overcome areas of under-performance

The area in which under performance had been recorded is with regards to the implementation of the consumer education programmes due to a high vacancy rate within the business unit. To address the above challenge the annual target for this performance indicator has been reduced to accommodate the current staff establishment and the potential to achieve the 2017/2018 annual targets. An agreement had been reached with the current staff to assist in certain districts where there are high rate of vacancies to assist with service delivery and to assist with the achievement of the annual targets for 2017/2018. Managers have also taken on the additional responsibility to step in and assist with service delivery to achieve the annual targets.

PROGRAMME 5: ECONOMIC PLANNING

PURPOSE OF THE PROGRAMME:

The Economic Planning Programme in the main serves as reservoir of strategic information that influences decision making within the Department and its public entities. This is because it is actively involved in the gathering of economic data, conducting micro & macro-economic analyses and economic modelling to inform economic policies and strategies. It further commissions and undertake policy research projects to ensure that the province’s economic policy direction adequately responds to national and global economic and policy trends.

The programme is made up of the following sub-programmes:

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

Sub-Programme Name: Research and Development						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of research reports on priority and strategy sectors	13	11	11	100.00%	0.00%	Target achieved
Number of Research and Development initiatives supported	5	5	5	100.00%	0.00%	Target achieved

Sub-Programme Name: Knowledge Management						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of operational integrated statistical database	-	1	-	0.00%	-100.00%	Due to the complexity of the project, it was tendered out but no successful bidder was identified but later in the year Stats SA was appointed to partner with the Department hence this project would be implemented in the subsequent year.
Number of updated project analysis reports against APP targets	new	4	4	100.00%	0.00%	Target achieved
Number of reports tracking provincial knowledge base indicators	4	4	4	100.00%	0.00%	Target achieved

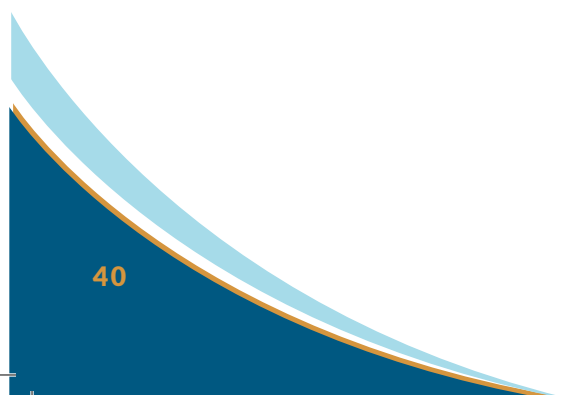


Sub-Programme Name: Monitoring and Evaluation						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
Number of evaluation assessment reports	5	5	5	100.00%	0.00%	Target achieved
Number of Mid-term review reports on MEC commitments	1	1	1	100.00%	0.00%	Target achieved
Approved Evaluation Plan	new	1	1	100.00%	0.00%	Target achieved

Sub-Programme Name: Policy and Planning						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
Number of policy advocacy reports	2	2	2	100.00%	0.00%	Target achieved
Number of economic strategies developed	1	-	-	-		
Number of economic publications	6	6	6	100.00%	0.00%	Target achieved
Number of Policy briefs	2	2	2	100.00%	0.00%	Target achieved
Number of reports on economic strategies implemented	1	2	2	100.00%	0.00%	Target achieved

Strategy to overcome areas of under-performance

The under achievement relating to the establishment of the statistical database will be addressed by utilising the internal human capital in partnership with Statistics South Africa to collect socio-economic data. Furthermore, this will be augmented by data that we will obtain from the key stakeholders we work with.



PROGRAMME 6: TOURISM DEVELOPMENT

PURPOSE OF THE PROGRAMME:

Tourism is a concurrent function between the national and provincial government hence the province is tasked with functions relating to planning and policy making, regulation and monitoring, facilitation and implementation, coordination as well as development promotion of tourism in line with national imperatives

The programme is made up of the following sub-programmes:

- Tourism Planning
- Tourism Growth and Development
- Tourism Sector Transformation

Strategic objectives, performance indicators, planned targets and actual achievements

The table below provides the details of achievements of targets for the strategic objectives, outputs and performance indicators for the programme during the financial year under review.

Sub-Programme Name: Tourism Planning						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variiances	Comments
% of resolutions adopted and implemented by social partners	new	95%	100%	105.26%	5.26%	Less resolutions were taken, hence implementation was finalised expeditiously.
Number of Tourism research, policies, strategies and frameworks identified and developed	6	7	7	100.00%	0.00%	Target achieved

Sub-Programme Name: Tourism Growth and Development						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variiances	Comments
Number of interventions implemented	5	5	5	100.00%	0.00%	Target achieved
Number of tourist guides/tourism businesses registered	500	500	595	119.00%	19.00%	Positive response, new Tourist Guides trained, new tourism operators and accommodation establishments entering the sector and wanting to be compliant in terms of the legislations which enabled the component to achieve more.

Sub-Programme Name: Tourism Sector Transformation						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variiances	Comments
Number of specific interventions implemented	17	15	15	100.00%	0.00%	Target achieved



PROGRAMME 7: ENVIRONMENTAL MANAGEMENT

PURPOSE OF THE PROGRAMME:

Programme Seven was founded to advance environmental sustainability for socio-economic development, through the promotion of sustainable use of the environment, which is safe and healthy.

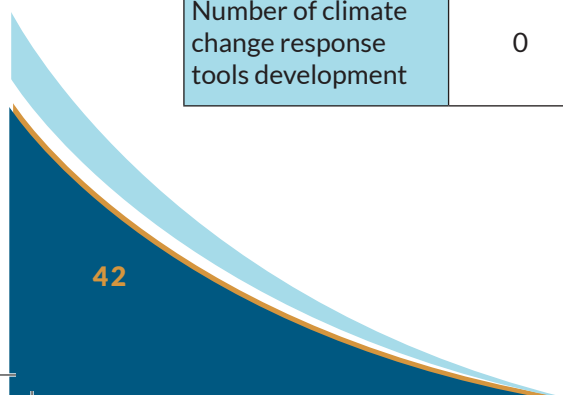
The programme is made up of the following sub-programmes:

- Policy Co-ordination and Environmental Planning,
- Compliance and Enforcement,
- Environmental Quality Management,
- Biodiversity Management,
- Environmental Empowerment Services.

Strategic objectives, performance indicators, planned targets and actual achievements

The table below provides the details of achievements of targets for the strategic objectives, outputs and performance indicators for the programme during the financial year under review.

Sub-Programme Name: Policy Coordination and Environmental Planning						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
Number of intergovernmental sector tools reviewed	61	61	61	100.00%	0.00%	Target achieved
Number of legislative tools developed	4	4	3	75.00%	-25.00%	This is a sector based indicator with provincial target shared between department and Ezemvelo KZN Wildlife. Ezemvelo encountered significant budget cuts during 2016/17 financial year and could not deliver.
Number of environmental research projects undertaken	1	4	1	25.00%	-75.00%	Less research conducted due to budget cuts.
Number of functional environmental information management systems	12	12	9	75.00%	-25.00%	There are no GIS computers at Zululand, Ethekewini and Mkhanyakude Districts.
Number of climate change response tools development	0	1	1	100.00%	0.00%	Target achieved



Sub-Programme Name: Compliance and Enforcement						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of enforcement actions finalised for non-compliance with environmental legislation	399	300	310	103.33%	3.33%	More non-compliances with environmental legislation were observed and investigated. (Demand Driven)
Number of compliance inspections conducted	739	800	719	89.88%	-10.13%	Target not achieved due to critical staff shortage with eThekweni Metro not having a single official in CME component while shortage in other Districts is also the case.
Number of S24G applications received	19	25	12	48.00%	-52.00%	Less S24G applications were received (demand driven). This is a voluntary process to be followed when addressing non-compliance with S24F of NEMA.
Number of S24G fines paid	9	20	10	50.00%	-50.00%	Less applications received & processed by the province (demand driven). Applicants appeal the administrative fine to be paid and it allowed by the legislation, this delays the payment of fines.

Sub-Programme Name: Environmental Quality Management						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Percentage of EIA applications finalised within legislated timeframes	98%	98%	97%	98.98%	-1.02%	Vacant posts in Environmental Impact Management are over 30% and have influenced performance. Accordingly, 17 vacant posts have been advertised.
Number of designed organs of state with approved AQMP's	1	1	1	100.00%	0.00%	Target achieved

Sub-Programme Name: Environmental Quality Management						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Percentage of Atmospheric Emission Licenses with complete applications issued within legislated timeframes	100%	100%	100%	100.00%	0.00%	Target achieved
Percentage of facilities with Atmospheric Emission Licenses reporting to the National Atmospheric Emissions Inventory System (NAEIS)	79%	70%	70%	100.00%	0.00%	Target achieved
Percentage of waste license applications finalised within legislated timeframes	75%	85%	91%	107.06%	7.06%	Less applications received and successfully finalized within legislated timeframes.

Sub-Programme Name: Biodiversity Management						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
Number of coastal management programmes adopted	0	2	0	0.00%	-100.00%	The projects had to be delayed due to the department not getting designated as a Lead Agent in terms of ICM Act. For the department to fully undertake coastal management functions in terms of the ICM Act it had to be designated by the Premier in terms of Section 38 of the ICM etc. The plans required public participation in line with sections 53 of the ICM Act, which could not be undertaken without formal designation.

Sub-Programme Name: Biodiversity Management						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
Number of hectares cleared of invasive alien species	130667	160 000	109471	68.42%	-31.58%	Budget cuts by 50% led to the suspension of 24 projects and suspension of operations within Hluhluwe-Imfolozi as a result of the incident that occurred within the project site also contributed to the non-achievement of the target.
Reduction in the percentage rate of decline of existing endangered species		8%	0%	0.00%	-100.00%	This is a competency of Ezemvelo KZN Wildlife.

Sub-Programme Name: Environmental Empowerment Services						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variations	Comments
Number of job opportunities created through environmental programmes	7234	8000	10705	133.81%	33.81%	Late start of Dukuduku grant funded Project led to an increase on the number of participants in the project for purposes of obtaining the project deliverables within the set time lines. Implementation of Parthenium project (new) within the protected areas also contributed to this indicator.
Number of environmental capacity building activities conducted	60	50	64	128.00%	28.00%	Positive response from other stakeholders enabled the component to achieve more
Number of environmental awareness activities conducted	1041	1000	1095	109.50%	9.50%	Partnership with stakeholders enabled the component to conduct more environmental awareness activities



Sub-Programme Name: Environmental Empowerment Services						
Performance Indicator	Audited for 2015/16	Planned Annual Target	Actual Outputs verified	Actual Achievement	Variances	Comments
No. of Full Time Equivalent (FTEs) created through environmental initiatives	new	2608	974	37.35%	-62.65%	Budget cuts by 50% led to the suspension of 24 projects and working days per projects were reduced drastically to accommodate allocated budget. Thus achievement of FTEs targets were adversely affected.

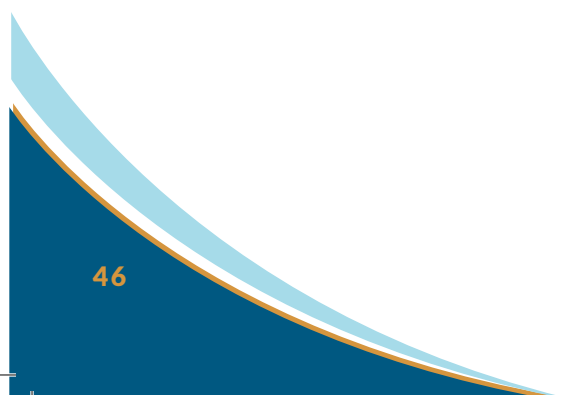
Strategy to Overcome Areas of Under-performance

A GIS system including software for the districts listed above would be procured in the subsequent financial year to deal with the targets that were not achieved under Policy Co-ordination and Environmental Planning. The target on research is a national priority and the province took an initiative to draft a Research & Development Strategy proposal which was submitted for the HOD’s consideration. On approval, the strategy would be informed by the required skills and level of expertise needed to conduct research.

For the indicator of the number of compliance inspections conducted, the only available remediation measure would be to appoint suitably qualified personnel in filling the funded vacant posts. S24G is a demand driven process and could only be achieved if transgressors voluntarily apply for rectification. What was projected could not be achieved because applications were not forthcoming.

A strategy would therefore be developed to ensure that transgressors comply with the law. One of the reasons transgressors delay payment of fines is that they claim that fines are expensive and therefore appeal for reduction. Part payments could be considered but only confirm payment of fine at the last instalment. The S24G review committee should also be properly constituted to determine fairness and reasonableness of fines.

For the indicator on the number of coastal management programmes adopted, the Terms of Reference would be finalised and strict time frames would be imposed on deliverables in order to complete these tools within the new financial year.



5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

No.	Public Entity	2016/2017 Allocation R'000	2015/2016 Allocation R'000
1	KZN Trade and Investment	82 420	96 195
2	KZN Tourism Authority	110 414	117 566
3	KZN Ezemvelo Wildlife	613 622	718 966
4	KZN Sharks Board	72 175	63 178
5	Richards Bay IDZ	126 370	198 947
6	Dube Trade Port Corporation	387 223	477 780
7	KZN Film Commission	68 211	71 741
8	KZN Liquor Authority	73 753	70 008
9	Moses Kotane Institute	53 822	49 577
10	Ithala Development Finance Corporation	77 567	192 100
11	KZN Growth Fund Trust	64 400	95 000

5.2. TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
EThekwini	Municipality	For collaborations on the Durban Business Fair/ Essence Festival, South African Music Conference, Durban Fashion Fair and Woze Durban New Year's Picnic contributing to the music industry, tourism and business sectors.	Yes	4,500	4,000	
UMhlatuze	Municipality	Undertake a detailed feasibility for the relocation of Richards Bay Airport	Yes	1,000	-	
Alfred Duma	Municipality	R2 million was transferred for infrastructure upgrade at Lady Smith Airport	Yes	3,000	-	

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
King Cetshwayo Municipality	Municipality	Development of Amakha Essential Oils Project inclusive of infrastructure and production inputs	Yes	1,500	-	Funds were only transferred towards the end of financial year
CSIR - Biogas pilot/bio-energy research	Departmental Agency	To develop a KZN bioenergy action plan.	Yes	2,500	2,500	N/A
University of KwaZulu Natal	Higher Education	To support the commercialisation of technologies generated out of university research outputs.	Yes	7,046	7,046	N/A
Mangosuthu University of Technology	Higher Education	To install PV solar systems at 3 government buildings.	Yes	4,900	4,900	N/A
Durban University of Technology	Higher Education	To install PV solar systems at 3 government buildings; and commercialisation of technologies generated out of university research outputs.	Yes	3,571	3,571	N/A
University of Zulu land	Higher Education	To support the commercialisation of technologies generated out of university research outputs.	Yes	1,100	1,100	N/A
Co-op Funding	Private Enterprise	To purchase equipment and implements for three co-operative businesses.	Yes	2,000	2,000	N/A
KZN Fashion council	Private Enterprise	Undertake development programmes for KZN fashion industry/ designers.	Yes	6,655	6,655	N/A
KZN Clothing Textile	Private Enterprise	Implement capacity building programmes for clothing & textiles industry.	Yes	700	700	N/A
KZN Music Cluster	Private Enterprise	Undertake capacity building and development programmes for the KZN music industry.	Yes	3,000	3,000	N/A

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Ugu ICT incubator	Private Enterprise	Retention of shared facilities and infrastructure for incubation and capacity building programmes.	Yes	2,700	2,700	N/A
KZN Tooling initiative	Private Enterprise	Implement capacity building and supplier development programmes in the tooling and foundry sectors.	Yes	1,150	1,150	N/A
Metro FM awards	National SOE	Hosting of the Metro FM awards and enhance tourism in EThekweni Metro.	Yes	7,748	7,748	N/A
Spring day explosion	Private Enterprise	Staging of the Spring Day Explosion and boost tourism in uThungulu District Municipality.	Yes	1,500	1,500	N/A
Richardsbay Imbizo	Private Enterprise	Staging of the Richards Bay Imbizo and boost tourism in uThungulu District Municipality.	Yes	1,500	1,500	N/A
Indlamu Sakhisizwe Cultural Tour	Private Enterprise	Staging of Indlamu Sakhisizwe Cultural festival and boost tourism in uMkhanyakude and uMzinyathi District Municipalities.	Yes	1,000	1,000	N/A
Impucuzeko Kamaskandi Festival	Private Enterprise	Staging of the iMpucuzeko kaMaskandi Festival, promote genre music and boost tourism in eThekweni Municipality.	Yes	1,000	1,000	N/A
Durban Summer Beach Festival	Private Enterprise	Hosting of the Durban Summer Festival and enhance tourism in EThekweni Metro.	Yes	1,121	1,121	N/A
Fact Durban Rocks	Private Enterprise	Hosting of the Fact Durban Rocks event and boost tourism in EThekweni Metro.	Yes	1,200	1,200	N/A
Kasi Tour	Private Enterprise	Kasi Tour tours to boost township tourism in uMlazi, EThekweni Metro.	Yes	900	900	N/A

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Telefestival Dialogue	Private Enterprise	Telefestival Dialogue conference to encourage discussion amongst industry players in KZN within the creative industries sector.	Yes	800	800	N/A
Mkhuze Airport	Private Enterprise	Infrastructure upgrade at Mkhuze Airport-	Yes	6,000	6,000	N/A
Aerotropolis conference	Private Enterprise	World Routes conference in Chengdu, China.	Yes	411	411	N/A
KwaDukuza Festival	Private Enterprise	KwaDukuza Festival to boost tourism in KwaDukuza Municipality.	Yes	1,500	1,500	N/A
Ugu Jazz	Private Enterprise	Ugu Jazz Festival to boost tourism in the South Coast, Ugu District.	Yes	1,000	1,000	N/A
KZN Liason campaign	Private Enterprise	KZN Liason Campaign workshops to encourage dialogue between government and businesses in KZN.	Yes	1,200	1,200	N/A
Umthayi Marula Festival	Private Enterprise	uMthayi Marula Festival to promote tourism in uMkhanyakude District Municipality.	Yes	1,500	1,500	N/A
Commerce Edge	Private Enterprise	Funding of twenty enterprises to exhibit at the Smart Procurement World Enterprise and Supplier Development Expo which was held at the DICC on the 8&9 June 2016.	Yes	200	200	N/A
Black Industrialist Programme	Private Enterprise	Development of the KZN Black Industrialists Strategic framework that provides clear approach for the implementation of the KZN Black Industrialists programme for KZN target groups.	Yes	2,900	2,900	N/A
Women Enterprise Development	Private Enterprise	Support to Simile Manufacturing Primary Cooperative to purchase equipment required by the Cooperative and Ukhuthulwengono Farming Coops to assist with starting capital.	Yes	200	200	N/A

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
KZN Exporter Award	Private Enterprise	Funding of the KZN Exporter of the Year Awards.	Yes	160	160	N/A
Tourism Score	Private Enterprise	Enterprise development through training.	Yes	500	500	N/A
Youth Grant Funding	Government Development Youth Agency	To assist the NYDA in rolling-out its grant funding programme to more areas in the province and grow the number of youth beneficiaries from the NYDA youth grant funding programme.	Yes	1,500	1,500	N/A
Mentorship Incubation	Private Enterprise	Boot Camp mentorship of 72 co-operatives by SEDA.	Yes	3,000	3,000	N/A
Youth in Agriculture	Private Enterprise	Renovation of a youth owned abattoir; abattoir equipment purchase and cattle stock.	Yes	3,762	3,762	N/A
Youth in Maritime	Private Enterprise	Rural and township youth exposure in the maritime sector; which is two folds as follows: Maritime Sports Development: Jet Ski; Surfing; Sailing; BMX and Skate Boarding. Skills Development: Small Engine for boats repairs training.	Yes	2,000	2,000	N/A
BEE Incubation Mentorship	Private Enterprise	Incubation of women thirteen businesses in the aluminium beneficiation sector through Downstream Aluminium Centre of Technology.	Yes	1,000	1,000	N/A
Ifafa Industrial Park	Private Enterprise	Environmental Impact Assessment and Rezoning fees of the Ifafa Industrial Park.		1,000	1,000	Awaiting for release of agricultural land from DARD
Coaching & Mentorship Dev Prog	Private Enterprise	Mentorship of young women chefs through Africa Meet Europe programme.	Yes	1,000	1,000	N/A

