



edtea

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

ANNUAL REPORT

2018 / 2019



Ms N Dube-Ncube, MPL
MEC: Economic Development,
Tourism and Environmental Affairs





edtea

Department :

Economic Development, Tourism and
Environmental Affairs

PROVINCE OF KWAZULU-NATAL

**DEPARTMENT OF ECONOMIC DEVELOPMENT,
TOURISM AND ENVIRONMENTAL AFFAIRS**

PROVINCE OF KWAZULU-NATAL

**ANNUAL REPORT
2018-2019**

VOTE 4

*“Attainment of a radically transformed, inclusive and sustainable
economic growth for KwaZulu Natal”*

CONTENTS

PART A: GENERAL INFORMATION

1.	DEPARTMENT GENERAL INFORMATION.....	5
2.	LIST OF ABBREVIATIONS/ACRONYMS.....	6
3.	FOREWORD BY THE MEC.....	7
4.	REPORT OF THE ACCOUNTING OFFICER.....	9
5.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT.....	19
6.	STRATEGIC OVERVIEW.....	20
	Vision.....	20
	Mission.....	20
	Values.....	20
7.	LEGISLATIVE AND OTHER MANDATES	21
9.	ENTITIES REPORTING TO THE MINISTER/MEC	25

PART B: PERFORMANCE INFORMATION

1.	AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	30
2.	OVERVIEW OF DEPARTMENTAL PERFORMANCE.....	30
	2.1 Service Delivery Environment.....	30
	2.2 Service Delivery Improvement Plan.....	31
	2.3 Organisational environment	32
3.	STRATEGIC OUTCOME ORIENTED GOALS.....	32
4.	PERFORMANCE INFORMATION BY PROGRAMME.....	34
5.	TRANSFER PAYMENTS	66
	5.1. Transfer payments to public entities.....	76
6.	CONDITIONAL GRANTS	78
	6.1. Conditional grants and earmarked funds paid.....	78
	6.2. Conditional grants and earmarked funds received	78
7.	DONOR FUNDS.....	79
	7.1. Donor Funds Received	79
8.	CAPITAL INVESTMENT	79
	8.1. Capital investment, maintenance and asset management plan	79

PART C: GOVERNANCE

1.	INTRODUCTION	81
2.	RISK MANAGEMENT.....	81
3.	FRAUD AND CORRUPTION	82
4.	INTERNAL CONTROL UNIT.....	82
5.	MINIMISING CONFLICT OF INTEREST	82
6.	CODE OF CONDUCT.....	83

8.	PORTFOLIO COMMITTEES	83
9.	SCOPA RESOLUTIONS	83
10	PRIOR MODIFICATIONS TO AUDIT REPORTS	84
11.	INTERNAL CONTROL UNIT	84
12.	INTERNAL AUDIT	84

PART D: HUMAN RESOURCE MANAGEMENT

1.	HUMAN RESOURCE MANAGEMENT	91
2.	HUMAN RESOURCES OVERSIGHT STATISTICS	92
3.	EMPLOYMENT AND VACANCIES.....	94
4.	FILLING OF SMS POSTS.....	95
5.	JOB EVALUATION.....	96
6.	EMPLOYMENT CHANGES	98
7.	EMPLOYMENT EQUITY	100
8.	SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS	104
9.	PERFORMANCE REWARDS	104
10:	FOREIGN WORKERS	106
11.	LEAVE UTILISATION	107
12.	HIV/AIDS & HEALTH PROMOTION PROGRAMMES	109

PART E: FINANCIAL INFORMATION

1.	REPORT OF THE AUDITOR GENERAL	117
2.	ANNUAL FINANCIAL STATEMENTS.....	125



PART A: GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS: 270 Jabu Ndlovu Street
Pietermaritzburg
3200

POSTAL ADDRESS: Private Bag 9152
Pietermaritzburg
3201

TELEPHONE NUMBER/S: 033 264 2500

EMAIL ADDRESS: info@kznedtea.gov.za

WEBSITE ADDRESS: www.kznedtea.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

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

3. FOREWORD BY THE EXECUTIVE AUTHORITY

The 2018/19 financial year marked the final chapter of the term of governance of the democratically elected fifth administration. This term was admittedly faced with some challenges which have resulted in subdued economic growth thus reducing the tax base and increasing unemployment and widening the inequality gap. While our government has made huge strides over the past twenty five years in reversing the legacy of apartheid and colonialism, however, many of our people remain on the outer edges of economic activity in our province because of our economy which was structured to benefit only a few. The provincial economy experienced a decline of 3.4% on the back of poor performance in the agriculture and manufacturing sectors. The depressed economic growth outlook continues to weigh down on job creation in the province.



Despite the aforementioned challenges, the department successfully implemented, in the main through Operation Vula, programmes that have had a positive impact on small businesses, particularly those that are operating in the townships and rural areas. Working with the Ithala Development Finance Corporation, a bulk-buying warehouse was established in Mandeni for the sale of retail inventory to tavern, township and rural shop owners. This has provided shop owners access to competitive prices, economies of scale and elimination of extended lead times for the purchasing of their stock items. There is on-going engagement of local business formations to address teething challenges with the programme. This pilot will continue into the 2019/20 financial year with a view of rolling it out throughout the province once a credible blueprint is developed.

We have continued in earnest to implement the Radical Agrarian Socio-Economic Transformation (RASET) model which has opened up opportunities along food production value chain including farm produce supply by under privileged farmers and emerging agro-businesses. In doing so an alternative value chain has been created in order to bypass structural barriers associated with the existing value chain. The programme has been anchored through public procurement programmes like the school nutrition programme by the Department of Education.

Other key successes worth noting in the year under review were the hosting of the radical economic transformation summit and provincial investment conference. The summit discussed honest and robust strategies to address issues of site invasions and business disruptions that have become rampant in the province. Concrete resolutions were taken at the summit which will see full implementation in the 2019/20 financial year. The provincial investment summit was hosted as a precursor to the President's Global Investment Conference. The summit which was attended by a range of local, national and international delegates provided a platform to handover the KZN Investment Opportunities handbook to the Presidential Envoy on Investment. The handbook contains an estimated US\$19,1billion (approx. R260 billion) investment opportunities that have the potential to create in excess of 800 000 construction jobs and 415 000 permanent job opportunities once committed.

With respect to environmental management, the Department completed and launched its Environment Outlook Report which informs the selection of policy options for current and future human development. The report highlights the persistent environmental challenges and recommends strategies and interventions to be used to address these.

The department continued with the process of rationalising its public entities. Whilst this is part of the broader fiscal consolidation process, it has served as an opportunity to streamline the services of the department and its entities to achieve maximum impact, efficiency and strengthen alignment.



.....
Ms Nomusa Dube- Ncube, MPL

MEC for Economic Development, Tourism & Environmental Affairs

4. REPORT OF THE ACCOUNTING OFFICER

4.1 FINANCIAL MANAGEMENT

Departmental Receipts	2018/2019			2017/2018		
	Estimate	Actual Amount Collected	(over)under collection	Estimate	Actual Amount Collected	(over)under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts				-	-	-
-Casino taxes				-	-	-
-Horse Racing taxes				-	-	-
-Liquor licences				-	-	-
-Motor vehicle licences				-	-	-
Sale of goods and services other than capital assets	2,541	840	1701	2,419	1,146	1,273
Transfers received				-	-	-
Fines, penalties and forfeits	555	665	(110)	525	558	(33)
Interest, dividends and rent on land	7	19	(12)	6	-	6
Sale of capital assets	200	1,529	(1,329)	200	-	200
Financial transactions in assets and liabilities	60	513	(453)	56	148	(92)
Total	3,363	3,566	(203)	3,206	1,852	1,354

The department collected revenue of R3.566 million, the breakdown is as follows:

Liquor licences is collected in relation to the registration and annual renewal of licence fees. The revenue derived from this category amounted to R23.226 million, however this is not recognised as revenue in the financial statements as the Department is only a conduit for receiving cash on behalf of the Revenue Fund as per the Modified Cash Standard (MCS).

Sale of goods and services other than capital assets - Revenue collected against this category is in respect of rentals on dwellings occupied by officials, parking fees, tender fees, tourism guide registration fees, servitude rights, commission on PERSAL deductions.

Fines, penalties and forfeits over-collected at R665 000 against a budget of R555 000, which was in respect of fines paid by companies that contravened environmental legislation, such as Environmental Impact Assessment (EIA) regulations. This type of revenue is difficult to predict accurately.

Interest, dividends and rent on land - Revenue from this source mainly relates to interest on staff debts, and is difficult to predict due to its uncertain nature.

Sale of capital assets relates to the sale of redundant assets such as motor vehicles and old office equipment. The department over-collected by R1.329 million due to higher than expected revenue collected from the auction sales of motor vehicles. It is difficult to predict the performance of the auction on the day, hence the conservative budget of R200 000.

Transaction in financial assets and liabilities shows an over-collection against budget, due to higher than anticipated recovery from staff debts.

Programme Expenditure

Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over) under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	252,685	251,776	909	243,816	228,775	15,041
Integrated Economic Development Services	556,364	535,740	20,624	406,589	390,291	16,298
Trade and Sector Development	796,256	761,676	34,580	823,352	806,994	16,358
Business Regulation and Governance	116,863	114,695	2,168	105,311	101,820	3,491
Economic Planning	32,214	28,615	3,599	33,053	23,814	9,239
Tourism	257,178	244,785	12,393	222,362	208,197	14,165
Environmental Affairs	1,007,028	973,642	33,386	961,970	936,069	25,901
Total	3,018,588	2,910,929	107,659	2,796,453	2,695,960	100,493

4.2 SUPPLY CHAIN MANAGEMENT

The organisational capacity for delivery in the SCM section remains severely constrained. This is mainly due to the delay in approval of the Departments' organisational structure and cost cutting measures implemented. Plans are in place however for the augmentation of capacity. The section aims to create a post for SCM performance and compliance which will enhance procurement efficiencies and improve performances in respect of procurement processes.

Procurement efficiencies and prudent procurement spending will continue to support the cost cutting measures introduced by the National and Provincial Treasuries. To ensure economies of scale are achieved, and that procurement timelines are reduced, the Department is participating in Provincial Treasury transversal contracts for event management and online travel services.

Updated SCM policy and standard operating procedures are in place and contributes to continued adherence to good governance. Awareness regarding irregular, fruitless and wasteful expenditure and the resultant disciplinary action is inculcated in all officials resulting in a significant decrease in such expenditure from previous years.

Challenges experienced in SCM and how they were resolved

Challenges	Manner of Resolving
Poor planning particularly with last minute submission of requisitions for events	Norms and standards developed for submission of requests Participation in Provincial Treasury's transversal contracts for events HOD intervention
Poor Attendance of Bid Committees	Scheduled meetings for the year Attendance reports submitted to EXCO every month
Poor or incomplete specifications and terms of reference	Constant capacitation / training of project leaders
Overpricing of quotations by SMMEs	Negotiations
Delays in the completion of awards as a result of relaxation of tax compliant law	Outside of scope for department
Lack of human resource capacity	Proposals for augmentation of capacity submitted for approval
Inadequate monitoring of contracts by project leaders resulting in last minute extensions or inadequate time to complete SCM processes	Development and implementation of a project management framework. Culture of responsibility and accountability being enforced from highest level
Non integration and coordination of similar requests simultaneously from all districts for Environmental Affairs	Re-submission of demand plan according to line items for balance of the year for goods and services

4.3 INTEGRATED ECONOMIC DEVELOPMENT SERVICES

The department successfully launched the Radical Agrarian Socio/Economic Transformation (RASET), one of the pillars for Operation Vula. In pursuit of the responsibility to co-ordinate the support and development of sustainable SMMEs and co-operatives/social enterprises that contribute to wealth and job creation, the department implemented various interventions including training, mentorship, incubation, funding and business advisory services. As one of its implementation methodologies, EDTEA prioritised mutual and synergistic partnerships and signed an agreement with the Coastal Technical Vocational Education and Training (TVET) College to train co-operatives. In this regard, 333 co-operatives were trained in business management skills, including management and good governance of co-operatives.

The partnership agreement with Mangosuthu University of Technology (MUT) resulted in 82 SMMEs receiving training in the manufacturing of cleaning detergents and other chemical products. A total of 497 groups/associations were assisted to register with the Companies and Intellectual Property Commission (CIPC) as co-operative entities, and 936 individuals registered their SMME businesses with the CIPC.

EDTEA concluded a funding agreement with the University of KwaZulu-Natal (UKZN) Graduate School of Business and Leadership and is currently funding the delivery of education, training and research

related to Regional and Local Economic Development (RLED).

In 2017/18, there were 2 300 youth trained and placed in different technical trades such as boiler making, diesel mechanics, welding, steel fabrication, and plumbing. Furthermore, there were 105 unemployed graduates placed for employment through the National Skills Fund (NSF). Also, 150 youth and five youth companies were exposed to the film television industry.

Through the Entrepreneurship and Careers Expos, the department interacted with more than 70 000 youth including those that are at schools and those who have completed matric and are either looking for employment or considering starting businesses.

Through the funding partnership with the National Youth Development Agency (NYDA), more than 30 youth businesses were provided with grant funding, as well as mentorship.

The department facilitated the implementation of the Black Industrialists programme which was launched in June 2017 in partnership with the Department of Trade and Industry (DTI). A total of 25 applications from KZN were submitted to DTI for consideration in this regard. The programme contributed to the implementation of Operation Vula which is an initiative aimed to guarantee a market for small scale emerging enterprises (owned by previously disadvantaged communities) such as co-operatives that would supply products to different government departments. EDTEA continued to create awareness on B-BBEE policy compliance across the province. A number of key stakeholders participated in workshops towards Township Revitalisation in Umlazi, KwaNyuswa, Clermont, KwaMashu and KwaDabeka.

The Department concluded an agreement with Umfolozi TVET College to train women in the clothing manufacturing programme. Women owned co-operatives from King Cetshwayo and eThekweni Metro were trained in garment making and business management associated with clothing. The department also signed an agreement with the Downstream Aluminium Centre for Technology (DACT) to provide training, mentorship and incubation to women in the steel and aluminium sector and 15 women-owned businesses based in the King Cetshwayo District participated in the programme. The department held SMME fairs to assist in creating market access for women.

Economic Transformation

On 28-29 March 2019 we hosted a ground breaking Radical Economic Transformation Summit which was aimed at discussing strategies to honestly and robustly address the issue of site invasions and business disruptions that have taken place in the province. The provincial government adopted a two pronged approach in dealing with the matter. The first approach included dealing decisively with the criminal activities associated with site invasions and business disruptions. The second approach entailed proactively developing a clear economic transformation programme that is geared to address the issue of economic exclusion raised by business forums. The summit was attended by representatives of government (all spheres), private sector, civil society and business forums. At the end of the summit, all stakeholders committed to achieve radical economic transformation in both public and private sectors in the Province with a view to ensure access to opportunities of target group (youth, women, military veterans and people with disabilities). All stakeholders denounced the criminal activities associated with site invasions and business disruptions.

The KZN Youth Business Development Fund (“Youth Fund”) was established by the OTP following the pronouncement made by the Premier at the 2018 State of the Province Address (SOPA). The intervention is part of the concerted effort by the Provincial Government to create an enabling policy environment for youth development and empowerment. The Office of the Premier (OTP) and Department of Economic Development, Tourism and Environmental Affairs (EDTEA) committed a total of R70 million towards the capitalization of this fund during the 2018/19 financial year. The KZN Growth Fund is currently managing the fund and the adjudication process for the applications is currently underway.

We fulfilled our commitment to conduct a BBBEE verification on top 100 private companies, provincial government departments and public entities in KwaZulu-Natal. The outcome of this verification, unfortunately, indicates that we still have a long way to go in getting our institutions, both in the private and public sector, to adhere to the BBBEE codes of good practice. The report has been forwarded to the KZN Economic Transformation Monitoring Council for its implementation.

TRADE AND SECTOR DEVELOPMENT

Investment Promotion

In line with its mandate of promoting trade and investment attraction the EDTEA and its public entities compiled a list of high impact investment projects that were handed over by the MEC to the presidential investment envoys during the provincial investment summit. These projects formed part of investment projects unveiled by the President during the national investment summit held in October 2018.

Furthermore, EDTEA piloted a 10 months Exporter Competitiveness Program in partnership with Productivity SA wherein 20 Companies (15 Emerging Exporters and 5 Seasoned Exporters) participated. The 15 Emerging Exporters made an aggregated turnover of R467 million and sustained 873 jobs over the pilot period whilst the 5 seasoned exporters retained 732 jobs and made a R323 million aggregated turnover. The aim of the Exporter Competitiveness Program is to among other things, improve business process value chain efficiency and flexibility resulting in fewer errors, less disruptions, improved service delivery, shorter delivery times, and lower costs. In addition resource utilization, increased productivity, enhanced innovation, increased global market access and improved global competitiveness of KZN products results in increased provincial export growth and development.

With respect to business retention, EDTEA has worked tirelessly to revive and retain a number of companies which were either on the verge of shutting down or relocating. Some of the causes of distressed companies related to poor management, lack of capitalisation of the business and innovation. As a result of these factors, the share of manufacturing output to GDP and share of manufacturing employment dwindled over time. In this regard, we have been able to assist and support the retention of the following companies among others: Richards Bay Minerals (RBM), Zulti South, Sumitomo, SAPPI and Glodina.

These interventions have also resulted in some of the companies expanding their investments in the province ie. RBM, SAPPI and Sumitomo.

Aerotropolis

The Aerotropolis Master plan including a physical model for the proposed Durban Aerotropolis was finalised in the year under review. The registration of the Aerotropolis Institute Africa (AIA) has been completed and an inaugural Aerotropolis Masterclass and route development short courses have been piloted to test the market in April and August 2018 respectively. Degree programmes for the Africa Institute Africa will be developed and finalised during the course of this year. Bursaries to study Aeronautical Engineering at Wits and Pretoria universities were awarded for the 2019 academic year, going on for the next four years in order to build capacity of this scarce skill/ expertise among PDI youth.

KSIA has experienced tremendous growth of passenger numbers being recorded in recent times with the targeted five million passenger numbers per annum having been surpassed.

Automotive Supplier Park

Significant strides have been made towards the establishment of the Automotive Supplier Park proposed for the eThekweni South Industrial Basin. Progress in this regard includes the following:

- Formulation of industry basic requirements,
- Local benchmarking study,
- Stakeholder register and engagement plan,
- Submission of application for the exemption from Act Sub-division of Agricultural Land Act 70 of 70 to DAFF,
- Approval of conceptual ground layout by the Liaison Committee,
- Heritage study,
- IWULA assessments,
- Transport Master Plan and
- Initiation of EIA consultations.

Maritime

Within the maritime sector, a number of aquaculture projects were undertaken to enhance fish farming activities to stimulate economic growth and job creation in the Province including the establishment of a fish processing facility as a means to develop the fishing business and/or industry in the Province through beneficiation.

Amongst the support currently being provided by the EDTEA is the facilitation of fishing licences through the Department of Agriculture and Fisheries (DAFF) as well as co-operative licences of fishing communities along the KZN coastline.

In the 2019 financial year, concerted focus within the maritime sector will among others be on the development and commercialisation of the aquaculture sub-sector with beneficiaries largely being in the rural areas and along the KZN Coastline. In this regard, 43 communities along the coastline have been earmarked to benefit from this commercialisation project. Over and above the facilitation of fishing licences business registration of small scale fishers, provision and installation of business operations infrastructure such as processing facilities, tunnel structures, boreholes and solar energy as well as facilitation of access to formal markets for their fishing products will be undertaken by the EDTEA.

The oil and gas feasibility study is nearing finalization and it is already confirming our assertion that Richards Bay has both comparative and competitive advantage to host oil and gas hubs.

Information Technology

KZN EDTEA lead the establishment of ICT incubators in Port Shepstone and Richards Bay and these have been used as important vehicles to foster the growth of the ICT sector in the towns of Richards Bay and Port Shepstone leading to the growth of a further 40 ICT SMME start-ups. A total of 2 082 people received training in ICT skills development over the past 5 years. A further 100 people have received training on “How to Start a Business” via KZN EDTEA training programmes. This programme targeted graduates and post graduates at KZN universities and private training colleges in order to coax researcher, inventors and innovators to commercialise their work.

Phase one of the establishment of three of the four techno hubs earmarked for the Province in Newcastle, Port Shepstone, and Richards Bay has been completed each with an administration and management building. Investors and tenants are currently being engaged with to complete the remaining phases.

BUSINESS REGULATION AND GOVERNANCE ACHIEVEMENTS

In the past year under review the Department had committed to the development of a 5-year Master Plan to enable the formalization of the informal economy throughout KZN. The overall intention of the Master Plan is to strategize and plan for the streamlining of all informal economy activities in particular within KZN and in general throughout South Africa. This Master plan is considered as one of the drivers in line with the radical economic transformation strategy. The master plan involves stakeholders across all spheres both within and external to government, a National dialogue process was concluded wherein all inputs were considered. The International Labour Organization is one of the key stakeholders assisting with the roll out of this programme, the drafting team has been invited to present the final draft Plan at the Informal Economy Academy in Italy from the 12-23 November 2018. All consultations and comments as received have been incorporated into the draft plan and the plan will be ready for tabling to the Provincial Technical Committees and KZN Executive committee (Cabinet) for final endorsement in the next financial year.

In the past year the Department had committed to the development of an automated online business information management system which is a new system seen as a game-changer in terms of the business regulatory and information management. The overall intention of the system is to provide a platform for businesses in KZN to apply for business licenses and informal economy permits on-line and to track the progress in relation to each application. This will also serve as information management tool to identify all businesses legally operational within KZN. This system is in line with some of the outcomes of the Red tape programme undertaken in the previous financial year which aims at reducing red tape and cumbersome processes associated with business licensing. In line with State information and Technology Agency (SITA) plan to introduce E Government services, the Department had contracted with SITA for the development and roll out of the system which was cost effective. We are happy to report that the system had been developed in this financial year, and implementation of the system will be in the next financial year throughout the Province.

In the past financial year the Department had committed to the appointment of a Business Licensing Technical Team (PMU) to create technical capacity for municipalities that do not have capacity to perform the business licensing function. This is also one of the interventions identified by the Red tape programme of the previous year, to assist municipalities in fast tracking applications for business licenses and hence contribute towards the reduction of illegal businesses within KZN. The technical team had been appointed and an environmental scan of the status of status of business with all municipalities and businesses had been concluded to establish the status quo of un licensed businesses within KZN. Thereafter a targeted plan of action to legalize businesses had been developed. This implementation plan to legalize businesses will commence in the next financial year.

Under the banner of the KZN Integrated and compliance Regulatory forum (ICOREF), the number of businesses inspected in the last financial year had drastically been increased. A total of 99 businesses across the following sectors had been inspected throughout the Province viz –

1. FMCG;
2. Tourism,
3. Finance;
4. Liquor;
5. Motor industry;
6. Clothing and textile; and
7. Trucking.

The business inspections had resulted in the following outcomes viz-

1. Fines issued;
2. Businesses educated ;
3. Expired food removed and disposed;
4. Municipalities collecting revenue;
5. Illegal unfair terms removed
6. Enforcement of CPA
7. Consumer complaints resolved
8. Illegal business practices stopped;
9. Illegal liquor trading stopped
10. Illegal star grading removed;
11. Some companies complying with Immigration and Labour Laws

The department together with municipalities will continue with inspections of businesses to ensure compliance with the Consumer Protection Act and Business Regulations.

To digitize the management of consumer complaints received and resolved, the Department had contracted with SITA for the development of an IT based system which will serve as first line complaints resolution thru complaints management system. This system had been developed in this financial year. Roll out and implementation will commence in the next financial year.

ECONOMIC PLANNING

Over the 2018/19 financial year, funding agreements between the Department of Economic Development, Tourism and Environmental Affairs and provincial state funded universities were concluded for the implementation of Technology Transfer, a programme supporting the development of innovative technologies that address socio-economic challenges of the province. The support saw 7 technologies being developed: 2 at University of KwaZulu-Natal, 3 at University of Zululand, and 2

at Durban University of Technology. Of the 7 technologies, 4 were led by women. The programme created 24 temporary jobs.

Over the same year, the Department partnered with the Council for Scientific and Industrial Research (CSIR) to produce an energy masterplan for the Dube Trade Port SEZ. The provision of cost competitive energy generated on site within the SEZ could provide them with a competitive edge in attracting investment into the zone. Not only can it become an additional incentive offering that the SEZ could incorporate, but it can also be used as a marketing tool to show that DTP is taking a leadership position in the promotion of a low carbon, renewable energy powered investment destination. The energy masterplan had a dual approach of examining renewable energy generation opportunities while at the same time identifying a planned approach for achieving the highest energy efficiency levels within the trade port. The generation coupled with energy efficiency measures will allow RBIDZ to pass on competitive energy costs and create an electricity hedging strategy for itself.

During the period under review, the programme also completed the formulation of the minerals beneficiation and agro-processing strategies. Four (4) quarterly provincial economic review publications and two (2) district statistical profiles were completed. The programme also continued with the formulation of the Kosi Bay Integrated Boarder economic development plan in addition to promoting beneficiation of waste resources through the provincial industrial symbiosis programme.

