

### DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

MPUMALANGA PROVINCE

VOTE NO. 6

ANNUAL REPORT

2017/2018



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### **1 GENERAL INFORMATION OF THE DEPARTMENT**

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### Part A General Information

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### 2 LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AMTS	Advanced Manufacturing Strategy
AO	Accounting Officer
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
CC's	Close Corporations
CCTV	Closed Circuit Television
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CPA	Consumer Protection Act
CSI	Corporate Social Investment
DBSA	Development Bank of South Africa
DEDT	Department of Economic Development and Tourism
DESD	Decade of Education for Sustainable Development
DoL	Department of Labour
DPSA	Department of Public Service and Administration
EEP	Employment Equity Plan
EHWP	Employee Health and Wellness Programme
EIA	Environment Impact Assessment
EIC	Enterprise Information Centre
EMC	Executive Management Committee
EU	European Union
FTC	Food Technology Centre
GDP	Growth Domestic Product
GIS	Geographical Information System
HDI	Historically Disadvantaged Individuals
HOD	Head of Department
HR PLAN	Human Resource Plan
HRPIPR	Human Resource Plan Implementation Progress Report
ICC	International Convention Centre
ICT	Information Communication and Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IWMP	Integrated Waste Management Plan
KMIA	Kruger Mpumalanga International Airport
LED	Local Economic Development
LRF	Local Regulatory Framework
LTO	Local Tourism Organisation
MDG	Millennium Development Goals
MEC	Member of the Executive Council
MEDGP	Mpumalanga Economic Growth and Development Path

MEGA	Mpumalanga Economic Growth Agency
MER	Mpumalanga Economic Regulator
MIFPM	Mpumalanga International Fresh Produce Market
MINMEC	Minister and Members of the Executive Council
MINTECH	Minister's and Technical Team
MISS	Minimum Information Security Standards
MLA	Mpumalanga Liquor Authority
MTEF	Medium Term Expenditure Framework

MTEF	Medium Term Expenditure Framework
MTGS	Mpumalanga Tourism Growth Strategy
MTPA	Mpumalanga Tourism and Parks Agency
MUNMEC	Municipalities and Member of the Executive Council
NCC	National Consumer Commission
NDA	National Development Agency
NIPF	National Industrial Policy Framework
NSDP	National Spatial Development Perspective
NTSS	National Tourism Sector Strategy
OTP	Office of the Premier
PERSAL	Personnel and Salary Administration
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
POA	Programme of Action
PPPFA	Preferential Procurement Policy Framework Act
PRIME	Programme for Industrial Manufacturing Excellence
PSC	Public Service Commission
RTO	Regional Tourism Organisations
RTP	Responsible Tourism Planning
SABS	South African Bureau of Standards
SAHC/OOAK	South African Handmade Collection / One of a kind exhibition
SCM	Supply Chain Management
SDF	Spatial Development Framework
SDIP	Service Delivery Improvement Plan
SEDA	Small Enterprise Development Agency
SERO	Socio-Economic Review and Outlook
SEZ	Special Economic Zone
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
SMS	Senior Management Service
SONA	State of the Nation Address
SOPA	State of the Province Address
TOR	Terms of Reference
TR	Treasury Regulations

Mr SE KHOLWANE,MPL MEC for Finance, Economic Development and Tourism

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### **3 FOREWORD BY THE MEC**

The year under review was characterised by competing forces in the world, feeding into uncertainties in the domestic economy. Despite the difficult economic discourse, we have made significant strides in fulfilling our mandate as set out in the Mpumalanga Vision 2030 and related policy frameworks.

We have worked harder to realise most of the key economic initiatives that formed the crux of our five-year Programme of Action. Our principal task, during the period under review, was to strengthen the support to small businesses and co-operatives in the Province. We used the Social Enterprise Development and Government Nutrition Programmes as levers to drive inclusive economic growth and development for all. Furthermore, in order to increase funding opportunities for small businesses in the Province, we launched the Mpumalanga Enterprise Development Fund, between MEGA and Standard Bank South Africa. In pursuance of the transformation agenda, we reconstituted the Broad-Based Black Economic Empowerment Advisory Committee to enhance our capacity and mechanisms to encourage and, as a last resort, enforce adherence to empowerment prescripts in the Province. In our quest to accelerate the industrialisation programme, we concluded feasibility studies for three (3) industrial technology parks in the Province, and also set in motion the process towards the designation of Nkomazi Special Economic Zone, as part of our strategy of beneficiating the natural endowments of the region into financial prosperity for all. Recognising the importance of the tourism sector to the economy, we engaged in a process to revitalise key tourism hubs. To this end, we have concluded a study to resuscitate the iconic tourism towns of Pilgrim's Rest and Waterval Boven. We have also commenced with the process to commercialise the Zithabiseni Resort and Conference Centre, and concluded the regulatory processes for the Cable Car and Skywalk projects, pending the necessary approvals by the National Treasury. On governance, it is pleasing to report that the Department and two (2) of its Entities (MEGA and MER), have completed the processes of reconfiguring their organisational structures in order to build better institutions that are capable of delivering on their mandates.

### Challenges

Our fortunes, as a Province and Department, are tied to the economic well-being of the country and the world. In this regard, the Department faced similar challenges as the rest of the country, propelled by weak economic performance and a constrained fiscus during the period under review. The weak provincial economic performance has unfortunately deepened the socio-economic challenges thus requiring intervention of the state in many sectors of the economy. This period (2017/2018) has also demonstrated a need for a significant shift towards the maintenance of effective, efficient and transparent systems of financial and risk management and internal control, in order to improve the audit outcomes of all the entities.

### Strategic focus

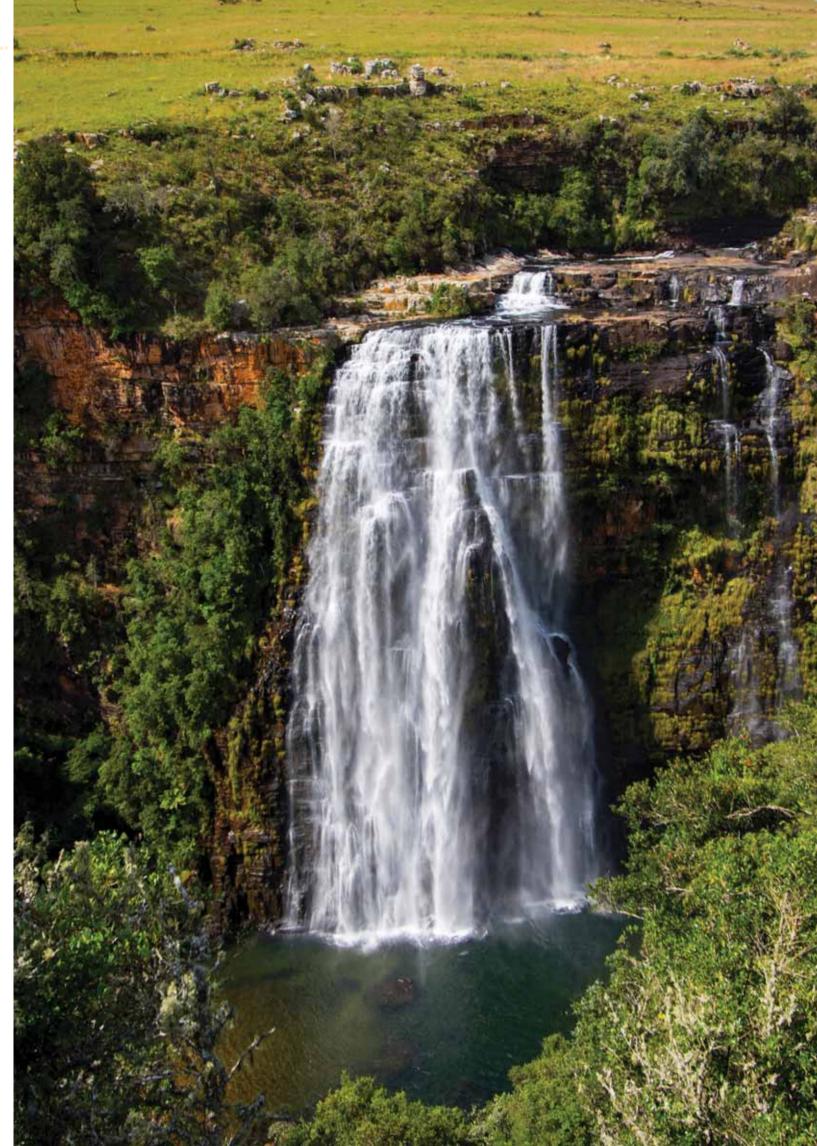
The focus of the Department, in the next financial year, is to put in place measures to ensure that industrial parks and the special economic zone become the bedrock for the promotion and growth of black industrialists in our Province. We must continue to implement policies that promote public-private partnership in order to fast-track delivery of the much-needed social and economic infrastructure in the Province. At the centre of our developmental programme will be the five (5) prioritised sectors, such as Agriculture – for the promotion of agro-processing; mining – for value addition through beneficiation and energy industry; manufacturing; ICT – for connectivity; as well as tourism and cultural industries – to provide opportunities for job creation and growth of SMME's. We have also committed ourselves to reviving all the relevant tourism structures such as Regional Tourism Organisations (RTO's) to Local Tourism Organisations (LTO's), in our quest to foster unity of purpose between ourselves as government and the private sector, including our traditional leaders.

### Conclusion

We appreciate that our strength lies in the collective response to the prevailing economic climate. Working together with Business, Labour and Civil Society, we will find a lasting solution to pressing economic challenges facing the society.Let me take this opportunity thank my Office, the predecessors of and the current Acting Head of Department, Mr. Nathaniel Sebitso, Chairpersons and members of the Boards of our Public Entities (MEGA, MER and MTPA), the collective of senior management and staff in the DEDT family for all achievements that were recorded in the 2017/2018 financial year.

Together We Move the Mpumalanga Economy Forward.

Mr SE KHOLWANE, MPL MEC: FINANCE, ECONOMIC DEVELOPMENT AND TOURISM



Mr NM SEBITSO ACCOUNTING OFFICER Department of Economic Development and Tourism

### 4 **REPORT OF THE ACCOUNTING OFFICER**

### 4.1 Overview of the operations of the Department:

The 2017/2018 financial year has been a period of great opportunities and challenges for the Department. The Department was still operating with an organisational structure approved in 2007 whilst the revised and improved organisational structure was still under consideration of the Executive Council, pending the finalisation of the Provincial Regional Model. This has led to the Department being unable to seek approval of the Executive Council to advertise and to fill the critical vacant posts significant in enabling the Department to fully implement its mandate.

With regards to planned projects, we were able to invite bids for the Petro-Chemical Technology Park; Agriculture and Forestry Technology Park; Tourism Projects; and the Informal Economy Research work. However given that the service providers were only appointed towards the end of the previous financial year, the work on these projects is envisaged to be completed in the 2018/2019 financial year.

On the downside, the lack of interest or non-response from the market inhibited us from appointing service providers to review the SMMEs Strategy; Township and Rural Economy Strategy; and the compilation of a Database for SMMEs and Cooperatives in the Province. In addition, the Department was unable attract service providers to conduct a feasibility study for the expansion of the mining and metal technology park which was intended to include the site owned by Evraz, as part of the broader technology park.

### 4.2 Overview of the financial results of the Department:

### **Departmental receipts**

The main revenue source for the Department was gambling levies collected through the now defunct Mpumalanga Gambling Board (MGB), as well as liquor licence fees collected through the also now defunct Mpumalanga Liquor Authority (MLA). To this end, the two (2) Public Entities have now been merged to form the new Entity known as the Mpumalanga Economic Regulator (MER).