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Umgungundlovu Midmar Festival	Private Enterprise	uMgungundlovu Midmar Festival to promote tourism in uMgungundlovu District Municipality.	Yes	1,200	1,200	N/A
7 th Last Dance Music Festival	Private Enterprise	7 th Last Dance Music Festival and boost tourism in uMgungundlovu District Municipality.	Yes	1,300	1,300	N/A
14 th Jazz Festival	Private Enterprise	14 th Jazz festival and boost tourism in EThekweni Metro.	Yes	1,200	1,200	N/A
Culture, Music & Food Festival	Private Enterprise	To assist towards successful hosting of the tourism project.	Yes	2,000	2,000	N/A
Trash to cash campaign	Private Enterprise	Enterprise development through environmental awareness in iLembe District Municipality.	Yes	1,500	1,500	N/A
Youth Business Campaign	Private Enterprise	Youth business campaign in uMzinyathi District municipality.	Yes	2,000	2,000	N/A
Career & Business skills Dev	Private Enterprise	Youth career & business skills development in Inanda, Durban.	Yes	2,000	2,000	N/A
SABC Summer song 2015	Private Enterprise	SABC Summer Song 2015. To boost tourism and promote local music in KZN.	Yes	800	800	N/A
Women Enterprise Development (The Empowered Women Business Conference & Awards)	Private Enterprise	The Women Business Conference & Awards in uThungulu district Municipality.	Yes	2,000	2,000	N/A
Future Leaders	Private Enterprise	Conference focusing on youth development in eThekweni Municipality.	Yes	3,000	3,000	N/A
KZN Youth Expo 2016	Private Enterprise	Exhibitions for youth doing business in KZN in order to access markets.	Yes	2,000	2,000	N/A
Indlamu Cosmopolitan	Private Enterprise	Indlamu Cosmopolitan to promote tourism in eThekweni Municipality.	Yes	500	500	N/A

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Rural Training & Development	Private Enterprise	To implement capacity building and development programme for rural community of uMzinyathi District Municipality.	Yes	2,000	2,000	N/A
Inkundla Yamantungwa	Private Enterprise	INkundla Yamantungwa for the promotion of tourism in Zululand District Municipality.	Yes	604	604	N/A
SAAMBR	Private Enterprise	To undertake coastal and marine research as a basis for conserving the indigenous coastal and marine biodiversity of KwaZulu-Natal.	Yes	6,102	6,102	N/A
WESSA	Private Enterprise	To roll-out the EDTEA Care project for teacher and learner Capacity building.	Yes	440	440	N/A
Wildlands Conservation Trust	Private Enterprise	To plant a million indigenous trees in the Province, create sustainable green jobs, reduce waste going to landfill by redirecting into recycling and re-use.	Yes	1,823	1,823	N/A
Afrika Ignite (Dukuduku Resettlement)	Private Enterprise	Establishment & operation of WowZulu Market Place	Yes	300	300	N/A
University of KwaZulu-Natal	Higher Education Institution	Capacity building programme for RLED officials.	Yes	6,000	6,000	N/A

The table below reflects the transfer payments which were budgeted for in the period 1 April 2016 to 31 March 2017, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
CSIR – Industrial Symbiosis	To implement the KZN industrial symbiosis initiative.	1,000	-	The contracting process between the Department and CSIR fell through at the last minute.
Umgababa New Year's Eve	uMgababa New Year's Eve Picnic in the South region of eThekweni Municipality.	1,200	-	Contractual issues finalised after the end of the financial year.
New Age Business briefing	New Age Business briefing to promote dialogue in the media industry in KZN.	1,200	-	Project was completed in the following financial year and funds were no longer available.



6. CONDITIONAL GRANTS

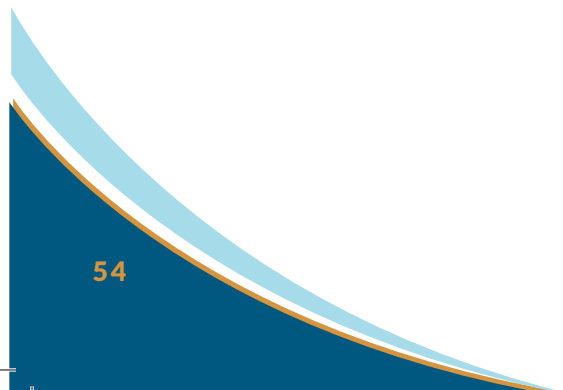
6.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

There were no conditional grants paid by the department.

6.2 CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2016 to 31 March 2017.

Department who transferred the grant	Public Works
Purpose of the grant	To increase and maximise job creation in the implementation of environmental projects within the department
Expected outputs of the grant	46 FTEs
Actual outputs achieved	179 FTEs
Amount per amended DORA	6,927
Amount received (R'000)	6,927
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	6,927
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	<ul style="list-style-type: none"> • Continuous oversight of on-going projects activities • Monitor progress against the grant framework & Project Plans • Submit financial and no-financial reports (monthly & quarterly)



7. DONOR FUNDS

7.1 DONOR FUNDS RECEIVED

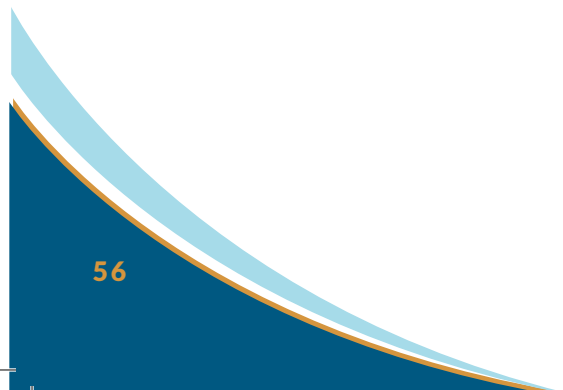
There were no donor funds received in the year under review.



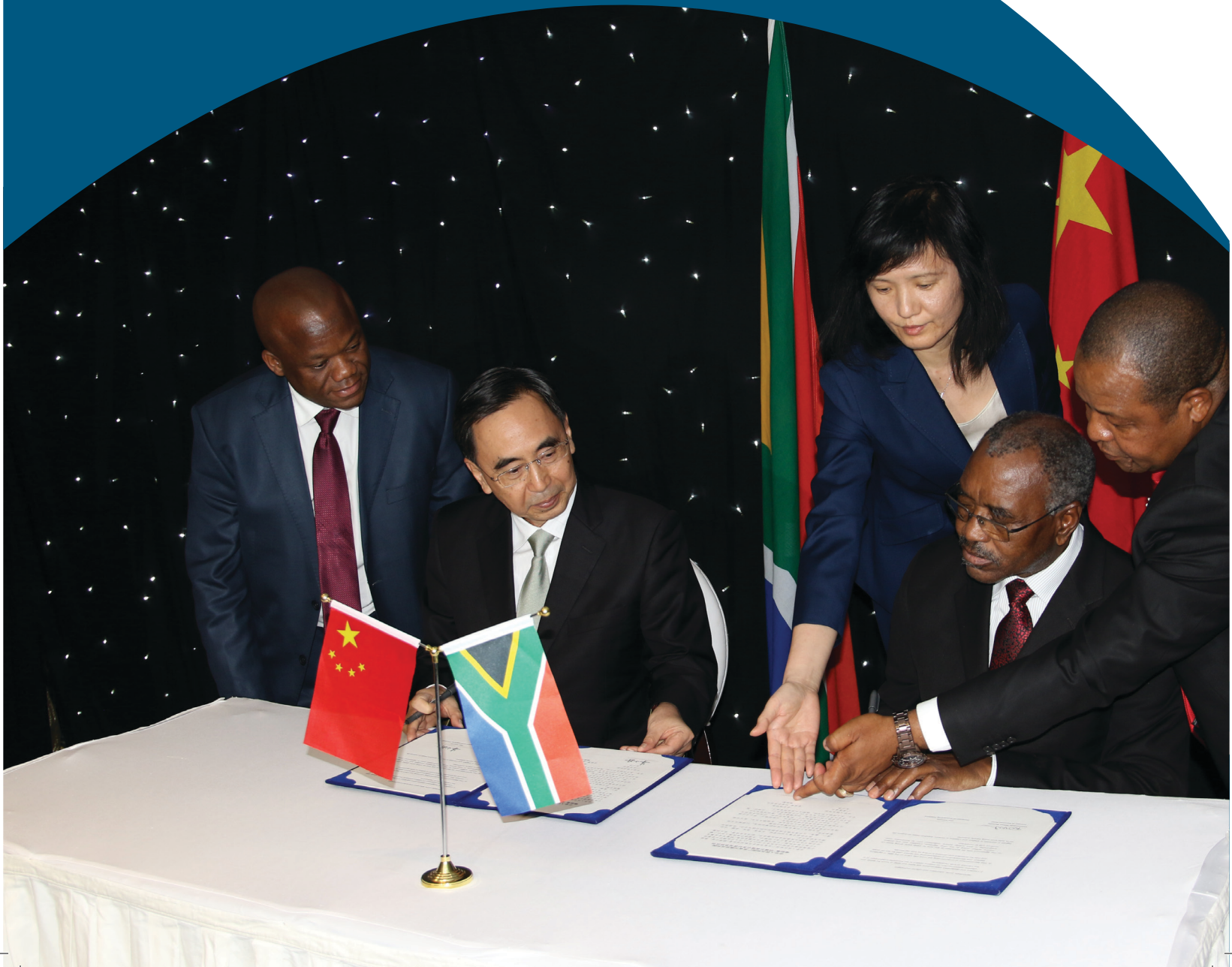
8. CAPITAL INVESTMENT

8.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2016/2017			2015/2016		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
New and replacement assets	0	0	0	17	17	0
Existing infrastructure assets	0	0	0	0	0	0
Upgrades and additions	0	0	0	0	0	0
Rehabilitation, renovations and refurbishments	0	0	0	0	0	0
Maintenance and repairs	0	0	0	0	0	0
Infrastructure transfer	463,691	463,691	-	632,186	632,186	-
Current						
Capital	463,691	463,691	-	632,186	632,186	-
Total	463,691	463,691	-	632,203	632,203	-



Part C:
GOVERNANCE



1. INTRODUCTION

The Corporate Governance requirements as stipulated in the King Report III with regards to the Accounting Officer's responsibilities are espoused by section 38 and 40 of the PFMA. Pursuant to this legislative duty and responsibility towards sound governance, the Department has established a Risk Management Committee. This committee ensures that corporate, ethical and social responsibility and accountability are imparted to the Department's entire stakeholder constituency. During the 2016/2017 financial year, the committee made great advances in the areas of governance of information technology and fraud prevention awareness. This was primarily possible due to the maturing of thinking around governance and the obligation the Department has towards its stakeholders

The Department's risk management approach is aligned with the KwaZulu-Natal Provincial Management Framework and this is championed by the Internal Control Unit.

Moreover, the Department is in compliance with the corporate governance requirements of the King Report III which has to be maintained through various functional structures of the organisation, including top management, risk management and public entity oversight forums. The Department has to ensure that good corporate governance resonates with the content of its strategy, culture, relations, performance, compliance and accountability.

2. RISK MANAGEMENT

The Department takes risk management seriously hence efforts were made to prevent risky activities taking place in all the organisation's business operations. The Provincial Cluster Audit committee is therefore furnished with progress updates on the implementation of mitigating strategies on risks the Department is faced with to strengthen the control environment. The committee therefore advises the Department on risk management matters and independently monitors the effectiveness of the system of risk management. The Department is gradually developing into more robust risk management culture and a new organisational structure has been proposed in order to strengthen the risk management component within the organisation.

The Department continues to implement the approved risks management policy as part of the campaign to reduce risk factors that could have adverse implications for service delivery. The quarterly risk assessments are conducted to determine the effectiveness of risk management strategy and to identify new and emerging risks. Risks are identified via Risk Workshops as well as through the Department's strategies and subsequently the risk register is updated.

Moreover the Department has a Risk Management Committee that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. Once the committee functions optimally, it would facilitate the management of risks facing the organisation and ensure that appropriate action is taken to address risks. The capacitation of the risk component is a high priority to ensure sound and effective risk management processes within the Department.

3. FRAUD & CORRUPTION

The Department continues to implement the approved fraud prevention plan. The plan incorporates fraud response policy which features mechanisms in place to report fraud and corruption. It also includes a whistle blowing policy to limit the risk of employees' victimisation.

The Department recognises that in order to effectively prevent fraud, all fraudulent activities detected by employees and other stakeholders are timeously investigated. All allegations received through the National Anti-Corruption Hotline (NACH) are referred to Provincial Treasury forensic unit for investigation. The unit conducts independent investigations and provides reports to the department for implementation of recommendations.

The investigative unit of the KwaZulu-Natal Provincial Treasury performed fourteen investigations, which covered the period from 2009 to 2017. Four investigations have been finalised and five have been completed while another five were still in progress. The investigations were initiated based on allegations of irregularities relating to processes followed in securing departmental district offices, possible mismanagement of funds by a co-operative, fraud and corruption on a local economic development project and possible irregularities relating to events management expenditure.

The Department has identified a need to improve the mechanisms in place to mitigate the fraud and corruption risks. The main focus area is to create awareness of the fraud prevention plan through education and communication processes. Quarterly progress reports were tabled at the Provincial Cluster Audit and Risk Committee meetings.

4. INTERNAL CONTROL UNIT

Internal control unit focused on the following key areas for 2016/2017

- i. Compliance with prescripts (BAS and Hardcat payments)
- ii. Conducted follow up review on the implementation of recommendations made by the Auditor – General in 2016/2017
- iii. Conducted follow up review on the implementation of recommendations made by the Provincial Treasury in 2016/2017
- iv. Irregular expenditure investigation for expenditure that occurred in 2014/2015 and 2015/2016.
- v. Conducted a compliance to legislations and policies review under the following sections
 - Leave management
 - State Aided Studies/Bursaries
 - Subsistence and Travelling
 - Fleet management
- vi. Inventory stock count

5. MINIMISING CONFLICT OF INTEREST

Workshops are conducted to familiarize employees with the policy relating to RWOPS and the Code of Conduct. In instances where there is a breach the informal or formal discipline is used depending on the seriousness of the case.

6. CODE OF CONDUCT

The code of conduct is a guideline to employees of what is expected of them from an ethical perspective in the workplace. Annual awareness workshops are undertaken on the standards expected of employees in respect of the code of conduct. This is done through workshops and newsletters. Improvement is noted in adherence to these standards and when breaches are detected the Disciplinary Code and Procedure for the Public Service is implemented.

7. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Employee Health & wellness program, or EH&WP, is a voluntary counselling service for employees that may be experiencing personal or work place problems. Moreover this program looks at the environment that the employees works in to ensure that its safe and healthy. It Encompasses 4 PILLARS (as stipulated by DPSSA)

- (i). WELLNESS MANAGEMENT
 - Individual wellness (physical & psychosocial)
 - Organizational wellness
- (ii). HEALTH AND PRODUCTIVITY MANAGEMENT
 - Occupational health education and promotion
 - IOD & Incapacity due to ill-health
 - Mental health and psychosomatic illnesses
- (iii). SAFETY, HEALTH, ENVIRONMENT, RISK AND QUALITY MANAGEMENT (SHERQ)
 - OHS management, environmental management & Risk and quality assurance
- (iv). HIV & AIDS AND TB MANAGEMENT
 - Prevention and support
 - Human right and access to justice



EDTEA has always been keen on supporting the staff to ensure general wellness. The goals and objectives of this programme are to:

- Ensure the working environment is safe
- Improve employee health habits
- Increase employee level of physical activity
- Help reduce absenteeism and turnover
- Improve productivity

The Department is assisted by the DPSA and the provincial policies to achieve these goals.

8. PORTFOLIO COMMITTEES

The Department reports to the Economic Development and Tourism and as well as the Environmental Management portfolio committees. It therefore met with the portfolio committees during each quarter of the year under review.

The committees provided oversight on the strategic direction, budget and performance of the Department. Concerns raised were around the number of virements that were done by the Department during the financial year as well as the irregular expenditure incurred. The Department had therefore implemented corrective measures to address the issues raised by the committee.

9. SCOPA RESOLUTIONS

The Department responded to, and addressed all the SCOPA resolutions that were received in the year under review.

10. PRIOR MATERIAL FINDINGS OF NON-COMPLIANCE:

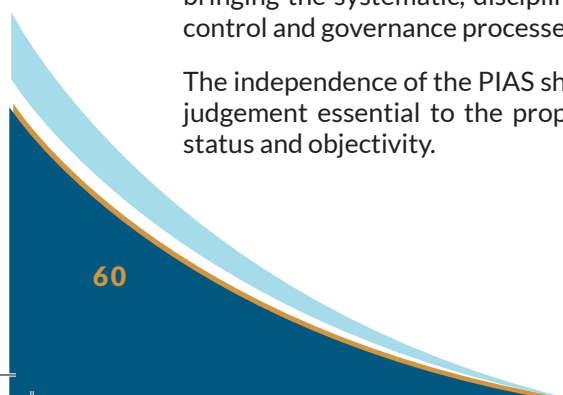
Matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Irregular Expenditure	2013/14	Investigations undertaken for the 2013/14 financial year. Some of the expenditure has been condoned. Other financial years' investigations are in progress.
Unauthorised Expenditure	2015/16	Investigation to be undertaken.

11. INTERNAL AUDIT

The Provincial Internal Audit Services (PIAS) was set up as a centralised shared function, which is under the leadership and support of the Provincial Audit and Risk Committee (PARC) in terms of the Public Finance Management Act No. 1 OF 1999 as amended by Act No. 29 of (PMFA). The Head of PIAS is directly accountable for his/her activities to the MEC for Finance and the PARC.

The PIAS exist as an independent, objective assurance and consulting activity designed to add value and improve KwaZulu-Natal Provincial Government's (KZNPG) operations. It helps the KZNPG accomplish its objectives by bringing the systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The independence of the PIAS should be sufficient to permit internal auditors to render impartial and unbiased judgement essential to the proper conduct of audit work. Independence is achieved through organisational status and objectivity.



The Head of PIAS and staff are authorised to review all areas of KZNPG financial; operating; governance; risk management and information systems and to have full, free and unrestricted access to all KZNPG activities, records, property, personnel, Executive Authorities, Accounting Officers, and the Chairperson of the PARC and CARC with only limitation being the confidential clearance of the internal audit staff as stated in the approved internal audit charter.

For 2016/2017 financial year PIAS planned to conduct a total 10 audits for EDTEA, 9 audits were completed and one audit was rolled over to 2017/2018 financial year. Audit coverage areas had to be reduced due to the capacity and financial constraints experienced by the PIAS. This resulted in a number of risks not being adequately covered.

12. REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 4: ECONOMIC DEVELOPMENT, TOURISM & ENVIRONMENTAL AFFAIRS

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is hereby pleased to present its report for the financial year ended 31 March 2017.

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The Department of Economic Development, Tourism & Environmental Affairs is served by the Economic Cluster Audit & Risk Committee.

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

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The PARC and Economic CARC is comprised of the members listed hereunder who have met as reflected below, in line with its approved terms of reference.

#	Name of Member	Qualifications	PARC Meetings Attended	Economic CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	B Comm Accounting, B Comm Accounting Honours, Chartered Accountant,	4 of 4	4 of 4
2	Mr V Ramphal	B Comm, Diploma in Accountancy and Chartered Accountant.	4 of 4	4 of 4
3.	Mr P Christianson	B Comm, Diploma in Accountancy and Chartered Accountant	4 of 4	4 of 4
4.	Ms T Njozela		4 of 4	N/A*
5.	Mr D O'Connor		4 of 4	N/A*

* refers to PARC members who do not serve on the Economic CARC



2. THE EFFECTIVENESS OF INTERNAL CONTROL

The Committee has reviewed the reports of the Provincial Internal Audit Service (PIAS), the Audit Report on the Annual Financial Statements and Management Report of the Auditor General of South Africa (AGSA) and has noted with concern, the weaknesses in controls around the following areas:

- Performance Information
- Human Resource Management
- Transfer Payments
- Supply Chain Management
- Performance Information
- Economic Development Projects

The Committee considered the appropriateness of management's planned interventions to improve the overall control environment and advised management to implement these timeously, to avoid the recurrence of audit findings.