TOURISM DEVELOPMENT

The Department was able to capacitate 2 044 youth undertaking tourism at high school and tertiary levels including unemployed graduates through the Tourism Entrepreneurship Careers Expo in an effort to expose them to opportunities within the tourism sector. Furthermore, 140 youth and 160 tourism educators at TVETs and high schools were capacitated through enhancement workshops and educational excursions to boost their knowledge within the sector.

In recognising the role of women within the sector, the KZN Women in Tourism Chapter was launched with the aim to grow women in the sector, capacitate and ensure participation in the mainstream economy.

The Department also conducted tourist guide inspections in areas with high tourism activity to curb illegal guiding, ensure compliance and identify areas of intervention within the sector. As part of continuous development and up-skilling, 100 tourist guides for Umkhanyakude DM and Ethekwini Metro were capacitated with educational workshops and tours covering critical tourism attractions to enhance their knowledge and guiding skills.

The Department continued to drive efforts towards diversifying provincial tourism products and supply of rural based tourism experiences. Homestays B&B have been piloted as one of the niche products and will in the near future be spread across the province. The Department embarked on a process of identifying tourism products and attractions for development to enhance and increase the provincial tourism offerings. To achieve transformation within rural communities, the Department provided support for the construction and upgrade of Ndumo Lodge and Ingodini Border Caves.

ENVIRONMENTAL AFFAIRS

Environmental Impact Management

The Department attained completion of 98 per cent of EIA applications within the legislated timeframes, impacting directly on economic growth. With regard to the 170 EIA applications finalised, it is estimated that the total capital value of the projects amounts to approximately R8 billion, and can

potentially unlock an estimated 9 396 construction phase jobs and 16 179 permanent operational phase jobs. Also, 90 per cent of waste management licence applications were completed.

Climate Change Management

To address climate change issues increasingly faced by the province, the department has conducted climate vulnerability assessments and developed climate change response plans for the ten districts. The department has also developed the technological road maps for the Province focusing on the water and energy sector in line with the outcomes of the vulnerability assessment.

Sustainability Monitoring and Reporting


The department launched its provincial Environment Outlook Report which informs selection of policy options for current and future human development. The findings of this report will be used to refine the provincial environmental programme.

Alien Invasive Species Programme

In addressing the IAS challenge, the Department continued to implement the Invasive Alien Species Programme (IASP) which was initiated to control and manage the spread of alien species in the province. This programme was implemented throughout the province using the Expanded Public Works Programme (EPWP) framework to create employment opportunities for the destitute, the unemployed people. In 2018/19 a total of 170 454 hectares of land were cleared of invasive alien species exceeding the target of 120 000.

Environmental Empowerment

Environment Empowerment Services unit has continued to provide environmental capacity building and support, communication and awareness raising to citizens of KZN including learners, educators, traditional leaders, traditional healers, women and youth groups, people living with disabilities, government institutions, municipal councilors and all structures of the community. The unit successfully conducted 62 environmental capacity initiatives and 1 012 awareness campaigns exceeding the targets of 55 and 1 000 respectively.



Ms Siza Sibande

Acting Accounting Officer

Department of Economic Development Tourism and Environmental Affairs

Date: 28 August 2019

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

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

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions.

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

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

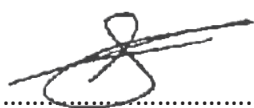
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgments made in this information.

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

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

In my opinion, the annual report fairly reflects operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2019

Yours faithfully



.....
Mr. Siza Sibande

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

6. STRATEGIC OVERVIEW

Vision

Attainment of a radically transformed, inclusive and sustainable economic growth for KwaZulu-Natal

Mission

The mission of EDTEA is to:

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

Values

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

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

7. LEGISLATIVE AND OTHER MANDATES

7. (1) The Department operates within National Legislative, Policy and Strategic Frameworks, which can be summarised as follows:

- (a) the Constitution of the Republic of South Africa, 1996, (particularly Schedules 4 and 5, which stipulate the competence of the provincial government on matters of economic development);
- (b) the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the Treasury Regulations, 2005;
- (c) the National Small Business Amendment Act, 2004 (Act No. 29 of 2004);
- (d) the Co-operative Act, 2005 (Act No. 14 of 2005);
- (e) the National Environmental Management Act, 1998 (Act No. 107 of 1998);
- (f) the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004);
- (g) the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004);
- (h) the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008);
- (i) the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003);
- (j) the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008);
- (k) the Tourism Act, 2014 (Act No. 3 of 2014);
- (l) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (m) the Special Economic Zones Act, 2014 (Act No. 16 of 2014);
- (n) the Integrated National B-BBEE Strategy and KZN B-BBEE Strategy;
- (o) the B-BBEE Codes of Good Practice;
- (p) the National Development Plan, the New Growth Path, and the Industrial Policy Action Plan;
- (q) Local Economic Development Policy Guideline;
- (r) the South Africa Trade Policy Framework;
- (s) the Green Economy Framework;
- (t) the Mining Beneficiation Strategy;
- (u) the National Spatial Economic Development Perspective;
- (v) the Special Economic Zones Policy;
- (w) the National Framework for Sustainable Development;
- (x) the National Climate Change Response Strategy;
- (y) the National Air Quality Management Strategy;
- (x) the National Waste Management Strategy;
- (aa) the White Paper on the Development and Promotion of Tourism;
- (bb) the National Integrated Coastal Management Strategy;
- (cc) the White Paper on Environmental Management Policy;
- (dd) the Local Economic Development Policy Guideline;
- (ee) the Industrial Policy Action Plan; and
- (ff) the KZN Informal Economic Policy.

(2) The Department's mandate is further guided by, amongst others, the following Provincial Legislative, Policy and Strategic Frameworks:

- (a) the Ithala Development Finance Corporation Act, 2013 (Act No. 5 of 2013);
- (b) the Nature Conservation Ordinance, 1974 (Ordinance No. 15 of 1974),
- (c) the KwaZulu-Natal Nature Conservation Management Act, 1997 (Act No. 9 of 1997);

- (d) the KwaZulu-Natal Tourism Act, 1996 (Act No. 11 of 1996);
- (e) the KwaZulu-Natal Gaming and Betting Act, 2010 (Act No. 8 of 2010);
- (f) the KwaZulu-Natal Gaming and Betting Tax Act, 2010 (Act No. 9 of 2010); KwaZulu-Natal Liquor Licencing Act, 2010 (Act No. 6 of 2010);
- (g) the Businesses Act, 1991 (Act No. 71 of 1991);
- (h) the KwaZulu-Natal Dube Tradeport Corporation Act, 2010 (Act No. 2 of 2010);
- (i) the KwaZulu-Natal Film Commission Act, 2010 (Act No. 3 of 2010);
- (j) the KwaZulu-Natal Trade and Investment Agency Act, 2010 (Act No. 5 of 2010);
- (k) the KwaZulu-Natal Consumer Protection Act, 2013 (Act No. 4 of 2013);
- (l) the KwaZulu-Natal Provincial Growth and Development Strategy ;
- (m) the KwaZulu-Natal Provincial Spatial Economic Development Strategy;
- (n) the Draft KwaZulu-Natal Export Strategy;
- (o) the KwaZulu-Natal Industrial Development Strategy;
- (p) the KwaZulu-Natal Investment Promotion Strategy;
- (q) the Draft KwaZulu-Natal Green Economy Strategy;
- (r) the KwaZulu-Natal Airport Strategy;
- (s) the KwaZulu-Natal Small Enterprise Development Strategy;
- (t) the KwaZulu-Natal Cooperative Developments Strategy;
- (u) the KwaZulu-Natal Youth Economic Empowerment Strategy;
- (v) the KwaZulu-Natal Informal Economic Policy; and
- (w) the KwaZulu-Natal Tourism Master Plan.
- (x) KZN Informal Economy Policy

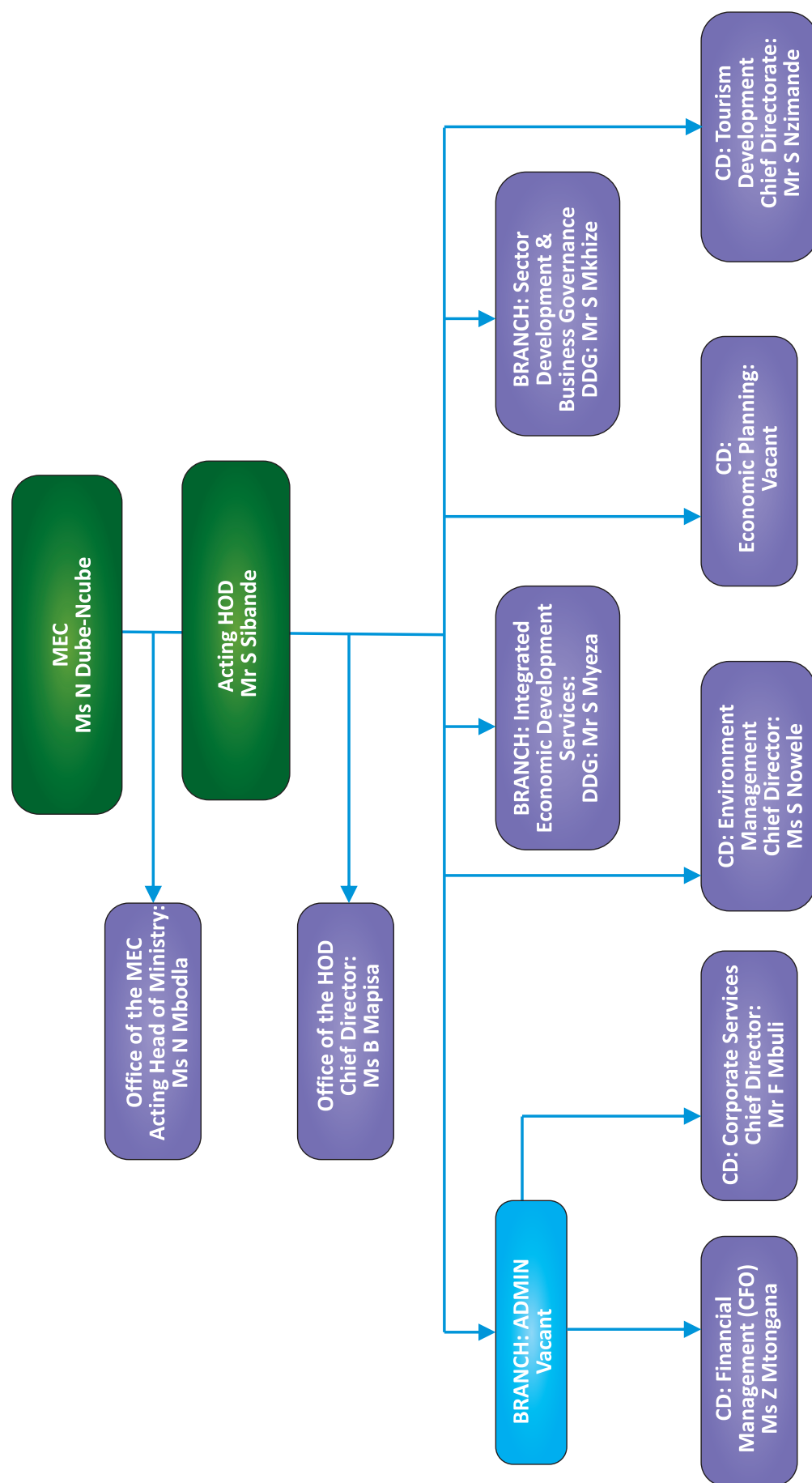
(3) The emphasis in most of the current policies and provincial strategies is the issue of addressing the triple challenges of poverty, unemployment and inequality, and the main policy discussions are currently centred on the following:

- (a) radical economic transformation;
- (b) job creation;
- (c) special economic zones and industrial economic hubs;
- (d) beneficiation and value addition;
- (e) infrastructure development;
- (f) rural economic development;
- (g) skills development;
- (h) economic transformation;
- (i) the KwaZulu-Natal Beach Tourism Policy
- (j) trade Policy;
- (k) spatial economic development;
- (l) black industrialisation; and
- (m) the revitalisation of township and rural economies.

The above Acts, Policies and Strategies are critical to direct the vision and mandate of the Department, and it is only through efficiency in the implementation of the legislation, policies and strategies that the Department can meaningfully contribute to the fight against the triple challenges of development.

8. ORGANIZATIONAL STRUCTURE

HIGH LEVEL ORGANISATIONAL STRUCTURE FOR EDTEA



During the 2018/19 financial year, the Department was in the process of reviewing its organisational structure. The purpose of the review is based on a thorough situational and functions analysis that was conducted. The analysis found that the current structure does not take into cognisance the strategic and functional changes that have happened over the years in the Department. The intention is therefore to accommodate these changes and translating the focus of the Department to the core mandate in line with the key functional mandate, as well as the evolving mandates and to strengthen the setting of key areas. Furthermore, the purpose is to ensure that the organisational structure responds to government's policy priorities and social vision as envisaged in the National Development Plan as well as the ensuing mandate delivery model against key Medium Term Strategic Framework projects relevant to the Department's mandate in respect to Economic Development, Tourism and Environmental management. This restructuring process will be finalised during this current term of the 6th Administration.

The current approved structure for the Department comprises of seven programmes.

- Programme 1 is Administration which in terms of the budget structure, also includes the Office of the MEC and the Office of the HOD. These add to other sub-programmes such as Financial Management and Corporate Services.
- Programme 2 is Integrated Economic Development Services that consists of the Regional & Local Economic Development, Enterprise Development and as well as Economic Empowerment. This programme is headed by a Deputy Director General.
- Programme 3 is Trade & Sector Development which in terms of the organisational structure has Sector Development, Strategic Industrial Intervention and Trade and Investment promotion
- Programme 4 is Business Regulation & Governance and this consists of Regulation Services, Consumer Protection and Policy and Legislation business units with respect to the organisational structure. Both programmes 3 and 4 currently report to a single Deputy Director General.
- Programme 5 is Economic Planning that features Policy & Planning, Research & Development, Knowledge Management and as well as Monitoring & Evaluation. This programme is headed by a Chief Director.
- Programme 6 is Tourism Development, a function that was transferred from the Department of Arts & Culture soon after the 2009 elections from Arts and Culture and this unit is presently led by an Acting Chief Director. It comprises of three sub-programmes namely Tourism Planning, Tourism Growth and Development and Tourism Sector Transformation. The programme is responsible for policy, strategy development, capacity building, and destination development.
- Programme 7, which is Environmental Management, was aligned to this portfolio from the Department of Agriculture and Rural Development following the 2014 elections – and is also headed by a Chief Director.

9. ENTITIES REPORTING TO THE MEC

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

Public Entity	Trade and Investment KwaZulu-Natal	2018/2019 Allocation R'000
Mandate	To attract foreign and domestic investment and to generate exports and exports capacity in KwaZulu-Natal.	85 935
Enabling Legislation	Trade and Investment Act No. 5 of 2010.	
Other Policies	PGDP, Investment Strategy, Export Strategy	

Public Entity	KwaZulu-Natal Tourism Authority	2018/2019 Allocation R'000
Mandate	Directly or indirectly develop, promote and market tourism into and within the province of KwaZulu-Natal	151 117
Enabling Legislation	KwaZulu-Natal Tourism Act, Act 11 of 1996 Provincial Tourism Policy, Approved in March 2008 National Tourism Sector Strategy, Approved in March 2011 There are three further important documents which will have an impact on the role of TKZN in the future. These are : The National Tourism Sector Strategy The Provincial Growth and Development Strategy The Provincial Tourism Master Plan	
Other Policies	KZN Provincial Tourism Master Plan	

Public Entity	KwaZulu-Natal Sharks Board	2018/2019 Allocation R'000
Mandate	To undertake, initiate and approve measures for safeguarding bathers against shark attack in the Province.	72 297
Enabling Legislation	KwaZulu-Natal Sharks Board Act, 2008 (No. 05 of 2008)	
Other Policies	Draft Provincial Maritime Strategy	

Public Entity	Dube Trade Port Corporation	2018/2019 Allocation R'000
Mandate	The Dube Trade Port Corporation must, through the Board: Ensure the strategic planning, establishment, design, construction, operation, management and control of the Dube Trade Port; Implement and give effect to the Master Plan for the economic growth of the Dube Trade Port Region and the Province; Manage and utilise its resources in accordance with its objectives and the requirements of the Master Plan; Identify, develop, market and promote investment opportunities in the Dube Trade Port; and Develop an investment plan for the Dube TradePort	356 695
Enabling Legislation	KZN Dube TradePort Corporation Act, 2010 (Act no. 2 of 2010). This needs to be updated as the DTP is now a Special Economic Zone	
Other Policies	Special Economic Zones Act	

Public Entity	Moses Kotane Institute	2018/2019 Allocation R'000
Mandate	To empower individuals through specialist education and training in mathematics, science, engineering, technology and business process outsourcing that will assist them to become employable, enhance service delivery and create employment opportunities for others.	55 131
Enabling Legislation	The Institute was established in 2009 by the Kwazulu-Natal Department of Economic Development in terms of Public Service Amendment Act No. 30 (2007).	

Public Entity	Richards Bay Industrial Development Zone	2018/2019 Allocation R'000
Mandate	To accelerate and improve infrastructure for industrial development through the government's Industrial Development Zone (IDZ) Programme	129 530
Enabling Legislation	The Industrial Development Programme promulgated in terms of the Manufacturing Development Act, 1993 (Act No. 187 of 1993) in Government Notice No R1224 of 1 December 2000 as amended by Government Notice No R1065 of 27 October 2006. This needs to be updated as the DTP is now a Special Economic Zone	
Other Policies	Special Economic Zones Act	

Public Entity	KZN Liquor Authority	2018/2019 Allocation R'000
Mandate	To provide for the regulation, control and licensing of the retail sale and micro manufacture of liquor in the Province of KwaZulu-Natal	80 189
Enabling Legislation	KwaZulu Natal Liquor Licensing Act no. 06 of 2010	

Public Entity	Ithala Development Finance Corporation	2018/2019 Allocation R'000
Mandate	<ul style="list-style-type: none"> • mobilising financial resources and providing financial and supportive services to persons domiciled, ordinarily resident, or carrying on business within the Province; • planning, executing, financing and monitoring the implementation of development projects and programmes in the Province; • promoting, assisting and encouraging the development of the Province's human resources and its social, economic, financial and physical infrastructure; • promoting, encouraging and facilitating private sector investment in the Province and the participation of the private sector and community organisations in development projects and in contributing to economic growth and development generally; • acting as the government's agent for performing any development-related tasks and responsibilities that the government considers may be more efficiently or effectively performed by a corporate entity 	275 659
Enabling Legislation	Ithala Development Finance Corporation Act No. 2 of 1999	

Public Entity	KwaZulu-Natal Growth Fund Trust	2018/2019 Allocation R'000
Mandate	The Trust is the custodian of the KZN Growth Fund Trust a structured debt and equity fund. The Trust receives capital contribution from the KZN Provincial Government. The sole beneficiary of the Trust is EDTEA. The "Fund" is a closed, pooled infrastructure project debt and equity fund. It funds capital projects above R30m.	126 900
Enabling Legislation	The Department is in the process of drafting the legislation to govern the entity, list it in the PFMA and register it as a government owned company.	

Public Entity	KwaZulu-Natal Film Commission	2018/2019 Allocation R'000
Mandate	to promote and market the Province as a global destination for film production; to develop, promote and market, locally, nationally and internationally, the film industry in the Province; to facilitate investment in the film industry in the Province; to provide and encourage the provision of opportunities for persons, especially from disadvantaged communities, to enter and participate in the film industry in the Province; to address historical imbalances in the infrastructure and in the distribution of skills and resources in the film industry in the Province; and to contribute to an enabling environment for job creation in the film industry in the Province.	96 267
Enabling Legislation	KwaZulu-Natal Film Commission Act No. 3 of 2010	

Public Entity	KwaZulu-Natal Ezemvelo Wildlife	2018/2019 Allocation R'000
Mandate	<ul style="list-style-type: none"> The management of nature conservation within the Province of KwaZulu – Natal both inside and outside the protected areas and; The development and promotion of ecotourism facilities within the protected areas. 	767 512
Enabling Legislation	<ul style="list-style-type: none"> KwaZulu–Natal Conservation Management Act (No. 9 of 1997) National Environmental Management: Biodiversity Act, No. 10 of 2004 National Environmental Management: Protected Areas Act, No. 57 Of 2004 Ordinance 15 of 1974 	



PART B: PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 150 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

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

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

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

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

2.1.4 It should be highlighted that whilst the national departments are responsible for policies to be implemented at all levels of government, provinces are expected to operationalize national priorities programmes in order to discharge their constitutional mandates. The investigation conducted reveals that in operationalizing the national priority programmes, provinces rely heavily on various strategies designed both by national and provinces.

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

These programmes are the following:

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

2.2 Service Delivery Improvement Plan

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

Main services and standards

Main Services	Service Standards	Beneficiaries	Desired standard of performance	Actual Achievement
Registration of Tourist Guides	Queries will be resolved as per the approved Complaints/ Compliments Management Framework, which prescribe a maximum of 25 working days.	Tourists Tourist Guides Tourism Products (game reserves, museums, etc.) Tourism Business Owners (Restaurants, Bed and Breakfasts etc.) Municipalities	Tourist Guide complying in the sector	Tourist Guides accredited by the department Tourist Guide Inspections
	Access		Print media notices for stakeholders Electronic media notices Forums Roadshows	Print media notices for stakeholders Electronic media notices Forums Roadshows
	Information		Telephone, brochures & E-mails Reception services Departmental publication More training on universal accessibility programmes	Telephone brochures and emails Reception services Departmental publications

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Refer to the SDIP information provided above.

Service delivery information tool

Refer to the SDIP information provided above.

Complaints mechanism

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

2.3 Key policy developments and legislative changes

There were no policy changes during the period under review.

3. STRATEGIC OUTCOME ORIENTED GOALS

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

KZN EDTEA Strategic Outcome Oriented Goals and Objectives

Strategic outcome oriented goal 1	Integrated economic planning and development in the Province
Goal statement	Achieve an integrated and coordinated economic planning process and development in the Province of KZN.
Goal indicator	Effective implementation of Provincial interventions by relevant stakeholders
Strategic objectives	1.1 Coordinate social partners and other stakeholders in the Province 1.2 Collect, process, maintain and report on economic and other social data 1.3 Track the implementation of economic interventions 1.4 Provide research on priority and strategic sectors 1.5 Develop and maintain an efficient regulatory and governance framework 1.6 Influence policy direction for economic and infrastructure development

Strategic outcome oriented goal 2	Sustainable and inclusive economic growth for job creation
Goal statement	Achieved economic growth with broad participation by the community
Goal indicator	Higher provincial GDP, lower unemployment, poverty and inequalities and improved key social indicators
Strategic objectives	2.1 Facilitate the implementation of economic transformation strategies and policies 2.2 Implement existing productive and service sector strategies and plans 2.3 Promote SMMEs and Cooperatives 2.4 Facilitate trade and investment

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

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

Strategic outcome oriented goal 4	Sustainable environmental management
Goal statement	Ensure effective implementation of policies and strategies for sustainable development
Goal indicator	Improved responsible environmental management and impact
Strategic objectives	4.1 Implement environmental management strategies and plans 4.2 Streamline the process of Environmental Impact Assessment 4.3 Promotion and facilitation of integrated environmental management through capacity building and awareness raising programmes and projects.
Strategic outcome oriented goal 5	Achieve institutional excellence responsive to the needs of the country
Goal statement	Establish a dynamic institution through a high performance and value based culture
Goal indicator	Accountable delivery of the mandate of the Department
Strategic objectives	5.1 Lead in the realisation of the vision of the Department and enhance service delivery and guaranteed value for money 5.2 Establish organisational capacity to enable delivery of mandate through effective human and financial management, corporate governance, risk management, and internal control frameworks 5.3 Deploy robust business processes and systems to promote a high performance and value-based culture 5.4 Strengthen planning oversight, monitoring and evaluation capabilities for measuring impact of economic development strategies within the Department and across its entities

4. PERFORMANCE INFORMATION BY PROGRAMME

Programme 1: Administration

Purpose of the Programme:

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

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme : Office of the Head of Department							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Approved Annual Performance Plan in compliance with the Strategic Planning Framework requirements	1	1	1	1	1	0%	Target achieved
Percentage achievement of EDTEA's annual performance plan targets	New	New	New	95%	71%	-29%	Delays in the approval of the Department's organogram resulting to capacity constraints and service delivery.
Percentage implementation of risk mitigation strategy	New	New	New	100%	57%	-43%	Delays in the approval of the Department's organogram resulting to capacity constraints in the implementation of risk mitigation strategies and service delivery.
Percentage implementation of MPAT improvement plans	New	New	New	100%	43%	-57%	Delays in the approval of the Department's organogram resulting to capacity constraints in the implementation of MPAT improvement plans and service delivery.