### The table below indicates a breakdown of sources of revenue as well as actual against target in revenue collection for the current and previous financial year:

		2017/2018			2016/2017	
Departmental receipts	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	101,401	111,564	(10,163)	107,925	94,632	13,293
Casino taxes	83,357	77,727	5,630	79,388	74,307	5,081
Horse racing taxes	9,635	22,442	(12,807)	9,176	19,139	(9,963)
Liquor licences	8,409	11,395	(2,986)	19,361	1,186	18,175
Interest, dividends and rent on land	1,006	2,207	(1,201)	958	1,410	(452)
Financial transactions in assets and liabilities	491	9,060	(8,569)	467	9,168	(8,701)
Other income	151	283	(132)	145	177	(32)
Total	103,049	123,114	(20,065)	109,495	105,387	4,108

Total revenue collected on behalf of the Department was R 123,114,000 against a target of R 103,049,000 which represents an over collection of 20%. The over collection was mainly on Horse Racing Taxes.

### **Programme Expenditure**

The table below shows the Department's expenditure per programme for the 2017/2018 financial year:

		2017/2018			2016/2017	
Per programme	Final Appropriation	Expenditure R'000	(Over)/Under Expenditure	Final Appropriation	Expenditure R'000	(Over)/Under Expenditure
Administration	91,795	88,915	2,880	77,073	76,122	951
Integrated Economic Development	537,012	528,725	8,287	444,236	442,802	1,434
Trade and Sector Development	17,387	15,423	1,964	23,565	22,759	806
Business Regulation and Governance	103,589	103,041	548	93,119	92,951	168
Economic Planning	16,987	15,435	1,552	13,794	13,704	85
Tourism	358,722	358,308	414	350,355	350,231	124
TOTAL	1,125,492	1,109,847	15,645	1,002,142	998,569	3,573

The table below shows the Department's performance per economic classification

Der Feenemie		2017/2018			2016/2017	
Per Economic Classification	Final Appropriation	Expenditure R'000	(Over)/Under Expenditure	Final Appropriation	Expenditure R'000	(Over)/Under Expenditure
Compensation of Employees	129,412	128,335	1,077	121,627	118,100	3,527
Goods and Services	72,465	58,163	14,302	62,221	62,170	51
Transfers	613,040	612,774	266	751,093	751,098	(5)
Payment of Capital Assets	310,575	310,575	-	67,181	67,181	-
Payment of Financial Assets	-	-	-	20	20	-
TOTAL	1,125,492	1,109,847	15,645	1,002,142	998,569	3,573

### 4.3 Virements/roll overs

Post Adjustments were processed by the Department which did not have an effect to the budget allocation. The following virements were processed:

### Programme 1 : Administration

An amount of **R 204,000** was shifted from goods and services to fund an over spending on capital assets within the Programme. An amount of **R 2,489,000** was shifted from compensation of employees from other programmes to fund compensation of employees in Programme 1. The effect were as follows:

- Programme 2 R 1,210,000
- Programme 3 R 838,000
- Progamme 4 R 441,000
- •

### Programme 2 : Integrated Economic Development

In Programme 2 an amount of R 1,210,000 was shifted from compensation of employees to fund over-spending on compensation of employees in Programme 1.

### **Programme 3: Trade and Sector Development**

In Programme 3 an amount of R 838,000 was shifted from compensation of employees to fund over-spending on compensation of employees in Programme 1.

### **Programme 4: Business Regulation and Governance**

In Programme 4 an amount of R 441,000 was shifted from compensation of employees to fund compensation of employees in Programme 1.

The virement was in all cases, below the limit of 8% of the adjusted appropriation of the transferring and receiving Programmes. This had no effect on the total adjusted appropriation of the Vote, except for changes on sub-programmes of the Vote and item classification thereof. The approved virements are reflected in the Annual Financial Statements.

According to Section 43 of the Public Finance Management Act 1 of 1999 (as amended by Act 27 of 1999), read together with Part 6.3 of the Treasury Regulations, there was no effect on the total adjusted appropriation of the Vote except changes on the main divisions of the Vote and economic classification.

### 4.4 Unauthorised, irregular, fruitless and wasteful expenditure

The Department did not incur unauthorised expenditure during the financial year under review. Fruitless, wasteful expenditure, and irregular expenditure was incurred as reported in the Annual Financial Statements.

### 4.5 Future plans of the Department

The Department will continue with the implementation of the industrial technology parks, as these are multi year projects. It will further continue to support MEGA in the implementation of the Nkomazi Economic Zone in line with the post designation plan.

### **4.6 Public Private Partnerships**

The Department did not enter into any Public Private Partnership (PPP) agreement during the year under review.

### 4.7 Discontinued activities / activities to be discontinued

No activities were discontinued during the period under review. However, such a determination will only be once the organisational re-design process has been concluded. It is only then that the Department will be able to determine which activities or functions will be transferred and received from its Public Entities.

### 4.8 New or proposed activities

As indicated above, no new activities are proposed owing to the impending organisational re-design process.

### 4.9 Supply Chain Management

All assets acquired during the period under review were recorded in the assets register, with proper liaison between assets controllers and procurement practitioners, regarding assets acquisition and delivery notes before distribution to the relevant end users. To date, the Department has complied with the minimum requirements of GIAMA. No major challenges were experienced by the Department on assets management reform issues.

Reconciliations were accordingly done between BAS and LOGIS in order to update the movements of assets in the Asset Register. Asset verifications were performed at least twice in a year to ensure that the Assets Register is duly updated.

The Department has complied with the Supply Chain Management Framework, as Bid Committees were duly appointed to facilitate the appointment of service providers for acquisition of goods and services.

### 4.10 Gifts and Donations received in kind from non-related parties

No gifts and donations were received in kind from non-related parties.

### 4.11 Exemptions and deviations received from the National Treasury

No exemptions and deviations were received from the National treasury.

### 4.12 Events after the reporting date

No events happened after the balance sheet date warranting adjustment of the Annual Financial Statements.

### 4.13 Other

None

### 4.14 Acknowledgement/s or Appreciation

I would like to express my utmost gratitude to the Executive Authority, the MEC for Finance, Economic Development and Tourism, Mr S.E Kholwane, MPL, for his sterling leadership; the Senior Management, CEOs of our Public Entities and all employees of the Department and Public Entities for their support and dedication to the economic development and transformation agenda of our Province.

### 4.15 Conclusion

The annual financial statements set out on pages 128 to 189 have been approved by the Accounting Officer.

### Approval and sign off



Mr. NM SEBITSO ACCOUNTING OFFICER Department of Economic Development and Tourism Date: 31 May 2018

### 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 was prepared in accordance with the guidelines on the Annual Report as issued by National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury;
- The Accounting Officer was responsible for the preparation of the Annual Financial Statements and for the judgements made in this information;
- The Accounting Officer was responsible for establishing, and implementing a system of internal control that was designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements;
- The external auditors were engaged to express an independent opinion on the Annual Financial Statements.
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2018.

Yours faithfully

Mr. NM SEBITSO ACCOUNTING OFFICER Department of Economic Development and Tourism Date: 31 May 2018

### 6 STRATEGIC OVERVIEW

### 6.1 Vision

An Inclusive, Global Competitive Economy

### 6.2 Mission

Drive economic growth that creates decent employment and promote sustainable development through partnership.

### 6.3 Values

VALUE	VALUE STATEMENT
Integrity	Officials must be dedicated to the adherence of a strict moral and ethical code of conduct in the execution of their duties and responsibilities.
Fairness	Officials must conform to the rules and standards set out by the Department. All decisions should be made free of bias and must always be considerate and just.
Accountability	Officials are, at all times, to be responsible for the performance and results of their agreed upon duties and responsibilities. This refers to the pyramid responsibility that begins with the individuals and builds up to the top management.
Transparency	Officials will recognise the right to access of information excluding information that is specifically protected by law.
Professionalism	Officials will behave and execute their duties in a manner that enhances the reputation of the Department while adhering to the highest ethical standards.

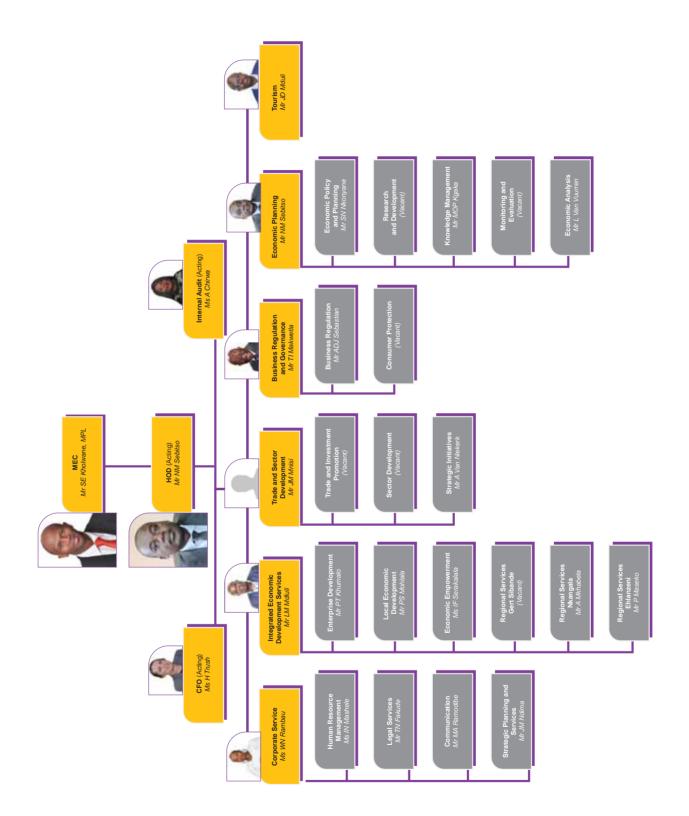
### 7 LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATES	PURPOSE
The Constitution of the Republic of South Africa, Act 108 of 1996 :To protect citizens and afford them rights.	The Department's mandate includes regulatory functions that are meant to promote fair trade, protection of the consumer rights as envisaged in Sections 22 and 24 of the Bill of Rights. Department is also directly responsible for regulating the liquor and gambling Industries whose activities can have adverse outcomes to the well-being and dignity of individuals/ communities

LEGISLATIVE MANDATES	PURPOSE
Public Financial Management Act No.1 of 1999.	To promote sound financial management in the public sector.
	Every employee of the Department is enjoined to ensure that no fruitless/irregular expenditure occurs within their area of responsibility
Mpumalanga Gambling Act No.5 of 1999.	To provide for control over gaming; and to provide for matters connected therewith.
	• The Department is, by virtue of being the shareholder representative, responsible for ensuring that the MGB effectively and efficiently executes its mandate which includes regulating gambling and sensitising the public against the dangers of excessive gambling.
	Overseeing Quarterly Reports, Annual Reports & Strategic Objectives.
Liquor Act No. 27 of 1989.	To provide for control over the sale of liquor and for matters connected within.
	• By ensuring that the Liquor Board regulates the issuing of liquor licences and conduct inspections to minimise the ill effects of unregulated consumption.
	<ul> <li>Implementation and overseeing activities of Liquor Board.</li> </ul>
National Gambling Act 59 on 2003.	To provide for the co-ordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling and wagering and to provide for the continued regulation of those matter
	• The Department has to ensure that the Mpumalanga Gambling Act is aligned to national norms and standards established in terms of the National Gambling Act.
Mpumalanga Consumer Act No. 6 of 1998.	• To promote a fair accessible and sustainable market- place for consumer products and for that purpose to establish national norms and standards relating to consumer protection.
	<ul> <li>DEDT is responsible for establishing and managing the Office of Investigation of Unfair Business Practices, whose function is to receive, investigate and resolve complaints of unfair business practices.</li> </ul>
	To establish the Consumer Court which adjudicates on matters of alleged unfair business practices.