3. EFFECTIVENESS OF INTERNAL AUDIT

PIAS activities were reviewed by the Committee during the PARC and CARC monitoring processes. The Committee evaluated PIAS reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the Department.

The PIAS planned to conduct ten (10) audit assignments for the period under review, of which nine (9) were finalised, and one (1) was carried over to the next financial year with the approval of the Audit Committee.

Although the Committee noted with concern, the financial and other limitations imposed upon the PIAS, the PIAS performed effectively during the period under review. During the 2017/18 financial year, the Committee will monitor the progress made by the PIAS in order to ensure that it continues to fulfil its mandate and add value to the Department.

4. RISK MANAGEMENT

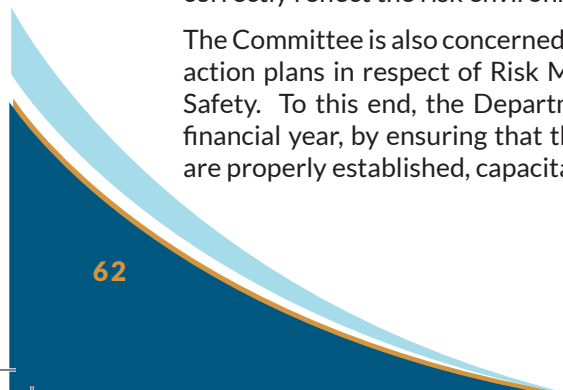
The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the Department's risk register and monitoring progress against the Risk Management Operational Plan.

As at the end of this financial year, the department's risk register status was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	0	9	7	4	0	20
Number of Identified Action Plans	0	18	9	4	0	31
Number of Completed Action Plans.	0	13	7	4	0	24

The Committee has, throughout the period under review, been concerned about the poor quality and completeness of the Department's risk register. The Committee, once again, urges the Department to work with the PIAS (Risk Support Team) to develop a credible risk register that would stand the Committee's scrutiny, and correctly reflect the risk environment, during the 2017/18 financial year.

The Committee is also concerned about the slow progress the Department has made in implementing the agreed action plans in respect of Risk Maturity, Business Continuity, Fraud Prevention and Occupational Health and Safety. To this end, the Department is urged to improve its performance in this regard during the 2017/18 financial year, by ensuring that the Risk Management Function and the internal Risk Management Committee are properly established, capacitated and function effectively.



5. QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance prepared and issued by the Accounting Officer of the Department and submitted in terms of the PFMA and the Division of Revenue Act during the year under review, except for unauthorized expenditure as disclosed in the financial statements, savings on transfers used to settle other expenditure as well as transfers being made that were not budgeted for.

Based on the reports of the PIAS and the Auditor General, the Committee notes with concerns the deficiencies identified in the usefulness and reliability of reported performance information due to the failure of the Department to implement adequate systems to collect, collate, verify and retain performance related data. The management of the department has been urged to implement the appropriate improvement strategies in order to address the identified shortcomings with immediate effect.

6. EVALUATION OF FINANCIAL STATEMENTS

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the Audit Report, with the Auditor General and the Accounting Officer;
- Reviewed the Auditor General's Management Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions where concerns have been noted around the accuracy of performance information reported and the failure to prevent irregular expenditure.
- Reviewed the conclusions regarding the reliability and usefulness of performance information and determined that record keeping has to be improved to enable accurate performance information to be produced.

7. FORENSICS INVESTIGATIONS

The Committee noted that there were fourteen (14) forensic investigations from 2009 to date, all relating to alleged procurement irregularities and mismanagement of funds, which the Department has referred to the PIAS for investigation. Nine (9) of these investigations were completed and five (5) are in-progress. The Committee further noted that one (1) matter is currently under criminal investigation by the South African Police Service (SAPS).

The Department and the PIAS are urged to promptly finalize the outstanding investigations, and work together to implement recommendations made in the finalised investigations.

8. AUDITOR-GENERAL'S REPORT

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. The Committee has met with the Auditor General of South Africa to discuss and evaluate the major issues that emanated from the current regulatory audit. The Committee will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

The Committee concurs and accepts the conclusion of the Auditor General's unqualified opinion 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 Committee commends the Department on obtaining an unqualified audit opinion.

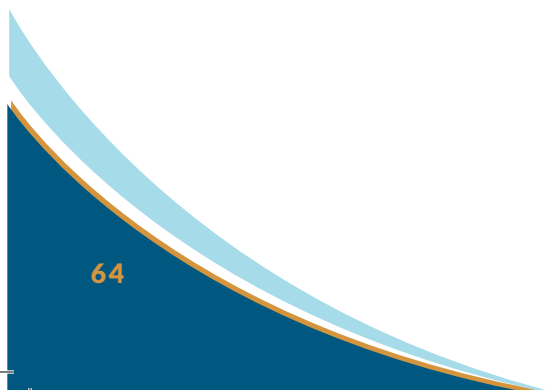


9. APPRECIATION

The Committee wishes to express its appreciation to the Management of the Department, the Auditor General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.

.....
Mr S Simelane

Acting Chairman: Provincial Audit and Risk Committee
Department of Economic Development,
Tourism and Environmental Affairs
07 August 2017



Part D:
HUMAN RESOURCE MANAGEMENT





3. HUMAN RESOURCES OVERSIGHT STATISTICS

During the reporting period the Department had 689 funded posts on its post establishment, 596 posts were filled by 31 March 2017, of which 31 were at senior management level. The vacancy rate at the end of the performance cycle was 27%.

During the period under review ninety nine (99) employees exited the department.

The department had prioritised the filling of vacant funded posts within the prescribed 6 months, however the length of time taken to fill the posts took longer than expected because of the procedures required in terms of costs cutting measures which entailed that both provincial treasury and the premier had to approve the filling of these positions. This has had an impact on the department hence most branches were negatively affected by the lack of expected human capacity. Stemming the tide of people exiting the department and trying to retain were possible to sustain some of the human capacity for service delivery.

EMPLOYEE PERFORMANCE MANAGEMENT

The PMDS systems for SMS and levels 1-12 were applied; (1 senior Managers and forty four (44) officials from level 1-12) were awarded performance bonuses.

EMPLOYEE WELLNESS PROGRAMMES

EDTEA has always been keen on supporting the staff to ensure general wellness. The goals and objectives of this programme are to:

- Ensure the working environment is safe
- Improve employee health habits
- Increase employee level of physical activity
- Help reduce absenteeism and turnover
- Improve productivity

To achieve these goals we are assisted by provincial approved policies and guidance from DPSA. The following Employee wellness programmes and activities were implemented during the 2016/17 financial year;

1. Health risk assessments: To ensure improvement of health habits we conducted quarterly wellness days where we did health screens, and voluntary HIV testing. We have 11 district offices and 22 offices to attend to. The screening sessions are voluntary as per our constitution; however incentives do motivate employees to participate. This year in total, only 170 employees attended the wellness screens. That is a measly 22% of staff were screened. Government's Employees Medical Scheme (GEMS) has been a helpful partner in this process as they offer the screenings for free. The number of attendees is still low and a number of reasons can be attributed to this fact.
2. Counselling (personal/direct/indirect) and trauma debriefing: the unit has seen an increase in a number of employees seeking counselling support. On average we see 18 clients a month with a number of challenges ranging from personal relationships, financial challenges to workplace conflict, alcohol abuse, low morale and helplessness. This growth in number of users is both encouraging and discouraging. Encouraging because it's an indication that the programme is well marketed and employees see the value of it. In total we attended to 386 employees including group work. This represents 51.47% of our staff. Eleven employees were referred for specialist external support.
3. Life skills development / coping mechanisms: this part of our programme has been the most successful. We have managed to reach out to all our employees through group sessions. We utilize both WHO and national health calendar to decide on empowerment topics. We decided to use the intranet as the main source of distributing our posters and pamphlets and did telephonic follow ups and face to face visits. The year under review targeted human rights and the focus was more on raising awareness on sexual harassment, domestic abuse, dealing with stigma, substance abuse and general behaviour change. Feedback from staff indicates that they do benefit from these information sessions



4. Rehabilitation, referral and follow –up services: the department has strict guidelines on how to deal with employees with long term illnesses. We have been successful in supporting employees on short and long term incapacity leaves. Working closely with service conditions unit and the Health Risk Manager (Tandile) we have managed to complete most cases except for 5 that were carried over from Department of Agriculture. We have not had employees referred for substance abuse even though we have observed in departmental events that there is overindulgence in alcohol and we have flagged this matter as one that we will prioritise in 2017/18. Three employees were referred to the depression clinic. Employees with chronic diseases and substance abuse challenges were referred to the ill health and rehabilitation programmes.
5. Physical Wellness programme: 216 (28.8%) employees have reported to be participating in some form of physical activity. 80 employees represented EDTEA in the 2015/16 interdepartmental games, and further 65 represented the department in the out of the province games with EDTEA Free State. We are especially passionate about this programme as we know the potential participation benefits in all aspects of self. We would like every member of EDTEA to participate in physical activities but there is a need to improve management support in this area. Officials of the department participated in sporting codes that included soccer, netball volleyball and indigenous games.
6. There is some dissatisfaction within the Department which is confirmed by high percentages of absenteeism and staff turnover.
7. Managers need to help with ensuring that all employees understand their roles, have sufficient support and have all the resources that are needed to function in their duties. Staff at all levels need to be engaged and consulted on strategic matters that affect them.
8. The Department needs to work on ways that can boost the morale.
9. The Department is currently reviewing the funding of the wellness programme which is currently not funded.

ACHIEVEMENTS:

Various Departmental policies such as the Bursary, Mentorship and Overtime were consulted, reviewed and are being amended. Some policies were implemented while others will be implemented once finalised. Officials were trained and developed in areas of need.

CHALLENGES

The finalisation of the review of the department's organisational structure remains outstanding and the department could not fill some of its vacant posts due to the moratorium placed by the provincial government on the filling of vacant positions.

The transfer of both Tourism and Environmental Affairs line functions from other provincial departments to the department had an effect on the capacity of HR to perform optimally. In terms of the government policy line functions should be transferred together with attended support staff however this was not the case with the transfer of the two components and this has put pressure on the HR and other support capacity within the Department. The Economic Development component of the department has over the years increased exponentially and this has also added to the pressures experienced by the support functions.

The purpose of the Job Rotation Policy for the Department is to enable staff members to develop knowledge, new skills and a broader understanding of our operations/programs and to more effectively use our staff.

In order to address some of the shortcomings created by capacity constraints within the HR unit and to utilize all the available human capital across all HR functions optimally, the department should adopt a systematic policy of job rotation. This must be done in a systematic manner that is within the confines of applicable public sector policy environment. This will entail the movement of employees from one job to another within the department as a way to achieve many different human resources objectives such as orienting new employees, training employees, enhancing career development and preventing job boredom or burnout. The rotation of employee(s) through one or more positions may occur from time to time, subject to the operational needs or requirements of the Department.

The reduction in the department's compensation budget by Provincial Treasury will impact the department's human resources capacity going forward. In view of the budget cuts, it will be imperative for the department to adopt a staggered implementation of the new organogram to be approved.

3.1. PERSONNEL RELATED EXPENDITURE

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	123 543	75 311	1 434	46 798	60.96	109
Integrated Economic Development	113 539	55 049	978	57 512	48.48	80
Trade & Sector Development	34 411	11 481	83	22 847	33.36	17
Business Regulations & Governance	19 518	18 454	0	1 064	84.55	27
Economic Planning	20 925	14 462	126	6 337	69.11	21
Tourism	17 911	12 776	0	5 135	71.33	19
Environmental Affairs	103 044	101 488	117	1 439	98.49	147
Total	432 891	289 021	2 738	141 132	66.77	419

Table 3.1.2 Personnel costs by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	18 612	6.44	166	112
Skilled (level 3-5)	5 714	1.98	30	190
Highly skilled production (levels 6-8)	84 589	29.27	235	360
Highly skilled supervision (levels 9-12)	138 377	47.88	223	594
Senior and Top management (levels 13-16)	39 283	13.58	32	1 228
Others	2 446	0.85	3	815
Total	289 021	100	689	419

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	68 693	91.21	2 161	2.87	1925	2.56	2532	3.36
Integrated Economic Development	53 919	97.95	9	0.02	0	2.04	1121	2.04
Trade & Sector Development	11 148	97.10	0	0	172	1.50	161	1.40
Business Regulations & Governance	17 239	93.42	5	0.03	410	2.22	800	4.31
Economic Planning	13 901	96.12	0	0	238	1.65	323	2.23
Tourism	12 289	96.19		0	184	1.44	303	2.37
Environmental Affairs	94 490	93.10	81	0.08	2465	2.43	4 452	4.39
Total	<u>271 679</u>	<u>94</u>	<u>2 256</u>	<u>0.78</u>	<u>5 394</u>	<u>1.87</u>	<u>9 692</u>	<u>3.35</u>

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	18 585	99.85	27	0.15	0	0	0	0
Skilled (level 3-5)	4 664	81.62	155	2.71	287	5.02	608	10.64
Highly skilled production (levels 6-8)	75 920	89.75	706	0.83	2 882	3.41	5 081	6.01
Highly skilled supervision (levels 9-12)	131239	94.84	1 368	0.99	2 225	1.61	3 545	2.56
Senior management (level 13-16)	38 825	98.83	0	0	0	0	458	1.17
Others	2 446	0	0	0	0	0	0	0
Total	<u>271679</u>	<u>94</u>	<u>2 256</u>	<u>0.78</u>	<u>5394</u>	<u>1.87</u>	<u>9 692</u>	<u>3.35</u>



3.2. 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
- Critical occupations.

Departments have identified critical occupations that need to be monitored. 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.

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	205	169	17.6	37
Business Regulations	45	36	20.0	5
Integrated Economic Development	134	114	14.9	27
Trade and Industry	33	20	39.4	5
Economic Planning	35	28	20.0	8
Tourism	94	81	13.8	60
Environmental Affairs	285	239	16.1	28
TOTAL	831	687	17.3	170

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	8	0		8
Skilled(3-5)	38	30	21.1	1
Highly skilled production (6-8)	282	234	17.0	0
Highly skilled supervision (9-12)	273	206	24.5	0
Senior management (13-16)	56	32	42.7	1
Others	174	174	0.0	168
Total	831	689	17.3	170

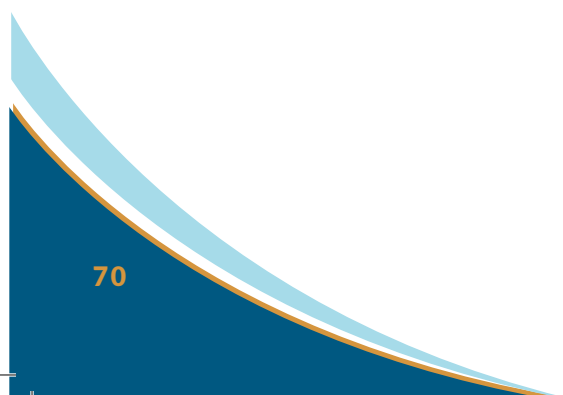


Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related	343	304	11.4	
Communication and information related	9	9	0.0	
Finance and economic related	23	23	0.0	
General legal administration and professionals	6	3	33.3	
Human resource related	29	23	20.7	
Light vehicle drivers	7	7	0.0	
Messengers, porters	3	3	0.0	
Secretaries and other keyboard operating	49	38	22.5	
Trade and industry advisor and related	94	66	29.8	
Senior managers	56	32	42.9	
VIP protection	5	4	20.0	
Others	207	175	17.5	
Total	831	687	17.3	

3.3. FILLING OF SMS POSTS

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	3	2	66.8	1	33.2
Salary Level 14	13	10	76.9	3	23.1
Salary Level 13	33	20	60.6	13	39.4
Total	50	32	64.0	18	36.0

Table 3.3.2 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	1	100	0	0.0
Salary Level 16					
Salary Level 15	3	2	66.8	1	33.2
Salary Level 14	13	11	84.6	2	15.4
Salary Level 13	33	19	54	14	42.43
Total	50	33	66.0	17	34.0

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	0	0	1	0.0
Salary Level 16	-	-	-	-	-
Salary Level 15	3	2	66.8	1	33.2
Salary Level 14	13	10	76.9	3	23.1
Salary Level 13	33	20	60.6	13	39.4
Total	50	32	64.0	18	36.0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
Posts frozen due to the moratorium on the filling of positions and the restructuring process underway.

Reasons for vacancies not filled within six months
Posts frozen due to the moratorium on the filling of positions and the restructuring process underway.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
Posts frozen due to the moratorium on the filling of positions and the restructuring process underway.
Reasons for vacancies not filled within six months
Posts frozen due to the moratorium on the filling of positions and the restructuring process underway.

3.4. JOB EVALUATION

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. 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.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2015 and 31 March 2016

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0	0
Senior Management Service Band A	0	0	0	0	0	0	0
Senior Management Service Band B	0	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

The following table provides a summary of the number of employees whose 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. Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 and 31 March 2016

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	-------------

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2015 and 31 March 2016

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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3.5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Number of employees at beginning of period-1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels3-5)	28	1	1	4.0
Highly skilled production (Levels 6-8)	232	10	6	2.59
Highly skilled supervision (Levels 9-12)	200	1	9	5.0
Senior Management Service Bands A	21	-	3	14.3
Senior Management Service Bands B	7	1	1	15.0
Senior Management Service Bands C	2	-	-	-
Senior Management Service Bands D	1	1	-	100
Contracts	119	161	173	146.00
Total	610	175	194	32.00

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016

Critical occupation	Number of employees at beginning of period-April 20YY	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	232	167	171	73.71
Communication and Information Technology related	8	1	0	0
Finance & Economics related	22	0	0	0
General Legal administration & professionals	2	0	0	0
Human Resources related	24	1	2	8.34
Light vehicle drivers	4	0	0	0
Messengers, porters	3	0	0	0
Secretaries and other keyboard operators	36	2	0	0
Trade & Industry Advisors & related	243	0	17	7.00
VIP Protection	4	2	1	25.00
Senior Managers	32	3	3	9.38
TOTAL	610	175	194	32.00

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

Table 3.5.3 Reasons why staff left the department for the period 1 April 2015 and 31 March 2016

Termination Type	Number	% of Total Resignations
Death	5	2.6
Resignation	27	13.9
Expiry of contract	156	80.4
Dismissal – operational changes	-	
Dismissal – misconduct	1	0.5
Dismissal – inefficiency		
Discharged due to ill-health	1	0.5
Retirement	4	2.1
Transfer to other Public Service Departments	-	-
Other	-	-
Total		
Total number of employees who left as a % of total employment	194	100

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 and 31 March 2016

Occupation	Employees 1 April 20YY	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	232	1	0.50	85	36.64
Communications & Information Technology related	8	1	0.0	3	37.5
Finance & Economics related	22	1	0.0	12	54.54
General Legal Administration & professionals	2	0	0	0	0
Human Resources Related	24	0	0	21	87.5
Light vehicle drivers	4	0	0	1	25
Messengers , porters	3	0	0	0	0
Secretaries & other keyboard operators	36	1	2.86	24	65.71
Trade & Industry Advisors, Enviro & related	243	2	0.82	170	69.96
VIP protection	4	0	0	0	0
Senior Managers	32	3	0	10	31.25
TOTAL	610	5	0.82	326	53.44

Table 3.5.5 Promotions by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)					
Skilled (Levels3-5)	28	0	0.0	15	53.57
Highly skilled production (Levels 6-8)	232	1	0.43	134	57.76
Highly skilled supervision (Levels 9-12)	200	0	0.0	139	69.50
Senior Management (Level 13- 16)	31	3	9.68	26	83.87
Other	119	1	0.84	12	10.16
Total	610	5	0.82	326	53.44

3.6. EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	19	0	1	1	8	0	2	0	31
Professionals / Specialists	137	1	17	6	145	2	26	4	338
VIP Protection/ Drivers	9	0	0	0	0	0	0	0	9
Clerks	3	0	0	0	7	1	1	0	12
Administrative Related	22	0	0	0	39	0	2	1	64
Messengers	1	0	0	0	1	0	0	0	2
PA's	3	0	1	0	26	1	6	1	38
Practitioners	4	0	0	0	7	0	0	0	11
Elementary occupations	2	0	0	0	6	0	0	0	8
Total	200	1	19	7	239	4	37	6	513
Employees with disabilities	2	0	1	1	3	0	1	1	9

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	17	0	1	1	8	0	2	0	29
Professionally qualified and experienced specialists and mid-management	77	0	10	6	68	0	13	2	176
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	92	1	8	0	145	3	21	3	273
Semi-skilled and discretionary decision making	12	0	0	0	16	1	1	1	31
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	200	1	19	7	239	4	37	6	513

Table 3.6.3 Recruitment for the period 1 April 2014 to 31 March 2016

Occupational band	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
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

Occupational band	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
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management									
Senior Management	1								
Professionally qualified and experienced specialists and mid-management	3								
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1				2				
Semi-skilled and discretionary decision making									
Unskilled and defined decision making									
Total									
Employees with Disabilities									

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Administrative related	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	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
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2016

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Head of Department	1	1	1	100%
Salary Level 16	-	-	-	-
Salary Level 15	2	2	2	100%
Salary Level 14	9	8	8	89%
Salary Level 13	21	19	19	90%
Total	33	30	30	91%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015

Reasons
Non-compliance.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2015

Reasons
The non-compliance was communicated with the respective officials and supervisors to address.

