



DEPARTMENTAL LEADERSHIP



Mr Michael Mabuyakhulu, MPP
MEC for Economic
Development & Tourism

EXECUTIVE AUTHORITY & HEAD OF DEPARTMENT



Ms Carol Lyn Coetzee
Head of Department

SENIOR MANAGEMENT TEAM

Mr Bongani Shezi – Senior General Manager for Administration (Chief Financial Officer)

Ms Fikiswa Pupuma – General Manager for Trade & Sector Development

Mr Sifiso Chili – General Manager for Corporate Services

Mr Ranveer Persad – General Manager for Local Economic Development

Mr David Matojane – General Manager for Enterprise Development

Mr Sihle Mkhize – General Manager for Economic Planning

Ms Navlene Thavar – General Manager for Business Regulation & Governance

Mr Damon Mahtfield – General Manager for Executive Support & Strategy

Mr Sibusiso Myeza – General Manager for Economic Empowerment Services

Mr Simanga Sithene – Head of Ministry

Mr Harry Mchunu – General Manager for Corporate Communication



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**Department of Economic
Development and Tourism**
Umyango Wezokuthuthukiswa
Komnotho Nezokuvakasha

KWAZULU-NATAL PROVINCIAL GOVERNMENT



Part 1: General Information



Part One: General Information

Submission of the Annual Report to the Executive Authority by Accounting Officer:

As the Accounting Officer for the KwaZulu-Natal Department of Economic Development and Tourism, Vote Four, I am pleased to present to the Honourable Executive Authority, Mr Michael Mabuyakhulu the Department's Annual Report for 2009/2010 financial year. The report provides a detailed insight into the overall financial and operational performance of this portfolio from 1st April 2009 to 31st March 2010 in fulfilling its strategic and statutory obligation of championing socio-economic transformation in the province. It's with pleasure to acknowledge that once again the content of this document is indicative of sheer commitment by staff and management in both the Department and our nine public entities in ensuring that we live up to our set strategic goals of making KwaZulu-Natal a globally all inclusive competitive region.

In spite of growing demand for our services from our diverse customers, I am grateful to report that we have been responsive to these needs and reprioritised the budget accordingly. Additional responsibilities through legislation developments will require further adjustments in the forthcoming year. More importantly, this portfolio continued to strive for good governance enforced mainly within the parameters of the Public Finance Management Act of 1999 and we are determined to continue subscribing to the ethos of statutory compliance to ensure value for money and good corporate governance.

Introduction:

The mandate of the Department of Economic Development and Tourism is to ensure that there was growth in all economic sectors that have potential to make this province more competitive and able to bring about tangible socio-economic transformation in different communities across the province. For the Department to meet its strategic objectives, it has to develop practical strategic plans mapping out the mode of service delivery and associated measurement instruments to ensure impeccable deployment of allocated resources.

The Department's Five Year Term Strategic Plan serves as a basic parameter within which this portfolio operates and its implementation process is enhanced by regular development of Annual Performance Plans that illustrate what will be undertaken on a yearly basis.

This Annual Report 2009/2010 is therefore indicative of the outcome of the contents of the Annual Performance Plan 2009/2010 which was crafted under very trying conditions as the province and the country weren't immune from the recessionary conditions that hit the entire globe.

It must however, be mentioned that the Department's public entities continued to play a vital part in propelling the province towards visible economic advancement and their respective annual report documents, delivered separately would be reflective of the level of their contributions.

Vision:

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

Mission:

To develop and implement strategies that encourages participatory sustainable economic development.



Values:

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

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

Legislative Mandate:

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

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

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

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

- The Integrated Manufacturing Strategy
- National Industrial Policy Framework (IPAP)
- National LED Framework
- Provincial Spatial economic Development Strategy (PSEDS)
- Accelerated Shared Growth Initiative of South Africa (ASGISA)
- Growth, Employment and Redistribution (GEAR)
- Schedule 4 of the Constitution namely TRADE, INDUSTRIAL PROMOTION, URBAN AND RURAL DEVELOPMENT

Champion economic transformation which is informed by:

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

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

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



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

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

Other legislation and government policy frameworks which govern the administration of the department are:

- Constitution of the Republic of South Africa, 1996 Act 108 of 1996
- Public Service Act, 1994 Proclamation 103 of 1994
- Public Service Regulations, 2001
- Public Finance Management Act, 1999 Act 1 of 1999
- National Treasury Regulations Gazette 23463
- Labour Relations Act, 1995 Act 66 of 1995
- Promotion of Access to Information Act, 2000 Act 2 of 2000
- Employment Equity Act, 1998 Act 55 of 1998
- Promotion of Administrative Justice Act 3 of 2000
- Basic Conditions of Employment Act, 1997 Act 75 of 1997
- The Companies Act 2004 Act 20 of 2004
- Occupational Health and Safety Act, 1993 Act 85 of 1999
- Equality and Prevention of Unfair Discrimination Act 4 of 2000.



**Mr Michael Mabuyakhulu, MPP
MEC for Economic
Development & Tourism**

Foreword by the Executive Authority:

In his seminal work, the Tale of Two Cities, one of the foremost English writers Charles Dickens wrote: "It was the best of times; it was the worst of times". While these words were written more than a century ago, Dickens could have been referring to the contrasting fortunes of the province of KwaZulu-Natal; our country South Africa and indeed the rest of the world.

For never before has the province of KwaZulu-Natal experienced such a basket of mixed fortunes, coupled with a confluence of endless possibilities in one financial year.

For starters, the 2009/2010 financial year started at the time when the global economy was on the skids owing to the biggest financial meltdown of our age. Given the interconnectivity of the world, it came as no surprise that KwaZulu-Natal became one of the casualties of this downturn.

As a result, during the first quarter of the 2009/2010 financial year the province of KwaZulu-Natal lost 117 000 jobs, thereby earning the unenviable distinction of being the hardest hit province. Indeed these were the difficult times during which KwaZulu-Natal had to dig deep into its wealth of creativity and innovation in order to extricate our province from the economic morass.

Instead of wallowing in despair, our province took a bold and pro-active step to deal with the impact of the economic recession by convening the groundbreaking Economic Recovery and Jobs Summit which brought together all our stakeholders from business, labour and civil society to look at the ravaging impact of the recession on our province and devise strategies of extricating our province from the economic meltdown.

Not only did the Summit become a phenomenal success but it provided a blue print for the rest of the country to follow when dealing with the challenges brought about by the recession. Indeed, when the economic wheels began to turn in the whole country our province notched up an above national average growth of 3, 7 percent, a development which testified to the correctness of our collective resolve to take bold and pro-active actions to stem the tide of economic meltdown in our province. It was also during this financial year that our province, like the rest of the country, experienced the biggest injection of capital expenditure as South Africa readied herself for the biggest sporting spectacle on earth, the 2010 FIFA Soccer World Cup.

The excitement and the positive mood, coupled with billions of rands which were spent on infrastructure development not only helped to keep the wheels of the economy rolling, but it confirmed our often stated position that state investment should be the catalyst for growth. But more importantly it shielded our province and indeed our country from the worst effects of the economic turbulence as evidenced by the bail outs, which elsewhere in other countries had to be doled out, in order to bail out some of the biggest economies in the world. During this financial year, our province, through our entity the Dube Trade Port also made significant strides in constructing Dube Trade Port, incorporating the King Shaka International Airport which, once completed, will put the province on the global map.

On the tourism front, the province of KwaZulu-Natal, in spite of the economic down turn continued to hold its own, with the industry contributing R20 billion to the province's coffers. Despite the grinding economic recession, our province, through our agency, Trade and Investment KZN also accelerated its efforts to promote the province as an investment destination of choice.



These efforts were rewarded when our province during the year under review netted R638 million worth of domestic and foreign investment. The challenge facing the province is to use our comparative advantage of having a multi modal transport system and the two of Africa's busiest airport to our advantage.

If there is one lesson that we all have to learn from the economic meltdown it is that if KwaZulu-Natal is to hold its own in the challenging global economic space in which we operate, we need to be innovative and to use our comparative and competitive advantages. The economic script has been rewritten. KwaZulu-Natal can no longer afford to do things the normal way.

The financial year under review was a year of doing more with less and we feel that our province rose to this challenge. We also improved our strategies with regards to the investment into our economic empowerment programmes, particularly the co-operatives programme. We have noticed the growth of leaner and sector-focused co-operatives that are self sustaining and able to achieve their mandate. We have not yet reached our desired goal in respect of this programme but we are convinced that the path we have taken, borne out of our own practical experiences and lessons from our sister countries, is the correct one.

We have been bold, decisive and innovative in re-affirming and re-shaping the mandate and the approach of our public entities. Already we are beginning to observe positive spin-offs which stem from our collective efforts. For this we are highly indebted to the leadership of these entities comprising both their boards as well as Chief Executive Officers.

We could not have had the best out of a bad situation were it not for the leadership of our Department and the dedication of Team Economic Development and Tourism. For this, we salute Ms Carol Coetzee and her team for a job well done even when the conditions were not the best. We re-affirm our commitment to building an economy that creates opportunities for all and making tourism work for us all. Working together with all of our partners, we are more than convinced that this objective is achievable.

Michael Mabuyakhulu, MPP
KwaZulu-Natal MEC for Economic Development and Tourism



Ms Carol Lyn Coetzee
Accounting Officer

Accounting Officer's Remarks

The reorganization of the Department following the general elections in April 2009 necessitated the review of our programmes which included the re-incorporation of the tourism function and increase in the number of public entities to strengthen our delivery mechanisms. This growth had to be reciprocated with the deployment of additional materials such as logistical, financial and human resources to meet the new obligations.

It was also critical that as we embraced new responsibilities, we ensured that compliance with key corporate governance prescripts wasn't compromised to weaken our resolve of enforcing a cost-effective provision of services to our diverse clientele. The content of this 2009/2010 annual report is the testimony that in spite of challenges related to the impact of the global recession that spared neither the private nor the public sector this organization was able to live up to its billing in addressing the needs

of both emerging and established enterprises battling the rigors of the world economic contraction.

The collective resolutions taken at the Provincial Jobs & Economic Recovery Summit became a potent adenine to ensure that jobs were protected whilst struggling businesses were assisted with appropriate strategies to survive the carnage. This traumatic period threatened not only the socio-economic stability in many communities, but could have scuppered the country's and the province's capacity to host a successful 2010 FIFA World Cup. However, it's pleasing to note that the Department actively got involved in ring-fencing and sustaining growth prospects for the province which by the end of this financial year under review there were promising signs for recovery to coincide with the world cup tournament.

But more importantly, high profile projects like infrastructure development initiatives – mainly prepared for hosting the world cup tournament helped reduce the recessionary conditions – with more people having been hired for the construction of the stadiums and the airport as well as other telecommunication facilities. Subcontracted emerging entrepreneurs played an active part in this process – helping to distribute income generated through these massive projects. With one of our entities, Dube Trade Port being in the centre of the conceptualization and construction of new King Shaka International Airport on the north of Durban, the Department has valid reasons to claim part of the glory related to efforts to kite the province out of the economic quagmire. The airport would be a catalyst in elevating the province as one of the attractive tourists and investment destinations the world over.

Whilst on the world cup hype, the Department also invested handsomely on positioning small scale businesses to seize opportunities during this sporting spectacle using the public viewing areas to sell their products. This featured publicity campaigns to mobilize interested entrepreneurs and informing them about business conditions relating to FIFA controlled designated areas – and this included accessing special permits to sell alcoholic beverages in these sites.

Once again, while we acknowledge that we can still improve in specific areas, we are satisfied with the level of commitment demonstrated by staff and management in ensuring the Department remains the springboard for socio-economic advancement in the province. Of particular importance is that once again the Department received an unqualified Auditor-General's assessment notwithstanding some areas that would require our special attention in the subsequent financial years. The continuous attainment of parity between service delivery and financial reports was also made possible by our MEC, Mr Michael Mabuyakhulu who quickly set the tone for envisaged direction he wanted to be pursued by this Department – which made restructuring of this portfolio a seamless process to ensure we remained focus on achieving our set targets.



However, the forthcoming financial year would be characterized by emphasis on the promotion of corporate governance to ensure compliance following the full embrace and consolidation of new responsibilities into the organizational psyche. The provision of requisite resources to capacitate the Department's monitoring and evaluation unit would be an essential element to be able to keep track on our delivery processes in tandem with the input resource deployed in each project. This will have a bearing on the quality of service delivery and regular reporting on progress made by the Department in meeting its set strategic targets.

Ms Carol Lyn Coetzee
Accounting Officer



General Information

Programme One: Administration	Sub-programmes:
<p>Aim/Purpose:</p> <p>To provide leadership and strategic management in accordance with legislation, regulations, and policies and ensure appropriate support services to all other programmes</p> <p>Strategic goals:</p> <ul style="list-style-type: none"> To promote a culture of good corporate governance To become a learning organization 	<p>Sub-programme 1 : Office the MEC</p> <p>Strategic Objective: To provide strategic leadership to the department and entities</p>
	<p>Sub-programme 2: Office of the HOD</p> <p>Strategic objective: To effectively manage and direct the departmental programmes to ensure delivery of the departmental goals</p>
	<p>Sub-programme 3 : Financial Management</p> <p>Strategic objective: To ensure the implementation of the PFMA and other related financial regulations and policies</p>
	<p>Sub-programme 4 : Corporate Services</p> <p>Strategic objective: To provide support services to the other programmes in the areas of human resource management and development, labour relations, legal services, and information technology and communication</p>
Programme Two: Integrated Economic Development Services	Sub-Programmes:
<p>Aim/ purpose:</p> <p>To implement policies and programmes aimed at supporting and promoting enterprises owned by previously disadvantaged individuals, groups, or communities in order to bring them into the mainstream of the economy</p> <p>Strategic goals :</p> <ul style="list-style-type: none"> Create a business environment conducive to the creation of sustainable jobs Facilitate skills development Facilitate access to the asset base for the poor Promote SMMEs and social enterprises (cooperatives) Promote black economic empowerment 	<p>Sub-Programme 1: Enterprise Development</p> <p>Strategic objective: To support and develop business and social enterprises</p>
	<p>Sub-Programme 2: Local Economic Development</p> <p>Strategic objective: To develop a pipeline of sustainable LED projects that are partnership based and leverage public and private resources to fund them, as well as build the capacity of municipalities and other local stakeholders to plan and manage local economic development</p>
	<p>Sub-Programme 3: Economic Empowerment</p> <p>Strategic objective: To facilitate the process of empowerment and the creation of an enabling business environment for previously disadvantaged individuals</p>



Programme Three: Trade And Industry Development	Sub-programmes:	Components:
<p>Aim/Purpose:</p> <p>To stimulate economic growth through trade and investment promotion, development of selected sectors, and industry development</p> <p>Strategic goals:</p> <ul style="list-style-type: none"> To improve global competitiveness of priority sectors and the industrial sector To promote the inflow of FDIs 	<p>Sub-programme 1: Trade and Investment Promotion Strategic objective: To facilitate trade promotion and to attract investment</p>	<ul style="list-style-type: none"> Trade promotion Logistics
	<p>Sub-programme 2: Sector Development Strategic objective: To facilitate the implementation of strategic programmes that will stimulate the competitiveness of priority sectors</p>	<ul style="list-style-type: none"> Manufacturing, Beneficiation and processing Services
	<p>Sub-programme 3 : Industry Development Strategic objective: To implement strategies for the positioning of the industrial sector as a key contributor to economic growth and development</p>	<ul style="list-style-type: none"> Industrial upgrading and modernization Business retention and expansion,

Programme Four: Business Regulations	Sub-programmes:
<p>Aim/Purpose:</p> <p>The overall objective of this programme is to develop an equitable and socially responsible business environment.</p> <p>Strategic goals:</p> <ul style="list-style-type: none"> 	<p>Sub-programme 1: Consumer Protection Strategic objective: To promote, protect and further the rights of consumers in the Province</p>
	<p>Sub – programme 2: Liquor Licensing Strategic objective: To regulate the effective and efficient liquor licensing function within the context of the socio economic conditions prevalent within the Province of KZN (Policy development around quota system)</p>
	<p>Sub – programme 3: Regulation Services Strategic objective: To create an enabling environment for the sustained development and support to the formal and informal trade sector.</p>

Programme Five: Economic Planning	Sub-programmes:
<p>Aim/Purpose:</p> <p>To develop provincial economic policies and strategies to achieve and measure sustainable economic development</p> <p>Strategic goals:</p> <ul style="list-style-type: none"> To promote integrated economic development planning To improve global competitiveness of local industries To increase the Department’s capacity to become an information hub 	<p>Sub-programme 1: Policy & Planning Strategic objective: To co-ordinate and provide leadership in provincial economic policy and strategy development.</p>
	<p>Sub-programme 2: Research & Development Strategic objective: To conduct or commission research on the provincial economy and engage in ongoing economic analysis.</p>
	<p>Sub-programme 3: Knowledge Management Strategic objective: To access, store and disseminate information on the provincial economy</p>
	<p>Sub-programme 4: Monitoring & Evaluation Strategic objective: To determine the effectiveness and impact of provincial economic development policies, strategies and programmes</p>