LEGISLATIVE MANDATES	PURPOSE
Mpumalanga Liquor Licensing Act 5 of 2007.	• To provide for the regulation of the liquor industry in the Province; and for matter connected within.
Mpumalanga Business Act No.2 of 1996.	To consolidate and amend certain laws in force in the Province regarding the licensing and business operations
National Small Business Enabling Act.	• To provide for Small Businesses to enter the economic mainstream.
	• The Department is responsible for the creation of a conducive environment for the promotion, support and development of small businesses in the Province.
	Municipalities to comply to prescripts of the Acts.
Broad-based Black Empowerment Act.	To provide for the empowerment of the black-owned companies to enter the main-stream economy.
	• The Department is responsible for ensuring that black- owned companies access opportunities in the main- stream economy in an effort to transform the economy and reduce inequality.
	• it is further responsible for ensuring that the necessary support is provided to black enterprises, including targeted groups (women, youth and people with disabilities) to enable them to successfully compete for opportunities in the economy.
Public Service Act.	To regulate the public service in the country
National Credit Act No.34 of 2005.	To promote a fair and non-discriminatory marketplace for access to consumer credit
Basic Condition of Employment Act.	Create an employer-employee relations
Labour Relations Act.	To protect the rights of the workers
Mpumalanga Economic Regulator Act No. 2 of 2017	To regulate the gambling industry in the Province in terms of the Mpumalanga Gambling Act;
	To regulate the payment of gambling levies in terms of the Mpumalanga Gambling Levies Act; and
	To regulate the liquor industry in the Province in terms of the Mpumalanga Liquor Licensing Act.

### **10. ORGANISATIONAL STRUCTURE**



### 11. ENTITIES REPORTING TO THE MEC

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Mpumalanga Economic Growth Agency	<ul> <li>To promote trade and investment in Mpumalanga;</li> <li>To provide funding in respect of approved enterprise development focusing primarily on the previously disadvantaged individuals in Mpumalanga;</li> <li>To develop property including the granting of housing loans in Mpumalanga; to deliver massive infrastructure in Mpumalanga</li> </ul>	Transfer payments in line with the shareholders compact	<ul> <li>To promote and facilitate Trade and Investment in the Province</li> <li>To provide financial and non- financial support to SMME's in the Province</li> <li>To provide financial support to emerging farmers in the Province</li> <li>To grant housing loans to the needy and previously advantaged</li> </ul>
Mpumalanga Tourism and Parks Agency	To provide for the sustainable development and improvement of the tourism industry in Mpumalanga	Transfer payments in line with the shareholders compact	<ul> <li>Provide for effective management and conservation of biodiversity and ecosystems within the Province</li> <li>Develop and ensure effective management of protected areas</li> <li>Promote and create socio- economic growth and transformation within the tourism and conservation industry, thereby creating economic and employment opportunities for previously disadvantaged individuals and local communities in the Province.</li> </ul>
Mpumalanga Economic Regulator	<ul> <li>Continue to regulate the Gambling Industry as per its founding Act;</li> <li>Promote responsible gambling in the Province;</li> <li>Attempt to license the 4th Casino within the next 5 years;</li> <li>Provide for the regulation of the micro- manufacturing and retail sale of liquor;</li> <li>Regulate own revenue generation (section 5, subsection 2);</li> <li>Reduce the socio-economic and other related cost of alcohol abuse;</li> <li>Provide for public participation in the consideration of applicants for registration;</li> <li>Promote the development of a responsible and sustainable retail and micro-manufacturing liquor industry in a manner that facilitates the entry of new participants into the industry; diversity ownership in the industry and an ethos of social responsibility in the industry.</li> </ul>	Transfer payments in line with the shareholders compact	<ul> <li>To ensure that the industry is regulated and functions within the parameter of the law;</li> <li>To promote responsible gambling in the Province;</li> <li>To improve organisational licensing, expand and standardise industry compliance and enforcement;</li> <li>To provide an enabling environment in human capital, finance and ICT;</li> <li>To engender a high governance ethos.</li> <li>To ensure effective and efficient administration and management of the Organisation.</li> </ul>

Part B Performance Information

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### 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performed 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 no 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 123 of the Report of the Auditor General, published as Part E: Financial Information.

### 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The Department was, during the period under review, unable to fulfil the objective of changing its implementation approach, in as far as service delivery is concerned. The new approach required that the Department should purely provide thought leadership and strategic guidance. However, it managed to perform better in comparison to the previous financial years.

Its service relating directly to the public was consumer protection services. During the year under review, 1419 cases were received, advisory services provided thereon and cases investigated. Out of the received cases, 1401 were resolved. It should further be noted that the current economic challenges may increase the number of cases, as most people may be confronted by unscrupulous practices of some of the service providers. Notwithstanding this proviso, the Department commits to work harder in ensuring that it meets the service delivery demands of the public, despite the challenges of human and financial resources capacity.

### 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	Beneficiaries	Current/actual standard of service	Desired standard of service		Actual achievement
Consumer Protection Services	Consumers in the Province	515 consumer education and awareness campaigns conducted in addition to resolving 1595 of the 1632 consumer cases received.	80% resolved consumer cases received and advisory services provided in addition to conducting 400 consumer education and awareness programmes.	•	98 % of consumers cases received resolved and advisory services provided 756 consumer education and awareness programmes conducted; 1419 consumer cases investigated; and 1401 resolved.

### Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Members of the public and clients consulted through the following arrangements:	Conduct regular engagements in an endeavour to understand stakeholder needs and expectations from the following	Regular engagements were conducted in an endeavour to understand stakeholder needs and expectations from the following
<ul> <li>Walk-in interfaces</li> <li>Road shows</li> <li>Radio and print media</li> </ul>	<ul> <li>structures:</li> <li>Provincial Batho Pele Forum,</li> <li>National Consumer Regulators;</li> </ul>	<ul> <li>structures:</li> <li>Provincial Batho Pele Forum,</li> <li>National Consumer Regulators;</li> </ul>
channels.	National Consumer Protection     Bodies;	<ul> <li>National Consumer Protection Bodies;</li> </ul>
	<ul> <li>Provincial Civil Organisations and NGOs</li> </ul>	<ul> <li>Provincial Civil Organisations and NGOs</li> </ul>
	Trade unions,	Trade unions,
	Tribal Authorities,	Tribal Authorities,
	Media Houses and	Media Houses and
	Members of the public.	Members of the public.

### Service delivery information tool

Current/actual information tools (Baseline)	Desired information tools	Actual achievements
Conducted 515 workshops/awareness	Conduct 400 workshops/awareness	Conducted 756 workshops/awareness
sessions, radio interviews, road shows,	sessions, radio interviews, road shows,	sessions, radio interviews, road shows,
and presentations on consumer	and presentations on consumer	and presentations on consumer
protection matters.	protection matters.	protection matters.

### **Complaints mechanism**

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
To acknowledge receipt of complaints,	To acknowledge receipt of complaints,	There were 4 other complaints directed
in a professional manner, within	in a professional manner, within	at the Department and its Entities. Two
5 working days, and a full written	5 working days, and a full written	(2) of the complaints were resolved and
response provided within 10 working	response provided within 10 working	the other two (2) were still in progress.
days of receiving the complaint.	days of receiving the complaint.	

### 2.3 Organisational environment

In the previous financial year, no new appointments were made. The positions of both the Head of Department and the Chief Financial Officer were vacant at the end of the period under review following resignations. Consequently, the vacancy rate has escalated due to the moratorium, as a result employees are overstretched. In an attempt to resolve the challenge, the Department has identified critical posts to be filled and will seek approval of the Executive Council in this regard.

It should be noted that the Department does not however have control over the filling of the vacant post of the Head of Department, as this is facilitated by the Office of the Premier. In this regard, the recruitment process was underway as at the end of the reporting period.

With regards to the filling of the post of the CFO and other identified critical posts, a submission seeking approval to fill these posts will be made to the Executive Council during the first quarter of the next financial year. In the interim, an Acting HOD was appointed to manage the affairs of the Department until a permanent appointment is made. On the other hand, the CFO was seconded from the MPTA to fill the gap. The Department is working towards re-submitting the revised organisational structure to the Executive Council for consideration and approval.

### 2.4 Key policy developments and legislative changes

The Mpumalanga Economic Regulator Act No. 2 of 2017 was promulgated, subsequent to the merger of the erstwhile Mpumalanga Gambling Board and the erstwhile Mpumalanga Liquor Authority, to establish a new entity, known as the Mpumalanga Economic Regulator (MER).



### 3. STRATEGIC OUTCOME ORIENTED GOALS

Strategic outcome oriented goal 1	Sustained economic development
Goal statement	Sustained economic development that increases employment, alleviates poverty and addresses inequality among the citizenry
Strategic outcome oriented goal 2	Increased tourism in the Province
Goal statement	Flourishing domestic and foreign tourism and increased inclusivity of all stakeholders in the sector

The Department is responsible for the implementation of Outcome 4 – Decent employment through inclusive economic growth. The outcome mandates the Department to guide the Province in as far as economic growth issues are concerned. The five year plan of the Department was developed and was informed by Outcome 4, Vision 2030, MEGDP, NGP, NDP.

The decision to use state procurement, as a lever to bring on board SMMEs and Co-operatives are key interventions towards township economic development. This strategic decision will go a long way in uplifting the lives of the people of Mpumalanga and ultimately lead to poverty reduction.

### 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 Programme 1: Administration

Purpose of the Programme: is to provide administrative support for the implementation of the Departmental mandate.

Programme 1 consists of the following sub - Programmes:

- Office of the MEC
- Office of the Head of Department
- Internal Audit
- Financial Management
- Risk Management
- Strategic Planning Services
- Corporate Services with the following sub-programmes:
  - Human Resource Management
  - Legal Services
  - Communications
  - Security Services
  - Transversal Services

### Strategic objectives for the financial year under review were:

- To set policy and political directives in order to achieve provincial objectives;
- To translate policies and priorities into strategies for effective service delivery;
- · To provide efficient and effective internal audit services in the Department;
- To provide effective and efficient financial management;
- To implement risk management and anti-corruption processes in order to build an ethical organisational culture with a zero tolerance to fraud, corruption and maladministration;
- To enable the development and implementation of business strategies and solutions that would lead to the effective running of the Department.