3.8. 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, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016

Critical occupation	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 & information related	0	0	0	0	0
Finance & Economic related	0	0	0	0	0
General Legal Administration & professionals	0	0	0	0	0
Human Resources related	0	0	0	0	0
Light vehicle drivers	0	0	0	0	0
Messengers, porters	0	0	0	0	0
Secretaries & other keyboard operators	0	0	0	0	0
Trade and Industry Advisors & related professions	0	0	0	0	0
VIP Protectors	0	0	0	0	0
SMS	0	0	0	0	0
Total	0	0	0	0	0

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

Critical occupation	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 & information related	0	0	0	0	0
Finance & Economic related	0	0	0	0	0
General Legal Administration & professionals	0	0	0	0	0
Human Resources related	0	0	0	0	0
Light vehicle drivers	0	0	0	0	0
Messengers, porters	0	0	0	0	0
Secretaries & other keyboard operators	0	0	0	0	0
Trade and Industry Advisors & related professions	0	0	0	0	0
VIP Protectors	0	0	0	0	0
SMS	0	0	0	0	0
Total	0	0	0	0	0

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	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

3.9. FOREIGN WORKERS

The Department does not have foreign workers in its employ.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2015 and 31 March 2016

Salary band	01 April 2013		31 March 2014		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 (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016

Major occupation	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional & Managers	0	0	0	0	0	0

3.10. LEAVE UTILISATION

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 and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2015 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	112	11.61	34	8.85	3.29	56
Skilled (levels 3-5)	85	70	14	3.65	5.67	63
Highly skilled production (levels 6-8)	1 213	90	182	47.4	6.66	1 512
Highly skilled supervision (levels 9 -12)	959	72	135	35.16	47.31	2 260
Top and Senior management (levels 13-16)	90	42	19	4.95	4.74	337
Total	2459	55.8	384	100	6.4	4 228

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	4	100	1	50	4	6
Highly skilled supervision (Levels 9-12)	68	100	1	50	68	194
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	72	100	2	100	36	200

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.

Table 3.10.3 Annual Leave for the period 1 January 2015 to 31 December 2015

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	577	97	5.95
Skilled Levels 3-5)	624	32	19.50
Highly skilled production (Levels 6-8)	4 488	253	17.74
Highly skilled supervision(Levels 9-12)	4 777	236	20.24
Senior management (Levels 13-16)	869	44	19.75
Total	<u>11 335</u>	<u>662</u>	<u>17.12</u>

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2016

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 Dec 2013
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	3	1	3	70.73
Highly skilled supervision(Levels 9-12)	0	0	0	83.04
Senior management (Levels 13-16)	0	0	0	57.85
Total	<u>3</u>	<u>1</u>	<u>3</u>	<u>76.71</u>

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

Table 3.10.5 Leave payouts for the period 1 April 2015 and 31 March 2016

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2016/17	1 065	3	353
Current leave payout on termination of service for 2016/17	636	15	42
Total	<u>1 701</u>	<u>18</u>	<u>95</u>

3.11. HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department 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 Fezile Mbuli
2. Does the department have a dedicated unit or has it 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.			Dr Nokuthula Dlamini is a Clinical Psychologist and Rowena Mkhize who is responsible for OHS No Budget allocated
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.			<ul style="list-style-type: none"> • HIV,AIDS and TB management • Wellness management • SHERQ • Productivity management • In-house counselling services
4. Has the department 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.			The period of the committee has lapsed and we are in a process of reviewing and finalising the appointment of the new committee
5. Has the department reviewed its employment policies and practices 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.			Wellness policy and SOP SHERQ policy and SOP Sexual harassment policy and SOP Substance abuse policy and SOP HIV/AIDS policy and SOP Productivity policy and SOP
6. Has the department 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.			Strong emphasis on human rights awareness and stigma awareness programmes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.			The policy and the department offer VCT but still struggles to reach out to the "never tested" employees. Lack of incentives, fear of the unknown is still a concern. Most employees who test maintain their status
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.			We have opted for both qualitative and quantitative methods of monitoring using: <ul style="list-style-type: none"> • Workplace observation • HR data • Committee review • Feedback during implementation We then analyse data to explore what worked/didn't, why and what we can do

3.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2015 and 31 March 2016

Subject matter	Date
None	

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2015 and 31 March 2016

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	4	66
Final written warning	1	17
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	17
Not guilty	0	0
Case withdrawn	0	0
Total	6	100

Total number of Disciplinary hearings finalised	6
--	----------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016

Type of misconduct	Number	% of total
Insubordination	1	16.66
Misuse of state property	2	33.33
Absenteeism	1	16.66
Failure to comply with the HOD's instruction	1	16.66
Display of disrespect	0	0
Using of improper language to the supervisor	0	0
Improper conduct	1	16.66
Unauthorised out province and abroad trips	0	0
Total	6	100

Table 3.12.4 Grievances logged for the period 1 April 2015 and 31 March 2016

Grievances	Number	% of Total
Number of grievances resolved	4	44
Number of grievances not resolved	5	56
Total number of grievances lodged	9	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 and 31 March 2016

Disputes	Number	% of Total
Number of disputes upheld	3	60
Number of disputes dismissed	2	40
Total number of disputes lodged	5	100

Table 3.12.6 Strike actions for the period 1 April 2015 and 31 March 2016

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2015 and 31 March 2016

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0

3.13. SKILLS DEVELOPMENT

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

Table 3.13.1 Training needs identified for the period 1 April 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	58	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management	None	4
	Male	63	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management	None	4

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Professionals	Female	128	None	Financial management for non-financial managers, Advance Management Development Programme, Geographic Information System, Computer skills, Environmental Management, Compulsory Induction Programme	None	6
	Male	110	None	Financial management for non-financial managers, Advance Management Development Programme, Geographic Information System, Computer skills, Environmental Management, Compulsory Induction Programme	None	6
Technicians and associate professionals	Female	70	None	Computer skills, Environmental Management, Disability Management, Compulsory Induction Programme	None	4
	Male	25	None	Computer skills, Environmental Management, Disability Management, Compulsory Induction Programme	None	4
Administrative related	Female	42	None	Emerging Management Development Programme, Computer skills, Compulsory Induction Programme	None	3
	Male	27	None	Emerging Management Development Programme, Computer skills, Compulsory Induction Programme	None	3
Service and sales workers	Female		None		None	
	Male	5	None		None	
Skilled agriculture and fishery workers	Female		None		None	
	Male		None		None	
Craft and related trades workers	Female		None		None	
	Male		None		None	
VIP protectors/ Drivers	Female		None		None	
	Male	5	None	Computer skills	None	1
Elementary occupations	Female	1	None		None	
	Male		None		None	
Sub Total	Female	299	None		None	
	Male	235	None		None	
Total		534	None	18	None	18

Table 3.13.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	58	None	Monitoring & Evaluation in the Public Sector, Microsoft Word, Project Management, Finance for non-financial managers	None	4
	Male	63	None	Microsoft Word, Project Management, Finance for non-financial managers	None	4
Professionals	Female	128	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management, Compulsory Induction Programme	None	5
	Male	110	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management, Compulsory Induction Programme	None	5
Technicians and associate professionals	Female	70	None	Advance Management Development Programme, Geographic Information System, Computer skills, Environmental Management, Compulsory Induction Programme	None	5
	Male	25	None	Advance Management Development Programme, Geographic Information System, Computer skills, Compulsory Induction Programme	None	4
Administrative related	Female	42	None	Computer skills, Emerging Management Development Programme, Compulsory Induction Programme	None	3
	Male	27	None	Computer skills, Emerging Management Development Programme, Compulsory Induction Programme	None	3
Service and sales workers	Female		None	Emerging Management Development Programme, Computer skills,	None	2
	Male	5	None	Emerging Management Development Programme, Computer skills,	None	2

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Skilled agriculture and fishery workers	Female		None		None	
	Male		None		None	
Craft and related trades workers	Female		None		None	
	Male		None		None	
VIP protectors/ Drivers	Female		None		None	
	Male	5	None	Computer skills	None	1
Elementary occupations	Female	1	None		None	
	Male		None		None	
Sub Total	Female	299	None		None	
	Male	235	None		None	
Total		534	None	9	None	9

3.14. INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2015 and 31 March 2016

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	4	80
Permanent Disablement	0	0
Fatal	1	20
Total	5	100

3.15. UTILISATION OF CONSULTANTS

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2015 and 31 March 2016

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
KZN Energy agency and fund	3	1095 Days	R 19 465 600.00
Due diligence Assessment and evaluation of the Gijima KZN LCF Project	2	180 Days	R 1 015 131.10
Establishment of Aerotropolis management unit	3	1095 Days	R 8 986 345.49
Economic Council Secretariat	2	1095 Days	R 1 056 374.27

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Implementation of provincial economic strategies	3	365 Days	R 1 094 214.00
Development of the Uthungulu maritime strategy	5	180 Days	R 490 112.00
Development of the Ugu maritime strategy	5	180 Days	R 498 408.00
Dukuduku onsite settlement project phase 2	6	1095 Days	R 24 997 959.90
Appointment of Specialized Investment Advisory Team	5	1095 Days	R 23 577 200.00
Establishment of Aerotropolis institute	6	1095 Days	R 9 874 395.00
Training of EPWP Beneficiaries	20	1095 Days	R - (Panel Created)
Technical and financial support to small scale sugar cane growers	4	1095 Days	R 51 826 935.00
Planning, project and performance mechanism(PPPM)	5	1095 Days	R 11 777 091.48
Appointment of Service Provider for Training and Capacity Building Projects	3	180 Days	R 978 120.00
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
14	72	10 940 Days	R 155 637 886.24

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
The information at the disposal of the Department (tender documents) does not allow for this analysis to be undertaken.			

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Nil			
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Nil			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Nil			
Nil			

3.16. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 and 31 March 2016

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by 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 13-16)	0	0	0	0
Total	0	0	0	0

Part E:
FINANCIAL INFORMATION



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

Report on the audit of the financial statements

OPINION

1. I have audited the financial statements of the Department of Economic Development Tourism and Environmental Affairs set out on pages 99 to 180 which comprise the appropriation statement, the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development, Tourism and Environmental Affairs as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards as prescribed by National Treasury (MCS) 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, 2015 (Act No. 3 of 2016) (DoRA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention to liquidate or cease operations, or there is no realistic alternative of but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – integrated economic development services	32-33
Programme 3 – trade and industry development	34-36
Programme 6 – tourism development	41
Programme 7 – environmental management	42-46

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

PROGRAMME 3 – TRADE AND INDUSTRY DEVELOPMENT

RAND VALUE OF EXPORTS FACILITATED

15. The source information, evidence and method of calculation for the achievement of the planned indicator were not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI). This resulted in the department not being able to verify and report its achievement due to systems and processes not being adequately designed to enable reliable reporting.
16. I did not identify material findings on the usefulness and reliability of the reported performance information for the following selected programmes:
- Programme 2 – integrated economic development services
 - Programme 6 – tourism development
 - Programme 7 – environmental management

OTHER MATTERS

17. I draw attention to the matters below:

Achievement of planned targets

18. The annual performance report on pages 30 to 46 includes information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a significant number of targets. This information should be considered in the context of the material findings identified on the usefulness and reliability of the reported performance information in paragraph 15 of this report.

Adjustment of material misstatements

19. Material misstatements were identified in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 7 - environmental management. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information for programme 7 - environmental management.

Report on audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Budgets

22. Effective steps were not taken to prevent unauthorised expenditure amounting to R8,1 million, as disclosed in note 8 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the unauthorised expenditure was caused by inadequate monitoring of the budget.

23. Savings on transfers to another institution were used to defray overspending on current expenditure, in contravention of section 43(4)(b) of the PFMA.

24. Transfers that were not originally budgeted for were made without the approval of provincial treasury, as required by treasury regulation 6.3.1(b) and (d).

Expenditure management

25. Effective steps were not taken to prevent irregular expenditure amounting to R65,9 million as disclosed in note 24 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by new transfers that were not approved by provincial treasury as virements.

Other information

26. The accounting officer of the department is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is no material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings the performance report and findings on compliance with legislation included in this report.

Financial and performance management

30. Although the department developed a plan to address external audit findings, the appropriate level of management did not timeously monitor adherence to the plan to prevent the irregular, unauthorised expenditure and monitor compliance with the PFMA. This was due to the slow response by management to adequately monitor the budget and approval for virements.

31. Management did not perform adequate reviews of the planned performance indicators to ensure that they are well defined and supported by proper systems and processes to verify the underlying data supporting the reported performance.

OTHER REPORTS

32. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

INVESTIGATIONS

33. The investigative unit of the KwaZulu-Natal Provincial Treasury performed 14 investigations, which covered the period from 2011 to 2017. Four investigations have been finalised, five have been completed and five are in progress. The investigations were initiated based on allegations of irregularities relating to processes followed in securing departmental district offices, possible mismanagement of funds by a co-operative, fraud and corruption on a local economic development project, and possible irregularities relating to events management expenditure.

Auditor-General

Pietermaritzburg
31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

For the year ended 31 March 2017

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Appropriation per programme		2016/17						2015/16		
		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
Voted funds and Direct charges										
Programme										
1.	Administration	250,177	2,000	21,574	273,751	281,845	(8,094)	103.0%	193,500	185,577
2.	Integrated Economic Development Services	320,394	(8,048)	(237)	312,109	311,759	350	99.9%	427,357	427,599
3.	Trade and Sector Development	798,632	8,048	(5,247)	801,433	800,724	709	99.9%	946,588	939,786
4.	Business Regulation and Governance	105,122	-	(4,844)	100,278	100,278	-	100.0%	96,704	96,704
5.	Economic Planning	38,225	-	(1,426)	36,799	35,799	1,000	97.3%	29,532	29,492
6.	Tourism	264,518	-	(4,071)	260,447	246,708	13,739	94.7%	381,429	375,674
7.	Environmental Affairs	827,543	(2,000)	(5,749)	819,794	819,784	10	100.0%	922,009	928,753
TOTAL		2,604,611	-	-	2,604,611	2,596,897	7,714	99.7%	2,997,119	2,983,585
Reconciliation with Statement of Financial Performance										
Add:	Departmental receipts				7,597				63,726	
Actual amounts per Statement of Financial Performance (Total Revenue)										
					2,612,208				3,060,845	
Actual amounts per Statement of Financial Performance Expenditure										
					2,596,897					2,983,585

Appropriation per economic classification									
Economic Classification	2016/17					2015/16			
	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	758,899	(18,310)	(34,771)	705,818	693,242	12,576	98.2%	649,720	650,090
Compensation of employees	306,174	-	(17,154)	289,020	289,020	-	100.0%	279,386	276,699
Salaries and wages	267,744	-	(13,105)	254,639	254,639	-	100.0%	246,030	244,082
Social contributions	38,430	-	(4,049)	34,381	34,381	-	100.0%	33,356	32,617
Goods and services	452,725	(18,310)	(17,617)	416,798	404,222	12,576	97.0%	370,334	373,391
Administrative fees	1,566	-	535	2,101	2,101	-	100.0%	3,264	3,264
Advertising	13,800	-	(868)	12,932	12,932	-	100.0%	17,743	17,743
Minor assets	1,596	-	(1,061)	535	535	-	100.0%	611	611
Audit costs: External	4,596	-	(857)	3,739	3,739	-	100.0%	3,422	3,422
Bursaries: Employees	710	-	(371)	339	339	-	100.0%	128	128
Catering: Departmental activities	3,620	-	(895)	2,725	2,725	-	100.0%	3,242	3,242
Communication (G&S)	10,107	-	1 391	11,498	11,498	-	100.0%	10,002	10,002
Computer services	16,389	-	10,106	26,495	26,495	-	100.0%	10,887	10,887
Consultants: Business and advisory services	201,784	(16,310)	(25,453)	160,021	141,130	18,891	88.2%	135,211	136,482
Infrastructure and planning services	-	-	3	3	3	-	100.0%	-	-
Laboratory services	20	-	(20)	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	4,265	-	8,378	12,643	16,458	(3,815)	130.2%	6,288	6,288

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	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
Contractors	24,107	-	(2,473)	21,634	21,634	-	100.0%	21,678	21,678
Agency and support / outsourced services	45,994	(2,000)	(7,891)	36,103	36,103	-	100.0%	45,422	52,466
Entertainment	70	-	(70)	-	-	-	-	-	-
Fleet services (including Government motor transport)	3,903	-	49	3,952	3,952	-	100.0%	2,201	2,201
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	2,803	-	(2,194)	609	609	-	100.0%	5	5
Inventory: Farming supplies	5,910	-	(2,752)	3,158	3,158	-	100.0%	11,274	11,274
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	100	-	(100)	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	211	-	2,942	3,153	5,653	(2,500)	179.3%	-	-
Consumable supplies	2,487	-	1,490	3,977	3,977	-	100.0%	9,301	9,301

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	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
Consumable: Stationery, printing and office supplies	2,333	-	(657)	1,676	1,676	-	100.0%	2,217	2,217
Operating leases	33,567	-	5,033	38,600	38,600	-	100.0%	20,382	15,124
Property payments	20,762	-	3,029	23,791	23,791	-	100.0%	17,562	17,562
Transport provided: Departmental activity	1,318	-	(349)	969	969	-	100.0%	439	439
Travel and subsistence	38,751	-	(4,469)	34,282	34,282	-	100.0%	38,387	38,387
Training and development	2,155	-	581	2,736	2,736	-	100.0%	3,647	3,647
Operating payments	4,777	-	(1,847)	2,930	2,930	-	100.0%	3,089	3,089
Venues and facilities	4,265	-	1,127	5,392	5,392	-	100.0%	3,517	3,517
Rental and hiring	759	-	46	805	805	-	100.0%	415	415
Transfers and subsidies	1,837,535	18,310	33,061	1,888,906	1,896,651	(7,745)	100.4%	2,342,820	2,329,045
Provinces and municipalities	8,550	1,500	-	10,050	10,003	47	99.5%	9,819	9,552
Provinces	50	-	-	50	3	47	6.0%	69	52
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	50	-	-	50	3	47	6.0%	69	52
Municipalities	8,500	1,500	-	10,000	10,000	-	100.0%	9,750	9,500
Municipal bank accounts	500	-	-	500	500	-	100.0%	-	-
Municipal agencies and funds	8,000	1,500	-	9,500	9,500	-	100.0%	9,750	9,500