**Department of Economic
Development and Tourism**
Umnyango Wezokuthuthukiswa
Komnotho Nezokuvakasha

KWAZULU-NATAL PROVINCIAL GOVERNMENT



*Part 2:
Programme Performance*



PART TWO: PERFORMANCE INFORMATION

Programme/Indicators	Annual Targets:	Actual Output:	Comments
1. Programme One: Administration			
1.1 Office of the MEC: Corporate Communication			
• Publication & distribution of DEDT News – with latest developments & comments	Weekly	Weekly	
• Correctly updated an informative Intranet/Intranet	Weekly	Weekly	
• Number of successful Departmental events held	4	7	The number of staff sessions included those organised by Employee Assistant Programme
• Number of successful and informative radio talk shows	60	60	
• Number of advertorials published in business editions	24	13	Implementation of cost-cutting measures resulted in reduced number of advertorials
• Number of IBAMBENI editions correctly & timely published	12	0	IBAMBENI publication remained with KZN Treasury
• Number of editions for PIVOT magazine	4	2	There were delays in transferring this publication to DEDT from Co-operative Governance
• Production of fully edited & audio-visually mixed corporate video product	1	1	
• Timely tabling of accurate Budget Speech, APP and Strategic Plan reports	Mar-10	April	These documents were only presented in April as per the parliamentary session date
• Timely tabling of accurate Annual Report	Aug-09	September	
• Number of programme specific corporate function held (e.g. LED, uMyezane etc)	12	16	The number of events that required communication involvement increased during the year
• Number of general media briefings on progress updates	4	7	More sessions with the media emerged during the year & these included those staged by public entities
• Number of Communication Strategies formulated or reviewed	1	1	
• Number of Corporate Communication policies approved (drafted/reviewed)	1	1	
• Number of Departmental staff not complying with Corporate Communication regulations	0	0	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of Corporate Communication staff not complying with Corporate Communication regulations	0	0	
• Number of information sessions on Corporate Communication regulations per year	4	1	Changes in the organisation made it impossible to have time to have regular sessions with staff. Only one gathering in which communication programme was presented
1.2 Office of the Head of Department:			
• Number of projects	4	3	
• Compliance with reporting & SLA conditions	100%	100%	
• Number of shareholders compact	8	8	
• Quarterly reviews	15th	15th	
• Number of service delivery reports	4	4	
• Number of cluster meetings	2 per month	31	
• Number of meetings with private sector	4per month	9	
• Number of international forums	2	6	
• Compliance with requirements	90%	90%	
• Staff satisfactory survey	65%	50%	MANCO agreed that the survey should be conducted externally. EAP was requested to draft TORs for HOD's approval which would only be done on 30 July 2010.
• Review and approval of quarterly reports	15th	15th	
• Turn around time	4 working days	4 working days	
1.3 Office of Chief Financial Officer:			
• Number of administration tasks not completed within minimum standards on turnaround time	0	10	
• Administration reports submitted to EXCO and Departmental MANCO	16	4	Initially it was planned for formal reports to be submitted, but these tended to take time in the compilation. Oral reporting and later captured in the minutes.
• Percent of approved policies/procedures for Division as per Divisional plan.	100%	100%	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of innovative activities and or process improvement	4	0	After a number of reminders to staff to come up with innovative ideas, these were then not followed up, as staff did not come up with any. In future a prize will be awarded, so that ideas are generated.
• Percent Performance Agreements signed by 31st May annually	100%	90%	Some employees did not submit these as previously the Department had not assessed employees. Now all staff are submitting as they are aware that the Department now does the assessments.
• Percent staff within Administration assessed by 31st May annually	100%	90%	Some employees did not submit assessments as previously the Department had not assessed employees. Now all staff are submitting as they are aware that the Department now does the assessments.
• Percent of all administrative tasks (e.g documents) attended to within 3 days	100%	90%	Some documents needed more investigation before their approvals, while some were not done within three days as the SGM would not be in the office for a couple of days.
• Number of Audit (Internal & External) queries not cleared from the previous financial reporting cycle.	0	0	
• Reports submitted to Accounting Officer on Risk and Internal Control Management	4	4	
• Departmental processes investigated by Internal Control	8	8	
1.4 Financial Management: 1.4.1 Financial Services			
• Number of Monthly suspense accounts with non-zero balances at every month end and at year end	0	0	
• Number of Annual suspense accounts with non-zero balances at year end	0	0	
• Debts reconciled and debtor statements issued	Monthly	Manual letters	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
Number of Finance Support Services policies approved (drafted or reviewed)	2	1	The vacant post of General Manager: Finance resulted in a number of policies being delayed in their reviewal. The posts remained vacant for the whole 2009/10 financial year.
• Number of Departmental staff not complying with Finance Support Services regulations	0	0	
• Number of Finance Support Services staff not complying with Finance Support Services regulations	0	0	
• Number of information sessions on Finance Support Services regulations per year	4	11	
• Average number of days taken to authorise an invoice correctly from receipt	15 working days	15 working days	
• Timely submission of accurate IYM to Provincial Treasury	15th of every month	15th of every month	
• Timely submission of first draft budget submission to Provincial Treasury	31 Aug of each year	31 Aug of each year	
• Timely submission of accurate Adjustment Estimate to Provincial Treasury	30th September of each year	30th September of each year	
• Timely submission of second draft budget submission to Provincial Treasury	30th November of each year	30th November of each year	
• Timely submission of Final budget submission to Provincial Treasury	31st January of each year	31st January of each year	
• Timely submission of accurate Cash Flow Statements to Provincial Treasury	One Month after receipts of allocation letters	One Month after receipts of allocation letters	
• Timely submission of accurate Annual Financial Statements to Provincial Treasury	31st May of each year	31st May of each year	
• Percent budget spent as per approved by Legislature.	95%	95%	
• Number of Departmental monthly budget meetings	12	10	
Timely review and comments on monthly IYM reports, and other financial inputs from public entities	Within three days of receipt of monthly reports	Within three days of receipt of monthly reports	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
1.4 Financial Management: 1.4.2 Supply Chain Management			
• Average number of days taken to commit orders correctly from receipt	3 working days	3 working days	
• Average number of days taken to award quotations correctly from receipt	10 working days	10 working days	
• Average number of days taken to award bids correctly from receipt	45 working days	45 working days	
• All assets reconciled by 31 March of each year	100% reconciliation of all assets	100% reconciliation of all assets	
• Percent savings of total Departmental budget (Goods & Services) due to market price analysis	4%	3%	
• Number of Departmental staff not complying with SCM regulations	0	0	
• Number of SCM staff not complying with SCM regulations	0	0	
• Number of information sessions on SCM regulations per year	4	8	
• Timely submission of all SCM legislative reports to relevant bodies with zero mistakes	by 15th of every month	by 15th of every month	
• Number of SCM related policies approved (drafted or reviewed)	2	7	
1.5 Corporate Services: 1.5.1 Human Resources Management and Development			
• Timely approval of correct reviewed organisational structure	2	2	
• Number of days taken to approval of ratification of JE results from time of receipt of request	45working days	45working days	
• Average number of days taken to update information on Persal from receipt of request	3 Working days	3 Working days	
• Average number of days taken to fill a vacant post from receipt of request	45working days	3 Working days	
• Percent of labour cases facilitated within prescribed timeframes	100%	100%	
• Percent of qualifying employees assessed annually by 31 May of each year	100%	not 100%	As the Department had not been consistent in assessing annually, some of the employees were reluctant in submitting assessments, or correcting queries. This has been corrected now, all employees are aware that the Department is now assessing annually.



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of Departmental HR policies developed or reviewed	8	10	
• Percent of employees trained on skills in line with their Personal Development Plan	100%	100%	
• Percent of EAP cases facilitated within prescribed timeframes	100%	100%	
• Percent of Departmental staff complying with HRM&D regulations	100%	100%	
• Percent of HRM&D staff complying with HRM&D regulations	100%	100%	
• Number of information sessions on HRM&D regulations per year	4	4	
• Timely submission of all HRM&D legislative reports to relevant bodies with zero mistakes	Reports submitted by due dates	1	
1.5 Corporate Services: 1.5.2 Legal Services			
• Number of requests (opinions, memos, general advice, etc) not completed	0	0	
• Number of contracts drafted for clients not within service charter	0	0	
• Improvement in the average turnaround	10%	10%	
• Number of default judgments	0	0	
• Number of bills drafted within service charter timeframes	4	18	
• Number of bills submitted to cabinet	4	17	
• Service providers not complying with terms and conditions of contract	0	0	
• Number of Legal Services policies approved (drafted/reviewed)	1	4	
• Number of Departmental staff not complying with Legal Services policy	0	0	
• Number of Legal Services staff not complying with Legal Services policy	0	0	
• Number of information sessions on Legal services regulations per year	4	4	
• Number of Legal updates circulated to all staff	4	7	
1.5 Corporate Services: 1.5.3 Auxiliary Services			
• Time taken to retrieve filed documents	10 minutes	10 minutes	
• Operationalised record management systems for financial management	by 01/04/09	Completed	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Operationalise records management system for the rest of the Department	by 09/12/31	HOD, CFO completed	
• Time taken to resolve requests logged by clients	24 hours	24 hours	
• Effective allocation/utilisation of all physical premises (including Canteen)	100%	100%	
• Clean facilities	Daily	Daily	
• Healthy plants	Monthly	Monthly	
• Number of service disconnections	0	2	
• Number of Auxiliary Services policies approved (drafted/reviewed)	2	1	Record management policy submitted for approval
• Number of Departmental staff not complying with Auxiliary Services regulations	0	0	
• Number of Auxiliary Services staff not complying with Auxiliary Services regulations	0	0	
• Number of information sessions on Auxiliary services regulations per year	4	4	
• Collect and correct distribution of documents form SMS offices	Twice daily	Twice daily	
1.5 Corporate Services: 1.5.4 Security & OHS Services			
• Full compliance with MISS	0 transgressions	0 transgressions	
• Effective access control system	24/7/366	24/7/366	
• Safe and Secure Environment for all offices	0 incidents	1 incidents	
• Full compliance with OHS Act	100%	100%	
• Number of Security & OHS Services policies approved (drafted/reviewed)	2	1	
• Number of Departmental staff not complying with Security & OHS Services	0	0	
• Number of Security & OHS Services staff not complying with Security & OHS Services regulations	0	0	
• Number of information sessions on Security & OHS Services regulations per year	4	2	
1.5 Corporate Services: 1.5.5 Information Technology Services			
• User friendly reception areas for all officers	98%	98%	
• Annual approval of Master Systems Plan for following financial year	0	0	
• Successful implementation of master System Plan for current financial year	0	Mar-10	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of IT policies approved (drafted/re-viewed)	2	3	
• Number of Departmental staff not complying with IT regulations	0	1	
• Number of IT staff not complying with IT services regulations	0	0	
• Number of information sessions on IT regulations per year	4	2	
• Reports on performance	monthly	monthly	
• Availability of Department's infrastructure	98%	98%	
• Time take to resolve all IT related calls including telephone system	4hours	4hours	
• Time taken to provide computer equipment fully installed after request	15 working days	15 working days	
2. Programme Two: Integrated Economic Development Services			
2.1 Small Business Development:			
• SMME Development Strategy formulated	1	1	
• Number of one stop shop and Satellite Business Information Centres supported	15	15	
• Number of Technology Demonstration Cum Training Centres (TDTCs) supported	2	2	
• Number of SMMEs assisted to access finance	485	9	Economic recession resulted in banks taking cautious approach to funding.
• Number of Business Incubation Centres supported	1	2	
• Number of SMMEs supported through the institutions	1 650	1 380	Economic recession resulted in banks taking cautious approach to funding. Ithala loan approval statistics
• Number of SMMEs Trained in TDTC Technical Training (wire nails, barbed wire, exercise note book and wire drawing machine)	60	90	
• Number of SMMEs trained in Business Management and Basic Computer skills.	790	981	
• Number of loan applications forwarded to SMME Funds	700	147	Economic recession resulted in banks taking cautious approach to funding (Ithala loan approval statistics.)
• Number of SMMEs assisted to access markets:	100	139	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Royal Show 2009	1	1	
• SMME Fair			
• Local Business Fairs and Exhibitions	10	11	
• Number of markets and business linkages (private and public)	200	122	
• Number of jobs created			Ithala statistics on job creation was not available at compilation of the report
2.2 SMME Fund:			
• Monthly progress reports and meetings	10	3	Progress reports were not received on time from Ithala and to this end, meetings were not convened
• Analysis reports submitted	12	3	Analysis reports were not received on time from Ithala and Std Bank.
• Monthly status reports to Management and HOD	12	5	Status reports were not received on time from Ithala
• Portfolio performance review in terms of targets, indicators	12	5	Portfolio performance review reports were not received on time from Ithala
2.3 Local Economic Development:			
• Number of partnership groups assisted to leverage public or private finance (No of economic development projects supported by municipalities)	5	7	
• Number of direct jobs created	500	500	
• Number of feasibility studies completed	30	33	
• Number of LED planning projects completed	20	41	
• Number of stakeholder organizations supported	5	5	
• Number of capacity building interventions at municipalities			
• Number of people trained (No of capacity building interventions at municipality)	200	247	
2.4 Economic Empowerment:			
• Number of BEE Forums	8	8	
• Number of Implementation teams	6	7	
• Establishment of Provincial BEE Advisory Council	1	1	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of verification certificates issued to government departments	7	7	
• Establishment of BEE Ombudsperson's office	1	1	
• Number of women empowered	1 000	1 000	
• Number of youth empowered	30	86	
• Information tools	4	4	
• Youth Biz	2 000	4 580	The actual includes the count of daily visits to the website
• Number of BBEE workshops conducted	7	10	
• Number of women supported	100	100	
• Number of youth trained in technical skills	350	2 951	This project was approved after APP had been completed hence the revision of the target of 350
• Government spend BEE	5%	5%	
2.5 Co-operatives Development:			
• Number of economic infrastructure to support co-operatives	4	4	
• Number of sector specific secondary co-operatives established	11	11	
• Number of co-operatives supported	723	451	Failure to meet target is due to reduced number of co-ops trained due to targeted training and suspension of funding by Ithala Development Finance Corporation
• Number of co-operatives funded	150	83	Funding agreement with Ithala still under negotiations
• Number of primary co-operatives trained	150	14	Few co-operatives qualified for entrance due to targeted training
• Number of co-operatives mentored	200	212	
• Number of existing co-operatives rehabilitated	273	373	
• Number of SACCOs/FSCs established and operational	4	7	
• Number of existing co-operatives servicing loans	50		
• Number of jobs created by co-operatives	750	228	Failure to meet training and funding targets affected job creation