Strategic objectives, performance indicators, planned targets and actual achievements

### Strategic objectives:

Actual Achievement Strategic objectivesActual Achievement arget to Actual 2016/2017Deviation from planned target to Actual 2017/2018Deviation from planned target to Actual Achievement for 2017/2018Deviation devia target to Actual target to Actual Achievement for 2017/2018Deviation devia target to Actual target to Actual			Sub-Progra	Sub-Programme: MEC		
al     5 Priorities and strategic     Provide 5 priorities and     5 priorities and political     None       achieve     directives to the Department     political directives to the     directives to the Department     provided       provided     Department.     Department.     provided     provided	Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
	Set policy and political directives in order to achieve provincial objectives	5 Priorities and strategic directives to the Department provided	Provide 5 priorities and political directives to the Department.	5 priorities and political directives to the Department provided	None	None

### Performance indicators

		Sub-progra	Sub-programme: MEC		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Policy & Budget Speech conducted	Number of Policy & Budget         1 Policy & Budget Speech           Speech conducted         conducted	1 Policy & Budget Speech conducted	1 Policy & Budget Speech None conducted	None	None

## Reasons for all deviations

None

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

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Linking performance with budgets

## Sub-programme expenditure

Sub- Programme Name		2016/2017			2017/2018	
	Final	Actual	(Over)/Under	Final	Actual	(Over)/Under
	Appropriation	Expenditure	Expenditure	Appropriation	Expenditure	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	6,487	7,120	(633)	8,404	8,141	263

### Strategic objectives:

		Sub-Pi	Sub-Programme: HOD		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 201 <i>7</i> /2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Translate policies and priorities into strategies for effective service delivery	2 Priorities and strategic directives implemented	Support the implementation of 5 priorities sectors	The implementation of 5 priorities sectors supported	None	None

Performance indicators

		oud-one	oup-programme: нои		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of performance reports submitted	4 performance reports submitted	Submit 4 performance reports	4 performance reports submitted	None	None
Number of annual reports submitted	1 annual report submitted	Submit 1 annual report	1 annual report submitted	None	None
Number of Annual Performance plans submitted	1 Annual Performance plan submitted	Submit 1 Annual Performance plan	1 Annual Performance plan submitted	None	None
Number of priority sector 5 priority sector supported and implemented implemented	5 priority sectors implemented	5 priorities sectors supported and implemented	5 priority sectors supported and implemented	None	None

## Reasons for all deviations

None

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

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		Sub-Programm	Sub-Programme: Internal Audit		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Provide efficient and effective internal audit services in the department	1 Audit Plan implemented	Implement 1 approved Internal audit plan	1 approved Internal audit plan implemented	None	None

### Performance indicators

		Sub-programm	Sub-programme: Internal Audit		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of quarterly progress reports submitted on implementation of the audit plan produced	4 quarterly progress reports on implementation of the annual audit plan produced	4 quarterly progress reports on implementation of the annual audit plan produced	4 quarterly progress reports4 quarterly progress reportsNoneon implementation of theon implementation of theon implementation of theannual audit plan producedannual audit plan producedannual audit plan produced	None	None
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## Reasons for all deviations:

None

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

Linking performance with budgets

The Unit utilised the budget to execute the following risk based reviews as per the Internal Audit Operational Plan

Assurance Activities : Internal Controls, Asset Management, Financial Statements, Performance Information, Business Regulations and Governance, Public Entities Oversight, Risk Management, Fleet Management, MPAT Review, Financial and Supply Chain Management, MIFPM, Ethics and Culture, Transfer Payments and Follow up audits on AG (SA) and Internal Audit Reports. Consulting Activity such as Internal Controls Awareness. Five (5) Audit Committee Meetings were held. The expenditure contributed towards the improvement of the control environment since identified critical issues that could impact on the achievement of the Departmental objectives were brought to the attention of Management for corrective action to be taken. The reasons for the overspending was due to compensation of employees.

## Sub-Programme expenditure

Sub-FogrameFinal AppropriationActual Expenditure(Over/Under ExpenditureHal AppropriationActual Expenditure(Over/Under ExpenditureSub-FogrameR'000R'000R'000R'000R'000R'000R'000Office of the HOD7,4097,594(185)10,4648,2512,213			2016/17			2017/18	
R'000         R'000 <th< th=""><th>Sub-Programme</th><th>Final Appropriation</th><th>Actual Expenditure</th><th>(Over)/Under Expenditure</th><th>Final Appropriation</th><th>Actual Expenditure</th><th>(Over)/Under Expenditure</th></th<>	Sub-Programme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
7,409 7,594 (185) 10,464 8,251		R'000	R'000	R'000	R'000	R'000	R'000
	Office of the HOD (Internal Audit)	7,409	7,594	(185)	10,464	8,251	2,213

### Strategic objectives:

Sub-Programme: Financial Management	icial Management				
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Provide effective and efficient financial management	Effective and efficient financial management systems implemented	Implement effective and efficient financial management systems to achieve clean audit	Effective and efficient financial management systems implemented to achieve clean audit	None	None

Performance indicators

		Sub-Programme	Sub-Programme: Financial Management		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of financial statements produced with disclosure notes	4 financial statements were produced with disclosure notes	4 financial statements produced with disclosure notes	4 financial statement produced with disclosure notes	None	None
Number IYM reports submitted	4 internal control monitoring reports were produced	12 IYM reports submitted to Provincial Treasury	12 IYM reports submitted to Provincial Treasury	None	None
Number of SCM reports submitted to provincial Treasury	None	12 SCM reports submitted to Provincial Treasury	12 SCM reports submitted to Provincial Treasury	None	None
Number of Assets verification conducted	None	2 Assets verification conducted	2 Assets verification conducted	None	None
Number of inventory counts conducted	None	2 Inventory counts conducted	2 Inventory counts conducted	None	None
Number of budget compiled and submitted to Provincial Treasury	None	2 set of budget compiled and submitted to Provincial Treasury	2 set of budget compiled and submitted to Provincial Treasury	None	None
Reasons for all deviations:	JS:				

## Keasons for all deviations:

None

# Strategy to overcome areas of under performance

None

Changes to planned targets

None

Strategic objectives:

		Sub-Programr	Sub-Programme: Risk Management		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Implementing risk management and anti- corruption processes in order to build an ethical organisational culture with a zero tolerance to fraud, corruption and mal- administration	Risk and fraud strategies implemented	Implement Risk and fraud strategies.	Risk and fraud strategies. implemented	None	None
Performance indicators					

		Sub-Program	Sub-Programme: Risk Management		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of risk treatment4 Risk Assmonitoring reports producedproduced	4 Risk Assessment reports         4 risk monitoring reports           produced         produced	4 risk monitoring reports produced	4 risk monitoring reports produced	None	None

## Reasons for all deviations:

None

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

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conscious organisational culture. Furthermore, management was advised on the high risk areas and the overall risk portfolio which is inclusive of progress on implementation of The Risk Management sub-Programme achieved 100% of its planned targets. The risk analysis informed the development of the annual Internal Audit Plan and inculcated a control risk mitigating strategies.

## Sub-Programme expenditure

		2016/17			2017/18	
Sub-Programme	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 Management (Risk Management)	33,728	33,427	301	36,900	36,761	139

### Strategic objectives:

		Sub-Programme: (	Sub-Programme: Corporate Services		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To enable the Development and implementation of business strategies and solutions that lend themselves to the effective running of the department	HR Oversight and security audit reports produced	HR oversight report produced	HR oversight report produced	None	None

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	Comment on deviations	None
	Deviation from planned target to Actual Achievement for 2017/2018	Pue
Sub-Programme: Corporate Services	Actual Achievement 2017/2018	HR oversight report produced
Sub-Programme: (	Planned Target 2017/2018	HR oversight report produced
	Actual Achievement 2016/2017	Organisational redesign was implemented as follows: • Detailed design of new functions • Development of organisational structure organisation of Regional Economic Development Service Centre developed • (REDSC) • Migration Framework developed • The review of legislation of MTPA not achieved
	Performance Indicator	HR oversight report produced

None

# Strategy to overcome areas of under performance

None

Changes to planned targets

None

The budget for the 2017/2018 financial year assisted the sub-Programme in achieving all its targets. However the sub Programme has over-spent on Compensation Of Employees due to the payment of a litigation case that the Department had to settle.

## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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
<b>Corporate Services</b>	29,449	27,982	1,467	36,027	35,761	266

DECLARATION OF INFORMATION (AR 2017/18 - PERFORMANCE INFORMATION)

- Performance information responds to the approved indicators
- Performance information is in accordance with the approved targets
- Means of verification for reported outputs are available on request

I, Winnie N Rambau, Programme Manager, declares that the information provided is true and correct.





### 4.2 Programme 2: Integrated Economic Development Services

**Purpose of the Programme**: is to stimulate economic growth in the Province through promotion of the Historically-Disadvantaged Individuals, and to further stimulate economic growth in the Province.

### The Programme consists of the following sub-Programmes:

- Enterprise Development
- Economic Empowerment
- Regional & Local Economic Development

### Strategic objectives for the financial year under review were:

- To facilitate support and development of business enterprises
- To promote economic transformation
- To provide strategic economic development support to municipalities

### Strategic objectives, performance indicators, planned targets and actual achievements

The Programme has successfully supported nine (9) Cooperatives from the three (3) Districts to participate in the annual International Cooperatives Day celebrations. It has established the Provincial BBBEE Advisory Council and supported the activities of the Council. It also managed to develop the Framework for the implementation of warehousing and township retail shops initiative, and profiled enterprises in the Province. Nine (9) municipalities were provided with technical support during type review of their LED strategies, with LED forums supported in all the 17 local municipalities. The Programme has also coordinated and presented Departmental and national economic support programmes in the three (3) districts in support of LEDs. The implementation of these targets has accordingly contributed towards achieving the Department's strategic goals towards Outcome 4 – Decent Employment through Inclusive Economic Growth.

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		Sub-Programme: Ent	Sub-Programme: Enterprise Development		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To facilitate support and development of business enterprises	None	Coordinate & Support the implementation of SMMEThe implementation of the existing SMME and and Cooperatives strategies cooperatives strategies although the process of finalising the revised strategies was not completed.	The implementation of the existing SMME and Cooperatives strategies coordinated & supported although the process of finalising the revised strategies was not completed.	None	None

## Performance indicators

		Sub-Programme:	Sub-Programme: Enterprise Development		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of strategies developed and approved.	None	Finalised SMME strategy.	Not Achieved	SMME strategy was not finalised	During the approval process it was resolved that the strategy needs to be reworked and combined with the Township and Rural Economy Strategy. The call for quotations for a service provider to merge the two strategies did not yield any response due to limited resources.
Number of strategies developed and approved.	None	Finalised Township and Rural Economy Strategy produced.	Not Achieved	Township and Rural Economy Strategy was not finalised	During the approval process it was resolved that the strategy needs to be reworked and combined with the SMME strategy. The call for quotations for a service provider to merge the two strategies did not yield any response due to limited resources.

		Sub-Programme:	Sub-Programme: Enterprise Development		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Cooperatives participated during the Awards of the International Cooperatives Day celebration	1 International Cooperative9 Cooperatives supportedday celebration and 3to participate in the annualcooperative summitsInternational Cooperativescoordinated in all DistrictsDay celebration Awards.		ss al 3	None	None
Number of Databases on Cooperatives and SMME's developed	None	Database of cooperatives and SMME's developed	Database of Cooperatives and SMMEs developed (used information on 7 prioritised municipalities)	None	None

## Reasons for all deviations:

The call for quotations for a service provider to merge the two strategies did not yield any response.

The call for quotations for development of the database by service providers yielded no response.

# Strategy to overcome areas of under performance

The two strategies will be redone in the next financial year .

The target will be planned for 2018/2019 and permission will be sought to utilise unemployed graduates to collect data in the municipality per wards.

## Changes to planned targets

None

Cooperatives from the three (3) Districts to participate in the annual International Cooperatives Day Celebrations Awards. The sub-Programme was unable to finalise the SMME 2017/2018 financial year has enabled the sub-Programme to achieve two (2) of the planned targets, which included providing support of nine (9) Township and Rural Economy Strategies due to unresponsive bids. The sub-Programme was also unable to finalise the development of the Database of Cooperatives and The allocated budget in the SMME's.