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	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
Departmental agencies and accounts	1,343,116	3,048	23,000	1,369,164	1,374,300	(5,136)	100.4%	1,543,700	1,543,700
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	1,343,116	3,048	23,000	1,369,164	1,374,300	(5,136)	100.4%	1,543,700	1,543,700
Higher education institutions	14,617	2,000	-	16,617	16,617	-	100.0%	2,000	2,000
Foreign government and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	269,966	6,762	8,950	285,678	288,348	(2,670)	100.9%	548,339	540,534
Public corporations	203,937	-	-	203,937	203,937	-	100.0%	391,243	391,043
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	203,937	-	-	203,937	203,937	-	100.0%	391,243	391,043
Private enterprises	66,029	6,762	8,950	81,741	84,411	(2,670)	103.3%	157,096	149,491
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	66,029	6,762	8,950	81,741	84,411	(2,670)	103.3%	157,096	149,491
Non-profit institutions	195,108	5,000	-	200,108	200,098	10	100.0%	227,423	222,421
Households	6,178	-	1,111	7,289	7,285	4	99.9%	11,539	10,838

Appropriation per economic classification									
Economic Classification	2016/17						2015/16		
	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
Social benefits	2,115	-	1,111	3,226	3,226	-	100.0%	1,159	1,159
Other transfers to households	4,063	-	-	4,063	4,059	4	99.9%	10,380	9,679
Payments for capital assets	8,171	-	-	8,171	5,288	2,883	64.7%	3,972	3,843
Buildings and other fixed structures	-	-	-	-	-	-	-	17	17
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	17	17
Machinery and equipment	7,971	-	118	8,089	5,206	2,883	64.4%	3,855	3,826
Transport equipment	1,036	-	862	1,898	1,898	-	100.0%	2,026	2,026
Other machinery and equipment	6,935	-	(744)	6,191	3,308	2,883	53.4%	1,829	1,800
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	200	-	(118)	82	82	-	100.0%	100	-
Payment for financial assets	6	-	1,710	1,716	1,716	-	100.0%	607	607
Total	2,604,611	-	-	2,604,611	2,596,897	7,714	99.7%	2,997,119	2,983,585

Programme 1: Administration		2016/17							2015/16	
		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
Sub programme										
1.	Office of the MEC	28,279	-	3	28,282	28,282	-	100.0%	24,172	24,172
2.	Office of the HOD	50,156	2,000	7,885	60,041	68,565	(8,524)	114.2%	29,317	29,316
3.	Financial Management	41,866	-	(549)	41,317	41,270	47	99.9%	33,398	33,381
4.	Corporate Services	129,876	-	14,235	144,111	143,728	383	99.7%	106,613	98,708
Total		250,177	2,000	21,574	273,751	281,845	(8,094)	103.0%	193,500	185,577

Appropriation per economic classification									
	2016/17					2015/16			
	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
Economic classification									
Current payments	244,218	2,000	20,585	266,803	275,331	(8,528)	103.2%	189,076	181,171
Compensation of employees	78,128	-	(2,817)	75,311	75,311	-	100.0%	73,804	71,157
Salaries and wages	69,123	-	(2,538)	66,585	66,585	-	100.0%	64,963	63,015
Social contributions	9,005	-	(279)	8,726	8,726	-	100.0%	8,841	8,142
Goods and services	166,090	2,000	23,402	191,492	200,020	(8,528)	104.5%	115,272	110,014
Administrative fees	829	-	(37)	792	792	-	100.0%	1,897	1,897
Advertising	6,608	-	(465)	6,143	6,143	-	100.0%	8,633	8,633
Minor assets	718	-	(613)	105	105	-	100.0%	274	274
Audit costs: External	4,596	-	(857)	3,739	3,739	-	100.0%	3,422	3,422
Bursaries: Employees	210	-	129	339	339	-	100.0%	128	128
Catering Departmental activities	261	-	303	564	564	-	100.0%	1,337	1,337
Communication (G&S)	7,892	-	2,283	10,175	10,175	-	100.0%	7,412	7,412
Computer services	16,389	-	9,469	25,858	25,858	-	100.0%	10,147	10,147
Consultants: Business and advisory services	40,182	2,000	(98)	42,084	46,797	(4,713)	111.2%	13,610	13,610
Infrastructure and Planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-

Appropriation per economic classification									
	2016/17							2015/16	
	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
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	3,966	-	8,376	12,342	16,157	(3,815)	130.9%	4,449	4,449
Contractors	10,920	-	(1,972)	8,948	8,948	-	100.0%	8,971	8,971
Agency and support / outsourced services	758	-	312	1,070	1,070	-	100.0%	398	398
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including government motor transport)	3,573	-	52	3,625	3,625	-	100.0%	2,201	2,201
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-

Appropriation per economic classification									
	2016/17						2015/16		
	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
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	35	35	35	-	100.0%	-	-
Consumable supplies	404	-	(140)	264	264	-	100.0%	114	114
Consumable: Stationery, printing and office supplies	1,143	-	335	1,478	1,478	-	100.0%	1,801	1,801
Operating leases	33,424	-	4,974	38,398	38,398	-	100.0%	20,099	14,841
Property payments	20,658	-	2,563	23,221	23,221	-	100.0%	17,452	17,452
Transport provided: Departmental activity	150	-	(150)	-	-	-	-	22	22
Travel and subsistence	9,508	-	(349)	9,159	9,159	-	100.0%	10,955	10,955
Training and development	1,424	-	9	1,433	1,433	-	100.0%	891	891
Operating payments	2,213	-	(970)	1,243	1,243	-	100.0%	1,039	1,039
Venues and facilities	241	-	147	388	388	-	100.0%	15	15
Rental and hiring	23	-	66	89	89	-	100.0%	5	5
Transfers and subsidies	2,376	-	637	3,013	2,962	51	98.3%	1,315	1,297
Provinces and municipalities	50	-	-	50	3	47	6.0%	69	52
Provinces	50	-	-	50	3	47	6.0%	69	52
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	50	-	-	50	3	47	6.0%	69	52

Appropriation per economic classification										
	2016/17							2015/16		
	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	R'000
Municipalities	-	-	-	-	-	-	-	-	-	-
Municipal bank account	-	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	9	-	-	9	9	-	100.0%	7	7	7
Departmental agencies (non-business entities)	9	-	-	9	9	-	100.0%	7	7	7
Public corporations and private enterprises	-	-	-	-	-	-	-	256	256	256
Public corporations	-	-	-	-	-	-	-	96	96	96
Other transfers to public corporations	-	-	-	-	-	-	-	96	96	96
Private enterprises	-	-	-	-	-	-	-	160	160	160
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	160	160	160
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	2,317	-	637	2,954	2,950	4	99.9%	983	982	982
Social benefits	1,794	-	637	2,431	2,431	-	100.0%	483	483	483
Other transfers to households	523	-	-	523	519	4	99.2%	500	499	499

Appropriation per economic classification									
	2016/17					2015/16			
	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
Payments for capital assets	3,577	-	(197)	3,380	2,997	383	88.7%	2,977	2,977
Buildings and other fixed structures	-	-	-	-	-	-	-	17	17
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	17	17
Machinery and equipment	3,577	-	(279)	3,298	2,915	383	88.4%	2,960	2,960
Transport equipment	1,036	-	862	1,898	1,898	-	100.0%	2,026	2,026
Other machinery and equipment	2,541	-	(1,141)	1,400	1,017	383	72.6%	934	934
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	82	82	82	-	100.0%	-	-
Payment for financial assets	6	-	549	555	555	-	100.0%	132	132
Total	250,177	2,000	21,574	273,751	281,845	(8,094)	103.0%	193,500	185,577

Programme 2: Integrated Economic Development Services											
Sub programme	2016/17						2015/16				
	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. Enterprise Development	211,294	-	(5,527)	205,767	205,417	350	99.8%	368,878	367,978		
2. Regional and local Economic Development	34,505	-	(1,211)	33,294	33,294	-	100.0%	18,133	18,004		
3. Economic Empowerment	74,595	(8,048)	6,501	73,048	73,048	-	100.0%	40,346	41,617		
Total	320,394	(8,048)	(237)	312,109	311,759	350	99.9%	427,357	427,599		

Appropriation per economic classification											
Economic Classification	2016/17						2015/16				
	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	
Current payments	163,210	(15,810)	(10,184)	137,216	125,716	11,500	91.6%	114,561	115,832		
Compensation of employees	57,863	-	(2,814)	55,049	55,049	-	100.0%	54,286	54,286		
Salaries and wages	51,682	-	(2,336)	49,346	49,346	-	100.0%	48,836	48,836		
Social contributions	6,181	-	(478)	5,703	5,703	-	100.0%	5,450	5,450		
Goods and services	105,347	(15,810)	(7,370)	82,167	70,667	11,500	86.0%	60,275	61,546		
Administrative fees	159	-	14	173	173	-	100.0%	275	275		

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	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
Advertising	1,315	-	29	1,344	1,344	-	100.0%	905	905
Minor assets	-	-	49	49	49	-	100.0%	10	10
Audit costs: External	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	974	-	(190)	784	784	-	100.0%	918	918
Communication (G&S)	674	-	(423)	251	251	-	100.0%	869	869
Computer services	-	-	-	-	-	-	-	608	608
Consultants: Business and advisory services	92,910	(15,810)	(8,089)	69,011	57,511	11,500	83.3%	46,828	48,099
Infrastructure and planning services	-	-	3	3	3	-	100.0%	-	-
Legal services	-	-	-	-	-	-	-	203	203
Contractors	1,782	-	74	1,856	1,856	-	100.0%	71	71
Agency and support / outsourced services	-	-	-	-	-	-	-	3	3
Inventory: Other supplies	-	-	4	4	4	-	100.0%	-	-
Consumables supplies	560	-	33	593	593	-	100.0%	2	2
Consumable: Stationery, printing and office supplies	22	-	(22)	-	-	-	-	2	2
Operating leases	-	-	-	-	-	-	-	67	67

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	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
Property payments	104	-	(43)	61	61	-	100.0%	62	62
Transport provided: Departmental activity	485	-	(221)	264	264	-	100.0%	163	163
Travel and subsistence	5,584	-	(548)	5 036	5,036	-	100.0%	5,305	5,305
Training and development	250	-	728	978	978	-	100.0%	1,079	1,079
Operating payments	62	-	(14)	48	48	-	100.0%	73	73
Venues and facilities	148	-	1,202	1,350	1,350	-	100.0%	2,492	2,492
Rental and hiring	318	-	44	362	362	-	100.0%	340	340
Transfers and subsidies	156,747	7,762	8,997	173,506	184,656	(11,150)	106.4%	312,475	311,575
Provinces and municipalities	2,000	-	-	2,000	2,000	-	100.0%	2,000	2,000
Municipalities	2,000	-	-	2,000	2,000	-	100.0%	2,000	2,000
Municipal agencies and funds	2,000	-	-	2,000	2,000	-	100.0%	2,000	2,000
Higher education institutions	6,000	2,000	-	8,000	8,000	-	100.0%	-	-
Public corporations and private enterprises	80,767	5,762	8,950	95,479	106,629	(11,150)	111.7%	206,680	206,480
Public corporations	77,567	-	-	77,567	77,567	-	100.0%	192,200	192,000
Other transfers to public corporations	77,567	-	-	77,567	77,567	-	100.0%	192,200	192,000
Private enterprises	3,200	5,762	8,950	17,912	29,062	(11,150)	162.2%	14,480	14,480

Appropriation per economic classification									
Economic Classification	2016/17						2015/16		
	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
Other transfers to private enterprises	3,200	5,762	8,950	17,912	29,062	(11,150)	162.2%	14,480	14,480
Non-profit institutions	64,400	-	-	64,400	64,400	-	100.0%	95,000	95,000
Households	3,580	-	47	3,627	3,627	-	100.0%	8,795	8,095
Social benefits	40	-	47	87	87	-	100.0%	100	100
Other transfers to households	3,540	-	-	3,540	3,540	-	100.0%	8,695	7,995
Payments for capital assets	437	-	(2)	435	435	-	100.0%	211	82
Machinery and equipment	437	-	(2)	435	435	-	100.0%	111	82
Other machinery and equipment	437	-	(2)	435	435	-	100.0%	111	82
Software and other intangible assets	-	-	-	-	-	-	-	100	-
Payment for financial assets	-	-	952	952	952	-	100.0%	110	110
Total	320,394	(8,048)	(237)	312,109	311,759	350	99.9%	427,357	427,599

Programme 3: Trade and Sector Development									
	2016/17						2015/16		
	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
Sub programme									
1. Trade and Investment Promotion	484,447	3,048	(6,319)	481,176	480,536	640	99.9%	580,705	580,705
2. Sector Development	187,815	5,000	1,072	193,887	193,818	69	100.0%	166,936	160,134
3. Strategic Initiatives	126,370	-	-	126,370	126,370	-	100.0%	198,947	198,947
Total	798,632	8,048	(5,247)	801,433	800,724	709	99.9%	946,588	939,786

Appropriation per economic classification									
	2016/17						2015/16		
	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
Economic classification									
Current payments	53,757	(2,500)	(5,335)	45,922	43,922	2 000	95.6%	34,261	34,261
Compensation of employees	12,105	-	(624)	11,481	11,481	-	100.0%	10,673	10,673
Salaries and wages	10,773	-	(461)	10,312	10,312	-	100.0%	9,581	9,581
Social contributions	1,332	-	(163)	1,169	1,169	-	100.0%	1,092	1,092
Goods and services	41,652	(2,500)	(4,711)	34,441	32,441	2 000	94.2%	23,588	23,588
Administrative fees	141	-	(22)	119	119	-	100.0%	181	181

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Ex- penditure R'000	Variance R'000	Expendi- ture as % of final appro- priation %	Final Ap- propriation R'000	Actual Ex- penditure R'000
Advertising	1,472	-	2,373	3,845	3,845	-	100.0%	4,366	4,366
Minor assets	199	-	(192)	7	7	-	100.0%	4	4
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	85	-	(57)	28	28	-	100.0%	237	237
Communication (G&S)	23	-	28	51	51	-	100.0%	128	128
Consultants: Business and advisory services	33,983	(2,500)	(6,636)	24,847	22,847	2,000	92.0%	13,557	13,557
Contractors	1,303	-	1,043	2,346	2,346	-	100.0%	2,042	2,042
Agency and support / outsourced services	-	-	-	-	-	-	-	6	6
Entertainment	70	-	(70)	-	-	-	-	-	-
Inventory: other supplies	211	-	-	211	211	-	100.0%	-	-
Consumable supplies	12	-	(1)	11	11	-	100.0%	-	-
Consumable: Stationery, printing and office supplies	119	-	(119)	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	30	30
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	180	180
Travel and subsistence	3,488	-	(919)	2,569	2,569	-	100.0%	2,539	2,539

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Ex- penditure R'000	Variance R'000	Expendi- ture as % of final appro- priation %	Final Ap- propriation R'000	Actual Ex- penditure R'000
Training and development	126	-	(43)	83	83	-	100.0%	100	100
Operating payments	126	-	(44)	82	82	-	100.0%	137	137
Venues and facilities	294	-	(52)	242	242	-	100.0%	37	37
Rental and hiring	-	-	-	-	-	-	-	44	44
Transfers and subsidies	744,831	10 548	-	755,379	756,670	(1,291)	100.2%	912,257	905,455
Provinces and municipalities	4,500	1 500	-	6,000	6,000	-	100.0%	500	500
Municipalities	4,500	1 500	-	6,000	6,000	-	100.0%	500	500
Municipal agencies and funds	4,500	1 500	-	6,000	6,000	-	100.0%	500	500
Departmental agencies and accounts	469,643	3 048	-	472,691	472,691	-	100.0%	573,975	573,975
Departmental agencies (non-business entities)	469,643	3 048	-	472,691	472,691	-	100.0%	573,975	573,975
Public corporations and private enterprises	148,655	1 000	-	149,655	150,946	(1,291)	100.9%	216,464	214,464
Public corporations	126,370	-	-	126,370	126,370	-	100.0%	198,947	198,947
Other transfers to public corporations	126,370	-	-	126,370	126,370	-	100.0%	198,947	198,947
Private enterprises	22,285	1,000	-	23,285	24,576	(1,291)	105.5%	17,517	15,717
Other transfers to private enterprises	22,285	1,000	-	23,285	24,576	(1,291)	105.5%	17,517	15,717

Appropriation per economic classification										
Economic classification	2016/17							2015/16		
	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	
Non-profit institutions	122,033	5,000	-	127,033	127,033	-	100.0%	121,318	116,316	
Households	-	-	-	-	-	-	-	-	-	
Social benefits	-	-	-	-	-	-	-	-	-	
Payments for capital assets	44	-	-	44	44	-	100.0%	55	55	
Machinery and equipment	44	-	-	44	44	-	100.0%	55	55	
Other machinery and equipment	44	-	-	44	44	-	100.0%	55	55	
Land and sub-soil assets	-	-	-	-	-	-	-	-	-	
Payment for financial assets	-	-	88	88	88	-	100.0%	15	15	
Total	798,632	8,048	(5,247)	801,433	800,724	709	99.9%	946,588	939,786	

Programme 4: Business Regulation and Governance									
	2016/17					2015/16			
	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
Sub programme									
1. Regulation Service	5,609	-	(959)	4,650	4,650	-	100.0%	6,872	6,872
2. Consumer Protection	25,760	-	(3,885)	21,875	21,875	-	100.0%	19,824	19,824
3. Liquor Regulation	73,753	-	-	73,753	73,753	-	100.0%	70,008	70,008
Total	105,122	-	(4,844)	100,278	100,278	-	100.0%	96,704	96,704

Appropriation per economic classification									
	2016/17					2015/16			
	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
Economic classification									
Current payments	31,201	-	(5,364)	25,837	25,837	-	100.0%	26,519	26,519
Compensation of employees	18,890	-	(436)	18,454	18,454	-	100.0%	16,794	16,794
Salaries and wages	16,358	-	(310)	16,048	16,048	-	100.0%	14,635	14,635
Social contributions	2,532	-	(126)	2,406	2,406	-	100.0%	2,159	2,159
Goods and services	12,311	-	(4,928)	7,383	7,383	-	100.0%	9,725	9,725
Administrative fees	27	-	44	71	71	-	100.0%	74	74

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	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
Advertising	2,550	-	(1,881)	669	669	-	100.0%	2,122	2,122
Minor assets	60	-	(34)	26	26	-	100.0%	7	7
Bursaries: Employees	500	-	(500)	-	-	-	-	-	-
Catering: Departmental activities	1,425	-	(1,345)	80	80	-	100.0%	26	26
Communication (G&S)	75	-	93	168	168	-	100.0%	535	535
Consultants: Business and advisory services	2,679	-	(1,615)	1,064	1,064	-	100.0%	1,334	1,334
Contractors	2,452	-	596	3,048	3,048	-	100.0%	3,001	3,001
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	28	28	28	-	100.0%	-	-
Consumable supplies	10	-	16	26	26	-	100.0%	1	1
Consumable: Stationery, printing and office supplies	3	-	-	3	3	-	100.0%	-	-
Transport provided: Departmental activity	220	-	(168)	52	52	-	100.0%	-	-
Travel and subsistence	2,024	-	(16)	2,008	2,008	-	100.0%	2,347	2,347
Operating payments	6	-	94	100	100	-	100.0%	222	222
Venues and facilities	170	-	(170)	-	-	-	-	56	56
Rental and hiring	110	-	(70)	40	40	-	100.0%	-	-