Sub-Programme: Human Resource Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
% of funded post in PERSAL which are vacant per quarter (Vacancy rate)	13%	16%	17%	10%	17%	7%	A number of posts have been added on Persal for filling. Posts have been advertised. Once posts are filled the vacancy rate will reduce
% Staff turnover rate	4.70%	1.00%	2%	5%	1%	-4%	Number of posts has increased on Persal. Exit interviews and staff surveys to be conducted to further reduce the turnover
% of performance agreement signed and submitted on time	New	76.34%	82.97%	90%	93%	3%	The Department issued warning letters for employees not complying with the process.
% of targets of workplace skills plan achieved	New	88.00%	79%	80%	140%	60%	Appointment of new officials receiving training on Compulsory Induction Programme enabled the Department to exceed the target.
% of disciplinary and grievances cases finalised within time frame	New	New	21%	100%	81%	-19%	Cases are still under investigation. Management to assist in resolving these cases speedily.
% of SMS members submitting financial disclosures	New	New	100%	100%	100%	0%	Target achieved

Sub-Programme: Human Resource Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Ensure effective and responsive employee health and wellness	New	New	New	60%	100%	20%	Increased demand for health and wellness programmes by Department's officials

Sub-Programme: Financial Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of Monthly Financial Management reports	New	12	12	12	12	0	Target achieved
% of valid invoices paid within 30 days	New	98.00%	87%	90%	98%	8%	The unit strive to process every invoice within the shortest period as possible as 30 days stipulated by Treasury Regulations. Regular follow ups are conducted to check for every invoice submitted to the Responsible unit is authorised for processing.

Sub-Programme: Financial Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
% of total procurement spent on BBBEE service providers	New	90.00%	97%	90%	94%	4%	Department procured more goods and services from black owned businesses with the view to promote radical economic transformation

Strategy to overcome areas of under-performance

The Department is currently filling the posts that were approved by the Premier in the year under review.

Programme 2: Integrated Economic Development Services

Purpose of the Programme:

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

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme: Enterprise Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of entities registered with CIPC	New	New	1496	1 166	1662	496	Provincial initiatives like targeted procurement and Bulk Buying, created a heightened interest in the formalisation of small enterprises as they aligned themselves with expected opportunities.
Number of interventions i.e. training, mentorship, funding, incubation and business advisory service implemented to support small enterprises	New	New	8	5	5	0	Target achieved

Sub-Programme: Economic Empowerment							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of Target groups supported with training to participate in the mainstream economy	New	New	New	1 000	874	-126	The target is demand based. There was an over achievement of output due to strategic partnerships concluded with various stakeholders
Number of Target Groups businesses supported through enterprise development programme (Technical training, Machinery support, start up support) development to participate in the mainstream economy	New	New	New	50	52	2	The Office of the Premier introduced the Youth Fund. This created an opportunity for the Department to conclude strategic partnership with the OTP, Growth Fund and other stakeholders as a result there was an over achievement of output
Number of B-BBEE compliance interventions (Awareness campaigns, policy training, Implementation Team) implemented to improve the level of compliance	New	New	New	5	8	3	The output is demand driven. There was an over-achievement of output through the strategic partnerships and participation of other stakeholders.

Sub-Programme: Economic Empowerment							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of interventions (co-ordinate implementation of the plan) implemented to support Operation Vula	New	New	3	4	4	0	Target achieved
Number of interventions (Co-ordinate implementation of KwaZulu-Natal framework) implemented to support Black Industrialist	New	New	3	4	4	0	Target achieved

Sub-Programme: Regional and Local Economic Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of projects implemented that support employment opportunities	New	New	6	3	5	2	These projects are carryover/multi-year interventions, while others are transfers from the office of the HOD.
Number of training interventions implemented	New	New	6	6	6	0	Target achieved

Strategy to overcome areas of under-performance

As can be seen from the tables above, the IEDS Branch has overachieved in some aspects of its targets and underachieved in others. This was due to a number of factors such as having to deliver on targets that were and still remain demand-driven (outside our control) and heavily reliant upon the availability of resources, participation and/or conclusion of strategic partnership with other stakeholders. The strategy to overcome areas of underperformance will include, but not limited to, soliciting more support or concluding strategic partnership with stakeholders such as tertiary institutions and TVET Colleges in areas of small enterprises development such as training and capacity building, mentorship, and incubation, etc. Creation of more partnership with development funding institutions and commercial banks on financial support and empowerment of target group to access the mainstream economy. The IEDS Branch will continue with the co-ordination of stakeholders (public and private sectors) for the implementation of various MOUs such as the Black Industrialists concluded with the DTI, and the National B-BBEE Commission. This will ensure implementation of its various projects and programmes aimed at opening up empowerment and transformation of the Provincial economy.

Programme 3: Trade and Industrial Development

Purpose of the Programme:

The Trade and Industry Development programme provides customised support services to prioritised sectors of the provincial economy. The strategic objective is to transform the provincial economy, to ensure job creation and long term sustainable growth. The programme is made up of three sub-programmes: Trade and Investment Promotion, Sector Development and Tourism Development sub-programmes.

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme: Strategic Industrial Interventions						
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of Infrastructure Investments projects facilitated to support Aerotropolis, and Industrial Hubs	New	New	4	1	-1	SCOA delays. Funding for regional airports only disbursed in April thus Margate could not be initiated

Sub-Programme: Strategic Industrial Interventions						
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of jobs opportunities facilitated through Aerotropolis, Maritime, and Industrial Economic Hubs Initiative	1630	50	54	0	-150	50% achieved during quarter 4 through Maritime Initiatives. Residual could not be achieved due to delays in infrastructure projects within Aerotropolis and IEH
Number of people trained within Aerotropolis, Maritime, Industrial Economic Hubs and Special Economic Zones		23	361	147	43	Additional beneficiaries trained within Maritime from District requests including LED officials
Number of feasibility studies and business plans or master plans completed		6	4	7	3	Additional ASP value chain business plans developed

Sub-Programme: Sector Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of projects implemented to support employment opportunities	New	New	1	6	2	-4	SCOA delays
Number of Business Plans Completed	2	2	1	5	7	2	Additional Horticulture project business plans developed

Sub-Programme: Sector Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of strategic interventions implemented	New	1	12	20	0	-20	Delays in SLA's for e.g. all automotive related projects and ICT Projects put on hold
Number of people trained on sector based skills	New	New	104	300	0	-300	Training transferred to coops division
Number of Clusters Supported (KZN Music Cluster, KZN CTC & KZN FC, KZNFI)	5	5	3	8	3	-5	Target incorrectly captured in the APP as 8 instead of 3. Only 3 clusters supported for the past 3 years (Kumisa, KZN CTC and KZN Fashion Council

Sub-Programme: Trade and Investment Promotion							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of intervention implemented to support exports and investment (KZN Exporter Competitiveness Program)"	New	New	1	1	1	0	Target achieved
Number of investment and export (trade) strategies developed	New	New	New	1	1	0	Target achieved

Strategy to overcome areas of under-performance

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

Programme 4: Business Regulations**Purpose of the Programme:**

The purpose of Business Regulations as a programme housed within the branch Industry Development and Business Regulations is to manage and implement the Constitutional legislative mandate of the Province in relation to liquor (policy and legislation function only), consumer and regulation services (formal and informal businesses) in terms of applicable liquor, consumer and business legislation. The Business Regulation Programme comprises of three sub-programmes, namely the Consumer Protection Unit, Regulation Services (formal and Informal trade) and the Policy and Legislation Unit.

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

- Consumer Protection
- Business Regulation Services
- Policy and Legislation

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme: Consumer Protection							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of consumer education programmes conducted	1057	1,047	1117	1 250	1579	329	Increased consumer education demand from various stakeholders in the province.
Number of inspections conducted	448	475	426	400	404	4	In January 2019 the MEC officially launched the Provincial Business Inspection Campaign which included visiting various towns across the Province to conduct Business Compliance Inspections.

Sub-Programme: Consumer Protection							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
% of Consumer complaints resolved	New	New	88%	90%	89%	-1%	Some of the investigations take longer to be finalized due to unavailability of respondents.

Sub-Programme: Regulation Services (Formal and Informal)							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of Municipalities Monitored with the Implementation of Business Legislation	32	40	31	31	39	8	The MEC through the Unit launched a Provincial Business Regulation Programmes which entails visiting Municipalities across the Province to assess their implementation of the Business Licensing function
Number of Municipalities monitored with the implementation of the Informal Economy Policy	22	32	28	20	37	17	This is a demand driven indicator and as a result of an increased number of requests for assistance received, Regulation Services had to conduct more visits/monitoring as planned.

Sub-Programme: Regulation Services (Formal and Informal)							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of barriers identified	1	3	7	4	6	2	More barriers were identified and resolved through interacting with both the Municipalities and the Business Community during the ICOREF business inspections
Number of barriers addressed	1	3	7	4	6	2	More barriers were identified and resolved through interacting with both the Municipalities and the Business Community during the ICOREF business inspections
Number of Business Inspections conducted to ensure compliance with Business legislation for Business Compliance	New	New	35	18	99	81	In January 2019 the MEC officially launched the Provincial Business Inspection Campaign which included visiting various towns across the Province to conduct Business Compliance Inspections.

Sub-Programme: Policy and Legislation							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of Liquor Authority monitoring reports (Tracking the effectiveness of the KZNLA in regulating the industry)	4	4	4	4	4	0	Target achieved
Number of initiatives undertaken to review effectiveness of Business Regulatory Environment relating to Liquor, consumer and Regulation services;	New	New	4	4	4	0	Target achieved

Strategy to overcome areas of under-performance

The area in which under performance had been recorded in the programme is only from within the Consumer Protection business unit. This is with regards to the percentage of resolution of consumer complaints. The unit had committed to an overall resolution rate of 90% of all complaints received being resolved. Unfortunately the unit had missed the target of 1%. This is attributed to the slow turnaround time of responsiveness from the offending service providers of goods and services as well accessibility to the consumer who had complained due to their non -availability.

To address the above challenge the unit has developed an electronic case management system (e case management system) which will assist with the tracking of turnaround times for resolution of complaints timeously so to prevent the unit from not achieving the target . In addition, to assist with the resolution rate of complaints the KZN Consumer Tribunal will be established in the next financial year which will assist with the fast tracking and improvement of the complaints resolution rate. In addition, the staff within the unit have been sensitized to consequences management for non-achievement of targets within any financial year.

Programme 5: Economic Planning

Purpose of the Programme:

The Economic Planning Programme provides key input into economic development through gathering economic data, conducting micro and macroeconomic analyses and economic modelling to inform economic policies and strategies. Furthermore, policy research ensures that the province's economic policy direction adequately responds to national and global economic and policy trends.

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme: Research and Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of research reports produced	13	13	5	5	5	0	Target achieved
Number of Research partnerships established and maintained	New	New	3	3	3	0	Target achieved

Sub-Programme: Knowledge Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of reports tracking provincial knowledge base indicator	4	4	4	4	1	0	Target achieved

Sub-Programme: Knowledge Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of reports on the development of an integrated statistical database	New	0	1	1	4	0	Target achieved
Number of learning platforms conducted	New	New	4	4	4	0	Target achieved

Sub-Programme: Policy and Planning							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of economic strategies reviewed/ developed	New	New	2	1	2	0	Target achieved
Number of economic publications	6	6	6	6	1	0	Target achieved
Number of Policy analysis/ advocacy reports	New	2	2	2	6	0	Target achieved
Number of policy briefs	New	New	New	2	2	0	Target achieved
Number of reports on economic strategies implemented	New	New	New	1	1	0	Target achieved

Strategy to overcome areas of under-performance

The Programme achieved all its performance targets for the period under review. Going into 2019/20 financial year the programme has entered into partnerships with the four state funded universities in the province and working with Moses Kotane Institute (MKI) to ensure sustenance of performance achieved in the 2018/19 budget year.

Programme 6: Tourism Development**Purpose of the Programme:**

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

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme: Tourism Planning							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2-019	Comments on deviations
Number of strategic partnership (forums) established and sustained between Public, Private and communities.	New	New	12	12	12	0	Target achieved
Number of advocacy and awareness initiatives on Tourism policies and legislation coordinated	New	New	2	3	3	0	Target achieved

Sub-Programme: Tourism Planning							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2-019	Comments on deviations
Number of Tourism research, policies, strategies and frameworks identified and developed	6	7	7	7	3	-4	Treasury reclassification process affected the non-implementation of these four projects hence the request to roll-over into 2019/20

Sub-Programme: Tourism Growth and Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of niche and diverse tourism products identified and supported.	New	New	1	1	1	0	Annual target
Number of Tourist Guides accredited.	New	New	267	200	277	77	The target was over achieved due to Tourist Guides educational tours and inspections conducted in hot spots areas, workshops and interactions with Tourist Guides that were held which then increased the number of Tourist Guides that renewed and registered with the Department.

Sub-Programme: Tourism Growth and Development							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of tourist guides inspections conducted	New	New	New	4	7	3	The target was over achieved as the Department received a number of complaints regarding illegal guiding in areas with high tourism potential such as St Lucia, Hluhluwe and Richards Bay and Durban Harbour which then necessitated that the Department conduct more inspections than those that were scheduled.
Number of Tourism interventions implemented towards growth and employment creation.	New	New	6	6	3	-3	Treasury reclassification process has caused non-implementation of three of the planned projects hence the planned target was not met and the roll-over have been requested into 2019/20 financial year

Sub-Programme: Tourism Sector Transformation							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of tourism enterprises complying with the Tourism Sector codes	New	0	50	30	30	0	Target achieved
Number of Service Excellence Initiatives implemented	New	New	2	2	2	0	Target achieved
Number of sector transformation, capacity building and skills development interventions implemented	New	New	15	15	15	0	Target achieved
Number of Tourism interventions implemented towards growth and employment creation.	New	New	1	1	1	0	Target achieved

Programme 7: Environmental Management

Purpose of the Programme:

To advance environmental sustainability for socio-economic development, through the promotion of sustainable use of the environment, which is safe and healthy.

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

- Policy Coordination and Environmental Planning
- Compliance and Enforcement
- Environmental Quality Management
- Biodiversity Management
- Environmental Empowerment Services

Strategic objectives, performance indicators, planned targets and actual achievements

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

Sub-Programme: Policy Coordination and Environmental Planning							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of intergovernmental sector tools reviewed	61	61	54	54	54	0	Target achieved
Number of environmental legislative tools developed	4	3	2	2	2	0	Target achieved
Number of functional environmental information management systems	12	9	10	12	0	0	No target planned for 2018/19 financial year.
Number of climate change response tools development	0	1	1	1	9	-3	Delays in procurement of GIS computers

Sub-Programme: Compliance and Enforcement							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of administrative enforcement notices issued for non-compliance with environmental legislation	399	310	230	212	212	-38	Capacity constraints in some districts resulted to the target not being achieved. There are no Compliance Monitoring and Enforcement officials in

Sub-Programme: Compliance and Enforcement							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of completed criminal investigation handed to NPA for prosecutions	New	New	2	1	1	-3	The performance indicator is demand driven and there was no non-compliance which required to be handed over for prosecution.
Number of compliance inspections conducted	739	719	512	835	835	-15	The target was not achieved due to staff shortage as some districts had no compliance, monitoring and enforcement officials.
Number of S24G applications finalized.	9	10	4	4	4	-7	More than 11 section 24G applications were processed. However, only 4 could be finalised due to outstanding fine payment from the transgressors.

Sub-Programme: Environmental Quality Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/19	Comments on deviations
% of waste license applications finalised within legislated timeframes	75%	91%	100%	75%	75%	-25%	Applications for waste disposal facilities require a Record of Decision (ROD) from the Department of Water Affairs prior to finalisation. During the year 3 applications for waste disposal facilities which were not finalised within timeframes due to delays.
% of EIA applications finalised within legislated timeframes	98%	97%	98%	98%	98%	0%	Target achieved
Number of designated organs of state with approved AQMP's	1	1	1	0	0	-1	The target was not achieved due to staff shortage within the Air Quality Management Component
% Atmospheric Emission Licenses with complete applications issued within legislated timeframes	100%	100%	100%	0%	0%	-100%	Demand driven, there were no licences due that needed to be finalised

Sub-Programme: Biodiversity Management							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/2019	Comments on deviations
Number of coastal management programmes developed	0	0	0	1	0	-1	Due to budget cut and the decision not to use service providers led to this target being not achieved
Number of work opportunities created through environmental programmes	7 234	10 705	10 357	8 500	8 219	-281	Target partially achieved because of the increase in the number of working hours for employed beneficiaries.
Number of hectares cleared of invasive alien species	130 667	109,471	136 543	120 000	170 454	50 454	Target over achieved because working hours for beneficiaries were increased
Number of fulltime equivalence / created FTE's	New	974	2 792	2 217	2 180	-37	Target partially achieved because the number of work opportunities decreased slightly

Sub-Programme: Environmental Empowerment Services - Capacity Building and support							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement 2018/19	Comments on deviations
Number of environmental capacity building activities conducted	60	64	63	55	62	7	Positive response from stakeholders has enabled the Department to achieve more environmental related capacity building and awareness activities.
Number of environmental awareness activities conducted	1 041	1 095	964	1 000	1 012	12	Positive response from stakeholders has enabled the Department to achieve more environmental related capacity building and awareness activities.

Strategy to overcome areas of under-performance

A GIS system including software for the districts listed above will be procured this financial year to deal with the targets that were not achieved under Policy Coordination and Environmental Planning. To address poor performance with respect to research, the department will endeavour to pursue other internally driven research initiatives. The department will also fill vacant posts within the policy coordination unit to reduce reliance on service providers wherever it is feasible and economic to do so.

For the indicator of number of compliance inspections conducted, the only available remediation measure is to appoint suitably qualified personnel in filling the funded vacant posts. S24G is a demand driven process and can only be achieved if transgressors voluntarily apply for rectification. What was projected could not be achieved because applications were not forthcoming.. One of the reasons transgressors delay payment of fines is that they claim that fines are expensive and therefore appeal for reduction. Part payments may be considered but only confirm payment of fine at the last instalment. The S24G review committee should also be properly constituted to determine fairness and reasonableness of fines. For the indicator on number of coastal management programmes adopted, the Terms of Reference are being finalised. Strict time frames will be imposed on deliverables in order complete these tools within this financial year. With regards to unmet target on job creation under the Invasive Alien Species Programme the department will improve internal coordination between the unit responsible and the key support functions.

LINKING PERFORMANCE WITH BUDGET

PROGRAMME 1: ADMINISTRATION

Office of the MEC	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	31 300	31 294	6	30 119	29 884	235
Total	31 300	31 294	6	30 119	29 884	235

Office of the HOD	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the HOD	18 770	18 260	510	27 014	25 379	1 635
Total	18 770	18 260	510	27 014	25 379	1 635

Financial Management	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Financial Support Service	18 152	19 759	393	17 351	17 035	316
Supply Chain Management	10 842	10 842	-	18 911	18 911	-
Total	28 994	28 601	393	36 262	35 946	316

Corporate Services	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Auxillary Service	111 123	111 123	-	87 237	87 237	-
Human Resources Management	23 605	23 605	-	20 172	17 784	2 388
Information Technology	26 440	26 440	-	22 759	21 479	1 280
Legal Services	5 030	5 030	-	4 268	3 817	451
Corporate Communications	7 423	7 423	-	15 985	7 249	8 736
Total	173 621	173 621	-	150 421	137 566	12 855

PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

Enterprise Development	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Co-operatives	180 120	171 730	8 390	120 587	109 671	10 916
Small Business Development	301 370	297 172	4 198	208 514	207 393	1 121
Total	481 490	468 902	12 588	329 101	317 064	12 037

Regional Local Economic Development	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Local Economic Development	23 556	22 483	1 073	20 973	20 284	689
Programme Support	12 260	12 143	117	12 532	11 566	966
Total	35 816	34 626	1 190	33 505	31 850	1 655

Economic Empowerment	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
BEE Complaints	12 282	5 692	6 590	8 377	6 437	1 940
BEE Operations	26 776	26 520	256	35 606	34 940	666
Total	39 058	32 212	6 846	43 983	41 377	2 606

PROGRAMME 3: TRADE AND INDUSTRIAL

Trade & Investment Promotion	2017/2018			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Trade and Investment Promotion	450 545	444 517	6 028	493 196	485 748	7 448
Total	450 545	444 517	6 028	493 196	485 748	7 448

Sector Development	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sector Development	216 181	187 629	28 552	197 551	188 641	8 910
Total	216 181	187 629	28 552	197 551	188 641	8 910

Industry Development	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Industry Development	129 530	129 530	-	132 605	132 605	-
Total	129 530	129 530	-	132 605	132 605	-

PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

Business Regulations	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Regulation Services	7 622	6 387	1 235	5 737	4 882	855
Total	7 622	6 387	1 235	5 737	4 882	855

Consumer Protection	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Consumer Protection	29 052	28 119	933	21 584	18 948	2 636
Total	29 052	28 119	933	21 584	18 948	2 636

Liquor Regulations	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Liquor Regulations	80 189	80 189	-	77 990	77 990	-
Total	80 189	80 189	-	77 990	77 990	-

PROGRAMME 5: ECONOMIC PLANNING

Policy & Planning	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Policy & Planning	6 239	5 985	254	7 108	5 774	1334
Total	6 239	5 985	254	7 108	5 774	1334

Research & Development	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Research & Development	14 902	14 420	482	14 613	7 118	7 495
Total	14 902	14 420	482	14 613	7 118	7 495

Knowledge Management	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Knowledge Management	3 570	3 070	500	3 071	2 884	187
Total	3 570	3 070	500	3 071	2 884	187

Monitoring & Evaluation	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Monitoring & Evaluation	7 503	5 140	2 363	8 261	8 038	223
Total	7 503	5 140	2 363	8 261	8 038	223

PROGRAMME 6: TOURISM

Tourism Sector Transformation	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Sector Transformation	10 701	7 386	3 315	7 658	4 745	2 913
Total	10 701	7 386	3 315	7 658	4 745	2 913

Tourism Planning	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Planning	7 804	4 362	3 442	6 466	5 195	1 271
Total	7 804	4 362	3 442	6 466	5 195	1 271

Tourism Growth & Development	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Growth & Development	238 673	233 037	5 636	208 238	198 257	9 981
Total	238 673	233 037	5 636	208 238	198 257	9 981

PROGRAMME 7: ENVIRONMENTAL AFFAIRS

Environmental Policy Planning & Co-Ordination	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Intergovt. Co-ordination, Spatial and Dev Planning	8 257	6 244	2 013	8 900	8 857	43
Climate Change Management	2 548	36	2 512	390	25	365
Total	10 805	6 280	4 525	9 290	8 882	408

Compliance & Enforcement	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Enviro. Quality Management Compliance and Enforcement	31 646	29 046	2 600	35 139	30 712	4 427
Total	31 646	29 046	2 600	35 139	30 712	4 427

Environmental Quality Management	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Pollution & Waste Management	17 547	14 784	2 763	12 993	12 784	209
Air Quality Management	5 949	5 154	795	4 869	2 282	2 587
Impact Management	22 132	21 417	715	15 539	14 907	632
Total	45 628	41 355	4 273	33 401	29 973	3 428

Biodiversity Management	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Biodiversity & Protected Area Plan and Management	105 384	85 031	20 353	8 968	73 997	14 971
Conservation Agencies & Services	767 512	767 512	-	749 720	749 720	-
Coastal Management	10 207	10 085	122	9 085	9 085	-
Total	883 103	862 628	20 475	847 773	832 802	14 971

Environmental Empowerment Services	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Environmental Empowerment Services	31 968	31 181	787	30 194	27 683	2 511
Total	31 968	31 181	787	30 194	27 683	2 511

General Manager: Environmental Affairs	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(over)under Expenditure	Final Appropriation	Actual Expenditure	(over)under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
General Manager: Environmental Affairs	3 878	3 152	726	6 173	6 017	156
Total	3 878	3 152	726	6 173	6 017	156

5. TRANSFERS

TRANSFER PAYMENTS TO PUBLIC ENTITIES

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
	KZN Liquor Authority	To control and regulate the retail sale and micro-manufacture of liquor in the Province.	80 189	70 527	135 Workshops held for new entrants into the Liquor Industry 86 Blitz conducted 97 schools visited to create awareness about the harmful effect of alcohol abuse 93 Corporates visited to create awareness about the harmful effects of alcohol abuse 128 Current liquor traders workshops held 11 256 Routine inspections were conducted Developed a new automated Liquor Licensing System. Developed a Paperless Strategy
	KZN Dube Tradeport	DTPC IDZ is a Schedule 3C Provincial Public Entity which is an operator of the Dube Tradeport Special Economic Zones which is mandated by the KwaZulu-Natal Provincial administration to develop the trade port by undertaking or investing in associated projects.	356 695	275 067	R1.38 billion of private sector investment committed Revenue growth of 11.7% achieved 64.2% of procurement expenditure undertaken by targeted enterprises 39 operational businesses located within the SEZ @ 31/3/2019 Growth of 23% achieved in average rental rates from commercial buildings. 26.6% of energy requirements within the AgriZone was secured from renewable resources International cargo volumes increased by 34.3% Launch of a non-stop service between Durban and London Dube iConnect achieved 31% growth in revenue

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
	Ezemvelo KZN Wildlife	To prevent pollution and ecological degradation, promote conservation and secure ecological sustainable development and use of natural resources.	767 512	751 433	<p>Created 8380 "green" work opportunities addressing unemployment adjacent to the protected area estate being sensitive to the poverty profile. Increased the visitors numbers to the protected areas by 6,7% (44 209) and only through overnight visitors contributed R802 Million to the GDP of the province. Cleared 11% of the invasive alien plant infested areas in the protected area estate with the limited funding received. Reduced the rhino poaching rate from the previous financial year. 90% of all biodiversity permits (including international permits) were processed within timeframes. The environmental legislative compliance level in the province was measured at 95% for the financial year.</p>