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of exhibitions attended by co-operatives	5	7	
• Number of markets (private and public)	10	10	
2.6 Co-operatives Fund:			
• Monthly progress reports and meetings	10	3	No access to relevant information from Ithala as custodians of this information
• Monthly analysis reports submitted	12	0	No access to relevant information from Ithala as custodians of this information
• Monthly status reports to Management and HOD	12	3	Disbursements were made in the month of October only
3. Programme Three: Trade & Industry Development			
3.1 Trade:			
• Number of foreign direct investments facilitated	12	9	
• Number of companies actively assisted with exports support	6 000 000	853 4 m	
• Number of SMMEs and emerging enterprises exporting due to the initiative of Trade Point Durban	22	61	
• Number of SMMEs and emerging enterprises exporting due to the initiative of Trade Point Durban	25	107	
• Number of overseas promotional agents/distributors engaged	2	3	
• Number of international trade exhibitions	6	8	
• Number of local exhibitions emerging enterprises participated in	10	2	
• Number of emerging enterprises participating in local exhibitions	75	46	
3.1.1 Sector Development:			
• Number of key sectors identified and supported	8	12	
• Number of interventions implemented in key sectors	4	15	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
3.1.2 Strategic Initiative:			
• Number of high impact initiatives packaged/developed	8	10	
• Number of high impact initiatives implemented	4	5	
3.2 Logistics:			
• Number of logistics infrastructure projects initiated	3	1	Budget for the project not approved for 2009/10 financial year
• Number of workshops held on the rural logistics viability study report	0	0	
• Number of Strategies to address skills development	0	3	
3.3 Agribusiness:			
• Number of industry clusters established	0	0	
• Number of industry clusters supported	1	1	
• Number of business plans completed	2	0	Projects withdrawn
• Number of projects supported	4	7	
• Number of farmers (Agribusiness entrepreneurs) trained	100	113	
• Number of sector strategies developed	1	1	
• Number of Land Reform Beneficiaries for mentorship and support	100	0	Budget was allocated to other priorities
3.4 Chemicals:			
• Number of clusters established	1	1	
• Number of industry hubs established	0	0	Projects for chemical sector will only begin in 2010/11
• Number of titanium initiatives initiated	1	0	The initiative will no longer be pursued. Will do waste management/plastic recycling instead.
• Percentage of titanium and associated minerals beneficiated	3	0	
• Number of entrants facilitated into mainstream industry	2	0	This has since been shelved due to high costs of establishment
3.5 Automotive:			
• Number of supplier development programmes completed	2	0	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of industry development programmes undertaken ,linked to DBN Auto Cluster	2	1	Consultation processes protracted
• Number of AIDC office established	1	0	Resolution differed
• Number of Automotive supplier park master and business plan approved	1	1	
3.6 Capital Equipment & Metals:			
• Number of High Impact projects facilitated.	4	0	Cancel sector programme for 2009/2010 financial year to 2010/11 financial Year
3.7 Electro-Technical:			
• Number of software development companies supported	2	0	Cancel sector programme for 2009/2010 financial year to 2010/11 financial Year
• Number of high impact projects facilitated (security electronics, contract manufacturing)	1	0	
3.8 Clothing &Textile:			
• Number of value chain interventions implemented	4	8	
• Number of M.Sc clothing and textiles engineering students supported	12	8	Students have dropped-out and declined offer.
• Number of industry employee programmes delivered	6	6	
• Number of revitalization strategy initiatives implemented	3	3	
3.9 Wood & Wood Products:			
• Number of industry clusters established	1	1	
• Number of industry clusters supported	2	1	
• Number of business plans completed	4	0	Poor response was received from tenderers second trial service provider did not meet basic requirements and tender had to be re-advertised for the third time and procurement processes were delayed.
• Number of projects initiated	2	2	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of projects supported	8	6	Snathing New Plantations was cancelled due to dispute with the project initiator (Amahlathi) and Biomass Project Feasibility study was conducted by former Department of Agriculture and was realized that it would be a duplication and waste of government resources.
• Number of Furniture Manufactures exposed to local and international market	20	10	Most of our furniture manufacturers were not ready to exhibit their furniture and had to work with the available group.
• Number of Sawmill supported	2	0	Project was initiated, however it never received funding and had to be cancelled
• Number of Workshops and training for Emerging Foresters and Furniture Manufactures	1	1	
3.10 Industrial Development:			
• Creating project governance (Set up project office)	1	1	
• Number of small scale producers targets	20	20	
• Number of BRE committees established	1	1	
• Number of district forums established	9	3	Will be completed in the current financial year 2010/11
• Number of local BRE forums established	5	3	
• Number of BRE guidelines compiled and updated	1	1	
• Number of district level locally produced product directories	11	-	- To be produced in the current financial year 2010/11
• BRE toolkits	5	-	- Service provider selected, awaiting finalization of SCM process
• Number of community websites	5	-	
• Number of conference/awards	1	-	
3.11 Tourism Development:			
• Number of district forums established		9	
• Number of local BRE forums established		5	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of BRE guidelines compiled and updated		1	
• Number of district level locally produced product directories		11	
• BRE toolkits		5	
• Number of community websites		5	
• Number of conference/awards		1	
• Number of intergovernmental/ inter sectoral and private sector engagements to improve destination image		14	
• Number of intergovernmental/ inter sectoral and private sector engagements to improve destination image	14	7	
• Number of tourism business/safety/youth awareness workshops organized	11	14	
• Number of students awarded bursaries	49	49	
• Number of delegates attending National Tourism Careers Expo (NTCE)	20 000	12 000	Service provider failed to market the event properly
• Number of key tourism products facilitated (Second economy interventions)	8	6	5 projects to be completed during the 1st Quarter of 2010/11 financial year due to the delays in appointing service provider
• Number of business owners trained in Business Skills Programme	78	36	A delay due to late signing of agreements with relevant stakeholders thus training started late in the year
• Number of employees trained in Hospitality Skills Programme	270	176	Training to commence in January 2010 due to delays in signing SLA's
• Number of trained and registered HDI tour guides - including foreign language training	25	45	
• Number of graded establishments	20	0	Delays in finalizing MOU with TGCSA
• Number of mentorship partnerships established and sustained	15	15	
• Number of Guesthouses/ B&Bs participating in the Book- A-Guesthouse Programme	6	9	
• Number of awareness and advisory initiatives on BEE Charter and Scorecard	4	3	
• Number of programmes implemented from the Tourism BEE Roll-out Plan	4	3	Programme reviewed and will be undertaken during 2010
• Availability of policies, strategies and enabling legislation produced	3	1	Delays in appointing service provider to develop Tourism Master Plan



Programme/Indicators	Annual Targets:	Actual Output:	Comments
3.12 ICTe:			
• Number of ICTe Subclusters formed.	1	1	
• Number of international engagements facilitated.	1	1	
• Formation of Broadband workshops facilitated.	3	2	
• Number of Cluster Forum workshops	3	3	
• Number of new SMMEs formed	5	5	
• Number of ICTe incubator feasibility studies completed	1	1	
• Number of High Impact projects facilitated	3	9	
• Number of Software Engineering Centres established	4	4	
• Number of Technology Roadmaps formulated.	2	3	
3.13 BPO:			
• Number of BPO Training Centres established.	4	3	Moses Kotane Institute decided that phase two will only start after the launch of phase one in October
• Number of BPO agents trained.	250	50	Project started late
3.14 Creative Industries:			
• Number of craft commercialization projects completed.	0	0	
• Number of Villages assisted in terms of one Village 1 Product	6	0	Project is on hold sanctioned by EXCO
• Number of crafters benefited from mentorship programme	80	0	
• Number of crafters exposed to markets.	80	192	
• Number of integrated craft hubs established	1	1	
• Number of musicians recorded.	10	11	
• Number of musicians mobilized	50	53	
• Number of Integrated Music Hub established	1	1	
• Number of film offices established	1	0	The hearings were conducted in March 2010 and the bill would be passed before end of June 2010.
• Number of film festivals assisted	3	3	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
4. Programme Four: Business Regulations & Governance			
4.1 Consumer Protection:			
• Number of NGSO's, Local Municipalities and Districts targeted	10	29	
• Number of major workshops/campaigns targeted to specific sector consumers (12pa)	12	9	Lack of capacity we had 8 officials and 11 districts in the Province. We were unable to fill all posts as per the cost cutting measures.
• Number of minor workshops/campaigns targeted to specific sector consumers (192)		187	
• Number of consumers targeted	2 500 000	1 412 500	
• Number of consumers informed		14 500 000	
• Number of media campaigns on regional/national radios stations targeted per quarter	4	8	
• Number of complains received(viz walk in telephonic and written complaints)	11 000	7 644	2023 complaints received and we resolved 1789 which is 88.4% and received about 1610 telephonic queries which were resolved without opening files.
• Number of community based radio shows targeted	9	8	Centralization of media activities resulted in not having shows on Community radio stations.
• Number of written claims investigated	971	1 012	
• Number of consumer rights interventions conducted (No. of sector/industry specific issues investigated)	2	4	
• Number of complaints resolved (Number of written claims resolved)	806	954	
• Number of district offices rolled out	6		
• Bill drafted and presented to cluster cabinet	1		
• Facilitate public consultation on the Bill	100%		
• Develop strategic plan based on the enacted Bill			
• Implement and monitor compliance	100%		
4.2 Liquor Regulation:			
• Number of district offices rolled out	6	4	Awaiting the finalization of the other District offices.



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Bill drafted and presented to cluster cabinet	1	3	
• Facilitate public consultation on the Bill	100%	75%	Received the final draft Bill from the Service Provider
• Develop strategic plan based on the enacted Bill	-	-	
• Implement and monitor compliance	100%	100%	
• Number of liquor license applications processed	2550	1918	
• Number of Liquor Licenses applications processed (No. of new applications, Section 19 received and processed)	1450	561	
• Number of Liquor Licenses applications processed (No. of applications ito of section 113 received and processed)	500	304	
• Number of Liquor Licenses applications processed (No. of applications ito of section 120 received and processed)	600	53	
• Number of Liquor Licenses applications processed (No. of postponed applications processed)	950	997	
• Number of applications granted	1 500	1 760	
• Number of applications refused	1 100	241	No reason to refuse
• Number of applications postponed	900	1 435	
• Number of new entrants as licensed traders	3 000	1 724	Some of the applicants did not meet requirements
• Number of workshops coordinated/organized	15	28	
• Number of persons work shopped/trained	2 000	1 096	A workshop held in Mzimkhulu was affected by rain which led to a collapse of a bridge
• Number of people accessed via print & electronic media	2 000 000	6 600 000	
• Number of stakeholder forums established	11	20	
• Number of licensed premises inspected	1 000	490	There's only one official responsible for inspections in KZN
• Number of inspection blitzes held with SAPS	4	11	
• Business plan implemented	100%	100%	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
4.3 Regulation Services(Informal Trade):			
• Policy framework approved by cabinet and legislature (white paper)	1	-	Projects differed for 2010/11 financial year due to staff capacity
• White paper incorporated into the IDP's of the Municipalities 3 Metro target	3 Metro municipalities	-	
• Number of Municipalities monitored & evaluated on implementation of the white paper	3	-	
• Establish informal trades(district & provincial)	-	-	
4.4 Regulation Services (Formal Trade):			
• Regulation approved by cabinet			Projects deferred for 2010/11 financial year due to staff capacity
• Monitor & evaluate implementation of the regulation with Municipalities (3Metro)	3 Metro municipalities	-	
• Number of barriers identified that restrict business compliance	1	-	
• Number of barriers addressed to ensure business compliance	1	-	
5. Programme Five: Economic Planning			
5.1 Policy & Planning:			
• Number of integrated policies	1	0	The province is currently reviewing its policies and strategies
• Number of strategies developed	1	0	
• Number of policies reviewed/updated	1	1	
• Number of operational statistical overview	1	2	
• Number of district municipality statistical overview	1	3	
• Number of economic training sessions conducted	2	2	
5.2 Research & Development:			
• Number of economic research inventory/ data base	1	1	
• Number of new partners who contribute to the electronic portal	2	2	
• Number of outsourced specialized research studies undertaken	3	3	
• Number of research reports compiled	4	33	



Programme/Indicators	Annual Targets:	Actual Output:	Comments
• Number of multi-stakeholder forum meetings held	4	5	
5.3 Knowledge Management:			
• Number of Knowledge Management modules developed	2	2	
• Number of economic intelligence reports developed	1	-	- No staff capacity in this programme
• Percentage of operational level of DEDT resource centre	80%	60%	Resource centre coordinator passed away and processes are in place to appoint a new coordinator
• Number of economic resource materials gathered and stored	15	18	
• Number of staff competently using MIS	20	10%	
5.4 Monitoring & Evaluation:			
• Number of staff trained on M&E methodology	25	50	
• Number of stakeholders trained on research & M&E	50	25	Unable to meet set targets due to budget cuts
• Number of learning events and conferences	4	3	Targets were not met due to cost cutting measures
• Number of exchange visits facilitated	1	-	- This was postponed due to budget cuts
• Number of monitoring reports	2	6	
• Number of evaluation reports	3	3	
• Number of LMRF quarterly reports approved	4	4	



**Department of Economic
Development and Tourism**
Umnyango Wezokuthuthukiswa
Komnotho Nezokuvakasha

KWAZULU-NATAL PROVINCIAL GOVERNMENT



*Part 3:
Report of
Audit Committee*



PART THREE: REPORT OF AUDIT COMMITTEE

REPORT OF THE AUDIT AND RISK COMMITTEE ON VOTE 4 – ECONOMIC DEVELOPMENT AND TOURISM

The KwaZulu-Natal Provincial Audit and Risk Committee is pleased to present their report for the financial year ended 31 March 2010.

Audit and Risk Committee Members and Attendance:

The Audit and Risk Committee consists of the members listed hereunder. During the year under review two (2) members resigned from the committee. Furthermore the Audit and Risk Committee was re-organised during December 2009 to align to the Government Clusters arrangement and this has resulted in the appointment of five (5) additional members. The Cluster Audit & Risk Committees (CARC) and the Provincial Audit & Risk Committee (PARC) are required to meet at least four times and two times respectively in a financial year. During the financial year ending 31 March 2010 a total of eight (8) meetings were held, namely, three (3) PARC meetings, three (3) CARC meetings and two (2) special meetings. Members attended the meetings as reflected below:

Surname & Initial	PARC	CARC	Special	Total
Adv BS Khuzwayo (Chairman)	3	3	2	8
Mr V Naicker	3	3	1	7
Mr N Mhlongo (Appointed 01 Feb 2010)	1	1	1	3
Mr S Taku (Appointed 01 Dec 2009)	1	1	1	3
Mr P Mnisi (Appointed 01 Dec 2009)	1	0	0	1
Ms P Gobinca (Appointed 01 Dec 2009)	1	0	1	2
Ms E Ogunniyi (Appointed 01 Dec 2009)	1	1	1	3
Ms T Sibanyoni (Resigned 11 Nov 2009)	1	0	0	1
Adv S Kuboni (Resigned 26 Feb 2010)	1	0	1	2

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the requirements of the PFMA and the King Report on Corporate Governance, Internal Audit provides the Audit and Risk Committee and management with assurance that the systems of internal controls are appropriate and effective. This is achieved by means of the



risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Report of the Auditor-General on the Annual Financial Statements and the management report of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported, except for weaknesses identified in the management of Ethics, Performance Information, Co-Operatives Development programme, Asset Management, Supply Chain Management and Small Medium Macro Enterprises programme.

The quality of in year management and monthly/ quarterly reports submitted in terms of the Treasury Regulations and the Division of Revenue Act

The Audit and Risk Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review, except for the material under-spending of the budget in the current financial year as well as the lack of policies related to transfer payments and the non-confirmation of compliance with contractual obligation before transferring funds to the beneficiaries.

Evaluation of Financial Statements

The Audit and Risk Committee has evaluated the audited annual financial statements and the Auditor-General's management report and management's response thereto. The Audit and Risk Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Chairman: on behalf of the Provincial Audit and Risk Committee
Date: 10 August 2010



**Department of Economic
Development and Tourism**
Umyango Wezokuthuthukiswa
Komnotho Nezokuvakasha

KWAZULU-NATAL PROVINCIAL GOVERNMENT



*Part 4:
Annual Financial
Statements*



PART FOUR: ANNUAL FINANCIAL STATEMENT

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Report of the Accounting Officer for the year ended 31 March 2010

1. Introduction

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

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

3. General review of the state of financial affairs

Following the elections in May 2009, the department received a function shift in the form of the tourism mandate. This function shift resulted in a realignment of resources in the form of budgets, personnel, offices and systems. The realignment process and tabling of budgets late in the year, had an impact on the effectiveness of the department. Coupled with this significant change in operations, the department was further hindered by the decision to freeze all posts in government. The Department had undertaken a review of their organisational structure and in order to ensure that we deliver against our new mandate it was critical that positions were filled. Furthermore, there were a number of resignations and vacancies arising from natural attrition, which further impacted on the Department's service delivery. This is reflected in the significant increase in personnel costs from R63 million in 2008/09 to R100 million this year. An under provision of budgets associated with the function shift and the establishment of a ministry not catered for, resulted in significant shifts of funding during the year.

An additional responsibility of the department was the establishment of the Agri-Business Development Agency, wherein the Department was required to ensure that appropriate budgets and resources were put in place for the new financial year.

The Department therefore now has nine entities over which it plays an oversight role, which requires detailed attention to ensure that funds are appropriately transferred to entities which maintain adequate controls.

In line with the cost-cutting measures the Department, additional to putting in place measures to curtail costs in S&T and other related initiatives, undertook to stop any projects wherein the procurement process had not been finalised in October of last year, which collectively led to an underspend of R67 million. The main reasons for procurement processes not having been concluded by October was due to the severe lack of quality proposals which resulted in projects being re-advertised during the year. Included in this amount was the administrative costs associated with personnel not appointed during the year. Where projects were approved, these began late and as a result expenditure will be carried over into the new financial year in terms of contractual commitments.

Leading up to the 2010 FIFA World Cup, the department engaged in several activities, including that of hosting public viewing areas, promotion campaign locally and internationally and establishing the first provincial website in the country. These activities are to ensure that we the province and the department capitalise on the opportunity which this event presents to the province in terms of local and international exposure.

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



Programme	Final Appropriation	Actual Expenditure	Variance
P1: Administration	155,271	146,275	8,996
P2: Integrated Economic Empowerment Services	258,104	231,305	26,799
P3: Trade & Industry Development	2,043,976	2,016,308	27,668
P4: Business Regulation and Governance	24,178	21,130	3,048
P5: Economic Planning	10,872	10,299	573
TOTAL	2 492 401	2 425 317	67 084

The Department of Economic Development under-spent its budget by R67.084 million, or 2.7 percent, for the vote as a whole.

Programme 1: Administration

The full budget for programme 1 during the financial year.

Programme 2: Integrated Economic Development Services

As indicated above three key projects began late during the year and hence expenditure was low against the allocated budget with carry over effects for the new financial year. These included KZN Youth Training (R9,6 million), Co-operative Business Training (R3,6 million), Co-operative Competency Training (R2,8 million). In terms of the Richmond project, there have been service delivery challenges and a review of the implementation model resulting in under-spending of R5 million.

Programme 3: Trade and Industry Development

Similarly to programme two above, the underspend related to a delay in a large co-operative clothing and textile project as it was a first of its kind as well as the establishment of the integrated crafts hub both amounting to R25,6 million underspend. These projects will continue for the next three years and hence the need to ensure that the establishment was appropriate from the onset.