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	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
Transfers and subsidies	73,891	-	297	74,188	74,188	-	100.0%	70,065	70,065
Departmental agencies and accounts	73,753	-	-	73,753	73,753	-	100.0%	70,008	70,008
Departmental agencies (non-business entities)	73,753	-	-	73,753	73,753	-	100.0%	70,008	70,008
Households	138	-	297	435	435	-	100.0%	57	57
Social benefits	138	-	297	435	435	-	100.0%	57	57
Payments for capital assets	30	-	113	143	143	-	100.0%	49	49
Machinery and equipment	30	-	113	143	143	-	100.0%	49	49
Other machinery and equipment	30	-	113	143	143	-	100.0%	49	49
Payment for financial assets	-	-	110	110	110	-	100.0%	71	71
Total	105,122	-	(4,844)	100,278	100,278	-	100.0%	96,704	96,704

Programme 5: Economic Planning									
	2016/17						2015/16		
	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
Sub programme									
1. Policy and Planning	7,145	-	(20)	7,125	7,125	-	100.0%	5,280	5,240
2. Research and Development	20,015	-	(1,184)	18,831	17,831	1,000	94.7%	15,384	15,384
3. Knowledge Management	3,265	-	(84)	3,181	3,181	-	100.0%	2,689	2,689
4. Monitoring and Evaluation	7,800	-	(138)	7,662	7,662	-	100.0%	6,179	6,179
Total	38,225	-	(1,426)	36,799	35,799	1,000	97.3%	29,532	29,492

Appropriation per economic classification									
	2016/17						2015/16		
	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
Economic classification									
Current payments	25,528	-	(1,440)	24,088	24,088	-	100.0%	27,388	27,348
Compensation of employees	15,522	-	(1,060)	14,462	14,462	-	100.0%	14,321	14,281
Salaries and wages	13,630	-	(710)	12,920	12,920	-	100.0%	12,791	12,791
Social contributions	1,892	-	(350)	1,542	1,542	-	100.0%	1,530	1,490
Goods and services	10,006	-	(380)	9,626	9,626	-	100.0%	13,067	13,067
Administrative fees	54	-	42	96	96	-	100.0%	123	123

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	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
Advertising	63	-	(60)	3	3	-	100.0%	200	200
Minor assets	59	-	(12)	47	47	-	100.0%	14	14
Catering: Departmental activities	10	-	7	17	17	-	100.0%	19	19
Communication (G&S)	117	-	(67)	50	50	-	100.0%	158	158
Computer services	-	-	127	127	127	-	100.0%	132	132
Consultants: Business and advisory services	6,378	-	(42)	6,336	6,336	-	100.0%	9,796	9,796
Contractors	-	-	-	-	-	-	-	-	-
Agency and support / outsourced services	242	-	-	242	242	-	100.0%	40	40
Consumable supplies	48	-	(3)	45	45	-	100.0%	37	37
Consumable: Stationery, printing and office supplies	197	-	(40)	157	157	-	100.0%	115	115
Transport provided: Departmental activity	-	-	6	6	6	-	100.0%	-	-
Travel and subsistence	1,661	-	26	1,687	1,687	-	100.0%	1,604	1,604
Training and development	160	-	(34)	126	126	-	100.0%	27	27
Operating payments	1,017	-	(330)	687	687	-	100.0%	645	645
Venues and facilities	-	-	-	-	-	-	-	157	157
Transfers and subsidies	12,617	-	-	12,617	11,617	1,000	92.1%	2,031	2,031
Provinces and municipalities	500	-	-	500	500	-	100.0%	-	-

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	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
Municipalities	500	-	-	500	500	-	100.0%	-	-
Municipal bank account	500	-	-	500	500	-	100.0%	-	-
Departmental agencies and accounts	3,500	-	-	3,500	2,500	1,000	71.4%	-	-
Departmental agencies (non-business entities)	3,500	-	-	3,500	2,500	1,000	71.4%	-	-
Higher education institutions	8,617	-	-	8,617	8,617	-	100.0%	2,000	2,000
Households	-	-	-	-	-	-	-	31	31
Social benefits	-	-	-	-	-	-	-	31	31
Payments for capital assets	80	-	8	88	88	-	100.0%	70	70
Machinery and equipment	80	-	8	88	88	-	100.0%	70	70
Other machinery and equipment	80	-	8	88	88	-	100.0%	70	70
Payment for financial assets	-	-	6	6	6	-	100.0%	43	43
Total	38,225	-	(1,426)	36,799	35,799	1,000	97.3%	29,532	29,492

Programme 6: Tourism									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000		%	R'000	R'000
1. Tourism Sector Transformation	8,298	-	(775)	7,523	7,523	-	100.0%	3,760	3,010
2. Tourism Planning	9,619	-	(1,661)	7,958	7,958	-	100.0%	4,722	4,722
3. Tourism Growth and Development	246,601	-	(1,635)	244,966	231,227	13,739	94.4%	372,947	367,942
Total	264,518	-	(4,071)	260,447	246,708	13,739	94.7%	381,429	375,674

Appropriation per economic classification									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	39,505	-	(3,992)	35,513	26,909	8 604	75.8%	72,760	72,760
Compensation of employees	13,565	-	(790)	12,775	12,775	-	100.0%	10,546	10,546
Salaries and wages	12,004	-	(525)	11,479	11,479	-	100.0%	9,470	9,470
Social contributions	1,561	-	(265)	1,296	1,296	-	100.0%	1,076	1,076
Goods and services	25,940	-	(3,202)	22,738	14,134	8 604	62.2%	62,214	62,214
Administrative fees	120	-	60	180	180	-	100.0%	141	141

Appropriation per economic classification									
Economic classification	2016/17							2015/16	
	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
Advertising	1,213	-	(670)	543	543	-	100.0%	619	619
Minor assets	-	-	-	-	-	-	-	3	3
Catering: Departmental activities	149	-	284	433	433	-	100.0%	61	61
Communication (G&S)	29	-	(6)	23	23	-	100.0%	139	139
Consultants: Business and advisory services	15,311	-	(1,571)	13,740	5,136	8 604	37.4%	49,904	49,904
Contractors	3,638	-	(1,718)	1,920	1,920	-	100.0%	5,064	5,064
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Consumable supplies	-	-	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	36	-	(8)	28	28	-	100.0%	20	20
Transport provided: Departmental activity	418	-	65	483	483	-	100.0%	67	67
Travel and subsistence	1,818	-	118	1,936	1,936	-	100.0%	5,553	5,553
Operating payments	121	-	(62)	59	59	-	100.0%	7	7
Venues and facilities	3,079	-	-	3,079	3,079	-	100.0%	610	610
Rental and hiring	8	-	306	314	314	-	100.0%	26	26
Transfers and subsidies	224,933	-	-	224,933	219,798	5 135	97.7%	308,433	302,678
Provinces and municipalities	1,500	-	-	1,500	1,500	-	100.0%	2,750	2,500

Appropriation per economic classification										
Economic classification	2016/17							2015/16		
	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
Municipalities	1,500	-	-	1,500	1,500	-	100.0%	2,750	2,500	
Municipal agencies and funds	1,500	-	-	1,500	1,500	-	100.0%	2,750	2,500	
Departmental agencies and accounts	182,589	-	-	182,589	188,725	(6,136)	103.4%	180,744	180,744	
Departmental agencies (non-business entities)	182,589	-	-	182,589	188,725	(6,136)	103.4%	180,744	180,744	
Public corporations and private enterprises	40,544	-	-	40,544	29,273	11,271	72.2%	124,339	118,834	
Private enterprises	40,544	-	-	40,544	29,273	11,271	72.2%	124,339	118,834	
Other transfers to private enterprises	40,544	-	-	40,544	29,273	11,271	72.2%	124,339	118,834	
Non-profit institutions	300	-	-	300	300	-	100.0%	600	600	
Households	-	-	-	-	-	-	-	-	-	
Social benefits	-	-	-	-	-	-	-	-	-	
Payments for capital assets	80	-	(80)	-	-	-	-	-	-	
Machinery and equipment	80	-	(80)	-	-	-	-	-	-	
Other machinery and equipment	80	-	(80)	-	-	-	-	-	-	
Payment for financial assets	-	-	1	1	1	-	100.0%	236	236	
Total	264,518	-	(4,071)	260,447	246,708	13,739	94.7%	381,429	375,674	

Programme 7: Environmental Affairs											
Sub programme	2016/17						2015/16				
	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. Environmental Policy Planning and Coordination	12,997	-	(4,842)	8,155	8,155	-	100.0%	10,943	10,943		
2. Compliance and Enforcement	33,839	-	(4,076)	29,763	29,763	-	100.0%	32,818	32,818		
3. Environmental Quality Management	42,137	-	(5,688)	36,449	36,449	-	100.0%	32,536	32,536		
4. Biodiversity Management	694,204	(2,000)	8,460	700,664	700,664	-	100.0%	804,261	811,305		
5. Environmental Empowerment Services	32,799	-	(766)	32,033	32,023	10	100.0%	33,970	33,970		
6. General Manager Environmental Affairs	11,567	-	1,163	12,730	12,730	-	100.0%	7,481	7,181		
Total	827,543	(2,000)	(5,749)	819,794	819,784	10	100.0%	922,009	928,753		

Appropriation per economic classification											
Economic Classification	2016/17							2015/16			
	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	R'000
Current payments	201,480	(2,000)	(29,041)	170,439	171,439	(1,000)	100.6%	185,155	192,199		
Compensation of employees	110,101	-	(8,613)	101,488	101,488	-	100.0%	98,962	98,962		
Salaries and wages	94,174	-	(6,225)	87,949	87,949	-	100.0%	85,754	85,754		
Social contributions	15,927	-	(2,388)	13,539	13,539	-	100.0%	13,208	13,208		
Goods and services	91,379	(2,000)	(20,428)	68,951	69,951	(1,000)	101.5%	86,193	93,237		
Administrative fees	236	-	434	670	670	-	100.0%	573	573		
Advertising	579	-	(194)	385	385	-	100.0%	898	898		
Minor assets	560	-	(259)	301	301	-	100.0%	299	299		
Audit costs: External	-	-	-	-	-	-	-	-	-		
Bursaries: Employees	-	-	-	-	-	-	-	-	-		
Catering: Departmental activities	716	-	103	819	819	-	100.0%	644	644		
Communication (G&S)	1,297	-	(517)	780	780	-	100.0%	761	761		
Computer services	-	-	510	510	510	-	100.0%	-	-		
Consultants: Business and advisory services	10,341	-	(7,402)	2,939	1,439	1,500	49.0%	182	182		
Laboratory services	20	-	(20)	-	-	-	-	-	-		
Legal services	299	-	2	301	301	-	100.0%	1,636	1,636		
Contractors	4,012	-	(496)	3,516	3,516	-	100.0%	2,529	2,529		

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	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
Agency and support / outsourced services	44,994	2,000	(8,203)	34,791	34,791	-	100.0%	44,975	52,019
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including government motor transport)	330	-	(3)	327	327	-	100.0%	-	-
Inventory: Clothing material and accessories	2,803	-	(2,194)	609	609	-	100.0%	5	5
Inventory: Farming supplies	5,910	-	(2,752)	3,158	3,158	-	100.0%	11,274	11,274
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	100	-	(100)	-	-	-	-	-	-
Inventory: Other supplies	-	-	2,875	2,875	5,375	-	187.0%	-	-
Consumable supplies	1,453	-	1,585	3,038	3,038	-	100.0%	9,147	9,147
Consumable: Stationery, printing and office supplies	813	-	(803)	10	10	-	100.0%	279	279
Operating leases	143	-	59	202	202	-	100.0%	186	186
Property payments	-	-	509	509	509	-	100.0%	48	48
Transport provided: Departmental activity	45	-	119	164	164	-	100.0%	7	7
Travel and subsistence	14,668	-	(2,781)	11,887	11,887	-	100.0%	10,084	10,084
Training and development	195	-	(79)	116	116	-	100.0%	1,550	1,550

Appropriation per economic classification										
Economic Classification	2016/17							2015/16		
	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
Operating payments	1,232	-	(521)	711	711	-	100.0%	966	966	
Venues and facilities	333	-	-	333	333	-	100.0%	150	150	
Rental and Hiring	300	-	(300)	-	-	-	-	-	-	
Transfers and subsidies	622,140	-	23,130	645,270	646,760	(1,490)	100.2%	736,244	735,944	
Provinces and municipalities	-	-	-	-	-	-	-	4,500	4,500	
Municipalities	-	-	-	-	-	-	-	4,500	4,500	
Municipal bank accounts	-	-	-	-	-	-	-	-	-	
Municipal agencies and funds	-	-	-	-	-	-	-	4,500	4,500	
Departmental agencies and accounts	613,622	-	23,000	636,622	636,622	-	100.0%	718,966	718,966	
Departmental agencies (non-business entities)	613,622	-	23,000	636,622	636,622	-	100.0%	718,966	718,966	
Public corporations and private enterprises	-	-	-	-	1,500	(1,500)	-	600	300	
Private enterprises	-	-	-	-	1,500	(1,500)	-	600	300	
Other transfers to private enterprises	-	-	-	-	1,500	(1,500)	-	600	300	
Non-profit institutions	8,375	-	-	8,375	8,365	10	99.9%	10,505	10,505	
Households	143	-	130	273	273	-	100.0%	1,673	1,673	
Social benefits	143	-	130	273	273	-	100.0%	488	488	

Appropriation per economic classification									
Economic Classification	2016/17							2015/16	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Ex- penditure R'000	Variance R'000	Expendi- ture as % of final appro- priation %	Final Ap- propriation R'000-	Actual Ex- penditure R'000
Other transfers to households	-	-	-	-	-	-	-	1,185	1,185
Payments for capital assets	3,923	-	158	4,081	1,581	2,500	38.7%	610	610
Machinery and equipment	3,723	-	358	4,081	1,581	2,500	38.7%	610	610
Other machinery and equipment	3,723	-	358	4,081	1,581	2,500	38.7%	610	610
Software and other intangible assets	200	-	(200)	-	-	-	-	-	-
Payment for financial Assets	-	-	4	4	4	-	100.0%	-	-
Total	827, 543	(2,000)	(5,749)	819,794	819,784	10	100.0%	922,009	928,753

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

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

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. Detail on payments for financial assets

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

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

Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P1: Administration	273,751	281 845	-8 094	-2.96%
The programme overspent due to Special Investment Team project and some legal costs that the department incurred.				
P2: Integrated Economic Dev	312,109	311,759	350	0.11%
Explanation variance				
P3: Trade and Sector Development	801,433	800,724	709	0.09%
Explanation variance				
P4: Business Regulation and Governance	100,278	100,278	0	0.00%
Explanation variance				
P5: Economic Planning	36,799	35,799	1,000	2.72%
The programme shows an under-spending due to delays in implementing on Industrial Symbiosis project.				
P6: Tourism	260,447	246,708	13,739	5.28%
This Programme has underspent the budget mainly due to the reduction of transfer payment towards Metro FM Awards; as it was lower than anticipated due to financial controls implemented.				
P7: Environmental Affairs	819,794	819,784	10	0.00%

(In the case of surpluses on programmes, a detailed explanation must be given as to whether it is as a result of a saving or underspending.)

Per economic classification:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	289,020	289,020	0	0.00%
Goods and services	416,798	404,222	12,576	3.02%
Transfers and subsidies				
Provinces and municipalities	10,050	10,003	47	0.47%
Departmental agencies and accounts	1,369,164	1,374,300	- 5,136	-0.38%
Higher education institutions	16,617	16,617	0	0.00%
Public corporations and private enterprises	285,678	288,348	- 2,670	-0.93%
Non-profit institutions	200,108	200,098	10	0.00%
Households	7,289	7,285	4	0.05%
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment	8,089	5,206	2,883	35.64%
Software and other intangible assets	82	82	0	0.00%

Payments for financial assets

Goods and services : overspent due to project costs such as Special Investment Team and Legal costs.

Machinery and Equipment: is due to delays in implementation of Drought relief project.

Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%

Only show the conditional grants applicable to the department

EPWP Intergrated Grant for Provinces	6,927	6,927	0	0.00%
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**Statement of Financial Performance
for the year ended 31 March 2017**

	Notes	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	1	2,604,611	2,997,119
Departmental revenue	2	7,597	63,726
TOTAL REVENUE		2,612,208	3,060,845
EXPENDITURE			
Current expenditure			
Compensation of employees	3	289,020	276,698
Goods and Services	4	404,222	373,392
Total current expenditure		693,242	650,090
Transfers and subsidies			
Transfers and subsidies	6	1,896,651	2,329,045
Total transfers and subsidies		1,896,651	2,329,045
Expenditure for capital assets			
Tangible capital assets	7	5,206	3,844
Intangible assets		82	-
Total expenditure for capital assets		5,288	3,844
Unauthorised expenditure approved without funding	8	-	236
Payments for financial assets	5	1,716	370
TOTAL EXPENDITURE		2,596,897	2,983,585
SURPLUS FOR THE YEAR		15,311	77,260
Reconciliation of Net Surplus for the year			
Voted funds		7,714	13,534
Annual appropriation		7,714	13,534
Departmental revenue and NRF Receipts	14	7,597	63,726
SURPLUS FOR THE YEAR		15,311	77,260

**Statement of Financial Position
as at 31 March 2017**

	Notes	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets		22,168	10 930
Unauthorised expenditure	8	15,080	6,986
Cash and cash equivalents	9	-	-
Prepayments and advances	10	5,652	3,164
Receivables	11	1,436	780
Non-current assets		1 038,755	1,041,167
Investments	12	1 008,607	1,008,607
Receivables	11	30,148	32,560
TOTAL ASSETS		1,060,923	1,052,097
LIABILITIES			
Current liabilities		49 365	39,809
Voted funds to be surrendered to the Revenue Fund	13	10,808	25,520
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	425	(14,398)
Bank overdraft	15	36,953	28,165
Payables	16	1,179	522
TOTAL LIABILITIES		49,365	39,809
NET ASSETS		1,011,558	1,012,288
Represented by:			
Capitalisation reserve		1,008,607	1,008,607
Recoverable revenue		2,951	3,681
TOTAL		1,011,558	1,012,288

NET ASSETS	Notes	2016/17	2015/16
		R'000	R'000
Capitalisation Reserves			
Opening balance		1,008,607	1 008 607
Closing balance		<u>1,008 ,607</u>	<u>1,008 ,607</u>
Recoverable revenue			
Opening balance		3,681	466
Transfers:		(730)	3215
Debts recovered (included in departmental receipts)		-1 471	-208
Debts raised		741	3 423
Closing balance		<u>2,951</u>	<u>3 681</u>
TOTAL		<u><u>1,011,558</u></u>	<u><u>1 012 288</u></u>

**Cash Flow Statement for the year ended
31 March 2017**

CASH FLOW	Notes	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,607,208	3,065,083
Annual appropriated funds received	1.1	2,599,611	3,002,119
Departmental revenue received	2	7,533	62,956
Interest received	2.3	64	8
Net increase in working capital		(8,169)	5,198
Surrendered/(Received from) to Revenue Fund		(18,294)	(165,093)
Surrendered to RDP Fund/Donor		-	-
Current payments		(685,148)	(643,340)
Payments for financial assets		(1,716)	(370)
Transfers and subsidies paid		(1,896,651)	(2,329,045)
Net cash flow available from operating activities	17	(2,770)	(67,567)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(5,288)	(3,844)
Proceeds from sale of capital assets	2.4	-	762
Net cash flows from investing activities		(5,288)	(3,082)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		(730)	3,215
Net cash flows from financing activities		(730)	3,215
Net increase/(decrease) in cash and cash equivalents		(8,788)	(67,434)
Cash and cash equivalents at beginning of period		(28,165)	39,269
Cash and cash equivalents at end of period	18	(36,953)	(28,165)



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The financial statements have been prepared on a modified cash basis of accounting.

1.2 GOING CONCERN

The financial statements have been prepared on a going concern basis.

1.3 PRESENTATION CURRENCY

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.4 ROUNDING

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

1.5 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.