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
4	KZN Tourism Authority	To include an intensified domestic tourism campaign, to promote business Tourism by to promote the province for the hosting of events with major economic impact, to work with public and private partners to develop and package beach resort concept for investments promotion nationally and internationally.	155 117	125 038	<p>Successfully launched the British Airways direct flight from London Heathrow Airport to King Shaka International Airport</p> <p>Secured the bid to host the 2020 World Football Summit, which will be held in Africa for the first time. Worth an estimated R800-million to the region, it will attract some 2 300 attendees, more than 90 speakers, 160 clubs.</p> <p>KZN hosted the Forbes Woman Africa Leading Women Summit in March headlined by supermodel and philanthropist Naomi Campbell.</p>
5	KwaZulu-Natal Sharks board	KwaZulu-Natal Sharks Board provides environmentally sensitive bather protection service against shark attacks and facilitates maritime skills and enterprise development that enhance inclusive economic growth	72 297	71 778	<p>100 Percent creditors paid within agreed timelines of 30 days;</p> <p>Shark attack free year;</p> <p>Lower number of non-target species captured in terms of the requirement of the KZNSB Act No.5 of 2008;</p> <p>Enrolments of students into MCoE for the 2018/2019 reached 501;</p> <p>Number of experiential learning opportunities offered reached 54;</p> <p>Outreach Programmes were over-achieved and;</p> <p>Peer-reviewed publications produced were over-achieved.</p>

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
	KZN Trade and Investment	To promote the province of KwaZulu-Natal (KZN) as an investment destination and to facilitate trade by assisting local companies to access international markets.	85 935	65 043	<p>Hosted a successful Investment Seminar</p> <p>Saved 3148 jobs through the BR&E Programme</p> <p>2549 potential jobs created from new projects</p> <p>Projects worth R2.2b projects committed</p> <p>Hosted a successful Export week</p> <p>111 companies assisted to secure export and intra trade opportunities.</p> <p>Progress made towards the creation of the Halaal Hub</p> <p>Significant progress made towards the revitalisation of the Tourism projects at Lilani Hot Springs and Banga Nek</p>
7	Ithala IDFC	ITHALA focuses on economic development through the provision of financial and non-financial services to businesses and individuals.	180 871	70 393	<p>IDFC has spent or advanced R378.5 million for SMME Funding</p> <p>Funded 914 new SMMEs and in the process facilitated the creation of 3,495 job opportunities.</p>

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
8	Ithala SOC		94 788	94 788 (Allocated to capital)	<p>The Minister of Finance confirmed that the exemption notice pertaining to the designation of Ithala SOC as an institution of which the activities do not fall within the meaning of the "business of a bank" has been renewed for the period ended 1 October 2019 to 31 March 2021. Filled key executive management positions– CEO, Head: IT, Compliance Officer, Head: Credit, CRO, Head: Insurance and Head: RBB.</p> <p>All prudential ratios remain well maintained with the capital adequacy ratio at 17.7% above the minimum requirement of 15% Growth in the active account base at an exponential rate of 1,300 new active accounts per month with a total base of 111,643 active new accounts at the end of March 2019.</p> <p>As at 31 March 2019, the Customer Deposits balance was R2, 4billion; a year-on-year increase of R27 million.</p> <p>Reduction of non-performing loans percentage to 5.5%, (Prior year: 6.2%)</p>
9	Richards Bay IDZ	To attract local and foreign investors who will benefit South Africa's raw materials, create production capacity, provide services; and create employment and improve the skills base.	129 530	129 530	<p>102 Operational Jobs created, 405 Construction Jobs created, R2,2 Billion worth investors signed, 110 Ha site fully developed with engineering infrastructure and serviced</p> <p>Upgrade of Alumina Alley and Indus Sub-Station</p> <p>97% Procurement spend on B-BBEE</p>

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
	Moses Kotane Institute	MKI is focused on providing financial support to learners and educators within the Science, Technology, Engineering and Mathematics (STEM) fields at both secondary and tertiary educational levels.	55 131	38 136	<p>Commenced with research projects and implementation of the new mandate.</p> <p>Hosted the Fourth Industrial revolution Summit</p> <p>Implementation of 2 skills development projects was completed achieved to have 38 learners on Maritime skills.</p> <p>114 learners were supported financially, and about 96% of learners progressed well from grade 11-12.</p> <p>Recruited and supported 148 learners in STEM. (UKZN (67), DUT (48), MUT (10), UNIZULU (21) Mancosa (1) UNISA (1)</p> <p>Provided 13 schools with science kits and mobile labs.</p>

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
	KZN Film Commission	To promote and market KwaZulu-Natal as a global destination of choice for film production.	96 267	83 344	<p>Finalised 7 research papers which provide for film sector data; Concluded 11 M&E reports on the KZNFC programmes with key</p> <p>10 Strategic partnerships Signed with funding leveraged for extended programmes e.g. MICSETA R1,6 m for 20 learnership project in Amajuba; 112% procurement spent on BBBEE; service providers; 100% Valid invoice paid within 30 days; 165 -Temporary jobs created in the film sector through production and development of projects supported by the film fund (585 in real terms full production value); 30- Information sharing sessions with HDI groups regarding opportunities in the film industry throughout the province; 28 Audience development initiatives with HDI groups throughout rural communities 253 People trained throughout the value chain in the Film Industry; 35 Production and development projects awarded funding through the KZNFC Fund to the value of over R16,5m to be leveraged 4 times in terms of actual spend in the forthcoming years (88% KZN, 2% disability, 47% youth, 92% Black).</p>

No.	Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R000'	Amount spent by the public entity R000'	Achievements of the public entity
	Growth Fund Trust	The main objective of the Fund is to finance medium to large projects that create jobs and accelerate the economic development of KZN whilst at the same time promoting Broad-Based Black Economic Empowerment (B-BBEE) and reducing inequality.	126 900	68 639	Project funding approvals (debt and equity) for the year ending 31 March 2019 amounted to R160.4m Disbursements to approved projects totaled R114.4m Created 393 decent jobs and over 500 temporary jobs KGFT continued to co-fund Black Industrialist Scheme (BIS) projects with the dti and has to date disbursed R354.7million to BIS co-funded projects, KGFT was appointed to administer the KZN Youth Fund (R70 million) and roll-out the implementation of the Sheepcor project (R49 million)

The table below reflects transfer payments made for the period 1 April 2018 to March 2019

Name of Transferee	Type of Organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of PFMA	Amount transferred (R'000)	Amount spent by entity	Reasons for the funds unspent by the entity
UMkhanyakude Municipality	Municipality	Mkhuze Airport Infrastructure upgrade-Terminal Building construction	Yes	2 000	0	Funds were transferred at the end of March 2019 for utilisation in the 2019/20 budget year
Ray Nkonyeni Municipality	Municipality	Margate Airport Infrastructure upgrade-Terminal expansion	Yes	3 250	0	Funds were transferred at the end of March 2019 for utilisation in the 2019/20 budget year

Name of Transferee	Type of Organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of PFMA	Amount transferred (R'000)	Amount spent by entity	Reasons for the funds unspent by the entity
Mhlabuyalingana	Municipality	Formulation and implementation of Kosi Bay Boarder Integrated Economic Development plan	Yes	1 200	0	Funds were transferred at the end of March 2019 for utilisation in the 2019/20 budget year
Umvoti Municipality	Municipality	Green municipality competition	Yes	150	150	N/A
Newcastle Municipality	Municipality	Green municipality competition	Yes	150	150	N/A
Umhlathuze Municipality	Municipality	Green municipality competition	Yes	100	100	N/A
Umzimkhulu Municipality	Municipality	Green municipality competition	Yes	100	100	N/A
Umlalazi Municipality	Municipality	Green municipality competition	Yes	250	250	N/A
NYDA Funding Partnership	Departmental Agency & Accounts	Departmental contribution to Youth Business Grant Funding in the Province administered by NYDA	Yes	1 500	1 500	N/A
CSIR	Public Corporations		Yes	2 500	2500	N/A
University of KwaZulu Natal	Higher Education Institution	To support development of innovative technologies that addresses socio-economic challenges in the province.	Yes	2 404	2500	N/A

Name of Transferee	Type of Organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of PFMA	Amount transferred (R'000)	Amount spent by entity	Reasons for the funds unspent by the entity
Durban University of Technology	Higher Education Institution	To support development of innovative technologies that addresses socio-economic challenges in the province.	Yes	1 043	2500	N/A
University of Zululand	Higher Education Institution	To support development of innovative technologies that addresses socio-economic challenges in the province.	Yes	1 124	2500	N/A
KZN Music Cluster	Private Enterprise	Operations of the entity and implementation of entities developmental programs	Yes	4 000	4000	N/A
Africa Television Market	Private Enterprise	For the development of Television Content Producers	Yes	800	800	N/A
KZN Fashion council	Non-Profit Institution	Operation of the council	Yes	5 000	500	N/A
Ugu ICT incubator	Non-Profit Institution	To further the institutions operations and mandate i.e development of SMME's in ICT	Yes	500	0	Contract reached its conclusion

Name of Transferee	Type of Organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of PFMA	Amount transferred (R'000)	Amount spent by entity	Reasons for the funds unspent by the entity
Nature, Envir. & Wildlife Filmmakers	Non-Profit Institution	To encourage and develop new entrants (PDI) into the sub sector value chain as well as the creation of authentic content that is developed by Africans.	Yes	1 000	1000	N/A
SAAMBR	Non-Profit Institution	Coastal and marine research in support of EDTEA and conserving the indigenous coastal and marine biodiversity of KZN.	Yes	6 779	6779	N/A

5.1 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

The table below reflects the transfer payments made for the period 1 April 2018 to March 2019

The table below reflects the transfer payments which were budgeted for in the period 1 April 2018 to March 2019, but no transfer payments were made.

Name of Transferee	Type of Organisation	Purpose for which the funds were used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
EThekweni Municipality	Municipality	Determination and undertaking of a detailed feasibility study for the development of KSIA Public transport link solution- project was wrongly classified as a transfer	3 000	0	Funds were not spent due to delays in the SCM processes. Project is expected to be implemented during 2019/20 financial year

Name of Transferee	Type of Organisation	Purpose for which the funds were used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Ilembe Municipality	Municipality	Funds not transferred	1 200	-	The implementation of the Treasury reclassification process, whilst the funding had been gazetted, resulted in non-implementation of the planned projects in the 2018/19 FY
Zululand District Municipality	Municipality		1 700	-	
King Cetshwayo Municipality	Municipality		700	-	
UMkhanyakude Municipality	Municipality		3700	2 000	
Ray Nkonyeni Municipality	Municipality		5 250	3 250	
University of Zululand	Higher Education Institution	To support development of innovative technologies that addresses socio-economic challenges in the province.	1 553	1 124	One UNIZUL researcher withdrew at the last minute siting change of research interest leading to one technology being funded.
EThekweni Maritime cluster	Non-Profit Institution	For undertaking boat building park feasibility	1 000	0	Delay in submission to effect transfer
KZN Clothing Textile	Non-Profit Institution	Funds not transferred	1 000	0	Delays in transfer by SCM
KZN Fashion council	Non-Profit Institution	For the implementation of the fashion and design industry related programs and development and enhancement of the industry's	4 500	3 500	R1 million was rolled over to the 2019/2020 financial year
INK ICT for disability Entrepreneurship	Non-Profit Institution	Funds were not transferred	1 000	-	Project was not approved
Msunduzi Incubator	Non-Profit Institution	Funds were not transferred	3 000	-	Project was not approved
Richardsbay ICT	Non-Profit Institution	Funds were not transferred	1 500	-	Project was not approved
Smart city Innovation ICT Hub	Non-Profit Institution	Funds were not transferred	3 000	-	Project was not approved

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

There were no conditional grants paid in the year under review.

6.2. Conditional grants and earmarked funds received

The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2018 to 31 March 2019.

Department who transferred the grant	Public Works
Purpose of the grant	To increase and maximise job creation in the implementation of environmental projects within the department
Expected outputs of the grant	394 work opportunities created
Actual outputs achieved	394 work opportunities created
Amount per amended DORA	3 740
Amount received (R'000)	3 740
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	3 740
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	Monthly budget expenditure reviews and improvement measures where applicable
Monitoring mechanism by the receiving department	Monthly budget expenditure reviews and improvement measures where applicable

7. DONOR FUNDS

7.1 DONOR FUNDS RECEIVED

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

8. CAPITAL INVESTMENT

8.1 CAPITAL INVESTMENTS, MAINTENANCE, ASSET MANAGEMENT PLAN

There were no capital investment done in the year under review.



PART C: GOVERNANCE



1. INTRODUCTION

The Corporate governance requirements of the King IV report with regards to the Accounting Officer's responsibilities are espoused by section 38 and 40 of the PFMA. Pursuant to this legislation duty and responsibility towards sound governance, the Department has established a Risk management committee. The committee ensures that corporate, ethical, social responsibility and accountability are imparted to the Department's entire stakeholder constituency. During the 2017/2018 financial year, the committee made great advances in the areas of Governance of information technology, fraud prevention awareness. This was primarily possible due to the maturing of thinking around true governance and the obligation the department has towards its stakeholders.

The department's risk management approach is aligned with the KZN Provincial Management Framework and this is championed by the Internal Control Unit.

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

2. RISK MANAGEMENT

The department takes risk management seriously hence efforts were made to prevent risky activities taking place in all its business operations. The Accounting Officer commits the Department to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA).

The Provincial Cluster Audit and Risk committee is furnished with quarterly progress updates on the implementation of mitigating strategies on risks the department is faced with to strengthen the control environment. The committee therefore advises the Department on risk management matters and independently monitors the effectiveness of the system of risk management. The department is gradually developing into more robust risk management culture. A new organisational structure has been proposed in order to strengthen the Risk management component.

The department continues to implement the approved risks management policy. It guides risk management process and instil risk management culture in the department. Risks are identified via risk workshops as well as through the department's strategies and subsequently the risk register is updated.

The department has a Risk Management Committee that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The committee mainly facilitates the management of risk facing the department and ensures appropriate action is taken to address those risks.

3. FRAUD AND CORRUPTION

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

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

The Provincial Treasury investigative unit performed eleven investigations, which covered the period from 2011 to 2018. The investigations were initiated based on allegations of the possible irregularities relating to processes followed in securing departmental district offices, possible mismanagement of funds by a co-operative, fraud and corruption on the local economic development project, and possible irregularities relating to events management expenditure. Of the eleven investigations conducted, nine were completed while another two were still in progress at the date 31 July 2018. Consequence management process is being implemented accordingly.

The department has improved mechanisms in place to mitigate the fraud and corruption risks. The main focus area is to create awareness of the fraud prevention plan through education and communication. The department continues to implement fraud prevention improvement plan to address weaknesses identified in the 2016/2017 review in terms of governance and fraud prevention elements. Quarterly progress reports were tabled at Provincial Cluster Audit and Risk committee meetings.

4. INTERNAL CONTROL UNIT

Internal control unit focused on the following key areas in the year under review:

1. Follow up review on the implementation of recommendations by the Auditor – General in 2017/2018.
2. Follow up review on the implementation of recommendations made by the Provincial Treasury in 2017/2018.
3. Irregular expenditure investigations for expenditure incurred in 2014/2015, 2015/2016 and 2016/2017.
4. Review of compliance to legislations and policies

5. MINIMISING CONFLICT OF INTEREST

All SCM officials sign a code of conduct for SCM practitioners every year. SCM officials are also requested to complete financial disclosures as a rule. The Department is actively utilising the Central Suppliers Database implemented by National Treasury for all suppliers which detects relationship between the supplier and Government.

6. CODE OF CONDUCT

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

7. PORTFOLIO COMMITTEE

The Department reports to the Economic Development and Tourism and the Environmental Management portfolio committees. The Department meets with the portfolio committees during each quarter of the year under review.

The committees provided oversight and discussed matters of the department's:

- Annual performance plan 2018/2019 and 2019/2020
- Budget for 2018/2019 and 2019/2020
- Performance of the department
- Filling of critical posts
- Fraud prevention plan
- Annual report 2017/2018
- Risk Plan 2018/2019
- Sectoral parliament resolutions
- Public entities were invited to make necessary presentations to the portfolio committee such as Ithala Workshop and KZN Sharks Board Strategy etc.

Meetings were held as follows:

Environmental Affairs Portfolio Committee	Economic Development and Tourism Portfolio Committee
17 April 2018	17 April 2018
29 May 2018	13 June 2018
26-27 June 2018	18 September 2018
14 August 2018	
12 October 2018	

9. SCOPA RESOLUTIONS

The Department attended 2 meetings with the Standing Committee on Public Accounts (SCOPA) for 2018/2019 as follows:

8 June 2019	23 October 2018
SCOPA convened a meeting on 8 June 2018 and passed resolutions relating to irregular expenditure and investigations of the department.	The meeting discussed the Reports of the Auditor-General on the financial statements for the 2017/2018. Resolutions were passed and some of the issues related to irregular expenditure, rationalisation of public entities and vacancies.

10. PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications to audit reports in 2017/2018 and in the previous financial years. The material finding raised was a matter of non – compliance. Effective steps were not taken to prevent irregular expenditure as required by section 38(1)(c)(ii) of the PFMA and treasury regulation

Matter of non- compliance	Financial year in which it first arose	Progress made in clearing/ resolving the matter
Irregular expenditure	2013/2014	Investigations undertaken for the 2014/2015, 2015/2016 financial year. Consequence management process is underway. Investigations for 2016/2017 and 2017/2018 are in progress. Delays were due to capacity constraints.

11. INTERNAL AUDIT

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

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

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

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

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

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is hereby pleased to present its report for the financial year ended 31 March 2019.

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

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

1. Audit Committee Members and Attendance

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

#	Name of Member	PARC Meetings Attended	Economic CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	8 of 8	4 of 4
2	Mr V Ramphal	8 of 8	3 of 4**
3.	Mr M Tarr	8 of 8	4 of 4
4.	Mr P Christianson	8 of 8	N/A*
5.	Ms T Njozela	8 of 8	N/A*
6.	Mr D O'Connor	8 of 8	N/A*
7.	Ms N Sithole	8 of 8	N/A*

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

** Mr Ramphal was absent on day 2 of the Q4 Eco Cluster meeting

2. The Effectiveness of Internal Control

Our review of the reports provided by the Provincial Internal Audit Service (PIAS), revealed that the systems of internal controls were effective in the Department, except for Network Vulnerability Assessment, where some control deficiencies were identified.

The Committee considered the agreed-upon management interventions to improve the control environment relating to these areas and requested the timeous implementation thereof to avoid repeat audit findings in the future.

3. Effectiveness of Internal Audit

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

The PIAS planned to conduct twenty four (24) audit assignments for the period under review, of which fourteen (14) were finalised, three (3) were cancelled, two (2) were rolled over and five (5) were carried over to the next financial year with the approval of the Audit Committee.

The Committee noted with extreme concern that only 58% of the operational audit plan for the year had been completed, due to the financial and human resource limitations imposed upon PIAS. The Committee urged the management of Provincial Treasury and PIAS to urgently address the factors which had negatively impacted the performance of PIAS during the year under review in order to ensure that it continues to fulfil its mandate and add value to the department.

• Risk Management

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

As at 2018/19 financial year-end, the Department's risk register status was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	9	11	0	0	0	20
Number of Identified Action Plans	34	20	0	0	0	54
Number of Completed Action Plans	18	13	0	0	0	31
% Completed Action Plans	53%	65%	n/a	n/a	n/a	57%

The Committee is concerned about the Department's slow completion rate of its risk mitigation plans. The department is, therefore, urged to implement the outstanding risk mitigation plans and to regard the risk register as a dynamic document which should be reviewed and updated on a quarterly basis.

With regard to other risk management initiatives, the Department is commended for recording positive progress on the implementation of recommended improvement plans for fraud prevention management, business continuity management, and occupational health and safety management. For the 2019/20 financial year, the Department is urged to pay particular attention to the following a) capacitation of the risk management function; b) integration of all risks conducted with assistance from the PIAS into the Departmental risk register; c) completion of the on-line risk management training prescribed for the Departmental risk committee members; d) increasing its risk management maturity score to the 60% benchmark; e) linkage of risks to performance indicators (to enable the Department to timely identify and resolve risk factors that might disturb the achievement of set performance targets).

4. Quality of in year management and monthly/quarterly reports

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance prepared and issued by the Accounting Officer of the Department and submitted in terms of the PFMA and the Division of Revenue Act during the year under review, except for material underspending of the budget by R107.66 million, as disclosed in the financial statements. The under expenditure mainly relates to the delays in the filling of critical vacant positions and delays in effecting transfers to public entities of the Department.

• Evaluation of Financial Statements

The Committee has:

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

• Forensics Investigations

During the period under review, the Committee noted that there were sixteen (16) forensic investigations from 1 April 2018 to 31 March 2019, all relating to alleged conflict of interest, supply chain management and procurement irregularities and mismanagement of funds, which was referred to the PIAS for investigation.

Seven (7) of these investigations relating to Phase 1 were completed and nine (9) are in progress.

From the seven (7) matters completed one (1) matter was closed, and six (6) matters had disciplinary action recommendations, of which only one (1) matter was finalised.

The Committee further noted that one (1) matter is currently under criminal investigation by the South African Police Service (SAPS), whilst a further three (3) matters are still in the process of being registered.

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


- **Auditor-General's Report**

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

The Committee concurs and accepts the conclusion of the Auditor General's unqualified opinion on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General. The Committee commends the Department on obtaining an unqualified audit opinion.

Appreciation

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



Mr SP Simelane
Acting Chairman: Provincial Audit and Risk Committee



PART D: HUMAN RESOURCE MANAGEMENT



1. HUMAN RESOURCE MANAGEMENT

The information reported is in respect of Human Resource Management and is in line with the requirements applicable to all Government Departments as outlined in Regulation 31/III/1 of the Public Service Regulations, 2016.

During the reporting period EDTEA had a ratio of 35 % women in Senior Management positions as at 31 March 2019 as compared to 65% men. The Accounting Officer has instructed the Department to strive Department towards gender parity in the representation of women at Senior Management.

During the year under review the Department has recruited and enrolled ninety eight (98) interns on the two year internship programme and they were inducted accordingly. A Workplace Skills plan was developed, submitted to PSETA, and is monitored on a monthly basis.

The Department is continuously reviewing its HR policies and or developed new ones in order to align itself with DPSA regulations. Furthermore, the Executive Authority has approved the Management Delegations to be in line with the “Directive on Public Administration and Management Delegations and Public Service Regulations Delegations, 2016.

Various Departmental Plans were developed which include, amongst others, the Employment Equity Plan, Human Resource Development Plan, Human Resource Development Implementation Plan, Implementation Plan for Job Access, Implementation Plan for Gender Equality, and others. The Department will ensure the implementation thereof. The Collective Bargaining and consultative structure is fully functional. The Employee Assistance Programme continued to render support services to all EDTEA employees and their family members.

Employee Performance Management

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

Employee Wellness Programmes

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

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

To achieve these goals we are assisted by provincial approved policies and guidance from DPSA. Through the Health Promotion Programme, HIV/AIDS counselling and testing campaigns.

The finalisation of the review of the department’s organisational structure remains outstanding. The Executive Authority has signed off the revised Departmental Structure and has been forwarded to the Office of the Premier for onward facilitation to the DPSA for concurrency.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 PERSONNEL RELATED EXPENDITURE

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

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

Table 1: Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	92 672	90 118	1610	944	97.2	634.63
Integrated Economic Development	103 132	67 504	14 896	20 732	65.5	823.22
Trade & Sector Development	16 155	12 300	0	3 855	76.1	768.75
Business Regulations & Governance	25 604	23 262	0	2 342	90.9	930.48
Economic Planning	17 194	13 059	19	4 116	76	816.19
Tourism	15 597	14 697	300	600	94.2	816.50
Environmental Affairs	114 002	113 794	0	208	99.8	512.59
Total	384 356	334 734	16 826	32 797	87	538.31

Table 2: Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	14 903	4.5	194	76.82
Skilled (level 3-5)	7 031	2	27	260.41
Highly skilled production (levels 6-8)	89 987	26.9	240	374.95
Highly skilled supervision (levels 9-12)	171 993	51.4	227	757.68
Senior and Top management (levels 13-16)	46 250	13.8	44	105.68
Others	4 570	1.2	2	2 285
Total	334 734	100	734	456.04

Table 3: Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	83 454	92.61	1 341	0.18	2 274	2.52	3 049	3.38
Integrated Economic Development	65 150	96.51	0	0	1 007	1.49	1 347	2
Trade & Sector Development	11 830	96.18	0	0	264	2.15	206	1.67
Business Regulations & Governance	21 882	94.07		0	469	2.02	911	3.92
Economic Planning	12 498	95.70	43	0.33	199	1.52	319	2.44
Tourism	12 645	86.04		0	597	4.06	1 455	9.9
Environmental Affairs	107 688	94.63		0	2 074	1.82	4 032	3.54
Total	315 147	94.15	1 384	0.41	6 884	2.06	11 319	3.38

Table 4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	14 835	99.54	68	0.46	0	0	0	0
Skilled (level 3-5)	5 826	82.86	190	2.70	378	5.38	637	9.06
Highly skilled production (levels 6-8)	80 894	89.9	471	5.24	2 944	3.33	5 678	6.32
Highly skilled supervision (levels 9-12)	134 003	77.91	655	0.38	2 631	1.53	4 704	2.73
Senior management (level 13-16)	45 019	97.34	0	0	931	2.01	300	0.65
Others	4 570	100	0	0	0	0	0	0
Total	285 147	85.19	1 384	0.41	6 884	2.06	11 319	3.38

3. EMPLOYMENT AND VACANCIES

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

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- Critical occupations.