Programme 4: Business Regulation and Governance

Under-expenditure in this programme amounted to under-spent by R3.047 million or 12.8 per cent due to delays in the audit of Liquor Licences (R400,000), the establishment of a Liquor Licence Call Centre (R600,000), the appointment of Liquor Inspectors on contract (R400,000) as well as delays in the formulation of an Informal Economy Policy (R900,000).



Programme 5: Economic Planning

The full budget for programme 5 was spent during the financial year.

- Virement:**

	Main appropriation	Additional appropriation			Total additional appropriation	Adjusted appropriation
		Roll-overs	Virement	Other adjustments		
P1: Administration	1 18 189		24 000	4 711	28 711	146 900
P2: Integrated Economic Empowerment Services	558 950		(298 600)	-	(298 600)	260 350
P3: Trade & Industry Development	1 740 775		304 700	5 000	309 700	2 050 475
P4: Business Regulation and Governance	52 538		(28 700)	-	(28 700)	23 838
P5: Economic Planning	17 238			(5 000)	(6 400)	10 838
TOTAL	2 487 690		-	4 711	4 711	2 492 401

Virement – Programme 1: Administration: R24,000 million

The Department shifted funds between programmes and economic categories to offset spending pressures. The net increase of R24, 000 million in Programme 1 is due to the following:

R24 million was moved to this programme from savings identified in Programme 4: Business Regulation and Governance due to delays in the promulgation of the KZN Liquor Bill to provide for the cost of 2010 projects and to provide for the Office of the MEC. The main allocation of this funding was to Goods and services and Machinery and equipment. A further R1 million from savings was identified in Compensation of employees which was moved to Goods and services to assist with the cost of 2010 projects.

Other adjustments – Programme 1: Administration: R4,711 million

An amount of R4.711 million was shifted from Vote 6: Provincial Treasury to the department being the portion of the previously joint-ministry budget which is being allocated to the department. The post-election provincial reconfiguration resulted in some ministries changing from being joint-ministries to being stand-alone ministries.

Virement – Programme 2: Integrated Economic Development Services: (R298,600 million)

The Department shifted funds between programmes and economic categories to offset spending pressures. This was as a result of rollovers not being approved by Provincial Treasury. The funds requested for rollover had been deliberately withheld to ensure that the overdraft of the province was minimised. The net decrease of R298.600 million in Programme 2 is due to the following:



An amount of R100 million was reallocated from the Growth Fund due to the delays in finalising Growth Fund 2 due to financial institutions being impacted on by the economic recession. Similarly this impacted on the ability of Ithala to finance loan applications given the economic climate and associated risks and hence the allocation of R85 million was withheld from Ithala.

This funding was utilised for Richards Bay Industrial Development Zone (RBIDZ) – R50 million and Dube Trade Port expenditure for the previous financial year and in line with contractual commitments to the tune of R185 million. The shortfall was funded through a reprioritisation of the departmental budget.

Virement – Programme 3: Trade and Industry Development: R304, 700 million

The Department shifted funds between programmes and economic categories to offset spending pressures. The net increase of R304.700 million in Programme 3 is due to the following:

R93.521 million was allocated to Goods and services to fund high impact projects such as the Partnership with Crossley Carpets (R7 million), The Moses Kotane Programme (R30 million), The Clothing & Textile Support Programme (R20 million), Sector Cluster Support Programme (R7 million), The Industrial Upgrading & Modernisation Programme (R7 million) and the KZN Provincial Business Regeneration and Support Strategy.

A total of R59 million identified in Goods and Services was allocated to Transfers and subsidies to: Public Corporations and private enterprises to provide additional funding of R50 million for the RBIDZ and R9 million of additional funding for the KZN Tourism Authority in respect of Tourism Indaba for the past two years.

A total of R159.463 million identified was allocated Transfers and subsidies to Non-profit institutions to provide for costs not rolled-over from 2008/09 in respect of the Dube Trade Port project (R154.000 million), R30 million in respect of the Moses Kotane Institute and the balance of the amount was made up of a number of smaller adjustments.

Other adjustments – Programme 3: Trade and Industry Development: R5, 000 million

An amount of R5.000 million in respect of the Film Festival, as well as the Film Commission was moved to the Sector Development Unit under this programme as this programme was deemed more appropriate to deal with the project.

Virement – Programme 4: Business Regulation and Governance: (R28,700 million)

The Department shifted funds between programmes and economic categories to offset spending pressures. The net decrease of R28.700 million in Programme 4 is due to the following:

A total of R29.126 million in respect of Transfers and subsidies to: Public corporations and private enterprises was moved to Programme 1: Administration and Programme 3: Trade and Industry Development to provide for additional funding for the Richards Bay Industrial Development Zone (RBIDZ) and high impact projects in that programme. The funding arose due to the Bill not been promulgated and hence the establishment of the entity not taking place.

An amount of R3.726 million was allocated to Goods and services to provide for temporary staff for the Liquor entity and the cost of an audit of liquor licences.



Virement – Programme 5: Economic Planning: (R1,400 million)

The Department shifted funds between programmes and economic categories to offset spending pressures. The net decrease of R1.400 million in Programme 5 is mainly due to savings of R1.200 million identified under Goods and services which were transferred to Programme 1: Administration and Programme 3: Trade and Industry Development to fund spending pressures in these programmes.

Other adjustments – Programme 5: Economic Planning: (R5,000 million)

An amount of R5.000 million in respect of the Film Festival, as well as the Film Commission was moved to the Sector Development Unit under Programme 3 as that programme was deemed more appropriate to deal with this project.

4. Services rendered by the Department

4.1 The department renders the following core functions in terms of its mandate:.

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

The Integrated Manufacturing Strategy
National Industrial Policy Framework (IPAP)
National LED Framework
Provincial Spatial economic Development Strategy (PSEDS)
Accelerated Shared Growth Initiative of South Africa (ASGISA)
Growth, Employment and Redistribution (GEAR)
Schedule 4 of the Constitution namely TRADE, INDUSTRIAL PROMOTION, URBAN AND RURAL DEVELOPMENT

b. Champion economic transformation which is informed by:

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

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

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

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

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



In addition the following services are rendered:

- Unlock key anchor investment projects,
- Undertake a process of development planning,
- Promote SMME's and co-operatives,
- Promote internal and external trade,
- Promote rural and local economic development,
- Effectively manage parastatals as instruments of delivery and economic co-ordination.
- Administration of Liquor Licenses for KwaZulu-Natal
- Consumer Protection Services for KwaZulu-Natal

4.2 Tariff policy

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

4.3 Free Services

Consumer Affairs division of the Department continued to protect, promote and further the rights and interests of consumers in the Province of KwaZulu-Natal.

The Consumer Affairs division sees its primary responsibility as the spreading of consumer awareness and developing a rights culture in the Province. It achieves this through two specific interventions viz. Consumer Complaints Handling and Consumer Education.

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

4.4 Inventories

The total inventories on hand at year-end are included in the Annexure on Inventory in the Annual Financial Statements.

5. Capacity constraints

As per the Provincial Treasury Circular on cost cutting measures, the Department had a number of posts that remained vacant for the whole financial year. Some of these posts were both strategic and critical, as they were at the SMS level. There were other technical posts that the Department could not fill, but as per the requirement of the circular, these were then submitted to the Executing Authority.



6. Utilisation of donor funds

The department acts as a contracting authority with regard to a LED funding partnership with the EU, the Gijima KZN LED Support Programme. This programme brings together skilled private and public sector technical teams funded through the EU and the provincial government. As at December 2009, the following was achieved:

- A cumulative total of 4 200 jobs were created through the programme (922 permanent, 1 277 saved and 2 001 temporary/seasonal employment);
- A cumulative total of 1 740 people went through training and skills development initiatives offered by the department;
- The department, together with the EU, contracted with UKZN in December 2009 to offer the LED post graduate programme. It is envisaged that this programme will enhance the LED body of knowledge and capacitate municipal officials, as well as other LED stakeholders and practitioners;

7. Trading entities and public entities

Ithala Development Finance Corporation Limited

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

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

8. Organisations to whom transfer payments have been made

ANNEXURE: 1C TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Name	Amount Transferred '000
Trade and Investment KwaZulu-Natal	R 54,416
Natal Sharks Board	R 27,450
Tourism Authority	R 76,490
TOTAL	R158,356



ANNEXURE: 1E TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name	Amount '000
Ithala Development Finance Corporation Limited – Small Business Development	R 100,000
Ithala Development Finance Corporation Limited – Richards Bay Industrial Development Zone	R 103,750
TOTAL	R 203,750

ANNEXURE: 1G TRANSFERS TO NON-PROFIT INSTITUTIONS

Name	Amount '000
Dube TradePort	R 1,598,254
SANLITPPS	R 4,500
Clothing & Textile Cluster	R 1,643
ICTE Cluster	R 1,800
Iqhaza Co-operatives	R 59
SEDA Ethekwini	R 600
Furniture Cluster	R 450
Indigenous Music	R 1,000
Durban Film Festival & Film Commission	R 860
TOTAL	R 1,609,166

ANNEXURE: 1H TRANSFERS TO HOUSEHOLDS

Name	Amount '000
Leave Gratuities	R 174
TOTAL	R 174

TOTAL AMOUNT OF THE TRANSFERS MADE

R 1,971,446 000

9. Public private partnerships (PPP)

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

10. Corporate governance arrangements

All SMS members within the Department went for Risk Management Training, with the Provincial Treasury led training initiatives. This was also in line with preparation for all Departments to take over the Risk Management function, as per the proposed Provincial Risk Management Framework. Risk Management is also now a standing item for discussion at the Department's Management Committee bi-weekly meetings. For now there is a common understanding from all Managers on the importance of Risk Management, and most importantly the inclusion of Risk discussions in the compilation of the Department's annual strategic plan, and the monitoring on the imple-



mentation of the various plans.

The Department relies on the service of the independent audit committee and internal audit unit, which is shared by all departments in the province in line with the Provincial Cabinet decision.

The Department has an Internal Control unit which is responsible for risk management and the implementation and monitoring of the Fraud prevention policy. This unit also from time to time works with the Internal Audit unit from the Provincial Treasury, as and when the Treasury needs to carry out any audit assignment. The Internal Control unit currently has two staff members, a proposal has been discussed to increase the unit so that it will audit all Departmental functions either than the Finance Chief Directorate only, although this was proposed a year ago, the freezing of posts led to the delayed implementation of this. The reporting lines have been moved to the SGM: Administration as a direct supervisor.

All members of the various Supply Chain Management committees are required for every bid meeting to sign forms on conflict of interest.

The Human Resource directorate is responsible for managing the implementation of the code of conduct across the whole department, and from time to time to run information sessions for all departmental staff.

The Security and OHS directorate is responsible for safety, health and environmental issues for the whole Department, and there is a proposal to move the OHS from Security to Employee Wellness. For the 2009/10 financial year, there were no serious issues that faced the department in this area.

The Department complies fully with the requirements as listed in section 38 and 40 of the Public Finance Management Act (PFMA).

11. Discontinued activities/activities to be discontinued

The Department did not have any discontinued activities for the 2009/10 financial year.

12. New/proposed activities

The Department does not have any new/proposed activities for the 2010/11 financial year save for the fully operational Agricultural Development Agency and two entities which should be established once the Bills have been enacted namely the Film Commission and the Liquor Entity. The department will also be converting the TIKZN and DTP into public entities.

13. Asset management

The Department complies with all the Asset Management framework and milestones as managed and monitored by Provincial Treasury. The Department also fully utilises the Hardcat software system for its asset management.

14. Events after the reporting date

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



15. Performance information

The reporting of performance information is as per the National Treasury Framework, where the process is started by the compilation of the Departmental Annual Performance Plan. On a quarterly basis, all actuals against quarterly targets are sent to the Provincial Treasury. The Department's Monitoring and Evaluation directorate, also on a quarterly basis, takes all the submitted actuals and verifies that the supporting information does exist.

16. SCOPA resolutions

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

17. Prior modifications to audit reports

The Department received a clean report for the 2008/09 financial year. The section on other reports contained matters with regard to on-going investigations. These matters are as follows:

- Mismanagement of finances at a poultry co-operative
- Embezzlement of funds at the Bee Foundation
- Fraud and corruption in the KwaZulu-Natal Business Rehabilitation Trust Fund.

18. Exemptions and deviations received from the National Treasury

No matters to be reported in this financial year.

19. Other

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

20. Approval

The Annual Financial Statements set out on pages 55 to 118 have been approved by the Accounting Officer.

Carol Lyn Coetzee
Accounting Officer
31 May 2010



REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE NO. 4: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the department, which comprise the appropriation statement, the statement of financial position as at 31 March 2010, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 55 to 118.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DoRA) and in the manner required by the PFMA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA), my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

- In my opinion, the financial statements present fairly, in all material respects, the financial position of the department as at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the PFMA and DoRA.

Emphasis of matter

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

Irregular expenditure

- As disclosed in note 25 to the financial statements, irregular expenditure to the amount of R1,8 million was incurred without meeting the criteria for emergency and /or urgent, thus avoiding a proper tender process.

Basis of accounting

- The department's policy is to prepare financial statements on the modified cash basis of accounting described in accounting policy note 1.1 to the financial statements.

Additional matters

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- In terms of the PAA and General Notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with laws and regulations and internal control.

Findings

Predetermined objectives

Reliability of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Validity:** Has the actual reported performance occurred and does it pertain to the entity, i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness:** All actual results and events that should have been recorded have been included in the reported performance information.



The following audit findings relate to the above criteria:

The reported targets could not be verified for completeness, accuracy or validity as inadequate supporting documentation was provided

13. For a number of indicators that are material by nature, the completeness, accuracy and validity of the reported targets could not be established as sufficient appropriate audit evidence was not provided in support of the internal controls.

Supporting documentation for performance information not provided for audit

14. Sufficient appropriate audit evidence in relation to detailed tests selected on programmes 2 and 3 was not provided. There were also no satisfactory audit procedures that I could perform to obtain the required assurance as to the completeness, accuracy and validity of the reported information.

Compliance with laws and regulations

Treasury Regulations of 2005

Non-adherence to requirements

15. Contrary to Treasury Regulation 8.2, payments totalling R4,7 million were not made within 30 days of receipt of invoice as required and there were no documented reasons for the invoices that were under dispute.

INTERNAL CONTROL

16. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

Leadership

17. The accounting officer did not exercise oversight responsibility over compliance with the PFMA and Treasury Regulation 8.2, which resulted in payments not being made within 30 days of receipt of invoice.

Financial and performance management

18. The financial statements and performance information were not adequately reviewed for completeness and accuracy prior to submission for audit. In addition, controls were not designed to ensure that all transactions that have occurred are completely and accurately processed and reported.



OTHER REPORTS

Investigations in progress

19. An investigation has been conducted into the embezzlement of funds at the BEE Foundation. This investigation dealt with receiving of commission, tender processes that were not followed and the utilisation of funds contrary to the provisions of the agreement with the Foundation.
20. An investigation is being conducted into fraud and corruption in a Trust. The second phase of the investigation is in progress and was requested by the department. The investigation involves the use of guarantees obtained from the Trust to purchase trading stock which was not paid for, while the guarantees were also not repaid.