1.6 CURRENT YEAR COMPARISON WITH BUDGET

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

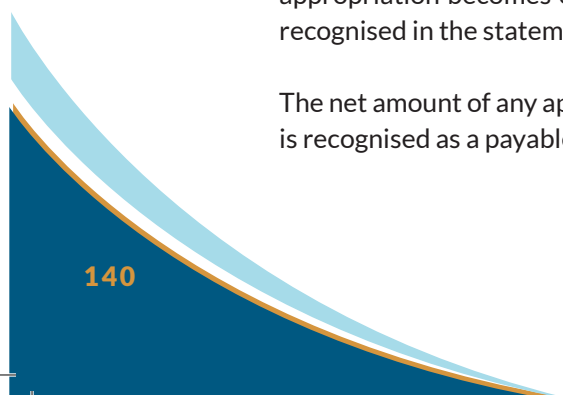
2. REVENUE

2.1 APPROPRIATED FUNDS

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

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

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.



2.2 DEPARTMENTAL REVENUE

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position

2.3 ACCRUED DEPARTMENTAL REVENUE

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents

3. EXPENDITURE

3.1 COMPENSATION OF EMPLOYEES

3.1.1 SALARIES AND WAGES

Salaries and wages are recognised in the statement of financial performance on the date of payment.

3.1.2 SOCIAL CONTRIBUTIONS

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

3.2 OTHER EXPENDITURE

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

3.3 ACCRUED EXPENDITURE PAYABLE

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost

3.4 LEASES

3.4.1 OPERATING LEASES

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements

3.4.2 FINANCE LEASES

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

4. CASH AND CASH EQUIVALENTS

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

5. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost

6. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

7. INVESTMENTS

Investments are recognised in the statement of financial position at cost

8. PAYABLES

Loans and payables are recognised in the statement of financial position at cost.

9. CAPITAL ASSETS

9.1 IMMOVABLE CAPITAL ASSETS

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

9.2 MOVABLE CAPITAL ASSETS

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

9.3 INTANGIBLE ASSETS

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

10. PROVISIONS AND CONTINGENTS

10.1 PROVISIONS

Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

10.2 CONTINGENT LIABILITIES

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably

10.3 CONTINGENT ASSETS

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department

10.4 COMMITMENTS

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

11. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

12. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable

13. IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

14. CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

15. EVENTS AFTER THE REPORTING DATE

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable

16. 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.

17. RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length

Annual Appropriation

1.1 Annual Appropriation

	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	273,751	273,751	-	193,500	193,500
Integrated Economic Development Services	312,109	312,109	-	427,357	427,357
Trade & Sector Development	801,433	801,433	-	946,588	946,588
Business Regulation and Governance	100,278	100,278	-	96,704	96,704
Economic Planning	36,799	36,799	-	29,532	29,532
Tourism	260,447	255,447	5,000	381,429	386,429
Environmental Affairs	819,794	819,794	-	922,009	922,009
Total	2,604,611	2,599,611	5,000	2,997,119	3,002,119

1.2 Conditional grants

	Notes	2016/17	2015/16
		R'000	R'000
Total grants received	31	6,927	9,599
Provincial grants included in Total Grants received		-	-

(** It should be noted that the Conditional grants are included in the amounts per the Final Appropriation in Note 1.1)

2. Departmental Revenue

Tax revenue		-	25,306
Sales of goods and services other than capital assets	2.1	1,182	1,908
Fines, penalties and forfeits	2.2	1,286	626
Interest, dividends and rent on land	2.3	64	8
Sales of capital assets	2.4	-	762
Transactions in financial assets and liabilities	2.5	5,065	35,116
Transfer received	2.6	-	-
Total revenue received		7,597	63,726
Less: Own revenue included in appropriation			-
Departmental revenue collected		7,597	63,726

	Notes	2016/17 R'000	2015/16 R'000
	2		
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		1,182	1,908
Sales by market establishment		56	64
Administrative fees		866	964
Other sales		260	880
Sales of scrap, waste and other used current goods		-	-
Total		1,182	1,908
2.2 Fines, Penalties and Forfeits			
Fines	2	1,286	626
Total		1,286	626
2.3 Interest, dividends and rent on land			
Interest	2	64	8
Total		64	8
2.4 Sale of capital assets			
Tangible assets			
Machinery and equipment	2	-	762
		-	762
2.5 Transactions in financial assets and liabilities			
Receivables	2	1,032	82
Other Receipts including Recoverable Revenue	2	4,033	35,034
Total		5,065	35,116
2.6 Cash received not recognised (not included in the main cote) 2016/17			
Name of entity	Amount received	Amount paid to Revenue Fund	Balance
	R'000	R'000	R'000
KZN Liquor Authority	24,456	24,456	-
Total	24,456	24,456	-

3. Compensation of employees

3.1 Salaries and Wages

	Notes	2016/17 R'000	2015/16 R'000
Basic salary		204 041	194,145
Performance award		2,263	108
Service Based		121	(8)
Compensative/circumstantial		4,980	4,459
Periodic payments		2,291	3,684
Other non-pensionable allowances		40,941	41,692
Total		254,637	244,080
3.2 Social contributions			
Employer contributions			
Pension		24,647	23,323
Medical		9,697	9,162
Bargaining council		39	128
Insurance		-	5
Total		34,383	32,618
Total compensation of employees		289,020	276,698
Average number of employees		688	696

4. Goods and services

Administrative fees		2,101	3,263
Advertising		12,933	17,741
Minor Assets	4.1	537	611
Bursaries (employees)		339	128
Catering		2,723	3,241
Communication		11,497	10,003
Computer services	4.2	26,497	10,886
Consultants: Business and advisory services		141,131	136,483
Infrastructure and planning services		3	-
Laboratory services		-	-
Scientific and technology services		-	-
Legal services		16,458	6,289
Contractors		21,634	21,678
Agency and support / outsourced services		36,102	52,467
Audit cost - external	4.3	3,739	3,422
Fleet services		3,953	2,202
Inventory	4.4	9,419	11,279
Consumables	4.5	5,653	11,516
Housing		-	-
Operating leases		38,600	15,123
Property payments	4.6	23,790	17,564
Rental & hiring		805	414
Transport provided as part of the departmental activities		969	438
Travel and subsistence	4.7	34,282	38,387
Venues and facilities		5,392	3,517
Training and staff development		2,737	3,648
Other operating expenditure	4.8	2,928	3,092
Total		404,222	373,392

4.1. Minor assets

Tangible assets		537	611
Machinery and equipment		537	611
Transport assets		-	-
Intangible assets		-	-
Total	4	537	611

4.2. Computer services

SITA computer services		23,480	9 022
External computer service providers		3,017	1 864
Total	4	26,497	10 886

4.3. Audit cost – External

Regularity audits		3,739	3 422
Total	4	3,739	3 422

4.4. Inventory

Clothing material and accessories		609	5
Farming supplies		3,158	11 274
Other supplies		5,652	-
Total	4.5.1	9,419	11 279

4.5.1 Other Supplies

Assets for distribution		5,652	-
Machinery and equipment		5,652	-
Total		5,652	-

4.5. Consumables

Consumables supplies		3,977	9,299
Uniform and clothing		174	2,297
Household Supplies		202	299
Building material and supplies		120	308
Communication sccessories		-	3
IT consumables		1	-
Other consumables		3,480	6,392
Stationery, printing and office supplies		1,676	2,217
Total	4	5,653	11,516

4.7 Property payments

Municipal services		4,381	3,639
Property maintenance and repairs		633	-
Other		18,776	13,925
Total	4	23,790	17,564

4.8 Travel and subsistence

Local		32,185	33,010
Foreign		2,097	5,377
Total	4	34,282	38,387

4.8 Other operating expenditure

Professional bodies, membership and subscription fees		862	657
Resettlement costs		52	222
Other		2,014	2,213
Total	4	2,928	3,092

5. Payments for financial assets

Debts written off		1,716	370
Total	5.1	1,716	370

		2016/17 R'000	2015/16 R'000
5.1 Debt written off			
Other debt written off			
Cellphone debt		306	160
Salary Overpayment		419	124
Salary Tax Debt		19	81
Other		4	5
Ex-employees		78	-
Bursary		717	-
Supplier		173	-
Total		1,716	370
Total	5	1,716	370

6. Transfers and subsidies

Provinces and municipalities	32	10 003	9,552
Departmental agencies and accounts	<i>Annex 1A</i>	1,374,300	1,543,700
Higher education institutions	<i>Annex 1B</i>	16,617	2,000
Public corporations and private enterprises	<i>Annex 1C</i>	288,348	540,534
Non-profit institutions	<i>Annex 1D</i>	200,098	222,421
Households	<i>Annex 1E</i>	7,285	10,838
Total		1,896, 651	2,329,045

Unspent funds transferred to the above beneficiaries

Provinces and municipalities		6,000	8,500
Department agencies and accounts		81,531	69,253
Total		87,531	77,753

7. Expenditure for capital assets

		2016/17 R'000	2015/16 R'000
Tangible assets		5,206	3,844
Buildings and other fixed structures	30	-	18
Machinery and equipment	28.1	5,206	3,826
Land and subsoil assets		-	-
Total		5,206	3,844
Intangible assets		82	-
Software		82	-
Total		5,288	3,844

7.1 Analysis of funds utilised to acquire capital assets -2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	5,206	-	5,206
Buildings and other fixed structures	-	-	-
Machinery and equipment	5,206	-	5,206
Land and subsoil assets	-	-	-
Intangible assets	82	-	82
Software	82	-	82
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Total	5,288	-	5,288

7.2 Analysis of funds utilised to acquire capital assets 2015/16

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	3,844	-	3,844
Buildings and other fixed structures	18	-	18
Machinery and equipment	3,826	-	3,826
Land and subsoil assets	-	-	-
Intangible assets	-	-	-
Software	-	-	-
Total	3,844	-	3,844

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		6,986	15,571
Prior period error			
As restated		6,986	15,571
Unauthorised expenditure – discovered in the current year (as Restated)		8,094	6,986
Less: Amounts approved by Parliament/Legislature with funding		-	(15,335)
Less: Amounts approved by Parliament/Legislature without Funding and written off in the Statement of Financial performance		-	(236)
Current		-	(236)
Capital		-	-
Transfers and subsidies		-	-
Less: Amount transferred to receivables for recovery		-	-
Closing balance		15,080	6,986

	2016/17 R'000	2015/16 R'000
8.2 Analysis of unauthorised expenditure awaiting authorisation per Economic classification		
Current	15,080	6,986
Capital	-	-
Transfers and subsidies	-	-
Total	15,080	6,986

	R'000	R'000
8.3 Analysis of unauthorised expenditure awaiting authorization Per type		
Unauthorised expenditure relating to overspending of the vote or a main division within the vote	15,080	6,986
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	-	-
Total	15,080	6,986

	2016/17 R'000
8.4 Details of unauthorised expenditure – current year	
Incident	Disciplinary steps taken/criminal proceedings
Unauthorised expenditure relating to the over spending of the vote or a main division within a Vote	8,094
Total	8,094

	2016/17 R'000	2015/16 R'000
9. Prepayments and Advances		
Travel and subsistence	37	14
Prepayments (Not expensed) 9.1	5,615	3,150
Total	5,652	3,164

10.1 Prepayments (Not expensed)

Listed by economic classification

	2016/17 R'000	2015/16 R'000
Goods and services	-	-
Other	5,615	3,150
Total	5,615	3,150

	Notes	2016/17			2015/16		
		Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
11. Receivables							
Claims recoverable	11.1	-	-	-	-	-	-
Recoverable expenditure	11.2	142	220	362	50	220	270
Staff debt	11.3	219	206	425	718	975	1 693
Other debtors	11.4	1,075	29,722	30,797	12	31,365	31,377
Total		1,436	30,148	31,584	780	32,560	33,340

	Notes	2016/17 R'000	2015/16 R'000
11.1 Claims recoverable			
Provincial department		-	-
Total	11		

11.2 Recoverable expenditure (disallowance accounts)

	Notes	2016/17 R'000	2015/16 R'000
Pension Recoverable Acc		-	-
Sal: Tax Debt: CA		125	-
Sal: Reversal Control: CA		17	50
Disallowance payment fraud: CA		220	220
Disall: Damages & losses: Recover: CA		129	129
Disall: Damages & losses: CA		(129)	(129)
Total	11	362	270

	Notes	2016/17 R'000	2015/16 R'000
11.3 Staff debt			
Bursary		4	635
Ex Employee		-	461
Miscellaneous		-	3
Private telephone & Cellphone		23	349
Salary & allowance overpayments		238	206
Tax debt		160	39
Total	11	425	1,693

		2016/17 R'000	2015/16 R'000
11.4 Other debtors			
(Group major categories, but list material items)			
Suppliers Debt		30,797	31,374
Sal: Medical Aid		-	3
Total	11	30,797	31,377

	Notes	2016/17 R'000	2015/16 R'000
12. Investments			
Non-Current			
Shares and other equity			
Ithala Development Finance Co-operation		1,008,582	1,008,582
African Bank		25	25
Total		1,008,607	1,008,607

		2016/17 R'000	2015/16 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

		2016/17 R'000	2015/16 R'000
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		25,520	91,683
Prior Period Error		-	-
As restated		25,520	91,683
Transfer from statement of financial performance		7,714	13,534
Add: Unauthorised expenditure for current year	8	8,094	6,986
Voted funds not requested/not received	1.1	(5,000)	5,000
Paid during the year		(25,520)	(91,683)
Closing balance		10,808	25,520

	2016/17 R'000	2015/16 R'000
14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		
Opening balance	(14,398)	(4,714)
Prior period error		
As restated	(14,398)	(4,714)
Transfer from Statement of Financial Performance (as re-Stated)	7,597	63,726
Paid during the year	7,226	(73,410)
Closing balance	425	(14,398)

	2016/17 R'000	2015/16 R'000
15. Bank Overdraft		
Consolidated Paymaster General Account	36,953	28,165
Fund requisition account	-	-
Overdraft with commercial banks (Local)	-	-
Overdraft with commercial banks (Foreign)	-	-
Total	36,953	28,165

		2016/17 R'000	2015/16 R'000
16. Payables - current			
Advances received	16.1	1,100	250
Clearing accounts	16.2	79	272
Other payables		-	-
Total		1,179	522

	Notes	2016/17 R'000	2015/16 R'000
16.1 Advance Received			
Other institutions		1,100	250
Total		1,100	250

		2016/17 R'000	2015/16 R'000
16.2 Clearing accounts			
Sal: income tax		63	74
Sal:Pension fund		9	5
Sal: ABC Recall		-	185
Sal: Tax Debt		-	1
Sal: Fin Institut Study Loans		7	7
Total	16	79	272

Notes	2016/17 R'000	2015/16 R'000
17. Net cash flow available from operating activities		
Net surplus as per Statement of Financial Performance	15,311	77 260
Add back non cash/cash movements not deemed operating activities	(18,081)	(144 827)
Decrease /(Increase) in receivables – current	1,756	(2,408)
Decrease in prepayments and advances	(2,488)	(1,427)
(Increase)/decrease in other current assets	-	15,571
(Decrease) /Increase in payables – current	657	448
Proceeds from sale of capital assets	-	(762)
Expenditure on capital assets	5,288	3,844
Surrenders to Revenue Fund	(18,294)	(165,093)
Voted funds not requested/not received	(5,000)	5,000
Net cash flow generated by operating activities	(2,770)	(67,567)
	2016/17 R'000	2015/16 R'000
18. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General account	(36,953)	(28,165)
Total	(36,953)	(28,165)
19. Contingent liabilities and contingent assets		
19.1 Contingent liabilities		
Liable to	Nature	
Housing loan guarantees	Employees Annex 3A	83
Claims against the department	Employees Annex 3B	38,702
Intergovernmental payables(unconfirmed balances)	Annex 5	-
Total		38,785
	2016/17 R'000	2015/16 R'000
19.2 Contingent Assets		
Nature of contingent assets		
Duplicate payment to Supplier	290	290
Damage to vehicle	154	154
Misappropriation of funds	800	800
Breach of contract	30,118	3,231
Erronous payments	27	27
Total	31,389	4,502

	2016/17 R'000	2015/16 R'000
20. Commitments		
Current expenditure	500,958	710,547
Approved and contracted	492,267	580,274
Approved but not yet contracted	8,691	130,272
Capital expenditure	12,000	12,000
Approved and contracted	12,000	12,000
Approved but not yet contracted	-	-
Total Commitments	512,958	722,547

	2016/17			2015/16
	R'000			R'000
21. Accruals and payable not recognised				
21.1 Accruals				
Listed by Economic classification	30 Days	30+ Days	Total	Total
Goods and services	10,356	4,248	14,604	22,324
Transfers and subsidies			-	-
Capital asset	144		144	284
Total	10,500	4,248	14,748	22,608

	2016/17	2015/16
	R'000	R'000
Listed by programme level		
Programme 1: Administration	12,591	15,949
Programme 2: Integrated economic development Services	584	3,915
Programme 3: Trade & Industry development	44	258
Programme 4: Business Regulations & Governance	76	33
Programme 5: Economic Planning	67	180
Programme 6: Tourism	31	651
Programme 7: Environmental Affairs	1,355	1,622
Total	14,748	22,608

21.2 Payable not recognised

	2016/17			2015/16
	R'000			R'000
Listed by Economic classification	30 Days	30+ Days	Total	Total
Goods and services	35,267	1,619	36,886	40,681
Capital assets	114		114	-
Total	35,381	1,619	37,000	40,681

Listed by programme level

Programme 1: Administration	29,928	28,910
Programme 2: Integrated Economic Development Services	2,044	1,311
Programme 3: Trade & Industry Development	3,504	162
Programme 4: Business Regulations & Governance	23	213
Programme 5: Economic Planning	2	2,040
Programme 6: Tourism	258	79
Programme 7: Environmental Affairs	1,241	7,966
Total	37,000	40,681

2016/17	2015/16
R'000	R'000

Included in the above totals is the following:

Confirmed balances with other departments	<i>Annex 5</i>	4,593	17,148
Confirmed balances with other government entities	<i>Annex 5</i>	-	-
Total		4,593	17,148

Notes	2016/17	2015/16
	R'000	R'000

22. Employee benefits

Leave entitlement	16,770	15,563
Service bonus (Thirteenth cheque)	7,360	6,894
Performance awards	5,780	1,282
Capped leave commitments	9,607	9,735
Other	-	-
Total	39,517	33,474

23. Lease commitments
23.1 Operating leases expenditure

2016/17	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	24,015	1,370	25,385
Later than 1 year and not later than 5 years	-	-	28,901	871	29,772
Later than five years	-	-	-	-	-
Total lease commitments	-	-	52,917	2,241	55,157

2015/16	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	20,693	803	21,496
Later than 1 year and not later than 5 years	-	-	42,091	917	43,008
Later than five years	-	-	-	-	-
Total lease commitments	-	-	62,784	1,720	64,504

During the year the department had material leasing arrangements for Buildings and other fixed structures as well as Machinery and Equipment of which a detailed breakdown is provided in the wpf.

23.2 Finance leases expenditure

2016/17	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1,140	1,140
Later than 1 year and not later than 5 years	-	-	-	691	691
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1,831	1 831

2015/16	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	793	793
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	793	793

** This note excludes leases relating to public private partnerships as they are separately disclosed .

	Notes	2016/17 R'000	2015/16 R'000
24. Irregular expenditure			
24.1 Reconciliation of irregular expenditure			
Opening balance		89,266	79,000
Prior year error		-	-
As restated		89,266	79,000
Add: Irregular expenditure – relating to prior year			
Add: Irregular expenditure – relating to current year	24.2	65,870	12,767
Less: Prior year amounts condoned			-
Less: Amounts recoverable (not condoned)			-
Less: Amounts not recoverable (not condoned)	24.4		(2,501)
Irregular expenditure awaiting condonation		155,136	89,266
Analysis of awaiting condonation per age classification			
Current year		65,870	12,767
Prior years		89,266	76,499
Total		155,136	89,266

24.2 Details of irregular expenditure – current year

Incident	2016/17
Proper procurement process not followed on appointing the service provider	21,617
Transfer payment not authorised by Provincial Treasury	34,725
No approval for deviation obtained when contract extended beyond initial scope and contract value	10
No tax clearance at the time of award	1,687
Approval of extension of scope was not obtained before services was rendered	853
Contract expired and no approval was obtained to extend the contract before the services was done	6,978
Total	65,870

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	2016/17 R'000	2015/16 R'000
Opening balance	1,626	1,626
Fruitless and wasteful expenditure – relating to current year	-	-
Closing balance	1,626	1,626

26. Related party transactions

	2016/17 R'000	2015/16 R'000
26.1 Guarantees issued		
Guarantees issued/received	300,000	300,000
Total	300,000	300,000

There is no new guarantee issued in the current financial year, the amount relates to the prior year and it is carried over.