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 5: Employment and vacancy rate per programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	154	142	7.79	
Business Regulations	40	25	37.5	
Integrated Economic Development	108	82	24.07	
Trade and Industry	34	16	52.94	
Economic Planning	19	16	15.79	
Tourism	26	18	30.77	
Environmental Affairs	312	222	28.85	
Other	0	0	0	214
TOTAL	693	521	24.82	214

Table 6: Employment and vacancies by salary band as on 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)				194
Skilled(3-5)	38	27	28.95	
Highly skilled production (6-8)	296	236	20.27	4
Highly skilled supervision (9-12)	298	218	26.85	10
Senior management (13-16)	61	40	34.43	4
Others	0	0	0	2
Total	693	521	24.82	214

Table 7: Employment and vacancies by critical occupations as on 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related	210	138	34.29	0
Communication and information related	9	6	33.33	0
Finance and economic related	17	16	5.88	0
General legal administration and professionals	5	3	40	0
Human resource related	30	28	66.67	0
Light vehicle drivers	5	5	0	0
Messengers, porters	3	3	0	0
Secretaries and other keyboard operating	61	37	39.34	0
Trade and industry advisor/ Environmental sciences and related	287	240	16.38	0
Senior managers	61	41	32.79	0
VIP protection	5	5	0	
Others				214
Total	693	521	24.82	214

4. FILLING OF SMS POSTS

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

Table 8: SMS post information as on 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	2	2	100	0	0
Salary Level 14	13	9	69.23	4	44.44
Salary Level 13	45	32	71.11	13	28.89
Total	61	43	70.49	18	29.51

Table 9: Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	2	2	100	0	0
Salary Level 14	13	9	69.23	4	44.44
Salary Level 13	45	32	71.11	13	28.89
Total	61	43	70.49	18	29.51

Table 10: Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
The process of filling of posts is in progress

Table 11: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

The process of filling of posts is in progress

5. JOB EVALUATION

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 12: Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	38	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	296	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	298	0	0	0	0	0	0

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Senior Management Service Band B	13	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	693	0	0	0	0	0	0

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

Table 13: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

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

Employees with a disability	0
-----------------------------	---

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

Table 14: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 and 31 March 2018

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

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

Table 15: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 and 31 March 2018

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

6. EMPLOYMENT CHANGES

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

Table 16: Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department (1 April 2018 to 31 March 2019)	Terminations and transfers out of the department) 1 April 2018 to 31 March 2019)	Turnover rate
Lower skilled (Levels 1-2)				
Skilled (Levels3-5)	28	1	2	7.14
Highly skilled production (Levels 6-8)	215	41	9	4.18
Highly skilled supervision (Levels 9-12)	224	15	11	4.91
Senior Management	32	9	3	9.67
Contracts (Interns)	34	211	133	391.18
Total	533	277	158	29.64

Table 17: Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period-April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	381	221	69	18.11
Communication and Information Technology related	8	1	2	25
Finance & Economics related	16	1	0	0
General Legal administration & professionals	3	0	0	0
Human Resources related	28	2	0	0
Light vehicle drivers	5	0	0	0
Messengers, porters	3	0	0	0
Secretaries and other keyboard operators	37	3	0	0
Trade & Industry Advisors & related/ Environmental related	231	43	13	5.63
VIP Protection	5	0	0	0
Senior Managers	30	7	4	
TOTAL	747	278	88	11.78

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

Table 18: Reasons why staff left the department for the period 1 April 2018 and 31 March 2019

Termination Type	Number	% of Total Resignations
Death	3	3.41
Expiry of contract	33	37.5
Resignation	42	47.73
Retirement	4	4.55
Discharge due to ill-health	1	1.14
Transfer out	5	5.68
Total	88	100

Table 19: Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	138	3	2.17	104	75.36
Communications & Information Technology related	6	1	16.67	4	66.67
Finance & Economics related	16	1	6.25	11	68.75
General Legal Administration & professionals	3	0	0	0	0
Human Resources Related	28	0	0	19	3.57
Light vehicle drivers	5	0	0	5	100
Messengers , porters	3	0		0	0
Secretaries & other keyboard operators	37	0	0	28	75.68
Trade & Industry Advisors, Enviro & related	240	16	6.67	175	72.92
VIP protection	5	0	0	0	0
Senior Managers	43	1	2.33	19	44.19
TOTAL	521	22	4.22	365	70.06

Table 20: Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	27	0	0	17	62.96
Highly skilled production (Levels 6-8)	236	1	0.42	167	70.76
Highly skilled supervision (Levels 9-12)	218	14	6.42	162	74.31
Senior Management (Level 13-16)	40	7	17.50	19	47.5
Total	521	22	4.22	365	70.06

7. EMPLOYMENT EQUITY

Table 21: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	23	0	1	1	17	0	2	0	44
Professionals / Specialists	130	2	13	6	158	2	26	4	341
VIP Protection/ Drivers	10	0	0	0	0	0	0	0	10
Clerks	5	0	0	0	9	1	0	0	15
Administrative Related	29	0	0	0	41	0	1	1	72
Messengers	1	0	0	0	1	0	0	0	2
PA's	3	0	1	0	25	1	4	1	35
Practitioners	4	0	0	0	10	0	0	0	14
Elementary occupations	2	0	0	0	3	0	0	0	5
Total	207	2	15	7	264	4	33	6	538
Employees with disabilities	1	0	1	1	4	0	1	1	9

Table 22: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 19

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	6	0	1	0	3	0	1	0	11
Senior Management	17	0	0	1	14	0	0	0	33
Professionally qualified and experienced specialists and mid-management	97	1	12	6	87	2	19	3	227
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	75	1	2	0	145	1	12	3	239
Semi-skilled and discretionary decision making	12	0	0	0	14	1	0	1	28
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	201	2	15	7	263	4	32	7	538

Table 23: Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	4	0	0	0	3	0	0	0	7
Professionally qualified and experienced specialists and mid-management	6	0	2	0	5	0	2	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	14	0	0	0	24	0	0	0	38
Semi-skilled and discretionary decision making	2	0	0	0	3	0	0	0	5

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Total	27	0	2	0	36	0	2	0	67
Employees with disabilities	0	0	0	0	1	0	0	0	

Table 24: Promotions for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	
Senior Management	5	0	0	0	2	0	0	0	
Professionally qualified and experienced specialists and mid-management	07	0	0	0	07	0	0	0	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	01	0	0	0	0	0	0	0	
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	
Unskilled and defined decision making	0	0	0	0	0	0	0	0	
Total	13	0	0	0	09	0	0	0	
Employees with disabilities	0	0	0	0	0	0	0	0	

Table 25: Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	6	0	2	0	5	0	0	0	13

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	9	0	0	0	14	0	0	0	29

Table 26: Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
6	5	0	0	0	0	0	0	1	6
6	5	0	0	0	0	0	0	1	0

Table 27: Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	4	0	0	0	4	0	0	0	8
Professionals	5	0	2	0	8	0	3	1	19
Administrative related	3	0	0	0	4	0	3	0	
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	2	0	0	0	0	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

8. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 28: Signing of Performance Agreements by SMS members as on 31 May 2018

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Head of Department	1	1	1	100
Salary Level 16	0	0	0	0
Salary Level 15	3	2	2	100
Salary Level 14	10	10	9	90
Salary Level 13	39	25	25	100
Total	53	38	37	97.36

Table 29: Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2019

Reasons
late submissions of performance agreement

Table 30: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018

Reasons
Process on-going

9. PERFORMANCE REWARDS

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

Table 31: Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	2	28	7.1	26 625.66	13 312.83	0.4
Highly skilled production (level 6-8)	22	215	10.2	391 788.66	17 808.58	0.5
Highly skilled supervision (level 9-12)	44	224	19.6	1 595 389.44	37 945.02	0.6
Total	66	469	14.5	2 013 803.76	69 066.43	0.4

Table 32: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	2	28	7.1	26 625.66	13 312.83	0.4
Highly skilled production (level 6-8)	22	215	10.2	391 788.66	17 808.58	0.5
Highly skilled supervision (level 9-12)	44	224	19.6	1 595 389.44	37 945.02	0.6
Total	66	469	14.5	2 013 803.76	69 066.43	0.4

Table 33: Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	60	363	16.5	1891770.76	31529.51
Communication & information related	0	3	0	0	0
Finance & Economic related	2	19	10.5	55175.60	27587.80
General Legal Administration & professionals	0	4	0	0	0
Human Resources related	2	26	7.6	60646.71	30323.35
Light vehicle drivers	0	5	0	0	0
Messengers, porters	0	1	0	0	0
Secretaries & other keyboard operators	4	36	11	80402.25	20100.56
Trade and Industry Advisors & related professions	0	7	0	0	0
VIP Protectors	0	3	0	0	0
SMS	0	38	0	0	0
Total	68	505	13.4	2087995.32	109541.22

Table 34: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total	0	0	0	0	0	0

10: FOREIGN WORKERS

The Department does not have foreign workers in its employ.

Table 35: Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	3		3		0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	1		1		0	0
Total	4	100	4	100	0	0

Table 36: Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional & Managers	2	100	2	100	0	0
Total	2	100	2	100	0	0

11. LEAVE UTILISATION

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

Table 37: Sick leave for the period 1 April 2018 to 31 March 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	145	68	53	13.3	2.74	71
Skilled (levels 3-5)	40	85	8	2	5	34
Highly skilled production (levels 6-8)	1083	76	163	40.9	6.64	1 528
Highly skilled supervision (levels 9 -12)	970	93	156	38	6.38	2 608
Top and Senior management (levels 13-16)	81	90	19	4.8	4.26	386
Total	2 319	79.8	399	6	100	4 627

Table 38: Disability leave (temporary and permanent) for the period 1 April 2018 to 31 March 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	22	90	2	5.7	11	10
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	125	100	13	37.10	10	178
Highly skilled supervision (Levels 9-12)	469	100	17	48.60	28	1 348
Senior management (Levels 13-16)	23	100	3	8.60	8	97
Total	639	79.80	35	100	18	1 633

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

Table 39: Annual Leave for the period 1 January 2018 to 31 December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	1 637	225	7
Skilled Levels 3-5)	553	30	18
Highly skilled production (Levels 6-8)	4 906	258	19
Highly skilled supervision(Levels 9-12)	5 222	235	22
Senior management (Levels 13-16)	784	40	19
Other	368	35	11
Total	13 470	823	16

Table 40: Capped leave for the period 1 April 2018 to 31 March 2019

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 Dec 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	8	2	4	52
Highly skilled supervision(Levels 9-12)	36	6	6	36
Senior management (Levels 13-16)	0	0	0	0
Total	44	8	6	65

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

Table 41: Leave payouts for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	1 118	96	11646
Capped leave payouts on termination of service for 2018/19	256	5	51200
Current leave payout on termination of service for 2018/19	755	3	251667
Total	2 129	101	21

12. HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 42: 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
Employees in the child bearing age have been identified as high risk for HIV & related diseases. Furthermore, employees who travel a lot and spend many days away from their families	Awareness programmes that are specifically targetting this group, and condom usage demonstration and ensuring that condoms are readily available and accessible to every employee and placed in strategic areas

Table 43: Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.			Mr Fezile Mbuli
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.			Dr Nokuthula Dlamini is a Clinical Psychologist and Mlungisi Masondo EH&W Practitioner and Nasreen Naidoo Diversity Management Budget is allocated
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.			<ul style="list-style-type: none"> • HIV,AIDS and TB management • Wellness management • SHERQ • Productivity management • In-house counselling services
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.			The period of the committee has lapsed and we are in a process of reviewing and finalising the appointment of the new committee
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			Wellness policy and SOP SHERQ policy and SOP Sexual harassment policy and SOP Substance abuse policy and SOP HIV/AIDS policy and SOP Productivity policy and SOP
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.			Strong emphasis on human rights awareness and stigma awareness programmes

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.			The policy and the department offer HCT (Health Screenings, Counselling and Testing) but still struggles to reach out to the “never tested” employees. Lack of incentives, fear of the unknown is still a concern. Most employees who test maintain their status
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.			<p>We have opted for both qualitative and quantitative methods of monitoring using:</p> <ul style="list-style-type: none"> • Workplace observation • HR data • Committee review • Feedback during implementation <p>We then analyse data to explore what worked/didn't, why and what we can do</p>

8.12. Labour Relations

Table 44 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
None	

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

Table 45: Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Written warning	1	17%
Final written warning	2	33%
Counselling	3	50%
Total	6	100%

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

Table 46: Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Absenteeism	1	17%
Performance of remunerative work without permission	1	17%
Irregular expenditure	2	32%
Failure to carry out a lawful order or instruction	1	17%
Conflict with another employee	1	17%
Total	6	100%

Table 47: Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	14	88%
Number of grievances not resolved	02	22%
Total number of grievances lodged	16	100%

Table 48: Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

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

Table 49: Strike actions for the period 1 April 2018 and 31 March 2019

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

Table 50: Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	29
Cost of suspension(R'000)	R53 000

8.13. Skills development

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

Table 50: Training needs identified for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	58	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management	None	4
	Male	63	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management	None	4
Professionals	Female	128	None	Financial management for non-financial managers, Advance Management Development Programme, Geographic Information System, Computer skills, Environmental Management, Compulsory Induction Programme	None	6

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	70	None	Computer skills, Environmental Management, Disability Management, Compulsory Induction Programme	None	4
	Male	25	None	Computer skills, Environmental Management, Disability Management, Compulsory Induction Programme	None	4
Administrative related	Female	42	None	Emerging Management Development Programme, Computer skills, Compulsory Induction Programme	None	3
	Male	27	None	Emerging Management Development Programme, Computer skills, Compulsory Induction Programme	None	3
Service and sales workers	Female		None		None	
	Male	5	None		None	
Skilled agriculture and fishery workers	Female		None		None	
	Male		None		None	
Craft and related trades workers	Female		None		None	
	Male		None		None	
VIP protectors/ Drivers	Female		None		None	
	Male	5	None	Computer skills	None	1
Elementary occupations	Female	1	None		None	
	Male		None		None	
Sub Total	Female	299	None		None	
	Male	235	None		None	
Total		534	None	18	None	18

Table 51: Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	58	None	Monitoring & Evaluation in the Public Sector, Microsoft Word, Project Management, Finance for non-financial managers	None	4
	Male	63	None	Microsoft Word, Project Management, Finance for non-financial managers	None	4

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Professionals	Female	128	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management, Compulsory Induction Programme	None	5
	Male	110	None	Advance Management Development Programme, Finance for non-financial managers, Project Management, Disability Management, Compulsory Induction Programme	None	5
Technicians and associate professionals	Female	70	None	Advance Management Development Programme, Geographic Information System, Computer skills, Environmental Management, Compulsory Induction Programme	None	5
	Male	25	None	Advance Management Development Programme, Geographic Information System, Computer skills, Compulsory Induction Programme	None	4
Administrative related	Female	42	None	Computer skills, Emerging Management Development Programme, Compulsory Induction Programme	None	3
	Male	27	None	Computer skills, Emerging Management Development Programme, Compulsory Induction Programme	None	3
Service and sales workers	Female		None	Emerging Management Development Programme, Computer skills,	None	2
	Male	5	None	Emerging Management Development Programme, Computer skills,	None	2
Skilled agriculture and fishery workers	Female		None		None	
	Male		None		None	
Craft and related trades workers	Female		None		None	
	Male		None		None	
VIP protectors/ Drivers	Female		None		None	
	Male	5	None	Computer skills	None	1
Elementary occupations	Female	1	None		None	
	Male		None		None	

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Sub Total	Female	299	None		None	
	Male	235	None		None	
Total		534	None	9	None	9

8.14. Injury on duty

The following tables provide basic information on injury on duty.

Table 52: Injury on duty for the period 1 April 2018 and 31 March 2019

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

8.15. Utilisation of Consultants

Table 53: Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Nil			

Table 54: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

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

Table 55: Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019

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

Table 56: Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

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

3.16. Severance Packages

Table 57: Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0



PART E: FINANCIAL INFORMATION



1. Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature on vote no. 4: Department of Economic Development, Tourism and Environmental Affairs

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Department of Economic Development, Tourism and Environmental Affairs set out on pages 125 to 204, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development, Tourism and Environmental Affairs as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury, and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code), and parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material underspending of the budget

7. As disclosed in the appropriation statement, the department materially underspent its budget by R107,66 million, mainly due to the delays in filling critical vacant positions and delays in effecting transfers to public entities.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

9. The supplementary information set out on pages 194 to 204 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Economic Development, Tourism and Environmental Affairs' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages In the annual performance report
Programme 2 - integrated economic development services	38-41
Programme 3 - trade and industry development	42-45
Programme 7 - environmental management	54-59

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the programmes tabulated in paragraph 16 above.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. The annual performance report on pages xx to xx includes information on the achievement of planned targets for the year and explanations for the underachievement or overachievement of a significant number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: integrated economic development services and programme 7: environmental management. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of commitments and prepayments disclosure notes identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure of R13,1 million disclosed in note 31 to the annual financial statements, as required by section 38(1) (c)(ii) of the PFMA and treasury regulation 9.1.1.

Consequence management

26. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.

27. Disciplinary steps were not taken against some of the officials who had incurred or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. The other information I obtained prior to the date of this auditor's report are foreword by the executive authority and the report of the accounting officer and the audit committee's report is expected to be made available to us after 31 July 2019.
32. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
33. When I do receive and read the other outstanding information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
35. Management did not adequately review and monitor controls over the compliance with PFMA. There was a slow response in conducting investigations as well as the implementation of recommendations on the completed investigations.

OTHER REPORTS

36. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
37. The shared internal audit unit for departments in the province performed 15 investigations, which covered the period 2011 to 2018. The investigations were initiated based on allegations of the possible irregularities relating to processes followed in securing departmental district offices, possible mismanagement of funds by a cooperative, fraud and corruption in the local economic development project, and possible irregularities relating to events management expenditure. Six of the investigations had been finalised and nine are still in progress at the date of this report.

Auditor-General
Pietermaritzburg

31 July 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Economic Development, Tourism and Environmental Affairs' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the related safeguards.

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

For the year ended 31 March 2019

Table of Contents

Appropriation Statement	126
Notes to the Appropriation Statement	150
Statement of Financial Performance	154
Statement of Financial Position	155
Statement of Changes in Net Assets	156
Cash Flow Statement	157
Notes to the Annual Financial Statements (including Accounting policies)	158
Annexures	194

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Appropriation per programme									
2018/19							2017/18		
Voted funds and Direct charges	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.Administration	262 645	-	(9 960)	252 685	251 776	909	99.6%	243 816	228 775
2.Integrated Economic Development Services	564 764	-	(8 400)	556 364	535 740	20 624	96.3%	406 589	390 291
3.Trade and Sector Development	796 256	-	-	796 256	761 676	34 580	95.7%	823 352	806 994
4.Business Regulation and Governance	116 863	-	-	116 863	114 695	2 168	98.1%	105 311	101 820
5.Economic Planning	32 214	-	-	32 214	28 615	3 599	88.8%	33 053	23 814
6.Tourism	231 678	-	25 500	257 178	244 785	12 393	95.2%	222 362	208 197
7.Environmental Affairs	1 014 168	-	(7 140)	1 007 028	973 642	33 386	96.7%	961 970	936 069
TOTAL	3 018 588	-	-	3 018 588	2 910 929	107 659	96.4%	2 796 453	2 695 960
Reconciliation with Statement of Financial Performance									
Add:									
				3 566				1 852	
Actual amounts per Statement of Financial Performance (Total Revenue)				3 022 154				2 798 305	
Actual amounts per Statement of Financial Performance Expenditure					2 910 929				2 695 960

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Appropriation per economic classification									
Economic Classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	850 094	(1 000)	(113 734)	735 360	655 830	79 530	89.2%	672 515	596 782
Compensation of employees	360 615	-	(10 365)	350 250	334 734	15 516	95.6%	305 353	295 109
Salaries and wages	309 727	-	(5 555)	304 172	294 396	9 776	96.8%	267 862	258 846
Social contributions	50 888	-	(4 810)	46 078	40 338	5 740	87.5%	37 491	36 263
Goods and services	489 479	(1 000)	(103 369)	385 110	321 096	64 014	83.4%	369 162	301 673
Administrative fees	1 616	-	433	2 049	1 974	75	96.3%	1 796	1 426
Advertising	7 946	-	(2 650)	5 296	4 234	1 062	79.9%	8 285	5 362
Minor assets	2 042	-	(979)	1 063	496	567	46.7%	1 854	1 286
Audit costs: External	5 865	-	(2 314)	3 551	3 551	-	100.0%	3 785	3 785
Bursaries: Employees	1 010	-	(505)	505	505	-	100.0%	190	157
Catering: Departmental activities	3 971	-	(1 016)	2 955	1 264	1 691	42.8%	1 884	885
Communication (G&S)	8 815	-	2 887	11 702	11 702	-	100.0%	14 677	12 301
Computer services	25 480	-	(1 487)	23 993	23 993	-	100.0%	20 972	19 553
Consultants: Business and advisory services	141 625	(1 000)	(83 235)	57 390	32 797	24 593	57.1%	84 570	68 059
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	11	-	-	11	-	11	-	21	-
Legal services	5 203	-	(166)	5 037	5 037	-	100.0%	3 105	2 335
Contractors	17 765	-	7 123	24 888	22 449	2 439	90.2%	17 573	13 045
Agency and support / outsourced services	64 416	-	(165)	64 251	56 791	7 460	88.4%	58 368	50 851
Fleet services (including government motor transport)	4 608	-	1 087	5 695	5 695	-	100.0%	4 402	4 402
Inventory: Clothing material and accessories	11 672	-	6	11 678	718	10 960	6.1%	6 280	660

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Appropriation per economic classification									
Economic Classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Farming supplies	37 899	-	(22 229)	15 670	12 023	3 647	76.7%	9 705	9 315
Inventory: Food and food supplies	-	-	-	-	-	-	-	5	-
Inventory: Materials and Supplies	40	-	-	40	-	40	-	-	-
Inventory: Medical supplies	100	-	(100)	-	-	-	-	150	-
Inventory: Other supplies	306	-	-	306	258	48	84.3%	803	769
Consumable supplies	1 571	-	647	2 218	1 922	296	86.7%	2 768	2 135
Consumable: Stationery, printing and office supplies	2 895	-	1	2 896	2 558	338	88.3%	2 351	2 037
Operating leases	37 178	-	(3 491)	33 687	33 687	-	100.0%	27 787	27 172
Property payments	32 796	-	10 465	43 261	43 261	-	100.0%	33 146	33 041
Transport provided: Departmental activity	1 287	-	(470)	817	463	354	56.7%	1 677	401
Travel and subsistence	37 592	-	712	38 304	35 086	3 218	91.6%	35 465	29 650
Training and development	25 074	-	(2 194)	22 880	16 825	6 055	73.5%	9 557	4 767
Operating payments	5 411	-	(2 270)	3 141	2 532	609	80.6%	9 596	5 871
Venues and facilities	2 751	-	(2 256)	495	445	50	89.9%	5 050	1 983
Rental and hiring	2 534	-	(1 203)	1 331	830	501	62.4%	1 340	425
Transfers and subsidies	2 157 441	1 000	112 748	2 271 189	2 243 710	27 479	98.8%	2 109 013	2 087 089
Provinces and municipalities	16 563	1 000	58	17 621	7 321	10 300	41.5%	36 896	33 096
Provinces	63	-	58	121	121	-	100.0%	146	146
Municipalities	16 500	1 000	-	17 500	7 200	10 300	41.1%	36 750	32 950
Municipal bank accounts	9 200	1 000	-	10 200	7 200	3 000	70.6%	36 250	32 450
Municipal agencies and funds	7 300	-	-	7 300	-	7 300	-	500	500
Departmental agencies and accounts	1 489 754	-	25 500	1 515 254	1 515 248	6	100.0%	1 495 140	1 490 731
Higher education institutions	5 000	-	-	5 000	4 571	429	91.4%	4 980	-

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Appropriation per economic classification									
Economic Classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	352 489	-	60 000	412 489	412 489	-	100.0%	347 419	341 904
Public corporations	347 689	-	60 000	407 689	407 689	-	100.0%	330 229	327 729
Private enterprises	4 800	-	-	4 800	4 800	-	100.0%	17 190	14 175
Non-profit institutions	280 077	-	23 500	303 577	291 577	12 000	96.0%	214 323	211 823
Households	13 558	-	3 690	17 248	12 504	4 744	72.5%	10 255	9 535
Social benefits	852	-	3 690	4 542	4 542	-	100.0%	1 595	1 595
Other transfers to households	12 706	-	-	12 706	7 962	4 744	62.7%	8 660	7 940
Payments for capital assets	11 053	-	784	11 837	11 187	650	94.5%	14 861	12 025
Building and other fixed structure	516		6	522	522		100%		
Other fixed structure	516		6	522	522		100%		
Machinery and equipment	10 537	-	731	11 268	10 618	650	94.2%	14 731	11 898
Transport equipment	-	-	1 885	1 885	1 885	-	100.0%	7 732	7 732
Other machinery and equipment	10 537	-	(1 154)	9 383	8 733	650	93.1%	6 999	4 166
Software and other intangible assets	-	-	47	47	47	-	100.0%	130	127
Payment for financial assets	-	-	202	202	202	-	100.0%	64	64
Total	3 018 588	-	-	3 018 588	2 910 929	107 659	96.4%	2 796 453	2 695 960