## Sub-Programme expenditure

		2016/17			2017/18	
Sub-Programme	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
Enterprise Development (Transfer and subsidies)	400,169	399,406	763	492,085	487,841	4,244

### Strategic objectives:

		Sub-Programme: Eco	<sup>2</sup> rogramme: Economic Empowerment		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To promote economic transformation	BBBEE Act and PPPF Act implemented	Coordinate the implementation of the BBBEE Plan	The implementation of the BBBEE Plan coordinated	None	None

Performance indicators

Performance Indicator Actua Provincial BBBEE Advisory None Council established and					
ory	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
		Provincial BBBEE Advisory Council established	Provincial BBBEE Advisory Council established	None	None
Framework developed and None enterprises profiled		Framework on the implementation of warehousing and township retail shops initiative developed and enterprises profiled	Framework on the implementation of warehousing and township retail shops initiative developed and enterprises profiled	None	None
Access to Black Industrialist Initiatives Programme for potential Black-owr beneficiaries facilitated and towns supported	Initiatives to resuscitate Black-owned warehousing and township retail shops supported	Facilitate access to support offered under the Black Industrialist Programme to potential beneficiaries.	Access to Black Industrialist Programme for potential beneficiaries facilitated (Facilitation was as follows: Identification of existing SMMEs and Cooperatives and support to be provided • Development of MOU	None	Finalisation of an MOU with <i>the dti</i> to provide development support to beneficiaries to enable them to access funding

## Reasons for all deviations:

Delays in the signing of the agreement (MOU) intended to enable the support of SMMEs to participate in the Black Industrial Programme offered by the dti

# Strategy to overcome areas of under performance

Finalise the signing of the MOU with the Department of Trade and Industry in the first quarter of the 2018/2019 and execute the Programme of Action in the new financial year.

## Changes to planned targets

None

The budget provided enabled the sub-Programme to achieve its planned targets. One (1) out of the three (3) planned targets was not achieved due to delays in the signing of an agreement with the Department of Trade and Industry on the Black Industrialist Programme which is currently awaiting finalisation from the side of the dti. The sub-programme successfully facilitated the establishment of the B-BBEE Advisory Council and supported its functioning. The framework on the implementation of warehousing and township retail shops initiative was also developed and enterprises profiled for further engagement and support.

## Sub-Programme expenditure

		2016/17			2017/18	
Sub-Programme	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
Economic Empowerment	4,268	3,718	550	5,242	3,955	1,287

### Strategic objectives:

	Sul	o-Programme: Regional and	Sub-Programme: Regional and Local Economic Development	ient	
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To provide strategic economic development support to municipalities	Opportunities for economic development in municipalities identified	Strengthen LED to drive the economic growth and development in municipalities	LED to drive the economic growth and development in municipalities strengthened	None	None

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	Sub	-Programme: Regional and	Sub-Programme: Regional and Local Economic Development	ent	
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of municipalities supported in the review of LED Strategies	Two (2) Plans developed to revitalise and diversify local economy of Mining Towns (Mashishing and Carolina) Developed	9 Municipalities provided with technical support in the review of LED strategies: eMalahleni, Thembisile, Dr JS Moroka, Thaba Chweu, Nkomazi, Bushbuckridge, Mkhondo, Msukaligwa and Dipaleseng	9 Municipalities provided with technical support in the review of LED strategies: eMalahleni, Thembisile, Dr JS Moroka, Thaba Chweu, Nkomazi, Bushbuckridge, Mkhondo, Msukaligwa and Dipaleseng	None	None
Number of LED forums supported	None	LED forums supported in 17 municipalities.	LED forums supported in 17 municipalities	None	None
Number of programmes coordinated	4 opportunities packaged. 2 in Govan Mbeki, one in Thaba Chweu and one in Steve Tshwete to support SMMEs in line with the development of techno- parks.	Departmental and national economic support programmes coordinated and presented in the 3 districts to support LED.	Departmental and national economic support programmes coordinated and presented in the 3 districts to support LED.	None	Pone

None

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

The allocated budget for the 2017/2018 financial year has assisted the sub-Programme to achieve all its targets, which included providing support to. LED forums; Departmental and national economic support programmes in the 3 districts to support LED.

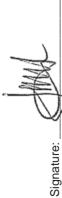
## Sub-Programme expenditure

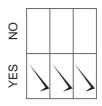
		2016/17			2017/18	
Sub-Programme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Regional and Local Economic Development	5,424	5,314	110	5,946	5,928	18

DECLARATION OF INFORMATION (AR 2017/18 - PERFORMANCE INFORMATION)

- Performance information responds to the approved indicators
- Performance information is in accordance with the approved targets
- Means of verification for reported outputs are available on request

I, LM Mdluli, Programme Manager, declares that the information provided is true and correct.







### 4.3 Programme 3: Trade and Sector Development

**Purpose of the Programme**: is to support the development of industry within the key economic sectors of the Province and create a conducive environment for trade and investment.

### The Programme consists of the following sub-Programmes:

- Trade and Investment Promotion
- Strategic Initiatives
- Sector Development

### Strategic objectives for the financial year under review were:

- To ensure growth in exports and direct investment in the Province;
- To facilitate the implementation of economic infrastructure projects in the Province;
- To ensure the development of competitive growth sectors

### Strategic objectives, performance indicators, planned targets and actual achievements

The policy imperatives of government are generally geared towards the reduction of unemployment; poverty and inequality, in a context of an economy placed on a sustainable growth trajectory. Now, this Department is mandated to drive the implementation of Outcome 4 – the creation of decent work and sustainable livelihood. Accordingly, Programme 3 is charged with the responsibility of facilitating and coordinating trade and investment promotion; delivery of strategic initiatives; and the development of different industries within the prioritised sectors of the Province, aimed at contributing towards the achievements of the broad strategic goals of the Department. These goals are aimed at realising the outcomes outlined in the Mpumalanga Economic Growth and Development Path (MEGDP).

During the financial year under review, Programme 3 planned three (3) targets under the Trade and Investment Promotion sub-Programme'. In this regard, quarterly reports were produced on the implementation of the Trade and Investment Strategy and the rolling out of the Memoranda of Understanding (MoUs) relating to Russia and Oman. However, in terms of the achievement of the key activities outlined in the Trade and Investment Road Map and the areas of cooperation in the MoUs, the sub-Programme did not fair very well. The only MoU that gained traction is that of Oman. The Department has succeeded in facilitating preliminary business-to-business trade relations. There are already export activities that have been set in motion.

With regard to Strategic Initiatives sub-Programme, there were six (6) targets planned for the 2017/2018 financial year. Three (3) of those targets involved the establishment of three (3) Industrial Technology Parks and three (3) strategic high impact projects. All these projects are multi-year in nature, and what must be highlighted is that the sub-Programme focuses on infrastructure development. For the key activities planned, reasonable progress was made. The Feasibility Studies for the three (3) Industrial Parks were concluded and the findings showed that two (2) were feasible – the Petro-Chemical and the Agriculture and Forestry. The one mining and metal industrial was deemed not feasible. The land for the construction of the two Parks was secured pending finalisation of relevant agreements and conclusion of statutory requirements.

As far as the Sector Development sub-Programme is concerned, very little was achieved. The sub-Programme deals mainly with business development and the growing of sectors prioritised within the MEGDP. Looking at the Initiation Phase of the two Industrial Technology Parks, the Programme managed to secure a resolution from the Executive Council, which has far reaching consequences, in terms of the provision of support by the Provincial Government in relation to the development of the Parks, particularly in the covering of 'sunk costs' and institutional arrangements, including guidance on issues of ownership of the Parks and other related matters. The incubation Programme is gradually taking-off, as the process of scaling-up and aligning it with the Industrialisation Prgoramme was initiated.

Strategic objectives:

		Sub-Programme: Trade a	Sub-Programme: Trade and Investment Promotion		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To ensure growth in exports Trade and Investment and direct investment in the initiatives implemented province reviewed	To ensure growth in exports Trade and Investment and direct investment in the initiatives implemented and province reviewed	Trade and InvestmentTrade and InvestmentPromotion StrategyPromotion Strategyimplementation Road Mapimplementation Road MapFacilitated and coordinated.facilitated and coordinated.	Trade and Investment Promotion Strategy implementation Road Map facilitated and coordinated.	None	None

## Performance indicators

		Sub-Programme: Trade and Investment Promotion	nd Investment Promotion		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Reports produced on the implementation of the Trade and Investment Promotion	Provincial Trade and Investment Strategy and Dan have heen finalised	Trade and Investment Promotion Strategy Road Map implemented and	Trade and Investment Promotion Strategy Road Map implemented and	None	None
Strategy Road Map and		report produced	report produced		
MOU's for Russia and		Coordinate and facilitate	Coordinated and facilitated	None	None
Oman		the implementation of	the implementation of		
		the MOU's for Russia	the MOU's for Russia on		
		and Oman and a report	tractor manufacturing, dairy		
		produced (Agreements on	production and tourism		
		Tractor manufacturing, Dairy	promotion and report		
		production and Tourism	produced		
		promotion).			
		Coordinate and facilitate	Coordinated and facilitated	None	None
		the roll out of the	the roll out of the		
		'Implementation Process	Implementation Process		
		Map' (IMP) for Oman and a	Map (IMP) for Oman and		
		report produced	report produced		
		-	-		

None

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

# Linking performance with budgets

The Trade and Investment Promotion Strategy was developed which identified few deliverables that are game changers for the Province. In terms of the Oman initiative, a high level business delegation visited the Province to secure trade and investment deals between Mpumalanga and Oman, in particular, with the Mpumalanga International Fresh Produce Market and the Port of Sohar. The Programme reported under-expenditure (under Compensation of Employees) due to the allocated funding for subsidised vehicles not spend, as employees did not receive the vehicles.

## Sub-Programme expenditure

		2016/17			2017/18	
Sub-Programme	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 Transfers and Subsidies	4,410	3,397	1,013	3,352	2,999	353

### Strategic objectives:

		Sub-Programn	Sub-Programme: Strategic Initiatives		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To facilitate theThe Industrialimplementation of economicDevelopmentinfrastructure projects in theimplementedProvince	The Industrial Development Plan implemented	Implement the Strategic Infrastructure Projects	The Strategic Infrastructure Projects implemented	None	None

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		Sub-Programm	Sub-Programme: Strategic Initiatives		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Facilitation of Statutory	Facilitate the statutory comp	liance processes towards the	establishment of three (3) Ir	Facilitate the statutory compliance processes towards the establishment of three (3) Industrial Technology Parks and report produced	eport produced
compliance processes towards the establishment of three (3) Industrial Technology Parks and reports produced	Feasibility Study on the establishment of the Industrial/ Supplier Park in Govan Mbeki Municipality conducted	Petro Chemical Industrial Technology Park	Facilitated the statutory compliance processes for Petro Chemical Industrial Technology Park and report produced	None	None
	Feasibility study for the establishment of a Mining and Metals Technology Park in eMalahleni and Steve Tshwete Local Municipalities developed.	Mining and Metals Industrial Technology Park	A report on the statutory compliance produced	Facilitation of statutory compliance processes towards the establishment of Mining and Metal Technology park was not done	The previous feasibility study report indicated that it was not feasible to establish the Park. The Department wanted to do due diligence to include property owned by Evraz as part of the Park however, the non-responsive of the Bidders affected the plan of starting with statutory compliance
	Feasibility Study for the establishment of Agriculture and Forestry Technology Park in Mbombela and Thaba Chweu Local Municipalities developed.	Agriculture and Forestry Industrial Park	Facilitated the statutory compliance processes and a report produced	None	None

		Sub-Programm	Sub-Programme: Strategic Initiatives		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of prioritised	Coordinate and facilitate the	implementation of the follow	Coordinate and facilitate the implementation of the following prioritised strategic projects and report produced	cts and report produced	
strategic projects coordinated and facilitated and report produced	Coordinated and monitored the implementation of the Mpumalanga International Fresh Produce Market and associated Agri-Parks	Mpumalanga International Fresh Produce Market (MIFPM)	Coordinated and facilitated the implementation of the infrastructure project and report produced	None	None
	None	Fly Ash project (Kusile Power Station )	Coordinate and facilitate the implementation of the Fly Ash project (Kusile Power Station ) report produced	The project has fallen behind schedule due to approval processes within Eskom which took longer in adopting the implementation plan	The working Group resuscitated and in the process of finalising the detailed Implementation Plan with Eskom
	Coordinated and monitored the implementation of the SEZ in Nkomazi Local Municipality	Nkomazi Special Economic Zone ( SEZ)	Coordinated and monitored the implementation of the SEZ in Nkomazi Local Municipality and report produced	None	None

Eskom not adopting the implementation plan for the project. .