26.2 List of related party relationships

DEDT has a significant number of Public Entities under its mandate. These Public Entities budget is included as part of DEDT budget and the department transfers funds to these entities during the course of the financial year as tranche payments.

These Public Entities are:

- | | |
|--------------------------------|---|
| 1. KZN Sharks Board | 2. KZN Tourism Authority |
| 3. Trade and Investment KZN | 4. Richards Bay IDZ |
| 5. Dube Trade Port Corporation | 6. Ithala Development Finance Corporation |
| 7. KZN Growth Fund | 8. KZN Liquor Authority |
| 9. Moses Kotane Institute | 10. KZN Film Commission |
| 11. KZN Ezemvelo Wildlife | |

	Note	2016/17 R'000	2015/16 R'000
27. Key management personnel			
	No. of Individuals		
Political office bearers (provide detail below)	2	3,567	2,022
Officials:			
Level 15 to 16	3	4,564	6,603
Level 14	11	12,076	9,057
Family members of key management personnel		-	-
Total		20,207	17,682

28. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustmen R'000	Additions R'000	Disposals R'000	Closing Balance R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	58,285	(1,014)	5,983	-	63,254
Transport assets	19,455	(204)	2,113	-	21,364
Computer equipment	25,105	(420)	2,594	-	27,279
Furniture and office equipment	9,351	1,740	390	-	11,481
Other machinery and equipment	4,374	(2,130)	886	-	3,130
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	58,285	(1,014)	5,983	-	63,254

28.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	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
MACHINERY AND EQUIPMENT	5,206	777	-	-	5,983
Transport assets	1,898	215	-	-	2,113
Computer equipment	2,460	134	-	-	2,594
Furniture and office equipment	167	223	-	-	390
Other machinery and equipment	681	205	-	-	886
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5,206	777	-	-	5,983

**28.2 Movement for 2015/16
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	57,711	-	4,126	3,552	58,285
Transport assets	20,475	-	2,026	3,046	19,455
Computer equipment	23,693	-	1,432	20	25,105
Furniture and office equipment	9,166	-	185	-	9,351
Other machinery and equipment	4,377	-	483	486	4,374
TOTAL MOVABLE TANGIBLE ASSETS	57,711	-	4,126	3,552	58,285

**28.3 Minor assets
MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	908	-	8,998	-	9,906
Value adjustments	-	-	-	(94)	-	(94)
Additions	-	-	-	688	-	688
Disposals	-	-	-	-	-	-
TOTAL	-	908	-	9,592	-	10,500

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	3,989	-	3,989
Number of minor assets at cost	-	259	-	5,445	-	5,704
TOTAL NUMBER OF MINOR ASSETS	-	259	-	9,434	-	9,693

28. 4 Minor assets
MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	908	-	8,456	-	9,364
Additions	-	-	-	621	-	621
Disposals	-	-	-	79	-	79
TOTAL	-	908	-	8,998	-	9,906

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	2,976	-	2,976
Number of minor assets at cost	-	260	-	5,238	-	5,498
TOTAL NUMBER OF MINOR ASSETS	-	260	-	8,214	-	8,474

28.7 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets	Intangible assets	Heritage assets	Machinery and Equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	79	-	79
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	79	-	79

29. Intangible Capital Assets
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	16,950	(1,582)	82	-	15,450
TOTAL INTANGIBLE CAPITAL ASSETS	16,950	(1,582)	82	-	15,450

29.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-cash	(Develop- ment work- in-progress current costs)	(Received current, not paid current year, received prior year)	Closing balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	82				82
TOTAL INTANGIBLE CAPITAL ASSETS	82	-	-	-	82

**30. Movement for 2015/16
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	16,950	-	-	-	16,950
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
Capital Work-in-progress (effective 1 April 2016)	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	16,950	-	-	-	16,950

**30.1 Immovable Tangible Capital Assets
MOVEMENTS IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Opening balance	Value ad- justment	Additions	Disposals	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	6,384	-	-	-	6,384
Dwelling	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	6,384	-	-	-	6,384
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	13,100	13,100	-
Land	-	-	13,100	13,100	-
Mineral and similar non-regenerative resources	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE ASSETS	6,384	-	13,100	13,100	6,384



30.2 Additions
ADDITIONAL TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-cash	(Capital work-in-progress current cost and finance lease payment)	Received current, not paid (Paid current year, received prior year Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-				-
Other fixed structures	-				-
Land and soil subsoil assets	13,100				13,100
TOTAL IMMOVABLE TANGIBLE ASSETS	13,100				13,100

30.3 Disposals
DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash	Non-cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Dwelling	-		-	
Non-residential buildings	-		-	
Other fixed structures	-		-	
Land and subsoil assets		13,100	13,100	-
Land		13,100	13,100	-
TOTAL DISPOSAL OF IMMOVABLE		13,100	13,100	-

Movements for 2015/16



30.3 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	6,367	-	17	-	6,384
Dwelling	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	6,367	-	17	-	6,384
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	17	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL	6,367	-	17	-	6,384

30.4	Prior period error	Note	2015/16 R'000
	Nature of prior period error		
	Relating to 20WW/XX (affecting the opening balance)		-
	Relating to 2015/16		-
	Land closing balance March 2015/16		23 000
	Land acquired in 2016/17		(13 100)
	Re-allocated to receivables during March 2017		(9 900)
	Total		-

During the March 2014/15 year EDTEA transferred amount of R23m to KZN Public Works to purchase Land on its behalf. During the March 2016/17 year after review of the relevant Regulations and Legislation and after consultation with KZN Treasury and the Office of the Auditor General it was recommended that we re-allocate the transaction from Land WIP to Receivables. During March 2016/17 Land to the value of R13.1 was purchased which left a balance of R9.9m which is reflected as a Receivable in the AFS. Please refer to Annexure 4.



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2017**

S42 Immovable Assets

30.5 Assets subject to transfer in terms of S42 of the PFMA - 2016/17

	No of Assets	Value of Assets
LAND AND SUB SOIL ASSETS	1	13,100
Land	1	13,100
Minerals and similar non-regenerative resources	-	-
Total	1	13,100

30.6 Principal - agent arrangements

30.6.1 Department acting as the principal

	2016/17	2015/16
	R'000	R'000
Invasive alien species project	1,623	-
Total	1,623	-



31. STATEMENT OF CONDITIONAL GRANT RECEIVED

NAME OF GRANT	GRANT ALLOCATION				SPENT			2015/16		
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Total Available	Amount received by department	Amount spent by department	Under/ (over-spending)	% of available funds spent by dept	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Expanded Public Works Programme	6,927	-	-	6,927	6,927	6,927	-	-	9,599	10,734
	6,927	-	-	6,927	6,927	6,927	-	-	9 599	9 599

32. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National treasury or National Department
	R'000	R'000	R'000	R'000	R'000		
Msunduzi (License Fees)	50			50	3		
EThekweni	4,500			4,500	4,500		
UMhlatuze	1,000			1,000	1,000		
Alfred Duma municipality	3,000			3,000	3,000		
King Cetshwayo			1,500	1,500	1,500		
	8,550		1,500	10,050	10,003		

**ANNEXURE 1A
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16 Appropriation Act R'000
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
KZN Liquor Authority	73,753			73,753	73,753	100%	70,008
KZN Dube Tradeport Corp	387,223			387,223	387,223	100%	477,780
Ezemvelo KZN Wildlife	613,622		23,000	636,622	636,622	100%	718,966
KZN Tourism Authority	110,414			110,414	116,550	106%	117,566
Natal Sharks Board	72,175			72,175	72,175	100%	63,178
KZN Trade & Investment	82,420		3,048	85,468	85,468	100%	96,195
SABC	9	9		9	9	100%	7
CSIR - Biogas pilot/bio-energy research	2,500			2,500	2,500	100%	-
CSIR - Industrial Symbiosis	1,000			1,000	-	0%	-
	1,343,116	-	26,048	1,369,164	1,374,300		1,543,700

**ANNEXURE 1B
STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS**

HIGHER EDUCATION INSTITUTIONS	TRANSFER ALLOCATION				TRANSFER			2015/16 Appropriation Act R'000
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Amount not transferred	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	R'000	%	
University of KwaZulu Natal	7,046			7,046	7,046	-	0%	640
Mangosuthu University of Technology	2,899		2,000	4,899	4,900	(1)	0%	893
Durban University of Technology	3,572			3,572	3,571	1	0%	467
University of Zululand	1,100			1,100	1,100	-	0%	-
Total	14,617	-	2,000	16,617	16,617	-		2,000

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

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2015/16 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	Capital R'000	Current R'000	
						%			
Public Corporations									
Transfers	203,937	-	-	203,937	203,937	100,0%	-	-	391,047
Ithala Limited	77,567	-	-	77,567	77,567	100,0%	-	-	192,100
Richards Bay IDZ	126,370	-	-	126,370	126,370	100,0%	-	-	198,947
Sub total: Public corporations	203,937	-	-	203,937	203,937	100,0%	-	-	391,047
Private Enterprises									
Transfers	66,029	-	15,712	81,741	84,411	103,3%	-	-	157,192
Co op Funding	-	-	2,350	2,350	2,000	85,1%	-	-	8,086
KZN Fashion council	6,665	-	-	6,665	6,655	99,8%	-	-	3,000
KZN Clothing Textile	700	-	-	700	700	100,0%	-	-	700
KZN Music Cluster	3,000	-	-	3,000	3,000	100,0%	-	-	1,000
Ugu ICT incubator	2,700	-	-	2,700	2,700	100,0%	-	-	2,788
Maritime Cluster	-	-	-	-	-	-	-	-	2,000
KZN Tooling initiative	1,150	-	-	1,150	1,150	100,0%	-	-	1,000
Tourism Mentorship Programme	-	-	-	-	-	-	-	-	500
World prom am golf	-	-	-	-	-	-	-	-	18,140
Metro FM awards	20,844	-	-	20,844	7,748	37,2%	-	-	20,742
MTV Awards	-	-	-	-	-	-	-	-	40,235
World Amateur golf	-	-	-	-	-	-	-	-	7,900
Spring day explosion	1,500	-	-	1,500	1,500	100,0%	-	-	1,500
Nelson Mandela Golf	-	-	-	-	-	-	-	-	5,000
Durban July Wrap up	-	-	-	-	-	-	-	-	2,122

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2015/16	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available funds Transferred	Capital	Current	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Richardsbay Imbizo	1,000	-	-	1,000	1,500	150,0%	-	-	1,500	
Indlamu Sakhisizwe Cultural Tour	1,000	-	-	1,000	1,000	100,0%	-	-	1,500	
Impuzuzeko Kamaskandi Festival	1,000	-	-	1,000	1,000	100,0%	-	-	1,000	
Durban Summer Beach Festival	1,200	-	-	1,200	1,121	93,4%	-	-	1,200	
Umgababa New Year's Eve Picnic	1,200	-	-	1,200	-	-	-	-	1,200	
Fact Durban Rocks	-	-	-	-	1,200	-	-	-	1,200	
Kasi Tour	900	-	-	900	900	100,0%	-	-	900	
Telefestival Dialogue	800	-	-	800	800	100,0%	-	-	464	
Manufacturing Youth Initiative	-	-	-	-	-	-	-	-	1,954	
Ilemba Chamber of Business	-	-	-	-	-	-	-	-	2,900	
KZN Intergrated Hub	-	-	-	-	-	-	-	-	1,000	
Mkhuze Airport	6,000	-	-	6,000	6,000	100,0%	-	-	5,461	
Aerotropolis conference	470	-	-	470	411	87,4	-	-	104	
KwaDukuza Festival	1,500	-	-	1,500	1,500	100,0%	-	-	1,500	
Ugu Jazz	1,000	-	-	1,000	1,000	100,0%	-	-	1,000	
Annual DAF Youth	-	-	-	-	-	-	-	-	90	
Durban Chamber of Business	-	-	-	-	-	-	-	-	350	
Annual Tourism Expo	-	-	-	-	-	-	-	-	2,600	
Inanda/ Ntuzuma /KwaMashu tTourism ExpoExpo	-	-	-	-	-	-	-	-	2,600	
KZN Liason campaign	1,200	-	-	1,200	1,200	100,0%	-	-	1,200	
Antony Lembede Cultural Festival	-	-	-	-	-	-	-	-	2,600	
Greenville Renewable energy	-	-	-	-	-	-	-	-	600	

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION						EXPENDITURE			2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Signature Africa	-	-	-	-	-	-	-	-	1,500	
Maphumulo Maskandi Festival	-	-	-	-	-	-	-	-	2,200	
Durban Maritime Initiative Extravaganza	-	-	-	-	-	-	-	-	1,190	
Amantungwa kholwa club	-	-	-	-	-	-	-	-	70	
Umthayi Marula Festival	-	-	-	-	1,500	-	-	-	4,000	
Sakhizwe Management Agency	-	-	-	-	-	-	-	-	96	
Amantshontsho Kamaskandi Awards	-	-	-	-	-	-	-	-	500	
Commerce Edge	200	-	-	200	200	100.0%	-	-	-	
Black Industrialist Programme	2,900	-	-	2,900	2,900	100.0%	-	-	-	
Women Enterprise Development	100	-	100	200	200	100.0%	-	-	-	
KZN Exporter Award	800	-	-	800	160	20.0%	-	-	-	
Tourism Score	500	-	-	500	500	100.0%	-	-	-	
Africa Bike Week	6,000	-	-	6,000	-	-	-	-	-	
Youth Grant Funding	-	-	1,500	1,500	1,500	100.0%	-	-	-	
Mentorship Incubation	-	-	3,000	3,000	3,000	100.0%	-	-	-	
Youth in Agriculture	-	-	3,762	3,762	3,762	100.0%	-	-	-	
Youth in Maritime	-	-	2,000	2,000	2,000	100.0%	-	-	-	
BEE Incubation Mentorship	-	-	1,000	1,000	1,000	100.0%	-	-	-	
Ifafa Industrial Park	-	-	1,000	1,000	1,000	100.0%	-	-	-	
Coaching & Mentorship Dev Prog	-	-	1,000	1,000	1,000	100.0%	-	-	-	
Umgungundlovu Midmar Festival	-	-	-	-	1,200	-	-	-	-	
7th Last Dance Music Festival	-	-	-	-	1,300	-	-	-	-	

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2015/16 R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Available funds Transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
14th Jazz Festival	-	-	-	-	1,200	-	-	-	-
Culture, Music & Food Festival	-	-	-	-	2,000	-	-	-	-
Trash to cash campaign	-	-	-	-	1,500	-	-	-	-
Youth Business Campaign	-	-	-	-	2,000	-	-	-	-
Career & Business skills Dev	-	-	-	-	2,000	-	-	-	-
SABC Summer song 2015	-	-	-	-	800	-	-	-	-
UThungulu Women in business	-	-	-	-	2,000	-	-	-	-
Future Leaders	-	-	-	-	3,000	-	-	-	-
KZN Youth Expo 2016	-	-	-	-	2,000	-	-	-	-
Indlamu Cosmopolitan	500	-	-	500	500	100.0%	-	-	-
New Age Business briefing	1,200	-	-	1,200	-	-	-	-	-
Rural Training & Development	-	-	-	-	2,000	-	-	-	-
Inkundla Yamantungwa	-	-	-	-	604	-	-	-	-
Sub total: Private enterprises	66,029	-	15,712	81,741	84,411	103.0%	-	-	157,192
TOTAL	269,966	-	15,712	285,678	288,348	100.9%	-	-	548,239

**ANNEXURE 1D
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2015/16 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	%	
Transfers							
Moses Kotane Institute	53,822	-	-	53,822	53,822	100,0%	49,577
KZN Film Commission	68,211	-	5,000	73,211	73,211	100,0%	71,741
Growth Fund Trust	64,400	-	-	64,400	64,400	100,0%	95,000
SAAMBR	6,102	-	-	6,102	6,102	100,0%	5,795
WESEA	450	-	-	450	440	97.8%	400
Wildlands Conservation Trust	1,823	-	-	1,823	1,823	100,0%	4,310
Afrika Ignite (Dukuduku Resttlement)	300	-	-	300	300	100,0%	600
	195,108	-	5,000	200,108	200,098	100,0%	227,423

**ANNEXURE 1E
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2015/16 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
H/H Empl S/Ben: Injury on Duty	-	-	9	9	9	100,0%	-
H/H Empl S/Ben: PST Retirmt Benef	1,666	-	-	1,666	1,666	100,0%	-
H/H Empl S/Ben: Leave Gratuity	449	-	1,102	1,551	1,551	100,0%	1,159
H/H: Bursaries (Non-Employee)	4,063	-	-	4,063	4,059	99.9%	10,380
Total	6,178	-	1,111	7,289	7,285	100,0%	11,539

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2017 - LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	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
Standard Bank	Housing		83	-	-	-	83	-	-
ABSA	Housing		53	-	53	-	-	-	-
Total			136	-	53	-	83	-	-

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
Hlahlindlela Management Strategies (Pty) Ltd	450	-	450	-	-
M Mthembu vs The department & other	140	-	-	-	140
Dr Moosa Peer v MEC DAEA&RD	500	-	500	-	-
John & Philippa Hudson v MEC DAEA&RD	2,000	-	2,000	-	-
Marcey Trading CC vs MEC, DAEA&RD	3,614	-	3,614	-	-
Coleford Farm 7901 v MEC, KZNDAEA	2,885	-	2,885	-	-
Sizanolwazi vs the DAEA	7,727	-	7,727	-	-
Nyathi Anti Poaching vs Isimangaliso Wetland Park and MEC: DAEA	278	-	278	-	-
KZN 37093 and NO 4785 (State driver: T P Gwala- employed in the Invasive Alien Species programme)	40	-	-	-	40
Soft Skills (North Sea Jazz)	-	35,522	-	-	35,522
Nkosini Projects Marketing	-	3,000	-	-	3,000
TOTAL	17,634	38,522	17,454	-	38,702

**ANNEXURE 4
CLAIMS RECOVERABLE**

Government Entity

	Confirmed balance outstanding	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	Total	Cash in transit at year end 2016/17	Payment date up to six(6) working days before year end	Amount	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			R'000
Department of Public Works	-	-	9,900	23,000	9,900	9,900	9,900	23,000	-			-
TOTAL	-	-	9,900	23,000	9,900	9,900	9,900	23,000	-			-

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Payment date up to six(6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Departments								
Current								
Departments of Public Works KZN	3,925	16,147	-	157	3,925	16,304	-	-
KZN Provincial Treasury	596	-	-	-	596	-	-	-
Department of Sports and Recreation KZN	-	1,000	-	-	-	1,000	-	-
Department of Sicial Development	72	-	-	-	72	-	-	-
Department of Health KZN	-	1	-	-	-	1	-	-
TOTAL	4,593	17,148	-	157	4,593	17,305	-	-

**ANNEXURE 6
INTER-ENTITY ADVANCES PAID (NOTE 10)**

	Confirmed balance		Unconfirmed balance		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
OTHER INSTITUTIONS						
Standard Bank	3,952	2,987	-	-	3,952	2,987
ABSA Bank	163	163	-	-	163	163
Isimangaliso Wetland	1,500	-	-	-	1,500	-
Subtotals	5,615	3,150	-	-	5,615	3,150
Totals	5,615	3,150	-	-	5,615	3,150

**ANNEXURE 7
INTER-ENTITY ADVANCES RECEIVED (NOTE 16)**

	Confirmed balance		Unconfirmed balance		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
OTHER INSTITUTIONS						
Current	1,100	250	-	-	1,100	250
Swiss State	1,100	250	-	-	1,100	250
Subtotals	1,100	250	-	-	1,100	250
Totals	1,100	250	-	-	1,100	250