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 1: Administration									
Sub Programme	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Office Of The MEC	29 937	(274)	1 637	31 300	31 294	6	100.0%	30 119	29 884
2. Office Of The HOD	20 971	-	(2 201)	18 770	18 260	510	97.3%	27 014	25 379
3. Financial Management	33 433	-	(4 439)	28 994	28 601	393	98.6%	36 262	35 946
4. Corporate Services	178 304	274	(4 957)	173 621	173 621	-	100.0%	150 421	137 566
Total	262 645	-	(9 960)	252 685	251 776	909	99.6%	243 816	228 775

Programme 1: Administration									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	255 119	-	(13 566)	241 553	241 160	393	99.8%	233 018	218 322
Compensation of employees	98 693	-	(8 182)	90 511	90 118	393	99.6%	80 752	80 335
Salaries and wages	85 273	-	(5 487)	79 786	79 393	393	99.5%	70 949	70 576
Social contributions	13 420	-	(2 695)	10 725	10 725	-	100.0%	9 803	9 759
Goods and services	156 426	-	(5 384)	151 042	151 042	-	100.0%	152 266	137 987

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 1: Administration										
Economic classification	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Administrative fees	623	-	179	802	802	-	100.0%	717	683	
Advertising	3 923	-	(1 134)	2 789	2 789	-	100.0%	5 037	3 639	
Minor assets	502	-	(321)	181	181	-	100.0%	811	811	
Audit costs: External	5 865	-	(2 314)	3 551	3 551	-	100.0%	3 785	3 785	
Bursaries: Employees	950	-	(445)	505	505	-	100.0%	190	157	
Catering: Departmental activities	161	-	(125)	36	36	-	100.0%	102	83	
Communication (G&S)	8 815	-	2 887	11 702	11 702	-	100.0%	11 994	11 994	
Computer services	25 387	-	(1 509)	23 878	23 878	-	100.0%	20 477	19 157	
Consultants: Business and advisory services	1 968	-	(1 024)	944	944	-	100.0%	12 257	10 683	
Legal services	5 203	-	(166)	5 037	5 037	-	100.0%	2 293	1523	
Contractors	8 141	-	(4 376)	3 765	3 765	-	100.0%	5 958	3 716	
Agency and support / outsourced services	891	-	35	926	926	-	100.0%	1 192	1 192	
Fleet services (including government motor transport)	4 608	-	1 087	5 695	5 695	-	100.0%	4 399	4 399	
Inventory: Other supplies	-	-	-	-	-	-	-	11	11	
Consumable supplies	182	-	29	211	211	-	100.0%	115	115	
Consumable: Stationery, printing and office supplies	2 289	-	7	2 296	2 296	-	100.0%	1 875	1 875	
Operating leases	37 178	-	(3 491)	33 687	33 687	-	100.0%	27 647	27 172	
Property payments	32 796	-	10 450	43 246	43 246	-	100.0%	33 046	33 041	
Transport provided: Departmental activity	-	-	15	15	15	-	100.0%	342	342	
Travel and subsistence	9 230	-	50	9 280	9 280	-	100.0%	9 941	9 019	

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 1: Administration										2017/18		
Economic classification	2018/19							Variance	Expenditure as % of final appropriation	Final Appropriation	Final Expenditure	Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	R'000	R'000					
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Training and development	2 693	-	(1 084)	1 609	1 609	1 609	-	-	100.0%	618	257	
Operating payments	3 192	-	(2 402)	790	790	790	-	-	100.0%	7 436	4 310	
Venues and facilities	1 740	-	(1 740)	-	-	-	-	-	-	2 000	-	
Rental and hiring	89	-	8	97	97	97	-	-	100.0%	23	23	
Transfers and subsidies	1 022	-	3 542	4 564	4 048	4 048	516	88.7%	88.7%	864	696	
Provinces and municipalities	63	-	58	121	121	121	-	-	100.0%	146	146	
Provinces	63	-	58	121	121	121	-	-	100.0%	146	146	
Provincial agencies and funds	63	-	58	121	121	121	-	-	100.0%	146	146	
Departmental agencies and accounts	9	-	-	9	3	3	6	33.3%	33.3%	9	-	
Households	950	-	3 484	4 434	3 924	3 924	510	88.5%	88.5%	709	550	
Social benefits	440	-	3 484	3 924	3 924	3 924	-	100.0%	100.0%	160	160	
Other transfers to households	510	-	-	510	-	-	510	-	-	549	390	
Payments for capital assets	6 504	-	(61)	6 443	6 443	6 443	-	100.0%	100.0%	9 931	9 754	
Building and other fixed structure	-	-	6	6	6	6	-	100.0%	100.0%	-	-	
Other Fixed Structures	-	-	6	6	6	6	-	100.0%	100.0%	-	-	
Machinery and equipment	6 504	-	(67)	6 437	6 437	6 437	-	100.0%	100.0%	9 931	9 754	
Transport equipment	-	-	1 885	1 885	1 885	1 885	-	100.0%	100.0%	7 732	7 732	
Other machinery and equipment	6 504	-	(1 952)	4 552	4 552	4 552	-	100.0%	100.0%	2 199	2 022	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-	
Payment for financial assets	-	-	125	125	125	125	-	100.0%	100.0%	3	3	
Total	262 645	-	(9 960)	252 685	251 776	251 776	909	99.6%	99.6%	243 816	228 775	

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 2: Integrated Economic Development Services									
Sub Programme	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Enterprise Development	466 390	-	15 100	481 490	468 902	12 588	97.4%	329 101	317 064
2. Regional And Local Economic Development	38 316	-	(2 500)	35 816	34 626	1 190	96.7%	33 505	31 850
3. Economic Empowerment	60 058	-	(21 000)	39 058	32 212	6 846	82.5%	43 983	41 377
Total	564 764	-	(8 400)	556 364	535 740	20 624	96.3%	406 589	390 291

Programme 2: Integrated Economic Development Services									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	236 488	-	(92 361)	144 127	123 503	20 624	85.7%	130 389	114 850
Compensation of employees	69 994	-	-	69 994	67 505	2 489	96.4%	60 872	59 643
Salaries and wages	61 648	-	-	61 648	60 574	1 074	98.3%	54 635	53 433

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 2: Integrated Economic Development Services										
Economic classification	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Social contributions	8 346	-	-	8 346	6 931	1 415	83.0%	6 237	6 210	
Goods and services	166 494	-	(92 361)	74 133	55 998	18 135	75.5%	69 517	55 207	
Administrative fees	167	-	(16)	151	114	37	75.5%	328	72	
Advertising	858	-	(477)	381	201	180	52.8%	520	181	
Minor assets	339	-	(266)	73	34	39	46.6%	51	42	
Catering: Departmental activities	1 560	-	1	1 561	440	1 121	28.2%	819	440	
Communication (G&S)	-	-	-	-	-	-	-	173	-	
Computer services	93	-	-	93	93	-	100.0%	396	396	
Consultants: Business and advisory services	106 221	-	(79 490)	26 731	20 732	5 999	77.6%	51 045	43 268	
Contractors	5 030	-	7 578	12 608	10 663	1 945	84.6%	894	894	
Agency and support / outsourced services	200	-	(200)	-	-	-	-	540	-	
Inventory : Clothing Material	90	-	-	90	90	-	100%	-	-	
Inventory: Farming supplies	22 535	-	(20 000)	2 535	592	1 943	23.4%	180	180	
Inventory: Food and food supplies	-	-	-	-	-	-	-	5	-	
Inventory: Other supplies	258	-	-	258	258	-	100.0%	29	29	
Consumable supplies	130	-	1 156	1 286	1 286	-	100.0%	1 177	1 177	
Consumable: Stationery, printing and office supplies	47	-	76	123	123	-	100.0%	10	-	
Property payments	-	-	-	-	-	-	-	100	-	
Transport provided: Departmental activity	221	-	90	311	311	-	100.0%	180	-	

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 2: Integrated Economic Development Services										
Economic classification	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Travel and subsistence	6 343	-	(72)	6 271	5 381	890	85.8%	4 238	3 721	
Training and development	20 596	-	-	20 596	14 896	5 700	72.3%	5 660	2 334	
Operating payments	198	-	(138)	60	60	-	100.0%	698	623	
Venues and facilities	15	-	128	143	143	-	100.0%	2 000	1 581	
Rental and hiring	1 593	-	(731)	862	581	281	67.4%	474	269	
Transfers and subsidies	327 631	-	83 500	411 131	411 131	-	100.0%	275 925	275 364	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	1 500	-	-	1 500	1 500	-	100.0%	2 000	2 000	
Public corporations and private enterprises	215 659	-	60 000	275 659	275 659	-	100.0%	191 914	191 414	
Public corporations	215 659	-	60 000	275 659	275 659	-	100.0%	190 624	190 624	
Private enterprises	-	-	-	-	-	-	-	1 290	790	
Non-profit institutions	103 400	-	23 500	126 900	126 900	-	100.0%	74 400	74 400	
Households	7 072	-	-	7 072	7 072	-	100.0%	7 611	7 550	
Social benefits	26	-	-	26	26	-	100.0%	-	-	
Other transfers to households	7 046	-	-	7 046	7 046	-	100.0%	7 611	7 550	
Payments for capital assets	645	-	451	1 096	1 096	-	100.0%	274	76	
Building & Other Fixed Structure	76	-	-	76	76	-	100%	-	-	
Other Fixed Structure	76	-	-	76	76	-	100%	-	-	
Machinery and equipment	569	-	404	973	973	-	100.0%	274	76	

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 2: Integrated Economic Development Services									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other machinery & equipment	569	-	404	973	973	-	100.0%	274	76
Software & other intangible Asset			47	47	47		100%		
Payment for financial assets	-	-	10	10	10	-	100.0%	1	1
Total	564 764	-	(8 400)	556 364	535 740	20 624	96.3%	406 589	390 291

Programme 3: Trade and Sector Development									
Sub Programme	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Trade And Investment Promotion	450 545	-	-	450 545	444 517	6 028	98.7%	493 196	485 748
2. Sector Development	216 181	-	-	216 181	187 629	28 552	86.8%	197 551	188 641
3. Strategic Initiatives (Industry Development)	129 530	-	-	129 530	129 530	-	100.0%	132 605	132 605
Total	796 256	-	-	796 256	761 676	34 580	95.7%	823 352	806 994

Programme 3: Trade and Sector Development

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Economic classification	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	35 841	-	(416)	35 425	20 079	15 346	56.7%	40 330	28 574
Compensation of employees	12 215	-	85	12 300	12 300	-	100.0%	14 366	9 985
Salaries and wages	10 482	-	555	11 037	11 037	-	100.0%	12 668	8 972
Social contributions	1 733	-	(470)	1 263	1 263	-	100.0%	1 698	1 013
Goods and services	23 626	-	(501)	23 125	7 779	15 346	33.6%	25 964	18 589
Administrative fees	83	-	15	98	96	2	98.0%	60	50
Advertising	851	-	(355)	496	105	391	21.2%	1 316	590
Minor assets	211	-	(152)	59	26	33	44.1%	174	13
Catering: Departmental activities	71	-	(9)	62	29	33	46.8%	33	8
Communication (G&S)	-	-	-	-	-	-	-	918	-
Consultants: Business and advisory services	17 509	-	-	17 509	3 855	13 654	22.0%	14 753	10 101
Contractors	205	-	-	205	67	138	32.7%	5 108	5 108
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	12	12
Inventory :Farming Supplies	149	-	0	149	149	-	100%	-	-
Consumable supplies	-	-	6	6	6	-	100.0%	2	2
Consumable: Stationery, printing and office supplies	6	-	(6)	-	-	-	-	44	4
Transport provided: Departmental activity	-	-	-	-	-	-	-	4	4
Travel and subsistence	3 650	-	-	3 650	3 101	549	85.0%	1 760	1 142
Training and development	296	-	-	296	-	296	-	1 683	1 535
Operating payments	200	-	-	200	-	200	-	97	20

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Venues and facilities	321	-	-	321	271	50	84.4%	-	-
Rental & Hiring	74	-	-	74	74	-	100%	-	-
Transfers and subsidies	760 037	-	-	760 037	740 803	19 234	97.5%	782 858	778 358
Provinces and municipalities	8 000	-	-	8 000	5 000	3 000	62.5%	31 700	30 200
Municipalities	8 000	-	-	8 000	5 000	3 000	62.5%	31 700	30 200
Departmental agencies and accounts	442 630	-	-	442 630	442 630	-	100.0%	477 962	477 962
Public corporations and private enterprises	134 330	-	-	134 330	134 330	-	100.0%	139 505	139 505
Public corporations	129 530	-	-	129 530	129 530	-	100.0%	134 605	134 605
Private enterprises	4 800	-	-	4 800	4 800	-	100.0%	4 900	4 900
Non-profit institutions	169 898	-	-	169 898	157 898	12 000	92.9%	133 043	130 543
Households	5 179	-	-	5 179	945	4 234	18.2%	648	148
Social benefits	29	-	-	29	29	-	100.0%	148	148
Other transfers to households	5 150	-	-	5 150	916	4 234	17.8%	500	-
Payments for capital assets	378	-	-	772	772	-	100.0%	163	61
Building & Other Fixed Structure	378	-	-	378	378	-	100.0%	-	-
Other Fixed Structure	378	-	-	378	378	-	100.0%	-	-
Machinery and equipment	-	-	-	394	394	-	100.0%	163	61
Other machinery and equipment	-	-	-	394	394	-	100.0%	163	61
Payment for financial assets	-	-	-	22	22	-	100.0%	1	1
Total	796 256	-	-	796 256	761 676	34 580	95.7%	823 352	806 994

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 4: Business Regulation And Governance									
Sub Programme	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Regulation Services	7 622	-	-	7 622	6 387	1 235	83.8%	5 737	4 882
2. Consumer Protection	29 052	-	-	29 052	28 119	933	96.8%	21 584	18 948
3. Liquor Regulation	80 189	-	-	80 189	80 189	-	100.0%	77 990	77 990
Total	116 863	-	-	116 863	114 695	2 168	98.1%	105 311	101 820

Programme 4: Business Regulation And Governance									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	36 071	-	(16)	36 055	34 222	1 833	94.9%	27 104	23 621
Compensation of employees	23 390	-	737	24 127	23 262	865	96.4%	19 041	18 637
Salaries and wages	20 057	-	912	20 969	20 390	579	97.2%	16 632	16 253
Social contributions	3 333	-	(175)	3 158	2 872	286	90.9%	2 409	2 384
Goods and services	12 681	-	(753)	11 928	10 960	968	91.9%	8 063	4 984
Administrative fees	171	-	17	188	175	13	93.1%	155	111
Advertising	1 181	-	(106)	1 075	774	301	72.0%	737	385
Bursaries	60	-	(60)	-	-	-	-	-	-
Minor assets	-	-	17	17	17	-	100.0%	119	47
Catering: Departmental activities	922	-	(303)	619	619	-	100.0%	338	234

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 4: Business Regulation And Governance									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Communication (G&S)	-	-	-	-	-	-	-	75	-
Consultants: Business and advisory services	3 063	-	(721)	2 342	2 342	-	100.0%	400	-
Contractors	2 929	-	399	3 328	3 328	-	100.0%	2 707	1 519
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	14	-	4	18	13	5	72.2%	21	21
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	26	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	300	-
Travel and subsistence	4 065	-	-	4 065	3 586	479	88.2%	2 275	2 232
Training and development	-	-	-	-	-	-	-	100	-
Operating payments	78	-	-	78	28	50	35.9%	27	-
Venues and facilities	-	-	-	-	-	-	-	750	402
Rental and hiring	198	-	-	198	78	120	39.4%	33	33
Transfers and subsidies	80 207	-	-	80 207	80 207	-	100.0%	78 030	78 030
Departmental agencies and accounts	80 189	-	-	80 189	80 189	-	100.0%	77 990	77 990
Households	18	-	-	18	18	-	100.0%	40	40
Social benefits	18	-	-	18	18	-	100.0%	40	40
Payments for capital assets	585	-	-	585	250	335	42.7%	139	131
Machinery and equipment	585	-	-	585	250	335	42.7%	139	131
Other machinery and equipment	585	-	-	585	250	335	42.7%	139	131
Payment for financial assets	-	-	16	16	16	-	100.0%	38	38

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 4: Business Regulation And Governance									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Total	116 863	-	-	116 863	114 695	2 168	98.1%	105 311	101 820

Programme 5: Economic Planning									
Sub Programme	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Policy and Planning	6 239	-	-	6 239	5 985	254	95.9%	7 108	5 774
2. Research and Development	14 902	-	-	14 902	14 420	482	96.8%	14 613	7 118
3. Knowledge Management	3 570	-	-	3 570	3 070	500	86.0%	3 071	2 884
4. Monitoring & Evaluation	7 503	-	-	7 503	5 140	2 363	68.5%	8 261	8 038
Total	32 214	-	-	32 214	28 615	3 599	88.8%	33 053	23 814

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 5: Economic Planning									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	23 437	-	(98)	23 339	20 219	3 120	86.6%	19 443	19 018
Compensation of employees	15 916	-	(501)	15 415	13 059	2 356	84.7%	14 546	14 238
Salaries and wages	13 886	-	(447)	13 439	11 640	1 799	86.6%	12 913	12 684
Social contributions	2 030	-	(54)	1 976	1 419	557	71.8%	1 633	1 554
Goods and services	7 521	-	403	7 924	7 160	764	90.4%	4 897	4 780
Administrative fees	80	-	94	174	173	1	99.4%	154	154
Advertising	113	-	109	222	205	17	92.3%	167	167
Minor assets	170	-	(110)	60	55	5	91.7%	163	148
Catering: Departmental activities	10	-	-	10	2	8	20.0%	59	34
Communication (G&S)	-	-	-	-	-	-	-	10	-
Computer services	-	-	22	22	22	-	100.0%	-	-
Consultants: Business and advisory services	4 386	-	-	4 386	4 116	270	93.8%	1 697	1 697
Agency and support / outsourced services	5	-	-	5	-	5	-	202	202
Consumable supplies	16	-	25	41	38	3	92.7%	21	21
Consumable: Stationery, printing and office supplies	222	-	-	222	105	117	47.3%	137	119
Travel and subsistence	1 863	-	(151)	1 712	1 467	245	85.7%	1 692	1 653
Training and development	79	-	-	79	20	59	25.3%	-	-
Operating payments	577	-	414	991	957	34	96.6%	585	585
Rental and hiring	-	-	-	-	-	-	-	10	-
Transfers and subsidies	8 711	-	98	8 809	8 380	429	95.1%	13 330	4 535

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 5: Economic Planning									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Provinces and municipalities	1 200	-	-	1 200	1 200	-	100.0%	3 050	1 750
Municipalities	1 200	-	-	1 200	1 200	-	100.0%	3 050	1 750
Municipal bank accounts	1 200	-	-	1 200	1 200	-	100.0%	2 550	1 250
Municipal agencies and funds	-	-	-	-	-	-	-	500	500
Higher education institutions	5 000	-	-	5 000	4 571	429	91.4%	4 980	-
Public corporations and private enterprises	2 500	-	-	2 500	2 500	-	100.0%	5 300	2 785
Public corporations	2 500	-	-	2 500	2 500	-	100.0%	5 000	2 500
Private enterprises	-	-	-	-	-	-	-	300	285
Household	11	-	98	109	109	-	100%	-	-
Social Benefit	11	-	98	109	109	-	100%	-	-
Payments for capital assets	66	-	-	66	16	50	24.2%	275	256
Machinery and equipment	66	-	-	66	16	50	24.2%	145	129
Other machinery and equipment	66	-	-	66	16	50	24.2%	145	129
Software and other intangible assets	-	-	-	-	-	-	-	130	127
Payment for financial assets	-	-	-	-	-	-	-	5	5
Total	32 214	-	-	32 214	28 615	3 599	88.8%	33 053	23 814

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 6: Tourism									
Sub Programme	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Tourism Sector Transformation	10 701	-	-	10 701	7 386	3 315	69.0%	7 658	4 745
2. Tourism Planning	7 804	-	-	7 804	4 362	3 442	55.9%	6 466	5 195
3. Tourism Growth And Development	213 173	-	25 500	238 673	233 037	5 636	97.6%	208 238	198 257
Total	231 678	-	25 500	257 178	244 785	12 393	95.2%	222 362	208 197

Programme 6: Tourism									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	27 446	-	-	27 446	21 353	6 093	77.8%	21 540	15 275
Compensation of employees	19 323	-	-	19 323	14 696	4 627	76.1%	13 539	12 274
Salaries and wages	16 844	-	-	16 844	13 270	3 574	78.8%	12 126	10 896
Social contributions	2 479	-	-	2 479	1 426	1 053	57.5%	1 413	1 378

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 6: Tourism									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	8 123	-	-	8 123	6 657	1 466	82.0%	8 001	3 001
Administrative fees	85	-	54	139	139	-	100.0%	84	84
Advertising	435	-	(217)	218	145	73	66.5%	508	400
Minor assets	-	-	-	-	-	-	-	15	15
Catering: Departmental activities	555	-	(16)	539	40	499	7.4%	464	86
Communication (G&S)	-	-	-	-	-	-	-	281	281
Consultants: Business and advisory services	750	-	-	750	600	150	80.0%	2 109	209
Contractors	30	-	3 159	3 189	3 189	-	100.0%	559	558
Inventory : Clothing & Accessories	100	-	(100)	-	-	-	-	-	-
Inventory: Material & Supplies	40	-	-	40	-	40	-	-	-
Consumable supplies	500	-	(500)	-	-	-	-	51	1
Consumable: Stationery, printing and office supplies	183	-	(9)	174	34	140	19.5%	48	18
Transport provided: Departmental activity	662	-	(552)	110	110	-	100.0%	701	55
Travel and subsistence	2 903	-	(339)	2 564	2 100	464	81.9%	2 359	1 192
Training and Development	1 300	-	(1 000)	300	300	-	100.0%	-	-
Operating payments	-	-	-	-	-	-	-	2	2
Venues and facilities	-	-	-	-	-	-	-	20	-
Rental and hiring	580	-	(480)	100	-	100	-	800	100
Transfers and subsidies	204 232	-	25 500	229 732	223 432	6 300	97.3%	200 355	192 455

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 6: Tourism										
Economic classification	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Provinces and municipalities	6 300	-	-	6 300	-	6 300	-	2 000	1 000	
Municipalities	6 300	-	-	6 300	-	6 300	-	2 000	1 000	
Departmental agencies and accounts	197 914	-	25 500	223 414	223 414	-	100.0%	187 459	183 059	
Public corporations and private enterprises	-	-	-	-	-	-	-	10 700	8 200	
Private enterprises	-	-	-	-	-	-	-	10 700	8 200	
Households	18	-	-	18	18	-	100.0%	196	196	
Social benefits	18	-	-	18	18	-	100.0%	196	196	
Payments for capital assets	-	-	-	-	-	-	-	455	455	
Machinery and equipment	-	-	-	-	-	-	-	455	455	
Other machinery and equipment	-	-	-	-	-	-	-	455	455	
Payment for financial assets	-	-	-	-	-	-	-	12	12	
Total	231 678	-	25 500	257 178	244 785	12 393	95.2%	222 362	208 197	

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 7: Environmental Affairs									
Sub Programme	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Environmental Policy Planning And Co-Ordination	12 805	-	(2 000)	10 805	6 280	4 525	58.1%	9 290	8 882
2. Compliance And Enforcement	31 646	-	-	31 646	29 046	2 600	91.8%	35 139	30 712
3. Environmental Quality Management	48 628	-	(3 000)	45 628	41 355	4 273	90.6%	33 401	29 973
4. Biodiversity Management	885 243	-	(2 140)	883 103	862 628	20 475	97.7%	847 773	832 802
5. Environmental Empowerment Services	31 968	-	-	31 968	31 181	787	97.5%	30 194	27 683
6. General Manager: Environmental Affairs	3 878	-	-	3 878	3 152	726	81.3%	6 173	6 017
Total	1 014 168	-	(7 140)	1 007 028	973 642	33 386	96.7%	961 970	936 069

Programme 7: Environmental Affairs									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	235 692	(1 000)	(7 277)	227 415	195 294	32 121	85.9%	200 691	177 122
Compensation of employees	121 084	-	(2 504)	118 580	113 794	4 786	96.0%	102 237	99 997
Salaries and wages	101 537	-	(1 088)	100 449	98 092	2 357	97.7%	87 939	86 032
Social contributions	19 547	-	(1 416)	18 131	15 702	2 429	86.6%	14 298	13 965
Goods and services	114 608	(1 000)	(4 773)	108 835	81 500	27 335	74.9%	98 454	77 125
Administrative fees	407	-	90	497	475	22	95.6%	298	272

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 7: Environmental Affairs									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Advertising	585	-	(470)	115	15	100	13.0%	-	-
Minor assets	820	-	(147)	673	183	490	27.2%	521	210
Catering: Departmental activities	692	-	(564)	128	98	30	76.6%	69	-
Communication (G&S)	-	-	-	-	-	-	-	1 226	26
Computer services	-	-	-	-	-	-	-	99	-
Consultants: Business and advisory services	7 728	(1 000)	(2 000)	4 728	208	4 520	4.4%	2 309	2 101
Laboratory services	11	-	-	11	-	11	-	21	-
Legal services	-	-	-	-	-	-	-	812	812
Contractors	1 430	-	363	1 793	1 437	356	80.1%	2 347	1 250
Agency and support / outsourced services	63 320	-	-	63 320	55 865	7 455	88.2%	56 434	49 457
Fleet services (including government motor transport)	-	-	-	-	-	-	-	3	3
Inventory: Clothing material and accessories	11 482	-	106	11 588	628	10 960	5.4%	6 268	648
Inventory: Farming supplies	15 215	-	(2 229)	12 986	11 282	1 704	86.9%	9 525	9 135
Inventory: Medical supplies	100	-	(100)	-	-	-	-	150	-
Inventory: Other supplies	48	-	-	48	-	48	-	763	729
Consumable supplies	729	-	(73)	656	368	288	56.1%	1381	798
Consumable: Stationery, printing and office supplies	148	-	(67)	81	-	81	-	211	21
Operating leases	-	-	-	-	-	-	-	140	-
Property payments	-	-	15	15	15	-	100.0%	-	-

**APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 March 2019**

Programme 7: Environmental Affairs									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transport provided: Departmental activity	404	-	(23)	381	27	354	7.1%	150	-
Travel and subsistence	9 538	-	1 224	10 762	10 171	591	94.5%	13 200	10 691
Training and development	110	-	(110)	-	-	-	-	1 496	641
Operating payments	1 166	-	(144)	1 022	697	325	68.2%	751	331
Venues and facilities	675	-	(644)	31	31	-	100.0%	280	-
Transfers and subsidies	775 601	1 000	108	776 709	775 709	1 000	99.9%	757 651	757 651
Municipalities	1 000	1 000	-	2 000	1 000	1 000	50.0%	-	-
Municipal bank account	-	1 000	-	1 000	1 000	-	100.0%	-	-
Municipal Agencies & Fund	1 000	-	-	1 000	-	1 000	-	-	-
Departmental agencies and accounts	767 512	-	-	767 512	767 512	-	100.0%	749 720	749 720
Non-profit institutions	6 779	-	-	6 779	6 779	-	100.0%	6 880	6 880
Households	310	-	108	418	418	-	100.0%	1 051	1 051
Social benefits	310	-	108	418	418	-	100.0%	1 051	1 051
Payments for capital assets	2 875	-	-	2 875	2 610	265	90.8%	3 624	1 292
Buildings and other fixed Structure	62	-	-	62	62	-	100.0%	-	-
Other fixed Structure	62	-	-	62	62	-	100.0%	-	-
Machinery and equipment	2 813	-	-	2 813	2 548	265	90.6%	3 624	1 292
Other machinery and equipment	2 813	-	-	2 813	2 548	265	90.6%	3 624	1 292
Payment for financial assets	-	-	29	29	29	-	100.0%	4	4
Total	1 014 168	-	(7 140)	1 007 028	973 642	33 386	96.7%	961 970	936 069

Notes to the Appropriation Statement for the year ended 31 March 2019

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 and Annexure 1 (A-E) to the Annual Financial Statements.