Auditor-General

Pietermaritzburg
30 July 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Department of Economic Development & Tourism
Vote 4



Department of Economic
Development and Tourism
Umyango Wezokuthukiswa
Komnotho Nezokuvakasha
KWAZULU-NATAL PROVINCIAL GOVERNMENT

Appropriation Statement for the year ended 31 March 2010

APPROPRIATION STATEMENT	Appropriation per programme						2008/09		
	Adjusted Appropriation of Funds	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Programme 1 ADMINISTRATION									
Current payment	142,548	-	1,872	144,420	136,249	8,171	94.3%	111,189	100,131
Transfers and subsidies	-	-	168	168	168	-	100%	28	28
Payment for capital assets	4,352	-	6,331	10,683	9,858	825	92.3%	6,311	3,518
2. Programme 2 INTEGRATED ECONOMIC DEVELOPMENT SERVICE									
Current payment	160,036	-	-2,246	157,790	130,992	26,798	83.0%	133,457	114,795
Transfers and subsidies	100,059	-	-	100,059	100,059	-	100.0%	7,200	1,643
Payment for capital assets	255	-	-	225	254	1	99.6%	2,865	2,410
3. Programme 3 TRADE AND INDUSTRY DEVELOPMENT									
Current payment	176,338	-	-6,499	169,839	144,735	25,104	85.2%	88,308	57,575
Transfers and subsidies	1,873,463	-	-	1,873,463	1,871,212	2,251	99.9%	1,558,145	1,355,132
Payment for capital assets	674	-	-	674	361	313	53.6%	1,036	1,036
4. Programme 4 BUSINESS REGULATION AND GOVERNANCE									
Current payment	23,338	-	322	23,660	20,908	2,752	88.4%	22,721	16,827
Transfers and subsidies	-	-	-	52	52	-	100.0%	-	-
Payment for capital assets	500	-	-34	466	170	296	36.5%	451	256
5. Programme 5 ECONOMIC PLANNING									
Current payment	10,738	-	-6	10,732	10,159	573	94.7%	12,175	10,164
Transfers and subsidies	-	-	6	6	6	-	100.0%	945	250
Payment for capital assets	100	-	34	134	134	-	100.0%	850	577
Subtotal	2,492,401	-	-	2,492,401	2,425,317	67,084	97.3%	1,945,681	1,664,342
Statutory Appropriation									
Current payment									
Transfers and subsidies									
Payment for capital assets									



	2,492,401	2,425,317	67,084	97.3%	1,945,681	1,664,342
	2,492,401	2,425,317	67,084	97.3%	1,945,681	1,664,342
TOTAL	2,492,401	2,425,317	67,084	97.3%	1,945,681	1,664,342
					2008/09	Actual Expenditure
TOTAL (brought forward)					Final Appropriation	
Reconciliation with statement of financial performance						
ADD						
Departmental receipts					4,787	
Direct Exchequer receipts						
Aid assistance						
Actual amounts per statement of financial performance (total revenue)					1,950,468	
ADD						
Aid assistance						
Direct Exchequer payments						
Prior year unauthorised expenditure approved without funding						
Actual amounts per statement of financial performance (total expenditure)						2,425,317

Department of Economic Development & Tourism
Vote 4



Appropriation per economic classification									
	2009/10					2008/09			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	100,768	-	-174	100,594	100,183	411	99.6%	86,743	63,592
Goods and services	412,230	-	-6,331	405,899	342,860	63,039	84.5%	280,903	235,697
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	204	204
Transfers and subsidies									
Provinces and municipalities								3,900	1,626
Departmental agencies and accounts	54,416	104,350	-	158,766	158,355	411	99.7%	46,596	42,000
Universities and technicians	4,500	(4,500)	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	308,100	(104,350)	-	203,750	203,750	-	100.0%	6,500	943
Non-profit institutions	1,606,506	4,500	-	1,611,006	1,609,166	1,840	99.9%	1,509,294	1,312,455
Households	-	-	174	174	174	-	100.0%	28	28
Payments for capital assets									
Buildings and other fixed structures	-	-	3,261	3,261	3,261	-	100.0%	-	-
Machinery and equipment	5,391	-	2,563	7,954	6,815	(1,139)	125.3%	11,320	7,604
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	490	-	57	547	303	244	55.4%	193	193
Land and subsoil assets	-	-	450	450	450	-	100.0%	-	-
Total	2,492,401	-	-	2,492,401	2,425,317	67,084	97.3%	1,945,681	1,664,342

Detail Per Programme for the year ended 31 March 2010



Department of Economic
Development and Tourism
Umnnyango Wezokuthukiswa
Komnotho Nezokuvakasha
KWAZULU-NATAL PROVINCIAL GOVERNMENT

Department of Economic Development & Tourism
Vote 4

Statutory Appropriation per economic classification									
1. Administration	2009/10					2008/09			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	38,430	-	1,872	40,302	40,302	-	100.0%	30,389	21,627
Goods and services	104,118	-	-	104,118	95,947	8,171	92.2%	80,596	78,300
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	204	204
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technicians	-	-	-	-	-	-	-	-	-
Foreign governments									
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	168	168	168	-	100.0%	-	28
Payments for capital assets									
Buildings and other fixed structures	-	-	3,261	3,261	3,261	-	100.0%	-	-
Machinery and equipment	4,232	-	2,515	6,747	5,922	-	87.8%	6,118	3,325
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	120	-	105	225	225	-	100.0%	193	193
Land and subsoil assets	-	-	450	450	450	-	100.0%	-	-
Total	146,900	-	8,371	155,271	146,275	8,996	94.2%	117,528	103,677

Department of Economic Development & Tourism
Vote 4



1. Administration	2009/10					2008/09			
	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
1.1 OFFICE OF THE MEC									
Current payment	18,229	-	-	18,229	15,428	2,801	84.6%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	625	-	(260)	365	365	-	100.0%	-	-
1.2 OFFICE OF THE HOD									
Current payment	51,141	-	(9,977)	41,164	37,666	3,498	91.5%	35,445	28,599
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	42	-	33	75	75	-	100.0%	296	296
1.3 FINANCIAL MANAGEMENT									
Current payment	14,774	-	3,276	18,050	16,178	1,872	89.6%	16,447	12,235
Transfers and subsidies	-	-	168	168	168	-	100.0%	-	-
Payment for capital assets	2,202	-	2,003	4,205	4,205	-	100.0%	959	674
1.4 CORPORATE SERVICES									
Current payment	58,404	-	8,573	66,977	66,977	-	100.0%	59,297	59,297
Transfers and subsidies	-	-	-	-	-	-	-	-	28
Payment for capital assets	1,483	-	4,555	6,038	5,213	825	86.3%	5,056	2,548
Total	146,900	-	8,371	155,271	146,275	8,996	94.2%	117,528	103,677



2. Integrated Economic Development Service	2009/10				2008/09				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	34,441	-	-2,246	32,195	32,127	68	99.8%	30,926	25,421
Goods and services	125,595	-	-	125,595	98,865	26,730	78.7%	102,531	89,374
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technicians	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	100,000	-	-	100,000	100,000	-	100.0%	6,500	943
Non-profit institutions	59	-	-	59	59	-	100.0%	-	-
Households	-	-	-	-	-	-	-	-	-
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	255	-	-48	207	206	1	99.5%	2,865	2,410
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	48	48	48	-	100.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	260,350	-	-2,246	258,104	231,305	26,799	89.6%	143,522	118,848

Department of Economic Development & Tourism
Vote 4



2. Integrated Economic Development Services	2009/10				2008/09				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
2.1 ENTERPRISE DEVELOPMENT									
Current payment	50,300	-	-	50,300	46,529	3,771	92.5%	79,484	76,836
Transfers and subsidies	100,059	-	-	100,059	100,059	-	100%	6,500	943
Payment for capital assets	195	-	(23)	172	171	1	99.4%	2,020	1,706
2.2 LOCAL ECONOMIC DEVELOPMENT									
Current payment	49,431	-	-	49,431	37,944	11,487	76.8%	32,776	17,754
Transfers and subsidies	-	-	-	-	-	-	-	700	700
Payment for capital assets	-	-	17	17	17	-	100.0%	445	304
1.3 ECONOMIC EMPOWERMENT									
Current payment	60,305	-	-2246	58,059	46,519	11,540	80.1%	21,197	20,205
Transfers and subsidies	-	-	-	-	-	-	-	400	400
Payment for capital assets	60	-	6	66	66	-	100.0%	-	-
1.4 GROWTH FUND									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	260,350	-	-2246	258,104	231,305	26,799	89.6%	143,522	118,848



	2009/10					2008/09			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
3. Trade & Industry Development									
Current payments									
Compensation of employees	10,616		-168	10,448	10,332	116	98,9%	8,663	4,992
Goods and services	165,722		-6,331	159,391	134,403	24,988	84,3%	79,645	52,584
Interest and rent on land	-		-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-		-	-	-	-	-	-	-
Transfers and subsidies to:									
Provinces and municipalities	-		-	-	-	-	-	-	-
Departmental agencies and accounts	54,416	104,350	-	158,766	158,355	411	99,7%	46,596	42,000
Universities and technicians	4,500	-4500	-	-	-	-	-	-	-
Public corporations and private enterprises	208,100	-104,350	-	103,750	103750	-	100,0%	-	-
Non-profit institutions	1,606,447	4,500	-	1,610,947	1,609,107	1,840	99,9%	1,508,349	1,312,205
Households	-	-	-	-	-	-	-	-	-
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	674	-	-	674	361	313	53,6%	1,036	1,036
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	2,050,475	-	-6,499	2,043,976	2,016,308	27,668	98,6%	1,647,489	1,413,743

Department of Economic Development & Tourism
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3. Trade & Industry Development	2009/10				2008/09				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
3.1 TRADE AND INVESTMENT PROMOTION									
Current payment	12,868	-	-172	12,696	8,199	4,497	64.6%	7,941	7,635
Transfers and subsidies	1,653,270	-	-	1,653,270	1,653,270	-	100.0%	1,497,089	1,342,166
Payment for capital assets	-	-	14	14	14	-	100.0%	86	86
3.2 INDUSTRY DEVELOPMENT									
Current payment	-	-	4	4	4	-	100.0%	-	350
Transfers and subsidies	103,785	-	-	103,785	103,750	35	100.0%	50,000	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
3.3 TOURISM DEVELOPMENT									
Current payment	17,970	-	-	17,970	13,804	4,166	76.8%	-	-
Transfers and subsidies	104,350	-	-	104,350	103,939	411	99.6%	-	-
Payment for capital assets	516	-	-	516	266	250	51.6%	-	-
1.4 SECTOR DEVELOPMENT									
Current payment	145,500	-	-6,331	139,169	122,728	16,441	84.3%	80,367	49,590
Transfers and subsidies	1,258	-	-	1,258	1,025	233	81.5%	1,056	1,296
Payment for capital assets	158	-	-14	144	81	63	56.3%	950	950
Total	2,050,475	-	-6,499	2,043,976	2,016,308	27,668	98.6%	1,647,489	1,413,743



4. Business Regulation & Governance	2009/10					2008/09			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	11,520	-	374	11,894	11,894	-	100.0%	11,743	7,850
Goods and services	11,818	-	-	11,818	9,014	2,804	76.3%	10,978	8,977
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technicians	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	130	-	92	222	222	-	100.0%	451	256
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	370	-	-126	244	-	244	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	23,838	-	340	24,178	21,130	3,048	87.4%	23,172	17,083

4. Business Regulation & Governance	2009/10					2008/09			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
4.1 CONSUMER PROTECTION									
Current payment	13,899	-	-	13,899	12,469	1,430	89.7%	13,522	9,584
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	130	-	40	170	170	-	100.0%	230	83
4.2 LIQUOR REGULATION									
Current payment	9,439	-	374	9,813	8,439	1,374	86.0%	9,199	7,243
Transfers and subsidies	-	-	-74	296	52	244	17.6	221	173
Payment for capital assets	370	-	-	-	-	-	-	-	-
Total	23,838	-	340	24,178	21,130	3,048	87.4%	23,172	17,083



5. Economic Planning	2009/10					2008/09				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
5.1 KNOWLEDGE MANAGEMENT										
Current payment	4,716	-	-6	4,710	4,350	360	92.4%	6,328	4,722	
Transfers and subsidies	-	-	6	6	6	-	100.0%	945	250	
Payment for capital assets	-	-	-	-	-	-	-	201	201	
5.2 MONITORING AND EVALUATION										
Current payment	6,022	-	-	6,022	5,809	213	96.5%	5,847	5,442	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Payment for capital assets	100	-	34	134	134	-	100.0%	649	376	
Total	10,838	-	34	10,872	10,299	573	94.7%	13,970	10,991	
5. Economic Planning	2009/10					2008/09				
Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000		
Current payments										
Compensation of employees	5,761	-	-6	5,755	5,528	227	96.0%	5,022	3,702	
Goods and services	4,977	-	-	4,977	4,631	346	93.0%	7,153	6,462	
Interest and rent on land	-	-	-	-	-	-	-	204	204	
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-	
Transfers and subsidies to:	-	-	-	-	-	-	-	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Universities and technicians	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	6	6	6	6	-	945	250	
Payment for capital assets										
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	100	-	4	104	104	-	100.0%	850	577	
Biological assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	30	30	30	-	100.0%	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Total	10,838	-	34	10,872	10,299	573	94.7%	13,970	10,991	



Notes to the Appropriation statement for the year ended 31 March 2010

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

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

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 financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in the note on Financial transactions in assets and liabilities to the Annual Financial Statements.

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1	155,271	146,275	8,996	6%
Programme 2	258,104	231,305	26,799	10%
Programme 3	2,043,976	2,016,308	27,668	1%
Programme 4	24,178	21,130	3,048	13%
Programme 5	10,872	10,299	573	5%

4.2 Per Economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Current payments:				
Compensation of employees	100,594	100,183	411	0.41%
Goods and services	405,899	342,860	63,039	15.53%
Interest and rent on land	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-
Unauthorised expenditure approved	-	-	-	-
Transfers and subsidies:				
Provinces and municipalities	-	-	-	-
Departmental agencies and accounts	158,766	158,355	411	0,26%
Universities and technikons	-	-	-	-
Public corporations and private enterprises	203,750	203,750	-	100%

Department of Economic Development & Tourism
Vote 4



Department of Economic
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Umyango Wezokuthukiswa
Komnotho Nezokuvakasha
KWAZULU-NATAL PROVINCIAL GOVERNMENT

4.2	Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Foreign governments and international organisations	-	-	-	-
	Non-profit institutions	1,611,006	1,609,166	1,840	0.11%
	Households	174	174	0	-
	Payments for capital assets:				
	Buildings and other fixed structures	3,261	3,261	-	100%
	Machinery and equipment	7,954	6,815	1,139	-0.25
	Heritage assets	-	-	-	-
	Biological assets	-	-	-	-
	Software and other intangible assets	547	303	139	0.26
	Land and subsoil assets	450	450	-	100%



Statement of Financial Performance for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
REVENUE			
Annual appropriation	1	2,492,401	1,945,681
Statutory appropriation	2	-	-
Departmental revenue	3	5,556	4,787
Direct Exchequer Receipts	4	-	-
Aid assistance	6	-	-
TOTAL REVENUE		2,497,957	1,950,468
EXPENDITURE			
Current expenditure			
Compensation of employees	7	100,184	63,592
Goods and services	8	342,858	235,697
Interest and rent on land	9	-	-
Financial transactions in assets and liabilities	10	-	204
Aid assistance	6	-	-
Unauthorised expenditure approved without funding	13	-	-
Total current expenditure		443,042	299,463
Transfers and subsidies			
Transfers and subsidies	11	1,971,446	1,357,052
Aid assistance	6	-	-
Unauthorised expenditure approved without funding	13	-	-
Expenditure for capital assets			
Tangible capital assets	12	10,526	7,604
Software and other intangible assets	12	303	193
Unauthorised expenditure approved without funding	13	-	-
Total expenditure for capital assets		10,829	7,797
Direct Exchequer Payments	5	-	-
TOTAL EXPENDITURE		2,425,317	1,664,342
SURPLUS/(DEFICIT) FOR THE YEAR		72,640	286,126
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		67,084	281,339
Annual appropriation		67,084	281,339
Conditional grants		-	-
Unconditional grants		-	-
Departmental revenue	22	5,556	4,787
Direct Exchequer receipts/payments	23	-	-
Aid assistance	6	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		72,640	286,126



Statement of Financial Position as at 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Current assets			
		68,108	4,283
Unauthorised expenditure	13	-	220
Fruitless and wasteful expenditure	14	-	-
Cash and cash equivalents	15	66,129	-
Other financial assets	16	-	-
Prepayments and advances	17	36	3
Receivables	18	1,943	4,060
Loans	20	-	-
Aid assistance receivable	6	-	-
Non-current assets			
		1,008,607	1,008,607
Investments	19	1,008,607	1,008,607
Loans	20	-	-
Other financial assets	16	-	-
TOTAL ASSETS		1,076,715	1,012,890
LIABILITIES			
Current liabilities			
		68,076	4,217
Voted funds to be surrendered to the Revenue Fund	21	67,084	1,339
Departmental revenue to be surrendered to the Revenue Fund	22	923	738
Direct Exchequer Receipts to be surrendered to the Revenue Fund	23	-	-
Bank overdraft	24	-	2,132
Payables	25	69	8
Aid assistance repayable	6	-	-
Aid assistance unutilised	6	-	-
Non-current liabilities			
Payables	26	-	-
TOTAL LIABILITIES		68,076	4,217
NET ASSETS		1,008,639	1,008,673



Department of Economic Development & Tourism
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	Note	2009/10 R'000	2008/09 R'000
Represented by:			
Capitalisation reserve		1,008,607	1,008,607
Recoverable revenue		32	66
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		1,008,639	1,008,673



Statement of Changes in Net Asset for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
Capitalisation Reserves			
Opening balance		1,008,607	1,008,607
Transfers:			
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		<u>1,008,607</u>	<u>1,008,607</u>
Recoverable revenue			
Opening balance		66	31
Transfers:		(34)	35
Irrecoverable amounts written off	34.1	-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		73	-
Debts raised		-107	35
Closing balance		<u>32</u>	<u>66</u>
Retained funds			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)		-	-
Utilised during the year		-	-
Other		-	-
Closing balance		<u>-</u>	<u>-</u>
Revaluation Reserve			
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		<u>-</u>	<u>-</u>
TOTAL		<u>1,008,639</u>	<u>1,008,673</u>



Cash Flow Statement for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,497,957	1,670,468
Annual appropriated funds received	1.1	2,492,401	1,665,681
Statutory appropriated funds received	2	-	-
Departmental revenue received	3	5,556	4,787
Direct Exchequer Receipts	4	-	-
Aid assistance received	6	-	-
Net (increase)/decrease in working capital		2,365	(1,717)
Surrendered to Revenue Fund		(6,710)	(13,547)
Surrendered to RDP Fund/Donor		-	-
Current payments		(443,042)	(299,493)
Transfers and subsidies paid		(1,971,446)	(1,357,052)
Net cash flow available from operating activities	27	79,124	(1,341)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	12	(10,829)	(7,797)
Proceeds from sale of capital assets	3.4	-	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities		(10,829)	(7,797)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(34)	35
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		(34)	35
Net increase/(decrease) in cash and cash equivalents		68,261	(9,103)
Cash and cash equivalents at beginning of period		(2,132)	6,971
Cash and cash equivalents at end of period	28	66,129	(2,132)



Accounting Policies for the year ended 31 March 2010

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Comparative figures - Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

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

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

The total appropriated funds received during the year are presented in the statement of financial performance.