# Strategy to overcome areas of under performance

Working Group resuscitated and in the process of finalising the detailed Implementation Plan with Eskom in the next 2018/2019 financial year

## Changes to planned targets

None

under review. The Programme was however unsuccessful in attracting competitive Bids for the Due Diligence Study for the utilisation of Highveld Steel Asset for anchoring the An amount of R 3, 7 million was awarded for the Statutory Requirements multi-year projects that commenced for the Petrochemical Industrial Technology Park in Govan Mbeki Local Municipality and for the Forestry Industrial Technology Park situated in the Thaba Chweu Local Municipality. An amount of R 370 000-00 was spend during the financial year Mining and Metals Industrial Technology Park.

## Sub-Programme expenditure

		2016/17			2017/18	
Sub-Programme	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
Strategic Initiatives	5,182	5,701	(519)	3,162	2,269	893

### Strategic objectives:

		Sub-Programme: Sector Development	ector Development		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To ensure the development of growth sectors (Key job drivers)	To ensure the development 2 prioritised growth sectors of growth sectors (Key job supported on beneficiation drivers)	3 prioritised growth sectors supported on beneficiation through Industrial Technology Parks	3 prioritised growth sectors supported on beneficiation through Industrial Technology Parks	None	None
(Business Development)					

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		-	-		
	-	sub-Programme:	sub-Programme: sector Development		
	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual	
	2016/2017	2017/2018	2017/2018	Achievement for 2017/2018	
Number of prioritised growth		Project Initiation Phase" of	Facilitate and coordinate the "Project Initiation Phase" of the three (3) Industrial Technology Parks	gy Parks	
sectors facilitated and	Coordinated and monitored	Petro Chemical Industrial	Facilitated and coordinated	Agreement was not	SASOL has not committed
	integrated Business Plan	(Business development)	of the Petro Chemical	potential tenant (SASOL)	anchor tenant to the park
	by racination of the contation of information to develop Production Plan.		recrimoncy rank and concluded the Land agreement.		
		Mining & Metals Industrial	Not achieved	Facilitation and	The previous feasibility study
		(Business development)		project initiation phase	to establish a Park in the
				of the Mining and Metal	identified land, as due diligence
				Technology Park was	was not conducted owing to the
				not done because	non-responsive of the service
				conducted	pi ovidels
	Government has	Agriculture & Forestry	Facilitated and coordinated	Land availability	The identified land had the
	facilitated a process	Industrial Technology Park	the project initiation phase of	agreement not concluded	surface agreement with a
	where Noble Resources	(Business development)	the Agriculture and Forestry		private person
	will finalise Off-take		Technology Park and		
	contract with identified		produced the progress report		
			on Anchor tenants.		
	Farms in Gert Sibande		Acroad with SAFOOL Board		
	District Municipality		on the way forward regarding		
	have been identified to		the Forestry Industrial Tech		
	for Noble Resources		Park project.		
	Crushing Plant.				
	Support provided to small		(Working on Pilot project		
	scale farmers through the				
	Masibuyele Emasimini				
	programme in DAKULEA		by emphasising production		
			development.)		

			Sub-Flogianne. Sector Development		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of prioritised growth sectors facilitated and coordinated	None	Develop the legislative framework for the establishment of the Creative Industry Commission	The legislative framework for the establishment of the Creative Industry Commission developed	None	None
Number of capacity building	3 Capacity building programmes facilitated and coordinated (MTI, MSI and Furntech)	s facilitated and coordinated	(MTI, MSI and Furntech)		
programmes facilitated and coordinated	<ul> <li>Developed and adopted the support programme for the incubation programme.</li> <li>MSI 2016/17 business plan reviewed and androved</li> </ul>	Mpumalanga Tooling Initiatives	Capacity building programme for tooling initiative facilitated and coordinated (Service Level Agreement finalised. Awaiting resuscitation of National Programme)	Capacity building did not take place	The programme got delayed due to the restructuring of the programme at National level and the funds were used for setting up governance structures .
	MTI Service Level Agreement finalized Partnership Agreement between Department and FurnTech reviewed. Funds has been transferred to FurnTech to facilitate the professional work required to allow for the construction of new buildings for the post	Mpumalanga Stainless Steel Initiatives Furntech Initiatives	The Capacity building programme facilitated and coordinated. The following results were achieved: • 27 SMME's were supported and 8 new SMME's created; • 16 Entrepreneurs were supported; • 19 New jobs were created. Capacity building programme for FurnTech facilitated and co-ordinated and the business expansion programme developed	None The capacity building did not take place	None The Department developed the business plan which will facilitate the expansion of the programme

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- Sasol has not yet formally committed
- Advertised Bid for Due Diligence Report on Highveld Steel-Resulted was non-responsive from prospective service providers.
- FurnTech and MTI could not have intakes as the programme had to be re-modelled to be in line with the Department of Trade and Industry requirements. The FurnTech had to be remodelled through the development of new business plan to facilitate the expansion programme hence there were no intakes.

# Strategy to overcome areas of under performance

Obtain formal commitment from Sasol in the first quarter of 2018/19.

## Changes to planned targets

None

# Linking performance with budgets

The incubators (FurnTech, MSI and MTI) were supported by the Department, but require a higher level of funding to ensure that a larger number of students could be accommodated as well as to equip them with the latest machinery that is relevant to the industry requirements.

## Sub-programme expenditure

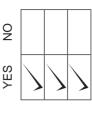
Sub-Programme		2016/17			2017/18	
	Final Appropriation	Actual	(Over)/Under	Final Appropriation	Actual	(Over)/Under
		Expenditure	Expenditure		Expenditure	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sector Development	11,991	11,982	6	8,946	8,560	386

DECLARATION OF INFORMATION (AR 2017/18 - PERFORMANCE INFORMATION)

- Performance information responds to the approved indicators
- Performance information is in accordance with the approved targets
- Means of verification for reported outputs are available on request

I, JM Mnisi, Programme Manager, declares that the information provided is true and correct.





### 2.4 Programme 4: Business Regulation and Governance

**Purpose of the Programme**: is to ensure an equitable, socially responsible business environment that allows fair trade and the protection of consumer rights.

The Programme consists of the following sub-Programmes:

- Consumer Protection
- Business Regulation

### Strategic objectives for the financial year under review were:

- To implement Consumer protection and awareness programmes that creates an environment conducive to fair trade;
- To promote and maintain an effective and efficient regulatory system for the liquor, gambling and betting industry.

### Strategic objectives, performance indicators, planned targets and actual achievements

During the period under review, the Department was able to implement the Mpumalanga Consumer Protection Act. The consumer education and awareness campaigns were rolled out as planned, and there was an over-achievement on this target. We managed to resolve 1401 reported consumer cases and recovered R5, 948, 437 on behalf of consumers. There was under achievement on the sittings of consumer affairs court due to the unavailability of court interpreters, with only 12 sittings conducted out of the planned 20. In terms of capacitating consumers, 756 consumer education and awareness programmes were conducted, and the planned target was exceeded by 356 due to partnership with other stakeholders. A fair trade environment creates confidence in consumers and businesses which will in turn attract investments. The Capacity building workshops for municipalities and support visits to municipalities were achieved as planned.

Strategic objectives:

		Sub-Programme: Consumer Protection	onsumer Protection		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To implement Consumer protection and awareness programmes that creates an environment conducive to fair trade		Implement the Mpumalanga Consumer Protection Act	The Mpumalanga Consumer Implement the Mpumalanga The Mpumalanga Consumer None Protection Act implemented Consumer Protection Act Protection Act implemented	None	None

## Performance indicators

		Sub-Programme	Sub-Programme: Consumer Protection		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Percentage of resolved consumer cases received, advisory services provided and investigated.	1632 cases received, advisory services provided and investigated. 1595 cases resolved	80% resolved consumers cases received and advisory services provided	98 % resolved consumers cases received and advisory services provided (1419 Consumer Cases opened and 1401 closed includes the carried over cases)	Target exceeded by 18%	More consumer cases were recorded and as a results the target was exceeded.
Number of education awareness campaigns conducted	515 consumer education and awareness programmes conducted	400 consumer education and awareness programmes conducted	756 consumer education and awareness programmes conducted.	Target exceeded by 356	Additional programmes conducted through SABC Ligwalagwala & Ikwekwezi FM in celebration of Consumer International Rights month.
Number of Consumer hearings conducted in terms of the Mpumalanga Consumer Affairs Act.	33 Consumer court hearings conducted	20 Consumer hearings conducted in terms of the Mpumalanga Consumer Affairs Act.	12 consumer court hearings conducted in terms of the Mpumalanga Consumer Affairs Act.	Target not achieved by 8	None availability of court interpreters and the Consumer Protector as required by the legislation.

- Cases are demand driven and also due to speedy resolution/ settlement of cases received during period under review
- The over achievement was due to additional requests for education programmes by stakeholders.
- None availability of court interpreters and the Consumer Protector as required by the legislation.

# Strategy to overcome areas of under performance

The Department is in the process of addressing the challenges regarding the appointment of interpreters and the Consumer Protector.

## Changes to planned targets

None

# Linking performance with budgets

The allocated budget during the financial year under review was adequate, as it assisted Programme 4 to achieve all its planned annual targets except those of the Consumer Affairs Court. The small savings that was made in the Programme was surrendered to the Office of the CFO.

## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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
<b>Consumer Protection</b>	12,122	12,122		11,393	11,287	106

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		Sub-Programme: Bt	Sub-Programme: Business Regulations		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To promote and maintain an effective and efficient regulatory system for the liquor, gambling and betting industry	The Mpumalanga Licensing Review the Mpumalanga Act implemented Liquor and Gambling Act	Review the Mpumalanga Liquor and Gambling Act	The Mpumalanga Liquor and Gambling Act reviewed	None	None

## Performance indicators

		Sub-Programme: Bu	Sub-Programme: Business Regulations		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Review the Mpumalanga Liquor and Gambling Acts	None	Review Mpumalanga Liquor and Gambling Acts in terms of National and Provincial Policies.	Mpumalanga Liquor and Gambling Acts reviewed	None	None
	5 Capacity Building	6 Capacity Building	7 Capacity Building	Target exceeded by 1	The over achievement is
	Workshop conducted	Workshops conducted	Workshops conducted		due to the request of the
		to capacitate Local	to capacitate Local		services by municipalities.
		municipalities to review	municipalities to review		
		and implement business	and implement business		
		regulatory legislation.	regulatory legislation.		
	18 Municipalities and	17 Municipalities and	17 Municipalities and	None	None
	3 District municipalities	3 District municipalities	3 District municipalities		
	assisted in finalising street	assisted in finalising street	assisted in finalising street		
	trading by-laws in respect of	trading by-laws in respect of trading by-laws in respect of	trading by-laws in respect of		
	the Mpumalanga Business	Mpumalanga Business Act	Mpumalanga Business Act		
	Act				

None.