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

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

3 Detail on payments for financial assets

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

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

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P1: ADMINISTRATION	252 685	251 776	909	0%

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES	556 364	535 740	20 624	4%

The under spending is due to delays in the filling of critical vacant posts for two Deputy directors - Enterprise development as well as Co-operatives day which did not take place in 2018/ 19

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P3: TRADE AND SECTOR DEVELOPMENT	796 256	761 676	34 580	4%

The department under spent the budget mainly due to Black Mambazo Academy as it could not proceed with the interventions as planned to do site clearance and fencing of the proposed academy site since the EIA on the proposed site had not been undertaken as per land use policy. Also Fish processing facility under spent due to the project being earmarked for small scale fisheries and in collaboration with DAFF which was supposed to register communities as cooperatives first and that only happened successfully in the 4th quarter. The following projects (INK ICT for Disability Entrepreneurship, SMART City Innovation ICT Hub, Richardsbay ICT incubator) were postponed until the implementation strategy for ICT projects is reengineered.

Notes to the Appropriation Statement for the year ended 31 March 2019

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P4: BUSINESS REGULATION AND GOVERNANCE	116 863	114 695	2 168	2%

Due to delays in the filling of critical vacant posts such as DD & AD Regulation services this was partly offset by over spending for Consumer Protection AD posts that were filled sooner than anticipated. Also Case Management invoices that were received late in March and were only paid in the new Financial year.

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P5: ECONOMIC PLANNING	32 214	28 615	3 599	11%

Under spending is mainly due to delays in the filling of critical vacant posts such as One Director and Two Deputy Directors for Monitoring & Evaluation. Also, Higher Education Institution – UniZulu under spent the budget due to one of the researchers (innovators) who pulled out at the time of contracting.

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P6: TOURISM	257 178	244 785	12 393	5%

Under spending is mainly due to delays in the filling of critical vacant posts such as General Manager, Director, two Deputy directors and three personal assistants for Tourism unit. The implementation of NT classification circular 21 on Transfer payments caused delays since there were lengthy admin approval processes, where a task team had to be appointed to review all transfers/projects before PT approval could be sought as well as the MEC as the MEC approval.

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
P7: ENVIRONMENTAL AFFAIRS	1 007 028	973 642	33 386	3%

There were delays in procuring training conducted by external service providers who are accredited to conduct various trainings for IASP beneficiaries. The Department issued an intention to award to the recommended service provider. When the Department was ready to award, it was argued that the order was too old and could not be awarded at the time. The process had to be restarted but it was already late in the FY hence the under spending. There were also delays in the filling of critical vacant posts such as SRL 10 (6), and SRL 7 (10).

Notes to the Appropriation Statement for the year ended 31 March 2019

Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	350 250	334 734	15 516	4%
Goods and services	385 110	321 096	64 014	17%
Transfers and subsidies				
Provinces and municipalities	17 621	7 321	10 300	58%
Departmental agencies and accounts	1 515 254	1 515 248	6	0%
Higher education institutions	5 000	4 571	429	9%
Public corporations and private enterprises	412 489	412 489	0	0%
Non-profit institutions	303 577	291 577	12 000	4%
Households	17 248	12 504	4 744	28%
Payments for capital assets				
Buildings and other fixed structures	522	522	0	0%
Machinery and equipment	11 268	10 618	650	6%
Software and other intangible assets	47	47	0	0%
Payments for financial assets	202	202	0	0%

Compensation Of Employees: As detailed above, under spending is due to delays in the filling of critical vacant posts such as GM Tourism, Director Monitoring & Evaluation Two Directors Tourism, Deputy Director Regulation Services..

Goods & Services: There were delays in some of the departmental projects such as Fishing Processing Facility, Black. Mambazo Academy as well as various trainings for IASP beneficiaries

Provinces and Municipalities due to implementation of NT classification circular 21 on Transfer payments which caused delays since there were lengthy admin approval.

Higher Education Institution: UniZulu under spent the budget due to one of the researchers (innovators) who pulled out at the time of contracting..

Non-profit institutions: The following projects (INK ICT for Disability Entrepreneurship, SMART City Innovation ICT Hub Richardsbay ICT incubator) were postponed until the implementation strategy for ICT projects is reengineered.

Machinery and equipment: Delays in the procurement of IT equipment due to NT instruction to use GCommerce

Notes to the Appropriation Statement for the year ended 31 March 2019

Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<i>Only show the conditional grants applicable to the department</i>				
EPWP	3740	3740	0	0%

Statement of Financial Performance for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	<u>1</u>	3 018 588	2 796 453
Departmental revenue	<u>3</u>	3 566	1 852
TOTAL REVENUE		3 022 154	2 798 305
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	334 734	295 108
Goods and services	<u>5</u>	321 096	301 672
Total current expenditure		655 830	596 780
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	2 243 710	2 087 089
Total transfers and subsidies		2 243 710	2 087 089
Expenditure for capital assets			
Tangible assets	<u>8</u>	11 140	11 900
Intangible assets	<u>8</u>	47	127
Total expenditure for capital assets		11 187	12 027
Payments for financial assets	<u>6</u>	202	64
TOTAL EXPENDITURE		2 910 929	2 695 960
SURPLUS/(DEFICIT) FOR THE YEAR		111 225	102 345
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		107 659	100 493
Annual appropriation		107 659	100 493
Departmental revenue and NRF Receipts	<u>15</u>	3 566	1 852
SURPLUS/(DEFICIT) FOR THE YEAR		111 225	102 345

Statement of Financial Position as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current Assets		79 458	76 095
Unauthorised expenditure	<u>9</u>	8 094	8 094
Cash and cash equivalents	<u>10</u>	65 396	59 288
Prepayments and advances	<u>11</u>	5 615	5 626
Receivables	<u>12</u>	353	3 087
Non-Current Assets		1 040 558	1 040 251
Investments	<u>13</u>	1 008 607	1 008 607
Receivables	<u>12</u>	31 951	31 644
TOTAL ASSETS		1 120 016	1 116 346
LIABILITIES			
Current Liabilities		107 801	104 461
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	107 659	104 531
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	63	(139)
Bank overdraft		-	-
Payables	<u>16</u>	79	69
Non-Current Liabilities			
TOTAL LIABILITIES		107 801	104 461
NET ASSETS		1 012 215	1 011 885
Represented by:			
Capitalisation reserve		1 008 607	1 008 607
Recoverable revenue		3 608	3 278
TOTAL		1 012 215	1 011 885

Statement of changes in Net Assets for the year ended 31 March 2019

NET ASSETS	Note	2018/19 R'000	2017/18 R'000
Capitalisation Reserves			
Opening balance		1 008 607	1 008 607
Closing balance		1 008 607	1 008 607
Recoverable revenue			
Opening balance		3 278	2 951
Transfers		330	327
Debts recovered (included in departmental receipts)		(157)	(45)
Debts raised		487	372
Closing balance		3 608	3 278
TOTAL		1 012 215	1 011 885

Cash Flow Statement for the year ended 31 March 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3 020 625	2 798 305
Annual appropriated funds received	<u>1.1</u>	3 018 588	2 796 453
Departmental revenue received	<u>3</u>	2 018	1 852
Interest received	<u>3.3</u>	19	-
Net (increase)/ decrease in working capital		2 448	2 755
Surrendered to Revenue Fund		(107 895)	(9 186)
Current payments		(655 830)	(596 780)
Payments for financial assets		(202)	(64)
Transfers and subsidies paid		(2 243 710)	(2 087 089)
Net cash flow available from operating activities	<u>17</u>	15 436	107 941
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(11 187)	(12 027)
Proceeds from Sale of Capital Assets		1 529	-
Net cash flows from investing activities		(9 658)	(12 027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		330	327
Net cash flows from financing activities		330	327
Net increase/ (decrease) in cash and cash equivalents		6 108	96 241
Cash and cash equivalents at beginning of period		59 288	(36 953)
Cash and cash equivalents at end of period	<u>18</u>	65 396	59 288

Notes to the financial statements for the year ended 31 March 2019

Summary of Significant Accounting Policies

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

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Presentation currency

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

1.4 Rounding

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

1.5 Comparative figures

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

1.6 Current year comparison with budget

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

Notes to the financial statements for the year ended 31 March 2019

2. Revenue

2.1 Appropriated funds

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

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

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

2.2 Departmental revenue

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

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

2.3 Accrued departmental revenue

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

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

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

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

3. Expenditure

3.1 Compensation of employees

3.1.2 Salaries and wages

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

Notes to the financial statements for the year ended 31 March 2019

3.1.2 Social contributions

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

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

3.2 Other expenditure

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

3.3 Accrued expenditure payable

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

Accrued expenditure payable is measured at cost.

3.4 Leases

3.4.1 Operating leases

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

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

3.4.2 Finance leases

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

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

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

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

Notes to the financial statements for the year ended 31 March 2019

4. Cash and cash equivalents

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

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

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

5. Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost

A prepayment or advance may be recognised in the statement of financial performance if the prepayment or advance is material and was budgeted for as an expense in the year in which the actual prepayment or advance was made.

6. Loans and receivable

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

7. Investments

Investments are recognised in the statement of financial position at cost

8. Payables

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

9. Capital assets

9.1 Immovable capital assets

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

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

Notes to the financial statements for the year ended 31 March 2019

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

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

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

9.2 Movable capital assets

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

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

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

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

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

9.3 Intangible assets

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

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

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

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

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

Notes to the financial statements for the year ended 31 March 2019

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

10. Provisions and contingents

10.1 Provision

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

10.2 Contingent liabilities

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

10.3 Contingent asset

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

10.4 Commitments

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

11. Unauthorised expenditure

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

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

Notes to the financial statements for the year ended 31 March 2019

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

12. Fruitless and wasteful expenditure

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

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

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

13. Irregular expenditure

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

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

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

14. Changes in accounting policies, accounting estimates and errors

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

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

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

Notes to the financial statements for the year ended 31 March 2019

15. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

16. Recoverable revenue

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

17. Related party transactions

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

Notes to the financial statements for the year ended 31 March 2019

1 Annual Appropriation

1.1 Annual Appropriation

Programmes	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000	R'000
Administration	252 685	252 685	-	243 816	243 816
Integrated Economic Development Services	556 364	556 364	-	406 589	406 589
Trade And Sector Development	796 256	796 256	-	823 352	823 352
Business Regulation And Governance	116 863	116 863	-	105 311	105 311
Economic Planning	32 214	32 214	-	33 053	33 053
Tourism	257 178	257 178	-	222 362	222 362
Environmental Affairs	1 007 028	1 007 028	-	961 970	961 970
Total	3 018 588	3 018 588	-	2 796 453	2 796 453

1.2 Conditional grants**

	Note	2018/19 R'000	2017/18 R'000
Total grants received	<u>32</u>	3 740	6 149
Provincial grants included in Total Grants received		-	-

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

3. Departmental Revenue

		2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	<u>3.1</u>	840	1 146
Fines, penalties and forfeits	<u>3.2</u>	665	558
Interest, Dividends and Rent on land	<u>3.3</u>	19	-
Sale of Capital Assets	<u>3.4</u>	1 529	-
Transactions in financial assets and liabilities	<u>3.5</u>	513	148
Total revenue collected		3 566	1 852
Less: Own revenue included in appropriation	19	-	-
Departmental revenue collected		3 566	1 852

3.1 Sales of goods and services other than capital assets

	Notes	2018/19 R'000	2017/18 R'000
	<u>3</u>		
Sales of goods and services produced by the department		840	1 146
Sales by market establishment		55	57
Administrative fees		482	898
Other sales		303	191
Total		840	1 146

3.2 Fines, penalties and forfeits

	Note	2018/19 R'000	2017/18 R'000
	<u>3</u>		
Fines		665	558
Total		665	558

3.3 Interest, dividends and rent on land

	Note	2018/19 R'000	2017/18 R'000
	<u>3</u>		
Interest		19	-
Total		19	-

Notes to the financial statements for the year ended 31 March 2019

3.4 Sale of Capital assets

	Note	2018/19	2017/18
	<u>3</u>	R'000	R'000
Tangible Assets		1 529	-
Machinery & equipment		1 529	-
Total		<u>1 529</u>	<u>-</u>

3.5 Transactions in financial assets and liabilities

	Note	2018/19	2017/18
	<u>3</u>	R'000	R'000
Receivables		92	44
Other Receipts including Recoverable Revenue		421	104
Total		<u>513</u>	<u>148</u>

3.6 Cash received not recognised (not included in the main note) - 2018/19

Name of entity	Amount received	Amount paid to Revenue Fund	Balance
	R'000	R'000	R'000
KZN Liquor Authority	23 226	23 226	-
Total	<u>23 226</u>	<u>23 226</u>	<u>-</u>

Cash received not recognised (not included in the main note) - 2017/18

Name of entity	Amount received	Amount paid to Revenue Fund	Balance
	R'000	R'000	R'000
KZN Liquor Authority	25 353	25 353	-
Total	<u>25 353</u>	<u>25 353</u>	<u>-</u>

Notes to the financial statements for the year ended 31 March 2019

4. Compensation of Employees

	<i>Note</i>	2018/19 R'000	2017/18 R'000
4.1 Salaries and wages			
Basic salary		240 746	211 650
Performance award		3 461	890
Service Based		151	74
Compensative/circumstantial		4 189	3 618
Periodic payments		1 079	1 079
Other non-pensionable allowances		44 770	41 536
Total		294 396	258 847

4.2 Social Contributions

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Employer contributions			
Pension		28 936	25 862
Medical		11 351	10 361
Bargaining council		51	38
Total		40 338	36 261
Total compensation of employees		334 734	295 108
 Average number of employees		 752	 663

5. Goods and services

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Administrative fees		1 974	1 425
Advertising		4 234	5 362
Minor assets	<u>5.1</u>	496	1 285
Bursaries (employees)		505	157
Catering		1 264	885
Communication		11 702	12 299
Computer services	<u>5.2</u>	23 993	19 552
Consultants: Business and advisory services		32 797	68 061
Infrastructure and planning services		-	-
Legal services		5 037	2 335
Contractors		22 449	13 046
Agency and support / outsourced services		56 791	50 850
Audit cost – external	<u>5.3</u>	3 551	3785
Fleet services		5 695	4 403
Inventory	<u>5.4</u>	12 999	10 745
Consumables	<u>5.5</u>	4 480	4 171
Operating leases		33 687	27 172
Property payments	<u>5.6</u>	43 261	33 040

Notes to the financial statements for the year ended 31 March 2019

Rental and hiring	830	426
Transport provided as part of the departmental activities	463	401
Travel and subsistence	<u>5.7</u> 35 086	29 650
Venues and facilities	445	1 983
Training and development	16 825	4 767
Other operating expenditure	<u>5.8</u> 2 532	5 872
Total	321 096	301 672

5.1 Minor assets

	<i>Note</i> <u>5</u>	2018/19 R'000	2017/18 R'000
Tangible assets		496	1 281
Machinery and equipment		496	1 281
Intangible assets		-	4
Software		-	4
Total		496	1 285

5.2 Computer services

	<i>Note</i> <u>5</u>	2018/19 R'000	2017/18 R'000
SITA computer services		19 079	15 471
External computer service providers		4 914	4 081
Total		23 993	19 552

5.3 Audit cost – external

	<i>Note</i> <u>5</u>	2018/19 R'000	2017/18 R'000
Regularity audits		3 551	3 785
Total		3 551	3 785

5.4 Inventory

	<i>Note</i> <u>5</u>	2018/19 R'000	2017/18 R'000
Clothing material and accessories		718	660
Farming supplies		12 023	9 315
Other supplies	<u>5.4.1</u>	258	770
Total		12 999	10 745

Notes to the financial statements for the year ended 31 March 2019

5.4.1 Other Supplies

Assets for distribution	258	770
Machinery and equipment	-	608
Other assets for distribution	258	162
Total	258	770

5.5 Consumables

	<i>Note</i> 5	2018/19 R'000	2017/18 R'000
Consumable supplies		1 921	2 135
Uniform and clothing		54	15
Household supplies		228	196
Building material and supplies		1 118	555
IT consumables		1	-
Other consumables		520	1 369
Stationery, printing and office supplies		2 559	2 036
Total		4 480	4 171

5.6 Property payments

	<i>Note</i> 5	2018/19 R'000	2017/18 R'000
Municipal services		3 953	3 506
Property maintenance and repairs		1 361	919
Other		37 947	28 615
Total		43 261	33 040

5.7 Travel and subsistence

	<i>Note</i> 5	2018/19 R'000	2017/18 R'000
Local		33 502	28 509
Foreign		1 584	1 141
Total		35 086	29 650

5.8 Other operating expenditure

	<i>Note</i> 5	2018/19 R'000	2017/18 R'000
Professional bodies, membership and subscription fees		883	472
Resettlement costs		585	3 732
Other		1 064	1 668
Total		2 532	5 872

Notes to the financial statements for the year ended 31 March 2019

6. Payments for financial assets

	Note	2018/19 R'000	2017/18 R'000
Debts written off	6.1	202	64
Total		202	64

6.1 Debts written off

	Note	2018/19 R'000	2017/18 R'000
Nature of debts written off	<u>6</u>		
Cellphone Debt		3	3
Salary Overpayment		82	36
Salary Tax Debt		113	12
Other		1	-
Ex-employees		-	-
Bursary		3	13
Supplier		-	-
Total		202	64
Total debt written off		202	64

7. Transfers and Subsidies

	Note	2018/19 R'000	2017/18 R'000
Provinces and municipalities	33	7 321	33 096
Departmental agencies and accounts	ANNEXURE 1A	1 515 248	1 490 731
Higher education institutions	ANNEXURE 1B	4 571	-
Public corporations and private enterprises	ANNEXURE 1C	412 489	341 904
Non-profit institutions	ANNEXURE 1D	291 577	211 823
Households	ANNEXURE 1E	12 504	9 535
Total		2 243 710	2 087 089

8. Expenditure for capital assets

	Note	2018/19 R'000	2017/18 R'000
Tangible assets		11 140	11 900
Building & Other Fixed Structure		522	-
Machinery and equipment	28.1	10 618	11 900
Intangible assets	29	47	127
Software		47	127
Total		11 187	12 027

Notes to the financial statements for the year ended 31 March 2019

8.1 Analysis of funds utilised to acquire capital assets - 2018/19

	Voted Funds	Aid assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	11 140	-	11 140
Building & Other Fixed Structure	522	-	522
Machinery and equipment	10 618	-	10 618
Intangible assets			
Software	47	-	47
Total	11 187	-	11 187

Analysis of funds utilised to acquire capital assets - 2017/18

	Voted Funds	Aid assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	11 900	-	11 900
Machinery and equipment	11 900	-	11 900
Intangible assets	127	-	127
Software	127	-	127
Total	12 027	-	12 027

9 Unauthorised Expenditure	<i>Note</i>	2018/19 R'000	2017/18 R'000
9.1 Reconciliation of unauthorised expenditure			
Opening balance		8 094	15 080
As restated		8 094	15 080
Unauthorised expenditure - discovered in the current year (as restated)		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	(6 986)
Closing balance		8 094	8 094
Analysis of closing balance		R'000	R'000
Unauthorised expenditure awaiting authorisation		8 094	8 094
Total		8 094	8 094

DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
VOTE 4

Notes to the financial statements for the year ended 31 March 2019

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2018/19 R'000	2017/18 R'000
Current	8 094	8 094
Capital	-	-
Transfers and subsidies	-	-
Total	8 094	8 094

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2018/19 R'000	2017/18 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within the vote	8 094	8 094
Total	8 094	8 094

10 Cash and Cash Equivalents

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		65 396	59 288
Total		65 396	59 288

11 Prepayments and Advances

	Note	2018/19 R'000	2017/18 R'000
Travel and subsistence		-	11
Prepayments (Not expensed)		5 615	5 615
Total		5 615	5 626

Notes to the financial statements for the year ended 31 March 2019

11.2 Prepayments (Not expensed)

Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add/Less Other	Add: Current Year prepayments	Balance as at 31 March 2019
<u>11</u>	R'000	R'000	R'000	R'000	R'000
<i>Listed by economic classification</i>					
Other	5 615	-	-	-	5 615
Total	5 615	-	-	-	5 615

Prepayments (Not expensed)

Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add/Less Other	Add: Current Year prepayments	Balance as at 31 March 2018
<u>11</u>	R'000	R'000	R'000	R'000	R'000
<i>Listed by economic classification</i>					
Other	5 615	-	-	-	5 615
Total	5 615	-	-	-	5 615

11.3 Prepayments (Expensed)

Note	Balance as at 1 April 2018	Less: Received in the current year	Add/Less Other	Add: Current Year prepayments	Balance as at 31 March 2019
<u>11</u>	R'000	R'000	R'000	R'000	R'000
<i>Listed by economic classification</i>					
Goods and Services	11 553	(11 553)	-	26 060	26 060
Total	11 553	(11 553)	-	26 060	26 060

R13,060 million paid to SEDA in respect of training, R10 million paid to Tongaat Hulett in respect of Sakhinzuzo Sugar Project as well as R3m paid to CSIR for Tech Project.