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

2.2 Departmental revenue

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

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

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

2.3 Direct Exchequer receipts / payments

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

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

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

2.4 Aid assistance

Aids assistance is recognised as revenue when received

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

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

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

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

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



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

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later than 31 March each year)

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

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

3.1.2 Post retirement benefits

Employer contribution (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

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

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

3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements.



3.2 Goods and services

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

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

3.3 Interest and rent on land

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

3.4 Financial transactions in assets and liabilities

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

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

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

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

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

3.7 Fruitless and wasteful expenditure

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



3.8 Irregular expenditure

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

4. Assets

4.1 Cash and cash equivalents

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

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

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

4.2 Other financial assets

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

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and where the goods and services have not been received by year end.

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

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

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

4.5 Investments

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

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

4.6 Loans

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

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



4.7 Inventory

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

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

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

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

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

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

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

4.8.2 Immovable assets

Initial recognition

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

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national Department of Public Works.

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

5. Liabilities

5.1 Payables

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



5.2 Contingent liabilities

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

5.3 Contingent assets

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

5.4 Commitments

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

5.5 Accruals

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

5.6 Employee benefits

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

5.7 Lease commitments

Finance lease

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

Operating lease

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

5.8 Provisions

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

6. Receivables for departmental revenue

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



7. Net Assets

7.1 Capitalisation reserve

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

7.2 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.

8. Related party transactions

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

9. Key management personnel

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

10. Public private partnerships

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



Notes to the Annual Financial Statements for the year ended 31 March 2010

1. Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2008/09 R'000
Programme 1	155,271	155,271	-	100,615
Programme 2	258,104	258,104	-	124,820
Programme 3	2,043,976	2,043,976	-	1,408,449
Programme 4	24,178	24,178	-	19,837
Programme 5	10,872	10,872	-	11,960
Total	2,492,401	2,942,401	-	1,665,681

2. Departmental revenue

	Note	2009/10 R'000	2008/09 R'000
Tax revenue		4,831	4,282
Sales of goods and services other than capital assets	3.1	111	90
Fines, penalties and forfeits	3.2	-	-
Interest, dividends and rent on land	3.3	-	-
Sales of capital assets	3.4	-	-
Financial transactions in assets and liabilities	3.5	614	415
Transfer received	3.6	-	-
Total revenue collected		5,556	4,787
Less: Own revenue included in appropriation	22		
Departmental revenue collected		5,556	4,787



2.1 Sales of goods and services other than capital assets

	Note	2009/10	2008/09
	3	R'000	R'000
Sales of goods and services produced by the department		111	90
Sales by market establishment		111	65
Administrative fees		-	-
Other sales		-	25
Sales of scrap, waste and other used current goods		-	-
Total		111	90

2.2 Financial transactions in assets and liabilities

	Note	2009/10	2008/09
	3		
Loans and advances		-	-
Repayment of Public Contributions		-	-
Receivables		51	(4)
Proceeds from investment		-	-
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		563	419
Total		614	415

3. Compensation of employees

3.1 Salaries and Wages

Basic salary	67,955	44,464
Performance award	395	88
Service Based	242	264
Compensative/circumstantial	1,184	311
Periodic payments	-	-
Other non-pensionable allowances	18,702	10,972
Total	88,478	56,099



3.2 Social contributions

	Note	2009/10 R'000	2008/09 R'000
Employer contributions			
Pension		8,706	5,735
Medical		2,991	1,744
UIF		-	-
Bargaining council		9	6
Official unions and associations		-	-
Insurance		-	8
Total		11,706	7,493
Total compensation of employees			
		100,184	63,592
Average number of employees		327	212

4. Goods and services

Administrative fees		711	2,279
Advertising		20,371	14,749
Assets less than R5,000	8.1	1,853	2,284
Bursaries (employees)		885	299
Catering		3,199	4,293
Communication		7,238	5,624
Computer services	8.2	8,228	9,891
Consultants, contractors and agency/outsourced services	8.3	227,478	133,803
Entertainment		17	1
Audit cost – external	8.4	2,580	1,431
Government motor transport		264	318
Inventory	8.5	4,799	1,834
Housing		0	0
Operating leases		20,187	13,659
Owned and leasehold property expenditure	8.6	5,763	4,842
Transport provided as part of the departmental activities		324	2,453
Travel and subsistence	8.7	21,832	19,196
Venues and facilities		9,850	10,403
Training and staff development		1,457	960
Other operating expenditure	8.8	5,822	7,378
Total		342,858	235,697



4.1 Assets less than R5,000

	Note	2009/10	2008/09
	8	R'000	R'000
Tangible assets		958	2,284
Buildings and other fixed structures		-	-
Biological assets		-	-
Machinery and equipment		958	2,284
Specialised military assets		-	-
Intangible assets		895	-
Total		1,853	2,284

4.2 Computer services

	8		
SITA computer services		6,572	8,985
External computer service providers		1,656	906
Total		8,228	9,891

4.3 Consultants, contractors and agency/outsourced services

	8		
Business and advisory services		221,138	124,127
Infrastructure and planning		-	-
Laboratory services		-	-
Legal costs		613	293
Contractors		5,335	9,365
Agency and support/outsourced services		392	18
Total		227,478	133,803

4.4 Audit cost – External

	8		
Regularity audits		-	-
Performance audits		2,580	1,431
Investigations		-	-
Environmental audits		-	-
Other audits		-	-
Total		2,580	1,431

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4.5 Inventory

	Note	2009/10	2008/09
	8	R'000	R'000
Medsas inventory interface			
Learning and teaching support material		17	46
Food and food supplies		98	55
Fuel, oil and gas		-	-
Other consumable materials		32	6
Maintenance material		85	133
Stationery and printing		4,489	1,592
Medical supplies		78	2
Military stores		-	-
Total		4,799	1,834

4.6 Owned and leasehold property expenditure

	8		
Municipal services		-	-
Property management fees		-	-
Property maintenance and repairs		-	-
Other		5,763	4,842
Total		5,763	4,842

4.7 Travel and subsistence

	8		
Local		17,518	19,196
Foreign		4,314	-
Total		21,832	19,196

4.8 Other operating expenditure

	8		
Learnerships		-	-
Professional bodies, membership and subscription fees		810	469
Resettlement costs		1,553	2,225
Other		3,459	4,684
Total		5,822	7,378



5. Financial transactions in assets and liabilities

	Note	2009/10 R'000	2008/09 R'000
Material losses through criminal conduct		-	204
Theft	10.4	-	204
Other material losses	10.1	-	-
Other material losses written off	10.2	-	-
Debts written off	10.3	-	-
Forex losses	10.5	-	-
Total		<u>-</u>	<u>204</u>

6. Transfers and subsidies

Provinces and municipalities	47, 48, Annex 1A, Annex 1B	-	1,626
Departmental agencies and accounts	Annex 1C	158,356	42,000
Universities and technikons	Annex 1D	-	-
Foreign governments and international organisations	Annex 1F	-	-
Public corporations and private enterprises	Annex 1E	203,750	943
Non-profit institutions	Annex 1G	1,609,166	1,312,455
Households	Annex 1H	174	28
Gifts, donations and sponsorships made	Annex 1K	-	-
Total		<u>1,971,446</u>	<u>1,357,052</u>

Unspent funds transferred to the above beneficiaries



7. Expenditure for capital assets

	Note	2009/10 R'000	2008/09 R'000
Tangible assets		10,526	7,604
Buildings and other fixed structures	44	3,261	-
Heritage assets	42, 44	-	-
Machinery and equipment	42	6,815	7,604
Land and subsoil assets	44	450	-
Investment property	44	-	-
Biological assets	42	-	-
Software and other intangible assets		303	193
Capitalised development costs	43	-	-
Computer software	43	303	193
Mastheads and publishing titles	43	-	-
Patents, licences, copyright, brand names, trademarks	43	-	-
Recipes, formulae, prototypes, designs, models	43	-	-
Services and operating rights	43	-	-
Other intangibles	43	-	-
Total		10,829	7,797
The following amounts have been included as project costs in Expenditure for capital assets			
Compensation of employees		-	-
Goods and services		-	-
Total		-	-



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

	Voted Funds R'000	Aid Assistance R'000	Total R'000
Tangible assets	10,526		10,526
Buildings and other fixed structures	3,261	-	3,261
Machinery and equipment	6,815	-	6,815
Land and subsoil assets	450	-	450
Investment property	-	-	-
Biological assets	-	-	-
Software and other intangible assets	303		303
Capitalised development costs	-	-	-
Computer software	303	-	303
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Other intangibles	-	-	-
Total	10,829	-	10,829

7.2 Analysis of funds utilised to acquire capital assets – 2008/09

	Voted Funds R'000	Aid Assistance R'000	Total R'000
Tangible assets	7,604		7,604
Buildings and other fixed structures	-	-	-
Machinery and equipment	7,604	-	7,604
Land and subsoil assets	-	-	-
Investment property	-	-	-
Biological assets	-	-	-
Software and other intangible assets	193		193
Capitalised development costs	-	-	-
Computer software	193	-	193
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Other intangibles	-	-	-
Total	7,797	-	7,797



8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2009/10 R'000	2008/09 R'000
Opening balance		220	220
Unauthorised expenditure – discovered in current year	21	-	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery		(220)	-
Unauthorised expenditure awaiting authorisation / written off		-	220

Analysis of awaiting authorisation per economic classification

Capital			
Current		-	220
Transfers and subsidies		-	220
Total		-	-

9. Fruitless and wasteful expenditure

10. Cash and cash equivalents

Consolidated Paymaster General Account		66,124	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	-
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		66,129	-

11. Prepayments and advances

Staff advances		-	-
Travel and subsistence		36	3
Prepayments		-	-
Advances paid to other entities		-	-
SOCPEN advances		-	-
Total		36	3



12. Receivables

	Note	R'000 Less than one year	R'000 One to three years	R'000 Older than three years	2009/10 R'000 Total	2008/09 R'000 Total
Claims recoverable	18.1 Annex 4	-	735	-	735	3,156
Trade receivables	18.2	-	-	-	-	-
Recoverable expenditure	18.3	288	-	-	288	-
Staff debt	18.4	358	384	155	897	895
Other debtors	18.5	-	-	23	23	9
Total		646	1,119	178	1,943	4,060

12.1 Claims recoverable

	Note 18	2009/10 R'000	2008/09 R'000
National departments		-	3,156
Provincial departments		735	-
Foreign governments		-	-
Public entities		-	-
Private enterprises		-	-
Universities and technikons		-	-
Households and non-profit institutions		-	-
Local governments		-	-
Total		735	3,156

12.2 Recoverable expenditure (disallowance accounts)

Sal: Reversal Control : CA	53	-
Sal: Tax Debt: CA	7	-
Sal: Deduction Disall acc: CA	8	-
Disallowance payment fraud: ca	220	-
Disall : Damages & Loses : Recover: CA	516	-
Disall : Damages	(516)	-
Total	288	-

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12.3 Staff debt

	Note	2009/10 R'000	2008/09 R'000
Miscellaneous	18	46	3
Bursary		7	9
Persal disallowance		-	-
Private telephone & cell phone		633	650
Subsistence & Travel		4	5
Salary & allowance overpayments		10	68
Supplier Debt			38
Ex Employee		185	104
Tax Debt		12	18
Total		897	895

12.4 Other debtors

	18		
Sal: Medical		-	9
Supplier Debt		23	-
Total		23	9



13. Investments

	Note	2009/10 R'000	2008/09 R'000
Non-Current			
Shares and other equity (List investments at cost)		1,008,582	1,008,582
Ithala Development Finance Cooperation		25	25
African Bank			
(List investments at cost)			
Total		<u>1,008,607</u>	<u>1,008,607</u>
Securities other than shares (List investments at cost)	Annex 2A		
Total			
Total non-current		<u>1,008,607</u>	<u>1,008,607</u>
Analysis of non current investments			
Opening balance		1,008,607	1,008,607
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
Closing balance		<u>1,008,607</u>	<u>1,008,607</u>

14. Voted funds to be surrendered to the Revenue Fund

Opening balance		1,339	8,614
Transfer from statement of financial performance		67,084	281,339
Add: Unauthorised expenditure for current year	13	-	-
Voted funds not requested/not received	1.1	-	(280,000)
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures Only)	21.1	-	-
Paid during the year		(1,339)	(8,614)
Closing balance		<u>67,084</u>	<u>1,339</u>



15. Departmental revenue to be surrendered to the Revenue Fund

	Note	2009/10 R'000	2008/09 R'000
Opening balance		738	884
Transfer from Statement of Financial Performance		5,556	4,787
Own revenue included in appropriation		-	-
Transfer from aid assistance	5	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures Only)	21.1	-	-
Paid during the year		(5,371)	(4,933)
Closing balance		923	738

16. Bank Overdraft

Consolidated Paymaster General Account		-	2,132
Fund requisition account		-	-
Overdraft with commercial banks (Local)		-	-
Overdraft with commercial banks (Foreign)		-	-
Total		-	2,132

17. Payables – current

	Note	2009/10 Total	2008/09 Total
Amounts owing to other entities	Annex 5	-	-
Advances received	25.1	-	-
Clearing accounts	25.2	69	8
Other payables	25.3	-	-
Total		69	8

17.1 Clearing accounts

Description	Note	2009/10 R'000	2008/09 R'000
Sal: income tax	25	57	1
Sal : Pension Fund		11	2
Sal Medical Aid		1	5
Total		69	8



18. Net cash flow available from operating activities

	Note	2009/10 R'000	2008/09 R'000
Net surplus/(deficit) as per Statement of Financial Performance		72,640	286,126
Add back non cash/cash movements not deemed operating activities		6,484	(287,467)
(Increase)/decrease in receivables – current		2,117	(1,745)
(Increase)/decrease in prepayments and advances		(33)	11
(Increase)/decrease in other current assets		220	15
Increase/(decrease) in payables – current		61	2
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		10,829	7,797
Surrenders to Revenue Fund		(6,710)	(13,547)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	(280,000)
Own revenue included in appropriation		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		79,124	(1,341)

19. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account		66,124	(2,132)
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	-
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		66,129	(2,132)



Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2010

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

20. Contingent liabilities and contingent assets

20.1 Contingent liabilities

		Note	2009/10 R'000	2008/09 R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3A	-	-
Housing loan guarantees	Employees	Annex 3A	68	77
Other guarantees		Annex 3A	16,687	27,922
Claims against the department		Annex 3B	5,959	1,155
Other departments (interdepartmental unconfirmed balances)		Annex 5	3,241	2,220
Environmental rehabilitation liability		Annex 3B	-	-
Other		Annex 3B	-	-
Total			25,955	31,374

21. Commitments

Current expenditure				
Approved and contracted			199,167	108,659
Approved but not yet contracted			23,900	
			<u>223,068</u>	<u>108,757</u>
Capital expenditure				
Approved and contracted			106	98
Approved but not yet contracted			-	-
			<u>106</u>	<u>98</u>
Total Commitments			<u>223,174</u>	<u>108,757</u>

There are no Security & Cleaning services that ends after 31 March 2011.