Prepayments (Expensed)

Note	Balance as at 1 April 2017	Less: Received in the current year	Add/Less Other	Add: Current Year prepayments	Balance as at 31 March 2018
<u>11</u>	R'000	R'000	R'000	R'000	R'000
<i>Listed by economic classification</i>					
Goods and Services	-	-	-	-	11 553
Total	-	-	-	-	11 553

A prepayment of R11, 553m was paid in 2017/18 to Tongaat Hulett and was only spent in 2018/19

Notes to the financial statements for the year ended 31 March 2019

12. Receivables

	Note	2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<u>12.1</u>	-	-	-	2 716	-	2 716
Recoverable expenditure	<u>12.2</u>	276	220	496	150	220	370
Staff debt	<u>12.3</u>	77	231	308	211	271	482
Other Receivab	<u>12.4</u>	-	31 500	31 500	10	31 153	31 163
Total		353	31 951	32 304	3 087	31 644	34 731

12.1 Claims recoverable

	Note	2018/19	2017/18
	<u>12</u>	R'000	R'000
Provincial departments		-	1 916
Public entities		-	800
Total			2 716

12.2 Recoverable expenditure (disallowance accounts)

	Note	2018/19	2017/18
	<u>12</u>	R'000	R'000
Sal:Tax Debt:CA		111	56
Pension Recoverable Account		3	-
Sal: Income Tax		152	-
Sal:Reversal Control: CA		10	94
Disallowance payment fraud :ca		220	220
Disall :Damages&Losses :Recover:CA		129	129
Disall :Damages&Losses :CA		(129)	(129)
Total		496	370

Notes to the financial statements for the year ended 31 March 2019

12.3 Staff debt

	<i>Note</i> <u>12</u>	2018/19 R'000	2017/18 R'000
Bursary		3	41
Other		17	19
Private telephone & Cellphone		6	12
Salary & allowance overpayments		253	298
Tax Debt		29	112
Total		308	482

12.4 Other Receivables

	<i>Note</i> <u>12</u>	2018/19 R'000	2017/18 R'000
Supplier Debt		31 500	31 153
Medical Aid		-	3
Pension Fund		-	7
Total		31 500	31 163

13. Investments

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Non-Current			
Shares and other equity			
Ithala Development Finance Cooperation		1 008 582	1 008 582
African Bank		25	25
Total non-current		1 008 607	1 008 607

Analysis of Non- Current investments

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Opening balance		1 008 607	1 008 607
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
Closing balance		1 008 607	1 008 607

Notes to the financial statements for the year ended 31 March 2019

14. Voted Funds to be Surrendered to the Revenue Fund

	Note	2018/19 R'000	2017/18 R'000
Opening balance		104 531	10 808
As restated		104 531	10 808
Transfer from statement of financial performance (as restated)		107 659	100 493
Add: Unauthorised expenditure for current year	9	-	-
Voted funds not requested/not received	1.1	-	-
Paid during the year		(104 531)	(6 770)
Closing balance		107 659	104 531

The unspent surplus for the year will be paid over to PT during 2018/19

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

	Note	2018/19 R'000	2017/18 R'000
Opening balance		(139)	425
Transfer from Statement of Financial Performance (as restated)		3 566	1 852
Paid during the year		(3 364)	(2 416)
Closing balance		63	(139)

16. Payables - current

	Note	2018/19 R'000	2017/18 R'000
Advances received	16.1	30	6
Clearing accounts	16.2	49	63
Total		79	69

16.1 Advances received

	Note	2018/19 R'000	2017/18 R'000
Provincial departments	Annex 5B	30	6
Total		30	6

Notes to the financial statements for the year ended 31 March 2019

16.2 Clearing accounts

	Note 16	2018/19 R'000	2017/18 R'000
(Identify major categories, but list material amounts)			
Sal: income tax			42
Sal : Pension fund		6	-
Sal: ACB Recalls		-	7
Sal: Fin Institut Study Loans		7	7
Sal: GEHS Refund Control		36	7
Total		49	63

17. Net cash flow available from operating activities

	Note	2018/19 R'000	2017/18 R'000
Net surplus/(deficit) as per Statement of Financial Performance		111 225	102 345
Add back non cash/cash movements not deemed operating activities		(95 789)	5 596
(Increase)/decrease in receivables		2 427	(3 147)
(Increase)/decrease in prepayments and advances		11	26
(Increase)/decrease in other current assets		-	6 986
Increase/(decrease) in payables – current		10	(1 110)
Proceeds from Sale of Capital Assets		(1 529)	-
Expenditure on capital assets		11 187	12 027
Surrenders to Revenue Fund		(107 895)	(9 186)
Voted funds not requested/not received		-	-
Net cash flow generated by operating activities		15 436	107 941

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

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General account		65 396	59 288
Total		65 396	59 288

Notes to the financial statements for the year ended 31 March 2019

19. Contingent liabilities and contingent assets

		<i>Note</i>	2018/19 R'000	2017/18 R'000
19.1 Contingent liabilities				
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 2A</i>	-	83
Other guarantee		<i>Annex 2A</i>	300 000	-
Claims against the department		<i>Annex 2B</i>	297 902	40 700
Total			597 902	40 783
Contingent assets		<i>Note</i>	2018/19 R'000	2017/18 R'000
Nature of contingent asset				
Damage to the vehicle			154	154
Misappropriation of funds			800	800
Breach of Contract			11 914	5 635
Total			12 868	6 589

20. Commitments

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Current expenditure			
Approved and contracted		199 333	212 227
Approved but not yet contracted		-	450
		199 333	212 677
Capital Expenditure			
Approved and contracted		-	-
Approved but not yet contracted		-	-
		-	-
Total Commitments		199 333	212 677

Notes to the financial statements for the year ended 31 March 2019

21 Accruals and payables not recognised

			2018/19 R'000	2017/18 R'000
21.1 Accruals				
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	13 770	13 520	27 290	2753
Capital assets	217	89	306	
Total	13 987	13 609	27 596	2 753

Listed by programme level	<i>Note</i>	2018/19 R'000	2017/18 R'000
Programme 1: Administration		7 978	1 489
Programme 2: Integrated Economic Development services		14 432	365
Programme 3: Trade and Sector Development		106	32
Programme 4: Business Regulations & Governance		387	180
Programme 5: Economic Planning		97	55
Programme 6: Tourism		29	94
Programme 7: Environmental Affairs		4 567	538
Total		27 596	2 753

21.2 Payables not recognised				
Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	1 297	43	1 340	13 982
Capital assets	-	-	-	-
Total	1 297	43	1 340	13 982

Listed by programme level	<i>Note</i>	2018/19 R'000	2017/18 R'000
Programme 1: Administration		974	7 438
Programme 2: Integrated Economic Development services		36	425
Programme 3: Trade and Sector Development		38	154
Programme 4: Business Regulations & Governance		114	64
Programme 5: Economic Planning		1	48
Programme 6: Tourism		34	310
Programme 7: Environmental Affairs		143	5 543
Total		1 340	13 982

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<u>Included in the above totals are the following:</u>			
Confirmed balances with	<i>Annex 4</i>	405	1 958

Notes to the financial statements for the year ended 31 March 2019

departments

Total	405	1 958
--------------	------------	--------------

22 Employee benefits

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Leave entitlement		19 362	18 671
Service bonus (Thirteenth cheque)		8 825	7 589
Performance awards		2 036	1 770
Capped leave commitments		8 784	8 967
Other		3 449	255
Total		42 456	37 252

At this stage the department is not able to reliably measure the long term portion of the long service awards.

23 Lease commitments

23.1 Operating leases 2018/19

	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	31 536	1 151	32 687
Later than 1 year and not later than 5 years	-	-	27 056	907	27 963
Later than five years	-	-	-	-	-
Total lease commitments	-	-	58 592	2 058	60 650

Four of the operating leases have expired and are on a month to month basis

2017/18	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	29 802	475	30 277
Later than 1 year and not later than 5 years	-	-	22 176	215	22 391
Later than five years	-	-	-	-	-
Total lease commitments	-	-	51 978	690	52 668

Notes to the financial statements for the year ended 31 March 2019

23.2 Finance leases **

2018/19	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 257	2 257
Later than 1 year and not later than 5 years	-	-	-	940	940
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	3 197	3 197

2017/18	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 448	1 448
Later than 1 year and not later than 5 years	-	-	-	1	1
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1 449	1 449

24 Irregular expenditure

	Note	2018/19 R'000	2017/18 R'000
24.1 Reconciliation of irregular expenditure			
Opening balance		162 338	155 136
Prior period error		-	-
As restated		162 338	155 136
Add: Irregular expenditure - relating to prior year			459
Add: Irregular expenditure - relating to current year		13 063	6 743
Less: Prior year amounts condoned			-
Less: Current year amounts condoned		(5 959)	-
Less: Amounts not condoned and recoverable			-
Less: Amounts not condoned and not recoverable			-
Irregular expenditure awaiting condonation		169 442	162 338
Analysis of awaiting condonation per age classification			
Current year		7 104	6 743
Prior years		162 338	155 595
Total		169 442	162 338

Notes to the financial statements for the year ended 31 March 2019

24.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Proper procurement process not followed on appointing the service provider.		640
Transfer payment not authorised by Provincial Treasury		4 500
Approval of Extension of scope was not obtained before service rendered		21
Contract Expired and no approval was obtained to extend the contract before service rendered		7 102
No tax clearance certificate at the time of award		800
Total		13 063

24.3 Details of Irregular Expenditure condoned

Incident	Condoned by condoning Authority	2018/19 R'000
Expired lease Contracts	Provincial Treasury	5 959
		5 959

25 Fruitless and wasteful expenditure

	Note	2018/19 R'000	2017/18 R'000
25.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		2 908	1 626
As restated		2 908	1 626
Fruitless and wasteful expenditure – relating to current year		-	1 282
Less: Amounts resolved		-	-
Closing balance		2 908	2 908

Notes to the financial statements for the year ended 31 March 2019

	Note	2018/19 R'000	
In kind goods and services provided/received			
List in kind goods and services between department and related party			
Acting Head of Department was seconded from Moses Kotane		456	
		<u>456</u>	
25.2 Analysis of awaiting resolution per economic classification			
	2018/19 R'000	2017/18 R'000	
Current	-	1 282	
Capital	-	-	
Transfers and subsidies			
Total	<u>-</u>	<u>1 282</u>	
26 Related party transactions			
	Note	2018/19 R'000	2017/18 R'000
Other			
Guarantees issued/received		300 000	-
Total		<u>300 000</u>	<u>-</u>

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

These Public Entities are:

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

The KZN MEC for finance has granted approval for the KZN MEC EDTEA to issue a guarantee to the value of R300m annually over three years to enable Ithala Limited to comply with the capital adequacy and to protect the depositors funds held by this institution. This guaranteed amount will be held in the KwaZulu-Natal Provincial Revenue Fund and will be drawn upon as and when required

Notes to the financial statements for the year ended 31 March 2019

27 Key management personnel

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers Officials:	1	2 098	2 098
Level 15 to 16	3	5 478	3 830
Level 14 (incl CFO if at a lower level)	11	11 941	12 159
Family members of key management personnel			-
Total		19 517	18 087

28 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSET PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	74 725	(382)	10 793	5 406	79 730
Transport assets	28 881		1 885	5 406	25 360
Computer equipment	29 247		3 948	-	33 195
Furniture and office equipment	13 338		572	-	13 910
Other machinery and equipment	3 259	(382)	4 388	-	7 265
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	74 725	(382)	10 793	5 406	79 730

Movable Tangible Capital Assets under investigation

	Number	Value
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
	327	519

Asset under investigation relates to assets that have been reported as missing or lost or broken but the entire disposal process has not been finalised.

Notes to the financial statements for the year ended 31 March 2019

28.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	Received current, not paid (Paid current year, received prior year	Total
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	10 619	-	174	10 793
Transport assets	1 885	-	-	1 885
Computer equipment	3 712	-	236	3 948
Furniture and office equipment	585	-	(13)	572
Other machinery and equipment	4 437	-	(49)	4 388
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	10 619	-	174	10 793

Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS AS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for Cash	Non –Cash disposals	Total Disposal	Cash Receive d Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT				
Transport assets	5 406	-	5 406	1 591
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	5 406	-	5 406	1 591

Notes to the financial statements for the year ended 31 March 2019

Movements for 2017/18

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Additions R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	63 254	11 471	74 725
Transport assets	21 364	7 517	28 881
Computer equipment	27 279	1 968	29 247
Furniture and office equipment	11 481	1 857	13 338
Other machinery and equipment	3 130	129	3 259
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	63 254	11 471	74 725

28.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	912	10 626	11 538
Value Adjustment			
Additions		499	499
TOTAL MINOR ASSETS	912	11 125	12 037

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	18	3 962	3 980
Number of minor assets at cost	261	6 049	6 310
TOTAL NUMBER OF MINOR ASSETS	279	10 011	10 290

Minor Assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	908	9 592	10 500
Prior period error	-	-	-
Additions	4	1 034	1 038
Disposals	-	-	-
TOTAL MINOR ASSETS	912	10 626	11 538

Notes to the financial statements for the year ended 31 March 2019

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	3 989	3 989
Number of minor assets at cost	261	5 900	6 161
TOTAL NUMBER OF MINOR ASSETS	261	9 889	10 150

29 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Additions	Closing balance
	R'000	R'000	R'000
SOFTWARE	15 577	47	15 624
TOTAL INTANGIBLE CAPITAL ASSETS	15 577	47	15 624

29.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non Cash	Total
	R'000	R'000	R'000
SOFTWARE	47	-	47
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	47	-	47

Movement for 2017/18

29.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Additions	Closing balance
	R'000	R'000	R'000
SOFTWARE	15 450	127	15 577
TOTAL INTANGIBLE CAPITAL ASSETS	15 450	127	15 577

Notes to the financial statements for the year ended 31 March 2019

30 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value Adjustmen ts	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	6 384	(27)	522	-	6 879
Other fixed structures	6 384	(27)	522	-	6 879
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	6 384	(27)	522	-	6 879

Additions

30.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non Cash	Received cur not paid	Total
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	522			522
Other fixed structures	522	-	-	522
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	522	-	-	522

2017/18

30.2 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	6 384			6 384
Other fixed structures	6 384	-	-	6 384
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	6 384	-	-	6 384

Notes to the financial statements for the year ended 31 March 2019

31 Principal-agent arrangements

	2018/19	2017/18
31.1 Department acting as the principal		Fee paid
	R'000	R'000
Invasive alien species project	2 640	2 181
Total	2 640	2 181

The Department implements its Invasive Alien Plants Clearing Projects using Expanded Public Works Programme (EPWP). The Department uses contract method to manage and implement these projects and this is done through contracting of project work to locally based EPWP contractors. This method has been found to be effective and contributing to government objectives which include creation of jobs, skills development, SMME development and it is contributing to rural economic development. The department recruits IASP contractors using the Departmental EPWP Policy and once the contractor has been selected, he/she enters into a service level agreement (SLA) with the Department and the SLA provides terms of reference that govern the contractual obligations. Contractors are paid for signed off completed polygons/sites (monthly tasks) on part- payment bases against the contractors issued order amount. For every contract invoiced, there is a management fee which is calculated at 7% out of wages that is paid to the contractor.

STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION				SPENT			2017/18	
	Division of Revenue Act/Provincial Grants	Roll Overs	DORA Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by dept	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
EPWP Integrated Grant for Provinces	3 740	-	-	3 740	3 740	3 740	100%	6 149	6 149
	3 740	-	-	3 740	3 740	3 740		6 149	6 149

Notes to the financial statements for the year ended 31 March 2019
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

33

NAME OF MUNICIPALITY	GRANT ALLOCATION		Adjustments	TRANSFER	
	DoRA and other transfers			Total Available	Actual Transfer
	R'000	R'000	R'000	R'000	R'000
Msunduzi (License Fees)	63	58		121	121
UMkhanyakude Municipality	3 700	-		3 700	2 000
Ray Nkonyeni Municipality	5 000	250		5 250	3 250
EThekweni Municipality	3 000	-		3 000	-
UMhlabuyalingana	1 200	-		1 200	1 200
Ilembe Municipality	1 200	-		1 200	-
Zululand District Municipality	1 700	-		1 700	-
UMhlathuze Municipality	-	100		100	100
King Cetshwayo Municipality	700	-		700	-
Umvoti Municipality	-	150		150	150
Newcastle Municipality	-	150		150	150
Umzimkhulu Municipality	-	100		100	100
Umlalazi Municipality	-	250		250	250
	16 563	1 058		17 621	7 321

Notes to the financial statements for the year ended 31 March 2019

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
KZN Liquor Authority	80 189	-	-	80 189	80 189	100%	77 990
KZN Dube Tradeport	356 695	-	-	356 695	356 695	100%	392 657
Ezemvelo KZN Wildlife	767 512	-	-	767 512	767 512	100%	749 720
KZN Tourism Authority	126 017	-	25 100	151 117	151 117	100%	116 980
Natal Sharks board	71 897	-	400	72 297	72 297	100%	66 479
KZN Trade and Investment	85 935	-	-	85 935	85 935	100%	85 305
SABC	9	-	-	9	3	33%	9
NYDA Funding Partnership	1 500	-	-	1 500	1 500	100%	2 000
SABC: Metro FM Awards	-	-	-	-	-	-	4 000
Total	1 489 754	-	25 500	1 515 254	1 515 248	-	1 495 140

Notes to the financial statements for the year ended 31 March 2019

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS

INSTITUTION NAME	TRANSFER ALLOCATION				TRANSFER		2017/18 Appropriation Act
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	Amount not transferred	
	R'000	R'000	R'000	R'000	R'000	R'000	%
University of KwaZulu Natal	2 404	-	-	2 404	2 404	-	0%
Mangosuthu University of Technology	-	-	-	-	-	-	-
Durban University of Technology	1 043	-	-	1 043	1 043	-	0%
University of Zululand	1 553	-	-	1 553	1 124	429	38%
Total	5 000	-	-	5 000	4 571	429	-
							4 980

Notes to the financial statements for the year ended 31 March 2019

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2017/18 Appropriation Act
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	
Public corporations	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Transfers	347 689	-	60 000	407 689	407 689	100.0%	129 530	278 159	330 229
Ithala Limited	215 659	-	60 000	275 659	275 659	100.0%	-	275 659	190 624
Richards Bay IDZ	129 530	-	-	129 530	129 530	100.0%	129 530	-	132 605
CSIR	2 500	-	-	2 500	2 500	100.0%	-	2 500	7 000
Sub Total: Public corporations	347 689	-	60 000	407 689	407 689	100.0%	129 530	278 159	330 229

	TRANSFER ALLOCATION				EXPENDITURE				2017/18 Appropriation Act
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	
Private enterprises	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Transfers	4 800	-	-	4 800	4 800	100.0%	-	4 800	17 190
Co-op Funding	-	-	-	-	-	-	-	-	850
KZN Music Cluster	4 000	-	-	4 000	4 000	100.0%	-	4 000	3 000
Richardsbay ICT	-	-	-	-	-	-	-	-	500
Metro FM Awards	-	-	-	-	-	-	-	-	1 000
Spring Day Explosion	-	-	-	-	-	-	-	-	1 000

Notes to the financial statements for the year ended 31 March 2019

	TRANSFER ALLOCATION			EXPENDITURE				2017/18	
	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
Indlamu Sakhisizwe	-	-	-	-	-	-	-	-	500
Durban Summer Beach Festival	-	-	-	-	-	-	-	-	1 000
Umgababa New Year's Eve Picnic	-	-	-	-	-	-	-	-	1 200
Telefestival Dialogue	-	-	-	-	-	-	-	-	800
Kwadukuza Festival	-	-	-	-	-	-	-	-	1 000
Got Game	-	-	-	-	-	-	-	-	300
Midmar Dam Jazz Festival	-	-	-	-	-	-	-	-	1 000
Maskandi Festival	-	-	-	-	-	-	-	-	600
Commerce Edge	-	-	-	-	-	-	-	-	440
Fact Durban Rocks	-	-	-	-	-	-	-	-	1 000
Last Dance Music Festival	-	-	-	-	-	-	-	-	1 000
Umthayi Marula Festival	-	-	-	-	-	-	-	-	2 000
Africa Television Market	800	-	-	800	800	100.0%	-	800	-
Subtotal: Private enterprises	4 800	-	-	4 800	4 800	100.0%	-	4 800	17 190
TOTAL	352 489	-	60 000	412 489	412 489	100.0%	129 530	282 959	347 419

Notes to the financial statements for the year ended 31 March 2019

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2017/18
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred
	R'000	R'000	R'000	R'000	R'000	%
Transfers						
Moses Kotane Institute	55 131	-	-	55 131	55 131	100%
KZN Film Commision	96 267	-	-	96 267	96 267	100%
Growth Fund Trust	103 400	-	23 500	126 900	126 900	100%
SAAMBR	6 779	-	-	6 779	6 779	100%
WESSA	-	-	-	-	-	-
Durban Chamber Of Commerce	-	-	-	-	-	-
Ethekwini Maritime Cluster	1 000	-	-	1 000	-	0%
KZN Clothing Textile	1 000	-	-	1 000	-	0%
KZN Fashion Council	6 500	-	-	6 500	5 000	77%
Africa Fashion Exchange	-	-	-	-	-	-
Ugu ICT Incubator	500	-	-	500	500	100%
INK ICT for disability Entrepreneurship	1 000	-	-	1 000	-	0%
Msunduzi Incubator	3 000	-	-	3 000	-	0%
Nature, Envir. & Wildlife Filmmakers	1 000	-	-	1 000	1 000	100%
Richardsbay ICT	1 500	-	-	1 500	-	0%
Smart City Innovation ICT Hub	3 000	-	-	3 000	-	0%
Total	280 077	-	23 500	303 577	291 577	-
						214 323

Notes to the financial statements for the year ended 31 March 2019

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

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Appropriation Act
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
H/H EMPL S/BEN: INJURY ON DUTY	3	-		3	3	100%	2
H/H EMPL S/BEN: LEAVE GRATUITY	849	-	1 277	2 126	2 126	100%	1 594
H/H: BURSARIES (NON-EMPLOYEE)	12 706	-		12 706	7 962	63%	8 660
H/H EMPL S/BEN: SEVERANCE PACKAGE		-	2 413	2 413	2 413	100%	-
Total	13 558	-	3 690	17 248	12 504	-	10 256

Notes to the financial statements for the year ended 31 March 2019

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 - LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantee drawdowns during the year	Guaranteed repayments / cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2019	Guaranteed interest for year ended 31 March 2019	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	-	83	-	83	-	-	-	-
	Subtotal		83		83	-	-	-	-
	Other								
Ithala Soc	Capital adequacy	300 000	-	300 000	-	-	300 000	-	-
	Subtotal	300 000	-	300 000	-	-	300 000	-	-
Total		300 000	83	300 000	83	-	300 000	-	-

Notes to the financial statements for the year ended 31 March 2019

**ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019**

NATURE OF LIABILITY	Opening balance 1 April 2018	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Soft Skills (North Sea Jazz)	35 522	-	-	-	35 522
Nkosini Projects Marketing	3 000	-	-	-	3 000
Rainov8 Concepts Trading under DJ Production v EDTEA	75	-	-	-	75
Malherbe M v MEC for Economic Development, Tourism and Environmental Affairs KZN	85	-	-	-	85
INET BFA (Pty) LTD	18	-	-	-	18
Nandz Construction and Projects	2 000				2 000
N Xolo and 3 Others	-	200	200	-	-
Irasha Singh	-	60	60	-	-
Durban Stars	-	254 202	-	-	254 202
Mac Donalds v Ngcobo & EDTEA	-	64	64	-	-
Jali Bird	-	3 000	-	-	3 000
TOTAL	40 700	257 526	324	-	297 902

Notes to the financial statements for the year ended 31 March 2019

ANNEXURE 3
CLAIMS RECOVERABLE

	Confirmed balance outstanding	31/03/2019	31/03/2018	Unconfirmed balance outstanding		31/03/2019	31/03/2018	Total		Cash in transit at year end 2018/19*	Receipt date up to six (6) working days after year end	Amount
GOVERNMENT ENTITY		31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018			
	R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000			R'000
DEPARTMENTS												
KZN Provincial Treasury	-	1 916		-	-	-	1 916	-	1 916			-
	-	1 916		-	-	-	1 916	-	1 916			-
OTHER GOVERNMENT ENTITIES												
Dube Trade Port	-	800		-	-	-	800	-	800			-
	-	800		-	-	-	800	-	800			-
Total	-	2 716		-	-	-	2 716	-	2 716			-

Notes to the financial statements for the year ended 31 March 2019

**ANNEXURE 4
INTER-GOVERNMENT
PAYABLES**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19*	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Current								
Departments of Public Works KZN	108	1 026			108	1 026		-
Department of Agriculture KZN		41			-	41		-
KZN Provincial Treasury	297	891			297	891		-
								-
TOTAL INTERGOVERNMENTAL	405	1 958	-	-	405	1 958		-

Notes to the financial statements for the year ended 31 March 2019

ANNEXURE 5A
INTER-ENTITY ADVANCES PAID

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
OTHER INSTITUTIONS						
ABSA Bank	163	163			163	163
Isimangaliso Wetland	1 500	1 500			1 500	1 500
Standard Bank	3 952	3 952			3 952	3 952
TOTAL	5 615	5 615	-	-	5 615	5 615

ANNEXURE 5B
INTER-ENTITY ADVANCES RECEIVED

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
OTHER INSTITUTIONS						
Current						
SASSA	-	6	-	-	-	6
Swiss state	30	-	-	-	30	-
TOTAL	30	6	-	-	30	-

[illegible]



edtea

Department

Economic Development, Tourism and
Environmental Affairs

PROVINCE OF KWAZULU-NATAL

PR102/2019

ISBN: 978-0-621-47248-8

HEAD OFFICE CONTACT DETAILS

KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs
270 Jabu Ndlovu St
PIETERMARITZBURG 3201

Postal Address: Private Bag X9152,
Pietermaritzburg 3201

Telephone: 033 264 2500

Fax: 033 264 2672

Email: info@kznded.gov.za

www.kznedtea.gov.za