22. Accruals

			2009/10 R'000	2008/09 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	726	217	943	3,882
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Buildings and other fixed structures	-	-	-	-
Machinery and equipment	58	-	58	291
Land and subsoil assets	-	-	-	-
Investment property	-	-	-	-
Biological assets	-	-	-	-
Software and other intangible assets	-	-	-	-
Other	-	-	-	-
Total	784	217	1,001	4,173
		Note	2009/10 R'000	2008/09 R'000
Listed by programme level				
Programme 1			395	816
Programme 2			35	1,706
Programme 3			307	1,027
Programme 4			264	419
Programme 5			-	205
Total			1,001	4,173
Confirmed balances with other departments		Annex 5	2,172	-
Confirmed balances with other government entities		Annex 5	-	-
Total			2,172	-

23. Employee benefits

Leave entitlement	4,039	3,225
Service bonus (Thirteenth cheque)	2,698	1,794
Performance awards	395	87
Capped leave commitments	5,689	4,976
Other	-	-
Total	12,821	10,082



24. Lease commitments

24.1 Operating leases expenditure

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

	Land	Buildings and other fixed structures	Machinery and equipment	Total
2008/09				
Not later than 1 year	-	15,205	48	15,253
Later than 1 year and not later than 5 years	-	35,961	6	35,967
Later than five years	-	-	-	-
Total lease commitments	-	51,166	54	51,220



24.2 Finance leases expenditure**

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

	Land	Buildings and other fixed structures	Machinery and equipment	Total
2008/09				
Not later than 1 year	-	-	1,280	1,280
Later than 1 year and not later than 5 years	-	-	445	445
Later than five years	-	-	-	-
Total lease commitments	-	-	1,725	1,725
LESS: finance costs	-	-	-	-
Total present value of lease liabilities	-	-	1,725	1,725

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2009/10 R'000	2008/09 R'000
Opening balance		-	-
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		1,763	-
Less: Amounts condoned		-	-
Less: Amounts recoverable (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
Irregular expenditure awaiting condonation		<u>1,763</u>	<u>-</u>
Analysis of awaiting condonation per age classification			
Current year		<u>1,763</u>	<u>-</u>
Prior years			
Total		<u>1,763</u>	<u>-</u>

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25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2009/10 R'000
Not fully complying with SCM regulations in awarding Contract	No disciplinary hearing have been taken as this was approved by requesting approval from the Accounting Officer.	1,763
Total		1,763

26. Key management personnel

	No. of Individuals	2009/10 R'000	2008/09 R'000
Political office bearers (provide detail below)			
Officials:			
Level 15 to 16		4,856	1,874
Level 14 (incl. CFO if at a lower level)		6,481	2,837
Family members of key management personnel		-	-
Total		11,337	4,711

27. Provisions

	Note	2009/10 R'000	2008/09 R'000
Potential irrecoverable debts		-	-
Households and non profit institutions		-	-
Private enterprises		-	-
Staff debtors		28	54
Other debtors		-	-
Claims recoverable		-	-
Total		28	54
Provisions			
Impairment of investments		-	-
Provision for non-recoverable loans		-	-
Other – Specify one per line		-	-
Total		28	54



28. Movable Tangible Capital Assets

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

	Opening balance R'000	Curr Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	14,138	-	7,163	590	20,711
Specialised military assets	224	-	4,077	-	4,301
Computer equipment	-	-	-	-	-
Furniture and office equipment	7,357	-	1,688	90	8,955
Other machinery and equipment	5770	-	973	200	6,543
	787	-	425	300	912
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	14,138		7,163	590	20,711

28.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	6,814	349	-	-	7,163
Specialised military assets	4,077	-	-	-	4,077
Computer equipment	-	-	-	-	-
Furniture and office equipment	1,363	325	-	-	1,688
Other machinery and equipment	960	13	-	-	973
	414	11	-	-	425
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	6,814	349	-	-	7,163



28.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
HERITAGE ASSETS				
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	-	590	590	-
Specialised military assets	-	-	-	-
Computer equipment	-	90	90	-
Furniture and office equipment	-	200	200	-
Other machinery and equipment	-	300	300	-
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	590	590	-

28.3 Movement for 2008/09

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS				
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	6,557	7,604	23	14,138
Specialised military assets	-	-	-	-
Computer equipment	4,102	3,278	23	7,357
Furniture and office equipment	1,977	3,793	-	5,770
Other machinery and equipment	478	309	-	787
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL MOVABLE TANGIBLE ASSETS	6,557	7,604	23	14,138



28.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor assets	898	-	5,248	-	6,146
TOTAL	898	-	5,248	-	6,146
Number of R1 minor assets	-	-	1,274	-	1,274
Number of minor assets at cost	257	-	4,717	-	4,974
TOTAL NUMBER OF MINOR ASSETS	257	-	5,991	-	6,248

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2009

Minor assets	-	-	-	-	-
TOTAL	-	-	2,284	-	2,284
Number of R1 minor assets	-	-	4,661	-	4,661
TOTAL NUMBER OF MINOR ASSETS	-	-	4,661	-	4,661

29. Intangible Capital Assets

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

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



29.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-	-
COMPUTER SOFTWARE	303	304	-	-	607
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
OTHER INTANGIBLES	-	-	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	303	304	-	-	607



29.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	-	491	491	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
OTHER INTANGIBLES	-	-	-	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	491	491	-



29.3 Movement for 2008/09

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	491	193	-	684
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADE-MARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
OTHER INTANGIBLES	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	491	193	-	684



30. Immovable Tangible Capital Assets

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

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



30.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received cur- rent, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	3,261	-	-	-	3,261
Dwellings	-	-	-	-	
Non-residential buildings	-	-	-	-	
Other fixed structures	3,261	-			3,261
HERITAGE ASSETS					
Heritage assets	-	-			
LAND AND SUBSOIL ASSETS					
Land	-	-	-	-	
Mineral and similar non-regenerative resources	-	-			
INVESTMENT PROPERTY					
Investment property	-	-			
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	3,261	-	-	-	3,261

Annexures to the Annual Financial Statements for the year ended 31 March 2010

31. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With-held	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Umzimkulu Municipality	-	-	-	-	-	-	300
Sisonke District Municipality (DC43)	-	-	-	-	-	-	400
Uthukela District Municipality (DC23)	-	-	-	-	-	-	926
Amajuba District Municipality (25)	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,626

ANNEXURE 1C - STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER			
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Trade & Investment KZN	54,416	-	-	54,416	-	100%	
Natal Sharks board	27,450	-	-	27,450	-	100%	
Tourism Authority	76,490	-	-	76,490	-	100%	
	158,356	-	-	158,356	158,356	-	
							42,000




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

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2008/09	
	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
Public Corporations									
Transfers	-	-	-	-	-	-	-	-	5,800
Co operatives	-	-	-	-	-	-	-	-	700
University of Kwazulu-Natal									
Ithala (SBD)	100,000	-	-	100,000	100,000	100%	-	-	-
Ithala (IDZ)	103,750	-	-	103,750	103,750	100%	-	-	-
Subsidies	-	-	-	-	-	-	-	-	-
Total	203,750	-	-	203,750	203,750	-	-	-	6,500
Private Enterprises									
Transfers	-	-	-	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-	-	-	-
Total									
TOTAL									

ANNEXURE 1G - STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %
NON-PROFIT INSTITUTIONS						
Transfers						
Dube trade Point	1,598,254	-	-	1,598,254	1,598,254	100%
SANLITPPS (Moses Kotane)	4,500	-	-	4,500	4,500	100%
Clothing & Textiles Cluster	1,643	-	-	1,643	1,643	100%
ICTE Cluster	2,000	-	-	2,000	1,800	90%
Iqhaza Co-ops	59	-	-	59	59	100%
Seda Ethekwini	600	-	-	600	600	100%
Indigenous Music	1,000	-	-	1,000	1,000	100%
Furniture Cluster	450	-	-	450	450	100%
Craft Cluster	500	-	-	500	-	-
Integrated Music Hub	800	-	-	800	-	-
Durban Film Festival, Film Commission	1,200	-	-	1,200	860	72%
	1,611,006	-	-	1,611,006	1,609,166	-
Total	1,611,006	-	-	1,611,006	1,609,166	-
						1,312,455





ANNEXURE 1H - STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Leave gratuities	-	-	-	-	174	-	28
Subsidies							
	-	-	-	-	174	-	28
Total	-	-	-	-	174	-	28



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

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Controlled entities									
Ithala Development Finance	Financial Services	-	-	-	1,008,582	-	-	-	-
Subtotal		-	-	-	1,008,582	-	-	-	-
Non-controlled entities									
	Associates	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Joint Ventures	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Other non controlled entities	-	-	-	-	-	-	-	-
	African Bank (Financial Services)	-	-	-	25	-	-	-	-
	Subtotal	-	-	-	25	-	-	-	-
TOTAL		-	-	-	1,008,607	-	-	-	-

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ANNEXURE 3A - STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance	Guarantees	Guarantees	Revaluations	Closing balance	Guaranteed	Realised
		R'000	1 April 2009	draw downs during the year	repayments/ cancelled/ reduced/ released during the year	R'000	31 March 2010	interest for year ended 31 March 2010	losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Housing	-	-	-	-	-	-	-	-
Standard Bank		-	-	-	-	-	36	-	-
First Rand Bank		-	67	36	44	-	23	-	-
OLD MUTUAL		-	10	-	-	-	10	-	-
Absa		-	-	31	31	-	-	-	-
	Subtotal	-	77	67	75	-	68	-	-
	Other	-	-	-	-	-	-	-	-
Development Bank of South Africa		-	110	-	110	-	-	-	-
Loans advance to Mangosuthu Technikon		-	-	-	-	-	-	-	-
Development Bank of South Africa		-	27,812	-	11,125	-	16,687	-	-
Loans advance to Mangosuthu Technikon		-	-	-	-	-	-	-	-
	Subtotal	-	27,922	-	11,235	-	16,687	-	-
	TOTAL	-	27,999	67	11,310	-	16,755	-	-



**ANNEXURE 3A (continued) - STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010
- FOREIGN**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Housing	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

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ANNEXURE 3B - STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2010

Nature of Liability	Opening Balance 1 April 2009 R'000	Liabilities in- curred during the year R'000	Liabilities paid/can- celled/re- duced dur- ing the year R'000	Liabilities recover- able (Pro- vide details hereunder) R'000	Closing Balance 31 March 2010 R'000
Claims against the department					
Mr Delivery Newcastle v Liquor Board	15	-	-	-	15
Mr Delivery (pty) LTD (various) v Liquor Board	50	-	-	-	50
Phoenix Plaza Street Traders Association v MEC	40	-	40	-	-
X Huang & Other v DED	40	-	-	-	40
Southern Spirit Properties	50	-	-	-	50
Metcash Trading African (pty) LTD/Liquor Board	100	-	-	-	100
Patric Mtolo, Lombo & Associates/MEC	60	-	-	-	60
Aji Willemse/Liquor Board	100	-	-	-	100
Masifundisane Training & Development v MEC	250	4,744	-	-	4,994
Bee Foundation (Pty) LTD (In Liquidation)	200	-	-	-	200
Stanger Food Enterprise (ptyP Ltd/ Min of Safety and Security	250	-	-	-	250
National Tourism careers expo VS DEDT & other	-	100	-	-	100
Subtotal	1,155	4,844	40	-	5,959
Environmental Liability					
Subtotal	-	-	-	-	-
Other	-	-	-	-	-
Subtotal	-	-	-	-	-
TOTAL	1,155	4,844	40	-	5,959

ANNEXURE 3B (continued)

Nature of Liabilities recoverable	Opening Balance 1 April 2009 R'000	Details of Liability and Recoverability		Movement during year R'000	Closing Balance 31 March 2010 R'000
M.Msezane	32			-	32
Siyanaqoba Caterers	18			-	18
Ayanda Amanda Catering	25			(25)	-
Patric Motolo, Lombo and Associates	15			-	15
Inter-park matter	-			-	-
	-			-	-
Ladysmith black Mambazo Indigeneous Music Academy	-	Misappropriated funds		790	790
Total	90			765	855

ANNEXURE 4 - CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
Department	-	735	735	-	735	735
KZN Public Works	-	605	-	-	-	605
KZN Transport	-	605	-	-	-	605
KZN Agriculture	-	605	-	-	-	605
KZN Arts and Culture	-	606	-	-	-	606
KZN Treasury	-	-	3,156	-	735	3,156
Other Government Entities	-	-	-	-	-	-
TOTAL	3,156	735	735	-	735	3,156





ANNEXURE 5 - INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
KZN Provincial Works	2,167	2,177	1,056	-	3,223	2,177
Justice & Constitution Dept	-	7	-	-	-	7
Mineral & Energy	-	22	-	-	-	22
Dept of Labour	-	8	-	-	-	8
KZN Dept of Agriculture & Environment	-	6	-	-	-	6
Palama	5	-	-	-	5	-
Dept of Transport	-	-	13	-	13	-
Subtotal	2,172	2,220	1,069	-	3,241	2,220
Non-current						
Subtotal	-	-	-	-	-	-
Total	2,172	2,220	1,069	-	3,241	2,220
OTHER GOVERNMENT ENTITY						
Current						
Subtotal						
Non-current						
Subtotal						
Total						



ANNEXURE 6 - INVENTORY

	Note	Quantity	2009/10 R'000
Inventory			
Opening balance		11,535	261
Add/(Less): Adjustments to prior year balance		-	-
Add: Additions/Purchases - Cash		-	-
Add: Additions - Non-cash		14,357	4,799
(Less): Disposals		-	-
(Less): Issues		(13,895)	(4,841)
Add/(Less): Adjustments		-	-
Closing balance		11,997	219



**Department of Economic
Development and Tourism**
Umyango Wezokuthuthukiswa
Komnotho Nezokuvakasha

KWAZULU-NATAL PROVINCIAL GOVERNMENT



*Part 5:
Human Resources*



PART FIVE: HUMAN RESOURCES

The Executive Authority shall –

- in terms of section 92(3)(b) or 133(3)(b) of the Constitution, 1996 include the information set in PSR J3 in the annual report, contemplated in sections 40(1)(d)(i) and (3) and 65(1)(a) and (2) of the Public Finance Management Act (PFMA), 1999 and paragraphs 18.3 and 18.4 of the Treasury Regulations
- in accordance with section 65(1)(a) of the Public Finance Management Act (PFMA), 1999 within one month after the accounting officer for the department received its audit report, table in the relevant legislature that annual report, and simultaneously submit that annual report to the relevant treasury, the media and the public.

The statistics and information published in this part of the annual report are required in terms of regulation III J.3 of the Public Service Regulations and have been prescribed by the Minister for the Public Service and Administration for all government departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether departments:-

- Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- Are achieving national transformation priorities established by the Cabinet, for example affirmative action.

1. Service Delivery

All departments are required to develop a Service Delivery Improvement Plan. The following table reflects the components of the SDI plan as well as progress made in the implementation of the plans.

The department is still in the process of building capacity in terms of the post structure for the service delivery improvement programme. It is anticipated that a unit to support & implement this activity will be implemented with effect from the 2010/2011 financial year.

2 - Expenditure

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



TABLE 2.1 – Personnel costs by programme, 2009/10

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	1 46 275	40 298	856	8 351	27,5	344
Integrated Economic Development	231 305	32 127	17	85 042	13.9	349
Trade & Investment Promotion	2 016 308	10 332	221	95 331	0.5	333
Business Regulations	21 130	11 841	0	2 134	56	263
Economic Planning	10 299	5 508	35	3 068	53.5	550
TOTAL	2 425 317	100 106	1 129	193 926	4.1	339

TABLE 2.2 – Personnel costs by salary bands, 2009/10

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (levels 1-2)	0	0	0
Skilled (level 3-5)	3 345	3.4	115
Highly skilled production (levels 6-8)	14 150	14.3	196
Highly skilled supervision (levels 9-12)	53 269	53.2	368
Periodical Remuneration	307	0.3	153
Contract	5 379	5.4	
Abnormal appointments	1 860	1.9	37
Senior and Top management (levels 13-16)	21 796	21.5	703
Total	100 106	100	339

The following tables provide a summary by programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, homeowner's allowances and medical aid. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.



TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Aid by programme, 2009/10

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme
Administration	31995	79.4	639	1.6	491	1.2	1373	3.4
Integrated Economic Development	26315	81.9	21	0	467	1.5	734	2.3
Trade & Investment Promotion	7089	68.6	0	0	63	0.6	282	2.7
Business Regulations	9289	78.4	35	0.3	208	1.6	512	4.3
Economic Planning	4796	87.1	0	0	83	1.5	87	1.6
TOTAL	79 484	78.6	695	0.7	1 312	1.3	2988	3

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Aid by salary bands, 2009/10

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands
Lower skilled	0	0						
Skilled (level 3-5)	2 329	69.6	42	1.2	139	4.2	318	9.5
Highly skilled production (levels 6-8)	10 258	72.5	273	1.9	388	2.7	840	5.9
Highly skilled supervision (levels 9-12)	41 719	79.8	363	0.6	527	0.9	1 353	2.5
Contractors	4 660	86.6	17	0.9	50	2.8	178	3.3
Abnormal Appointment	1 859	99.5	0	0	0	0	0	0
Senior and Top management	18 659	85.6	0	0	208	0.9	299	1.3
Total	79 484	78.6	695	0.7	1312	1.3	2 988	3



3 – Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2010

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	137	117	14.6	0
Integrated Economic Development	114	92	19.3	1
Trade & Industry Development	43	31	27.9	0
Business Regulations	56	45	19.6	1
Economic Planning	16	10	37.5	0
Total	366	295	19.4	2

The high vacancy rate is as a result of new positions being created and being unable to be filled due to moratorium of filling positions.

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2010

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled	0	0	0	0
Skilled	35	29	17.1	0
Highly skilled production, Permanent	91	72	20.9	1
Highly skilled supervision	184	141	23.4	1
Senior and Top management	34	31	8.8	0
Contract	22	22	0	0
Total	366	295	19.4	2



TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2010

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, permanent	130	110	15.4	2
Communication and information related, permanent	7	7	0	0
Finance and economic related, permanent	16	15	6.25	0
Other Administrative policy & related officers				
General legal administration and related professionals, permanent	7	6	14.3	0
Human resources related, permanent	29	25	13.8	0
Light vehicle drivers, Permanent	5	5	0	0
Messengers, porters and deliverers	2	1	50	0
Secretaries and other keyboard operating clerks, permanent	43	28	34.9	0
Trade/industry advisor & other related profession	90	67	25.5	0
Senior Managers, permanent	37	31	16.22	0
TOTAL	366	295	19.4	2

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

4 – Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002. The following table (Table 4.1) 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.

The Department undertook preliminary reviews and preparatory work to evaluate positions, however at the time a moratorium was placed on filling vacant posts this process was halted and will commence in the new year for critical posts and in line with the review of the organisational structure. Therefore no statistics are provided in this section.

5 - Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 4.1) for critical occupations (Table 4.2). (These "critical occupations" should be the same as those listed in Table 2.3)



TABLE 5.1 – Annual turnover rates by salary band

Salary Band	Employment at beginning of period-April 2009	Appointments	Terminations	Turnover rate
Lower skilled	0	0	0	0
Skilled (Levels3-5)	23	4	1	4.3
Highly skilled production (Levels 6-8)	64	6	5	7.8
Highly skilled supervision (Levels 9-12)	128	6	4	3.1
Senior Management Service Bands A	12	1	1	8.3
Senior Management Service Bands B	7	0	0	0
Senior Management Service Bands C	3	0	1	33.3
Senior Management Service Bands D	0	0	0	0
Contract	50	7	11	22
Total	287	24	23	8

TABLE 5.2 – Annual turnover rates by critical occupation

Occupation:	Employment at beginning of period	Appointments	Terminations	Turnover rate
Administrative related, permanent	73	8	6	8.2
Administrative/management related, temporal	50		10	
Bus and heavy vehicle drivers, Permanent	0	0	0	20
Communication and information related, permanent	9	0	0	0
Finance and economic related, permanent	12	3	0	0
Other administrative policy & related officers	7		0	0
General legal administration and related professionals, permanent	5	1	0	0
Human resources related, permanent	24	0	0	0
Light vehicle drivers, Permanent	5	1	0	0
Messengers, porters and deliverers	1	0	0	0
Other administrative and related clerks and organisers, permanent	0	0	0	0
Secretaries and other keyboard operating clerks, permanent	22	6	0	0
Trade/industry advisor and other related profession	85	3	4	4.7
Senior Managers, permanent	22	2	3	0
TOTAL	287	24	23	8



Table 5.3 identifies the major reasons why staff left the department. Figures are also provided for the previous three years for comparative purposes.

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total Terminations
Death	2	8.7
Resignation	8	37.8
Expiry of contract	11	47.8
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	4.3
Retirement	1	4.3
Restructuring Package (Excess)	0	0
Medical retirement	0	0
Total	23	100

GRANTING OF EMPLOYEE INITIATED SEVERANCE PACKAGES

No employees were granted severance packages.



Table 5.4 – Promotions by critical occupation

Occupation:	Employees 1 April 2009	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch promotions as a % of employees by occupation
Administrative related, permanent	48	4	6.3	34	70
Administrative/management related, temporal	50	0	0	0	0
Communication and information related, permanent	9	0	0	1	11.1
Finance and economic related, permanent	12	0	0	5	41.6
Other administrative policy & related officers	7	2	28.6	7	100
General legal administration and related professions, permanent	5	0	0	2	40
Human resources related, permanent	24	0	12.5	13	54.2
Light vehicle drivers, Permanent	2	2	100	1	50
Logistical Support	0	0	0	0	0
Messengers, porters and deliverers	1	0	0	1	100
Secretaries and other keyboard operating clerks, permanent	22	0	0	14	63.6
Trade/industry advisor and other related profession	85	0	0	18	21.17
Senior Managers, permanent	22	1	4.5	0	0
TOTAL	287	9	3.14	96	33.45



Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2009	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch promotions as a % of employees by salary bands
Skilled	23	3	13	8	34.8
Highly skilled production	64	3	4.7	36	56.25
Highly skilled supervision	128	2	1.6	52	40.63
Senior Management Service Bands A	12	0	0	0	0
Senior Management Service Bands B	7	0	0	0	0
Senior Management Service Bands C	3	1	33.3	0	0
Other	50	0	0	0	0
Total	287	9	3.14	96	33.45

6 – Employment Equity

TABLE 6.1 Total number of employees (including employees with disabilities in each of the following occupational categories as on 31 March 2010

Occupational categories	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Legislators, senior officials and managers	15	1	2	2	9	0	2	1	32
Highly skilled supervision	73	0	5	1	61	1	7	2	150
Highly skilled production	20	1	2	0	55	1	4	2	85
Skilled	11	0	0	0	16	0	1	0	28
Total	119	2	9	3	141	2	14	5	295



TABLE 6.2 Total number of employees (including employees with disabilities in each of the following occupational bands on 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	1	3
Senior Management	13	1	2	2	9	0	2		29
Professionally qualified and experienced specialists and mid-management	69	0	5	1	58	1	7	2	150
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	23	1	2	0	57	1	4	2	85
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents, Temporary	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	12	0	0	0	16	0	1	0	28
Total	119	2	9	3	141	2	14	5	295

TABLE 6.3 Recruitment for the period 1 April 2009 till 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	3	0	0	0	3	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	4	0	0	0	6
Semi-skilled and discretionary decision making	0	0	0	0	4	0	0	0	4
Contract	2	0	0	0	5	0	0	0	7
Total	8	0	0	0	16	0	0	0	24



TABLE 6.4 Promotions for the period 1 April 2009 to 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	Top Management	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	1	0	0	0	0	0	1	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	4
Semi-skilled and discretionary decision making	3	0	0	0	2	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	4	0	0	0	3	0	1	1	9

TABLE 6.5 Terminations for the period 1 April 2009 till 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	Top Management	1	0	0	0	0	0	0	
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	2	0	0	0	2	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	4	0	0	0	5
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract	3	0	0	0	8	0	0	0	11
Total	5	0	0	0	7	0	0	0	23



TABLE 6.6 Disciplinary action

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	5	0	2	0	1	0	1	0	9

TABLE 6.7 Skills development (In terms of Bursaries) 2009-2010

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (L 13 to 16)	1	-	-	-	-	-	-	-	1
Professionals (L 9 to 12)	6	-	-	-	1	-	1	-	8
Technicians and associate professionals (L 6 to 8)	2	2	-	-	10	-	1	1	16
Clerks (L 3 to 5)	2	-	-	-	1	-	-	-	3
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Total	11	2	-	-	12	-	2	1	28

7 – Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary bands (Table 7.2) and critical occupations (Table 7.3).



TABLE 7.1 Performance Rewards by race, gender and disability, 1 April 2009 to 31 March 2010

	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Male	5	119	4.2	88	17 600
Asian, Male	2	9	22	38	19 000
Coloured Male	0	2	0	0	0
White Male	0	3	0	0	0
African Female	10	141	7.1	103	10 300
Asian Female	2	14	14.3	62	31 000
Coloured Female	1	2	50	30	30 000
White Female	2	5	40	27	13 500
TOTAL	22	295	7.5	348	15 818

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2009 to 31 March 2010

Salary Bands	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Lower skilled	0	0	0	0	0
Skilled (level 3-5)	2	29	7.1	8	4 000
Highly skilled production (level 6-8)	7	72	7	48	8 000
Highly skilled supervision (level 9-12)	12	141	8.5	292	24 461
Total	21	242	8	348	16 571



TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2009 to 31 March 2010

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	2	110	1.8	34	17 431
Communication & information technology related	-	7	0	0	0
Financial clerks & credit controllers	-	-	0	0	0
Finance & economic related	4	15	25	61	15 445
Other Administrative policy & related officers	-	-	-	-	0
General legal administration & related professionals	1	6	16.7	26	26 862
Human resources related	3	25	12	44	14 692
Light vehicle drivers	-	5	0	0	0
Messengers, porters and deliverers	-	1	0	0	0
Secretaries & other keyboard operating clerks	4	28	14.3	26	740
Trade/industry advisor & other related profession	7	67	10.4	153	21 992
Senior Managers	-	31	0	0	-
Total	21	295	7.1	348	16 571

TABLE 7.4 –Performance related rewards (cash bonus), by salary band for Senior Management Service

Assessments will be reviewed in 2010/2011 financial year

8 – Foreign Workers

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



Foreign workers, April 2009 to March 2010 by salary band

Salary Band	April 2009		31 March 2010		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	1	20	1	16.7	0	0
Highly skilled supervision (Lev. 9-12)	4	80	5	83.3	1	100
Senior management	0	0	0	0	0	0
Total	5	100	6	100	1	100

Foreign workers, April 2009 to March 2010 by major occupation

Major occupation	April 2009		31 March 2010		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production	1	20	1	16.7	0	0
Professionally qualified and experienced specialists and mid-management	4	80	5	83.3	1	100
Total	5	100	6	100	1	100

9 - Leave utilisation for the period 1 April 2009 to 31 March 2010

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 (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2009 to 31 December 2010

GRADE (SALARY BAND)	Total days	Per cent certification	Number of Employees using sick leave	% of total employees using sick leave	Average per employee	Estimated Cost (R'000)
Lower skilled	-	-	-	-	-	-
Skilled	110	89.1	16	9.4	7	31
Highly skilled production	299	82.9	44	25.7	7	141
Highly skilled supervision	627	86.9	90	52.6	7	826
Top and Senior management	18	61.1	7	4.1	3	52
Contract (levels 6-8)	49	81.6	10	5.8	5	23
Contract (Levels 9-12)	12	75	4	2.3	3	13
Total	1115	85.3	171	100	7	1086



TABLE 9.2 – Disability leave (temporary and permanent), 1 April 2009 to 31 March 2010

GRADE (SALARY BAND)	Total days taken	Per cent certification	Number of Employees using disability leave	% of total employees using disability leave	Average per employee	Estimated Cost (R'000)
Lower skilled	0	0	0	0	0	0
Skilled	13	100	1	16.6	13	4
Highly skilled production	248	100	3	50	82	1
Highly skilled supervision	112	100	2	33.3	56	223
Top and Senior management	0	0	0	0	0	0
Total	373	100	6	100	62	228

Table 9.3 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 9.3 – Annual Leave, 1 April 2009 to 31 Dec 2010

GRADE (SALARY BAND)	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled	0	0	0
Skilled	435	29	6.7
Highly skilled	1358	75	5.52
Highly skilled supervision	2796	159	5.7
Top and Senior management	235	12	5.11
Contract	289	17	5.9
Total	5113	292	5.71

TABLE 9.4 – Capped leave, 1 January 2009 till 31 December 2010

GRADE (SALARY BAND)	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee
Lower skilled	0	0	0
Skilled	0	0	0
Highly skilled (Levels 6-8)	15	3	5
Highly skilled supervision (Levels 9-12)	23	4	6
Top and Senior management	0	0	6
Total	38	7	5



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

TABLE 9.5 – Leave payouts for the period 1 April 2009 till 31 March 2010

REASON	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave payout for 2009/10 due to non-utilisation of leave for the previous cycle	60	3	20
Capped leave payouts on termination of service for 2009/10	196	3	65
Current leave payout on termination of service for 2009/10	63	6	21
Total	322	24	13

10 HIV/AIDS & Health Promotion Programmes

TABLE 10.1 – 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 10.2 – Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Have you designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Mr Logan Naidu
2. Do you have a dedicated unit or have you designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		The EAP Practitioner Budget has been provided within the HR Directorate
3. Have you introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		Counselling services on personal and work-related issues Personal Finance Management programme HIV/AIDS Programme Gender and Disability programme Occupational Health and Safety Health & Productivity Management



Question	Yes	No	Details, if yes
4. Have you established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		Mr Logan Naidu HRM (Chairperson) Mr Eric Sandlana – Corporate Services Mr Tito Mngoma – Corporate Communications Nokuthula Dlamini – EAP
5. Have you reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		The Recruitment, Selection and Benefits Policies and practices Skills development and training policy practices
6. Have you introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		An HIV/AIDS policy is in the approval process. The policy clearly outlines that discrimination on the basis on of HIV status is prohibited. Education and awareness around the issue of HIV/AIDS also assist in dealing with some of the misconceptions and myths around HIV/AIDS. We also have an open door policy where at any time an HIV positive employee cab cine and discuss his/her concerns
7. Do you encourage your employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	√		<ul style="list-style-type: none"> The focus has been on an individual level at this stage and little feedback has been forthcoming in terms of disclosures although some employees have disclosed. There is still reluctance to test and disclose. Towards the end of 2009 we have seen an increase in the number of employees who tested and more are positive about their general wellbeing
8. Have you developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	√		Monitoring the use of sick and vacation leave Baseline employee health and wellness report awaited upon which programme design will be based and will then be reviewed periodically.

11 – Labour Relations

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

TABLE 11.1 – Collective agreements, 1 April 2009 to 31 March 2010

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.



TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April

Outcomes of disciplinary hearings	Number	% of total
Correctional Counselling	3	37.5
Verbal warning	0	0
Written warning	3	37.5
Final written warning	2	25
Suspended without pay	0	0
Not guilty	0	0
Case withdrawn	0	0
Dismissal	0	0
Total	8	100

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

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

TABLE 11.4 – Grievances logged for the period 1 April 2009 till 31 March 2010

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

TABLE 11.5 – Disputes logged for the period 1 April 2009 till 31 March 2010

	Number	% of Total
	0	0

TABLE 11.6 – Strike actions for the period 1 April 2009 till 31 March 2010

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



TABLE 11.7 – Precautionary suspensions for the period 1 April 2009 till 31 March 2010

Number of people suspended	2
Number of people who's suspension exceeding 30 days	1
Average number of days suspended	101
Cost (R'000) of suspension	232

12 - Skills Development

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

12.1 Training provided for the period 1 April 2009 to 31 March 2010

Occupational Categories	Gender	Number of employees as at April 2009	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	9	0	17	10	27
	Male	13	0	21	14	35
Professionals	Female	59	0	28	12	40
	Male	69	0	48	12	60
Highly skilled (Levels 6-8)	Female	49	0	41	22	63
	Male	15	0	16	09	25
Skilled (level 3-5)	Female	13	0	11	4	15
	Male	110	0	8	2	10
Sub Total	Female					
	Male					
Total		237	0	211	97	308

13 – Injury on duty

There were no cases of injury on duty during the period of review.



14 – Utilisation of Consultants

Project Title	Duration	Contract value in Rand
Industrial Land Strategy	8 Months	R745,441.00
Digital Community Hub	18 Months	R2,123,569.70
B-BBEE Verification of KZN Government Departments	24 Months	R4,861,306.50
Appointment of a service provider for the establishment of the project management unit in vryheid (abaqulusi municipality) special development initiative	36 Months	R15,213,320.00
Appointment of a service provider to undertake a high due diligence of the company that has submitted a development proposal for the macambini area	3 Months	R792,992.00
Appointment of a service provider to undertake LED strategy for Hibiscus Coast Local Municipality	8 Months	R630,282.48
Appointment of a service provider for the implemetation of the Matiwane tunnels	24 Months	R832,656.00
Feasibility study in Umhlabuyalingana	6 Months	R219,230.50
Feasibility study in KwaMashu	6 Months	R403,545.60
Feasibility study in Umlazi	6 Months	R239,400.00
Feasibility study in Msinga	6 Months	
Management of Forestry Cluster	6 Months	R500,000.00 subject to price negotiations
Feasibility study in Umhlabuyalingana	6 Months	R219,230.50
Feasibility study in KwaMashu	6 Months	R403,545.60
Feasibility study in Umlazi	6 Months	R239,400.00
Feasibility study in Msinga	6 Months	
Management of Forestry Cluster	6 Months	R500,000.00 subject to price negotiations
Feasibility study in Umhlabuyalingana	6 Months	R219,230.50
Feasibility study in KwaMashu	6 Months	R403,545.60
Feasibility study in Umlazi	6 Months	R239,400.00
Registration of forestry cluster	3 Months	R85,240.00
Feasibility Study for mobile wood chipping	6 Months	R199,520.00
Establishment of business retention and expansion forum in 11 districts	7 Months	R445,056.00
Compilation of the product directorate in 11 district municipalities	7 Months	R335,500.00
Izimbuzi/Goat implementation pilot project	12 Months	R499,701.90
Establishment of one village one craft product in Ilembe district	4 Months	R498,000.00
Establishment of one village one craft product in Umgungundlovu district village one	4 Months	R498,000.00
Appointment of a service provider to conduct an ex ant evaluation of selected DED projects to be implemented in 2009/10 financial year	5 Months	R483,724.60



Project Title	Duration	Contract value in Rand
Finalisation of the process relating the informal development policy for KZN	12 Months	R497,850.00
Dukuduku skills audit and capacity building project	6 Months	R421,951.50
Development of Jozini Municipality Plan / Strategy	3 Months	R149,340.00
Development of Umhlabuyalingana Plan /Strategy	3 Months	R155,040.00
Feasibility Study and business Plan Usuthu Gorgee	3 Months	R213,672.00
Appointment of a service provider to conduct Tourist Guide Training	3 Months	R495,750.00
Audit of Liquor applications	4 Months	R495,180.00
Development of a feasibility study and compilation of a business plan for the development of Inkandla Cultural Village	3 Months	R298,224.00
Feasibility Study and Compilation of Business plan for the development of Mpumalanga tourism gateway project	3 Months	R362,520.00
Establishment of District Consumer Forums in all 11 districts of KZN	6 Months	R489,060.00
Determination of organisational structure job profiles and levels of posts for the special purpose vehicle	4 Weeks	R155,040.00
Audit of regulatory impact which poses obstacles / challenges to business functioning optimally in KZN province	3 Months	R499,060.00
Audit for Asakhane Co-operative clothing project	2 weeks	R282,549.00