# Strategy to overcome areas of under performance

None

## Changes to planned targets

None

# Linking performance with budgets

The allocated budget during the financial year under review was adequate, as it assisted Programme 4 to achieve all its planned annual targets except those of the Consumer Affairs Court. The small savings that was made in the Programme was surrendered to the office of the CFO.

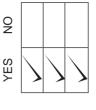
## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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
<b>Business Regulations</b>	79,216	79,216	•	90,595	90,226	369

DECLARATION OF INFORMATION (AR 2017/18 - PERFORMANCE INFORMATION)

- Performance information responds to the approved indicators
- Performance information is in accordance with the approved targets
- Means of verification for reported outputs are available on request

I,TI Makwetta, Programme Manager, declares that the information provided is true and correct.





### 4.5 PROGRAMME 5: ECONOMIC PLANNING

**Purpose of the Programme**: is responsible for provision of economic policy direction and strategies in addition to conducting research on the provincial economy to inform strategy development.

### The Programme consists of the following sub-Programmes:

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

### Strategic objectives for the financial year under review were:

- To provide economic policy direction and strategies;
- To conduct/commission research on the provincial economy to inform economic policy analysis process and strategy development;
- To provide data, information and intelligence on the economy for effective decision making;
- · To determine the effectiveness and impact of provincial policy, programmes, objectives and strategies and
- To conduct socio-economic research to inform the provincial and municipal planning and budget processes.

### Strategic objectives, performance indicators, planned targets and actual achievements

During the period under review, Programme 5 achieved 10 of the 13 planned targets, which amounts to 77%, whereas the Expenditure Report indicates a 90,9% spending of the budget (9,1% underspending). The Sub-Programmes performed as follow:

**Sub-Programme: Policy and Planning** – the sub-Programme has achieved all 2 planned targets by operationalising the Bio-Gas Pilot project in schools, as well as producing a report on inputs for the Mpumalanga Tourism Growth Strategy, albeit spending only 81,7% of the allocated budget.

**Sub-Programme: Research and Development** – the sub-Programme has achieved one (1) out of two (2) planned targets, producing reports on e-based business confidence for Mpumalanga and another on data analysis of the informal economy sector. It's expenditure was 79,3%.

**Sub-Programme: Knowledge Management** – the sub-Programme has achieved one (1) out of three (3) planned targets. It produced the Quarterly Labour Report and uploaded projects and their spatial locations on the GIS. However, the compilation of a database for skilled workforce (retrenched mining workers) was not achieved owing to outstanding arrangements of sourcing the required data from the Department of Labour. The expenditure of the sub-Programme was 88,7%.

**Sub-Programme: Monitoring and Evaluation** – the sub-Programme has achieved all three (3) planned targets by producing reports on the performance of priority projects, including evaluation of the EPWP Incentive Grant, and on the performance of Departmental Public Entities (MER, MEGA and MTPA). However, it over-spent its allocated budget by 2,7%.

**Sub-Programme: Economic Analysis** – the sub-Programme has achieved all four (4) planned targets which related to the production of the following reports: PERO, Provincial Inflation/Labour bulletins, SERO, and economic research. The expenditure of the sub-Programme was 97,2%.

Strategic objectives:

		Sub-Programme: P	Sub-Programme: Policy and Planning		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To provide economic policy direction and strategies.	E conomic development policies and strategies developed, coordinated and integrated	Develop, coordinate and integrate economic development policies and strategies	Economic development policies and strategies developed, coordinated and integrated	None	None

## Performance indicators

		Sub-Programme: P	Sub-Programme: Policy and Planning		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of project plans for economic initiatives developed/ reviewed and coordinated	Coordinate implementation of Industrial Development Plan projects	<ul> <li>3 project plans on Green economy initiatives developed and coordinated.</li> <li>Implementation of biogas pilot project</li> </ul>	<ul> <li>3 project plans on Green None economy initiatives developed coordinated.</li> <li>Implementation of biogas pilot projects implemented.</li> </ul>	None	None
Number of sector strategies and plans developed/ reviewed	4 provincial integrated sector plans/strategies developed/ reviewed	4 provincial integrated sector 1 provincial integrated sector State of Tourism report plans/strategies developed/ strategy developed/reviewed produced as input towards reviewed developed/ integrated sector strategy (Tourism)	State of Tourism report produced as input towards developing the provincial integrated sector strategy (Tourism)	A provincial integrated sector strategy (Tourism) was not developed	Late appointment of service provider, delayed the finalisation of provincial integrated sector strategy (Tourism)
Reasons for all deviations:					

## ceasons for all deviations:

Consultation with stakeholders on the state of tourism report took longer due to the appointment of the service provider which took longer than anticipated. This affected the finalisation of the strategy itself.

# Strategy to overcome areas of under performance

The service provider is already working on the strategy, and extra capacity has been assigned by the service provider, to expedite the process and it is anticipated that it will be finalised in 2018/2019 financial year.

Changes to planned targets

None

# Linking performance with budgets

Tourism Growth Strategy. The under expenditure, as indicated below, was due to the non-response of prospective service providers pertaining to a bid seeking proposals to The Policy and Planning Sub-Programme implemented 3 bio-gas pilot projects in the Province, and also produced a report for the Tourism Directorate regarding the Mpumalanga develop green economy plans. In addition, the application by the Department to the European Union, seeking funding for the development of green economy plans was however unsuccessful.

## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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	2,559	2,620	(61)	3,512	2,901	611

### Strategic objectives:

		Sub-Programme: Rese	Sub-Programme: Research and Development		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To conduct/commission research on the provincial economy to inform economic policy analysis process and strategy development.	2 research projects conducted	2 research reports produced to inform economic policy analysis process and strategy development	2 research reports produced     2 research reports produced     None       to inform economic policy     to inform economic policy     analysis process and       analysis process and     analysis process and     strategy development	None	None

Performance indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of research reports 2	2 research reports	2 research reports produced t	o inform economic policy analy:	2 research reports produced to inform economic policy analysis process and strategy development:	pment:
conducted/ cc	conducted.	Report on the informal	<ul> <li>Data on the informal</li> </ul>	Report on the informal	The late appointment of the
commissioned		economy	economy collected.	economy was not produced	service provider delayed the
			<ul> <li>Literature review and</li> </ul>		finalisation of the report
			case studies on the		
			informal economy		
			completed by the		
			service provider.		
		An e-based business	An e-based business	None	None
		confidence report for	confidence report for		
		Mpumalanga developed	Mpumalanga developed		

## Reasons for all deviations:

The service provider was only appointed later in the financial year as planned due to a benchmarking exercise that took longer than expected as well as administrative challenges, which delayed the finalisation of the informal economy research project/study..

# Strategy to overcome areas of under performance

The completion of the research project/study on the informal economy will be expedited. It is anticipated that it will be concluded in the first quarter of the 2018/2019 financial-year.

## Changes to planned targets

In line with the strategy above.

The allocated budget has enabled the sub-Programme to achieve the planned targets. However it under-spent because there was a delay in the appointment of a service provider for the informal economy project. Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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 and Development	674	683	(6)	1,351	1,041	310

### Strategic objectives:

		Sub-Programme: Knowledge Management	wledge Management		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To provide data, information and intelligence on the economy for effective decision making	To provide data, information Central Information system and intelligence on the with economic indicators economy for effective provided. decision making One series of provincial economic intelligence	Develop and maintain aA reliable system for reliable system for economic information information through the databases, GIS and statistics.A reliable system for and atabases and statistics develop maintained	A reliable system for economic information through the databases, GIS and statistics developed and maintained	Pore	None
	reports. produced				

Performance indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Shared statistical database and GIS information on MEGDP priority initiatives produced	66 economic information queries processed	Updated statistical database and GIS information for MEGDP priority initiatives produced	Information on projects and their spatial locations available as input to an updated statistical database and GIS information for MEGDP priority initiatives	Updated statistical database Security upgrades to and GIS information for meet SITA standards MEGDP priority initiatives not undertaken during the project achieved the project timeline.	Security upgrades to meet SITA standards undertaken during the project implementation, extended the project timeline.
Number of database on retrenched skilled workforce developed	Shared statistical database and GIS information on MEGDP priority initiatives produced	Database for skilled workforce (with specific reference to retrenched mining workers)	Project plan was amended to source data directly from the national Dept. of Labour as similar database is available to avoid duplication of effort	cific ned s not	Ongoing engagements to formalise working agreements with the Department of Labour and other stakeholders has taken longer than anticipated.
Number of series labour reports based on QLFS, Public sector, EPWP	1 economic intelligence reports based on QLFS, Public sector, EPWP and Vuka Sisebente produced	1 series labour report based on QLFS, Public sector, EPWP	1 series labour report produced based on QLFS, Public sector, EPWP	None	None

## Reasons for all deviations:

- The GIS is dependent on services rendered by SITA and due to security upgrades carried out on the Government network, necessary technical adjustments had to be carried out in order to restore a seamless interface. This resulted in delays due to maintenance carried out on the main server. .
- Ongoing engagements to formalise working agreements with the Department of Labour and other stakeholders has taken longer than anticipated. •

# Strategy to overcome areas of under performance

- An updated report on the statistical database and GIS information for MEGDP priority initiatives will be completed by the end of the first quarter of the 2018/2019 financial year
- Follow up engagements with the Department of of Labour to expedite the agreement for the supply of data from its database.

## Changes to planned targets

None.

The under-expenditure of R388 000 (89%) was principally due to Compensation of Employees, and R47 000 was due to the non-completion of the updated statistical database and GIS information for MEGDP priority initiatives, which is targeted for late completion during the first quarter of 2018/2019.

## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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	3,017	2,980	37	3,741	3,421	320

### Strategic objectives:

		Sub-Programme: Mon	Sub-Programme: Monitoring and Evaluation		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To determine the	Performance on	Performance monitoring	Performance monitoring	None	None
effectiveness and impact	implementation of the	& evaluation on	& evaluation on		
of provincial policy,	MEGDP monitored and	implementation of priority	implementation of priority		
programmes, objectives and evaluated	evaluated	projects and public entity	projects and public entity		
strategies		oversight	oversight produced		

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		Sub-Programme: Mon	Sub-Programme: Monitoring and Evaluation		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of monitoring and 4 performance mevaluation reports produced reports produced	4 performance monitoring reports produced	4 performance monitoring and 1 evaluation reports produced on implementation of priority projects	4 performance monitoring and 1 evaluation reports produced on implementation of priority projects	None	None
	4 reports on the implementation of private sector projects produced	Monitoring and Evaluation Report on the 9 Point Plan produced	Monitoring and Evaluation Report on the 9 Point Plan produced	None	None
Number of public entity oversight reports produced	16 analysis reports on public 4 oversight reports on prentity performance produced entities compiled in line with their strategic plans produced (MEGA, MTP/MLA, and MGB)	4 oversight reports on public entities compiled in line with their strategic plans produced (MEGA, MTPA, MLA, and MGB)	4 oversight reports on public entities compiled in line with their strategic plans produced (MEGA, MTPA, MLA, and MGB)	None	None

None

# Strategy to overcome areas of under performance

None

Changes to planned targets

None

There were no projects budgeted in the Monitoring and Evaluation Sub-Programme, as the focus was on oversight of Departmental Public Entities. The over-expenditure in the Goods & Services was due to the coordination work for the EPWP function which was assigned to the officials in the Monitoring and Evaluation Sub-Programme.

## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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 and evaluation	1,815	1,546	269	2,284	2,229	55

### Strategic objectives:

		Sub-Programme: Economic Analysis	conomic Analysis		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Conduct socio-economic research to inform the provincial and municipal planning and budget processes	Improved provincial planning and budgeting through provision of quality and accurate socio-economic documents (30)	Improved provincial planning and budgeting through provision of quality and accurate socio-economic documents (28)	Improved provincial planningImproved provincial planningNoneand budgeting throughand budgeting throughand budgeting throughprovision of quality andprovision of quality andaccurate socio-economicaccurate socio-economicaccurate socio-economicdocuments (28)documents (30)documents (28)documents (28)	None	None

Performance indicators

		Sub-Programme: Economic Analysis	Economic Analysis		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Provincial Economic Review and Outlook (PERO) reports compiled and published	1 PERO report compiled and published	1 Provincial Economic Review and Outlook (PERO) reports compiled and published	<ol> <li>Provincial Economic Review and Outlook (PERO) reports compiled and published</li> </ol>	None	None
Number of updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	2 SERO reports completed and communicated	2 updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	2 updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	None	None
Number of updated Provincial Inflation/Labour Bulletins completed	16 Inflation/Labour Bulletins completed	16 updated Provincial Inflation/Labour Bulletins completed	16 updated Provincial Inflation/Labour Bulletins completed	None	None
Number of Socio-Economic         1 Socio-Economic           Outlook reports for Estimates         report for the EPRE           of Provincial Revenue         document compiled           and Expenditure (EPRE)         tabled           document compiled and         tabled	1 Socio-Economic Outlook report for the EPRE document compiled and tabled	<ol> <li>Socio-Economic Outlook reports for Estimates of Provincial Revenue and Expenditure (EPRE) document compiled and tabled</li> </ol>	1 Socio-Economic Outlook reports for Estimates of Provincial Revenue and Expenditure (EPRE) document compiled and tabled	None	None
Number of economic research reports completed (in line with Government priorities)	6 research reports completed 7 economic research reports completed (in line with Government priorities)	7 economic research reports completed (in line with Government priorities)	7 economic research reports completed (in line with Government priorities)	None	None
Number of updated Socio- Economic Profiles of Municipalities completed	3 District SER reports compiled	20 updated Socio-Economic Profiles of Municipalities completed	20 updated Socio-Economic Profiles of Municipalities completed	None	None

## Reasons for all deviations:

None

# Strategy to overcome areas of under performance

None

Changes to planned targets

None

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The allocated budget enabled the sub-Programm to achieve all planned targets. There were no funds allocated for specific research projects in the last two financial years to report on.

## Sub-programme expenditure

		2016/17			2017/18	
Sub-Programme	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
Economic Analysis	4,190	4,430	(240)	4,407	4,281	126

DECLARATION OF INFORMATION (AR 2017/18 - PERFORMANCE INFORMATION)

- Performance information responds to the approved indicators •
- Performance information is in accordance with the approved targets
- Means of verification for reported outputs are available on request •

I, NM Sebitso, Programme Manager, declares that the information provided is true and correct.

Signature: \_

### 4.6 PROGRAMME 6: TOURISM

**Purpose of the Programme**: is to ensure tourism sector policy development, regulation and compliance and promotion of sector transformation in the province

### The Programme consists of the following sub-Programme:

Tourism Planning and Transformation

### Strategic objective for the financial year under review was:

 To create an enabling environment through policy and strategy development and improve intergovernmental coordination.

### Strategic objectives, performance indicators, planned targets and actual achievements

During the period under review, the Programme was able to implement three (3) out of four (4) of the set targets, namely, the development of the draft Tourism Policy frameworks and the State of Tourism Report (draft Tourism Policy, State of Tourism Report and Tourism Bill), as well as the facilitation of the International and Regional Tourism Integration (east3ROUTE, Triland and the signing of Mpumalanga and Russia Cooperation Agreement). Furthermore, the Province was able to undertake a Reciprocal Tour Operators Exchange Programme (outbound and inbound missions) to Russia and Mpumalanga, during which a cooperation agreement was signed between the MTPA and the Russia's URAL Association of Tourism. Phase one of the Programme involved taking Tour Operators from Mpumalanga to the International Tourism Trade Exhibition (LETO 2017) in Yekaterinburg. This was followed by the Tourism Trade from the Ural District in the Russian Federation attending the Tourism Indaba in Durban (17 and 18 May 2017), and a sponsored familiarisation tour of Mpumalanga and the Triland Region between 17 and 25 May 2017. The Province was also able to successfully host the east3ROUTE Investment Seminar and Expedition in February 2018. With regard to the Triland initiative, the Province were able to host a Tour Operators Networking session in Durban, during the Indaba.

In the spirit of Inter-governmental relations, the Programme was able to work with the Nkangala District Municipality to coordinate the District Tourism Summit, and subsequently hosted a Tourism workshop in partnership with the District – an indication of over-achievements by the Programme. The Programme was also able to coordinate the establishment of the Local Tourism Organisation (LTO) for the Chief Albert Luthuli Local Municipality.

Strategic objectives:

		Sub-Programme:	Sub-Programme: Tourism Planning		
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To create an enabling environment through policy and strategy development and improve intergovernmental coordination.	Tourism strategies Tourism Pc developed and implemented developed	Tourrism Policy framework developed	Tourism Policy framework developed	None	None

### Performance indicators

		Sub-Programme: Tourism Planning	Tourism Planning		
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Tourism Policy Framework developed/ reviewed	3 tourism projects/ programmes coordinated	Tourism Policy Frameworks developed/reviewed (Tourism Strategy, Policy Framework and New Tourism Bill)	Tourism Policy Frameworks developed/reviewed (Tourism Strategy reviewed, Policy Framework and New Tourism Bill developed)	None	None
Number of State of Tourism Research Reports developed and published	2 Tourism stakeholder and Inter-governmental Relations Forum convened in Gert Sibande and Ehlanzeni District Municipalities	1 State of Tourism Report developed and published	State of Tourism report produced	State of Tourism Report not published	The consultation process on the state of tourism report took longer than anticipated.

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nned Target A 017/2018 I Tourism I and international Tourism ton agreement Faci UTE programme Faci ogramme Faci			Sub-Programme: Tourism Planning	Tourism Planning		
One (1) tourism service excellence programme coordinated by Hosting and participation of the Provincial and National Lilizela Tourism Awards respectively.	ormance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
excellence programme Cooperation agreement Faci coordinated by Hosting with the Russian Federation • and participation of the Provincial and National Lilizela Tourism Awards respectively. • respectively. • facilitated •		ine (1) tourism service	3 regional and international To	urism programme implemented	d namely:	
and participation of the Provincial and National Lilizela Tourism Awards respectively. east3ROUTE programme facilitated facilitat		xcellence programme oordinated by Hosting	Cooperation agreement with the Russian Federation	Facilitated the following:	None	None
sm Awards east3ROUTE programme facilitated Triland programme facilitated facilitated		nd participation of the rovincial and National	facilitated	<ul> <li>Agreement signed with the URAL Association of</li> </ul>		
east3ROUTE programme Faci facilitated	<u> `</u>	ilizela Tourism Awards		Tourism in Sverdlovsk, Russia		
JTE programme Facil ogramme Facil		sobeciively.		<ul> <li>Undertook a reciprocal</li> </ul>		
JTE programme Faci ogramme Faci				Tour Operators		
JTE programme Faci eogramme Faci				Exchange Programme		
ogramme			east3ROUTE programme	Facilitated the following:	None	None
ogramme Faci			facilitated	<ul> <li>Hosted the E3Route</li> </ul>		
ogramme Faci				Investment Seminar		
ogramme Faci				and Expedition		
ogramme				<ul> <li>Hosted the Best</li> </ul>		
ogramme Facil				Practice Workshop		
•			Triland programme	Facilitated the following:	None	None
			facilitated	<ul> <li>Developed a Plan of</li> </ul>		
Action for the Triland				Action for the Triland		
initiative				initiative		

## Reasons for all deviations:

The delay in the appointment of the service provider has affected the finalisation of the policy

## Strategy to overcome areas of under performance

The policy will be finalised in the first quarter of 2018/2019 financial year

## Changes to planned targets

None

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Linking performance with budgets

The budget allocated to the Programme enabled it achieve the set targets. However, the some of the funds had to be rolled-over to the 2018/2019 financial year for the completion of the outstanding work as reflected in the report.

## Sub-programme expenditure

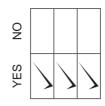
		2016/17			2017/18	
Sub-Programme	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R '000	R'000	R '000	R'000	R'000
Tourism Planning	350,355	350,231	124	358,722	358,308	414

# DECLARATION OF INFORMATION (AR 2017/18 - PERFORMANCE INFORMATION)

- Performance information responds to the approved indicators
- Performance information is in accordance with the approved targets
- Means of verification for reported outputs are available on request •

I, JD Mdluli, Programme Manager, declares that the information provided is true and correct.

Signature: \_



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### 5 TRANSFER PAYMENTS

### 5.1. Transfer payments to Public Entities

Public Entities receive sizeable transfer payments from government and are often the front-line providers of services on behalf of government. It is therefore important to understand the impact of these services on the community. Departments are requested to provide information on the services provided by these public entities, transfer payments to the public entities, the actual amount spent from the transfer received by the public entities, strategic achievements of the public entity. Departments must also comment on monthly monitoring systems or the lack thereof to monitor spending on such transfer payments. If such monitoring did take place, departments must provide details of difficulties experienced and what steps (if any) were taken to rectify such difficulties.

The Department has signed shareholder's compacts with the three (3) Public Entities reporting to it. The performance of these Entities was monitored on quarterly basis, based on the signed shareholder's compact.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Mpumalanga Economic Growth Agency	<ul> <li>To promote and facilitate Trade and Investment in the Province;</li> <li>To provide financial and non-financial support to SMME's in the Province;</li> <li>To provide financial support to emerging farmers in the Province;</li> <li>To grant housing loans to the needy and previously advantaged.</li> </ul>	169,980	169,980	<ul> <li>Government Nutrition Programme</li> <li>305 smallholder farmers have benefitted;</li> <li>Nkomazi Special Economic Zone:</li> <li>MEGA / Standard Bank Partnership:</li> <li>Mpumalanga International Fresh Produce Market</li> </ul>
Mpumalanga Tourism and Parks Agency	<ul> <li>To provide for effective management and conservation of biodiversity and ecosystems within the Province</li> <li>To develop and ensure effective management of protected areas</li> <li>To promote and create socio-economic growth and transformation within the tourism and conservation industry, thereby creating economic and employment opportunities for previously disadvantaged individuals and local communities in the Province.</li> </ul>	354,145	354,145	<ul> <li>Hosted the World Tourism Day celebrations</li> <li>Undertook several outward missions to African and European countries to expand reach of our destination marketing to international market.</li> <li>Signed the tourism partnership agreement with our Russian counterparts and environmental issues in our regions.</li> <li>Hosted a delegation from UNESCO</li> <li>Facilitated the declaration and gazetting of the Protected Areas Expansion Programme</li> </ul>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Mpumalanga Economic Regulator	<ul> <li>To ensure that the industry is regulated and functions within the parameters of the applicable law;</li> <li>To promote responsible gambling within the Province ;</li> <li>To improve organisational licensing, expand and standardise industry compliance and enforcement;</li> <li>To provide an enabling environment in human capital, finance and ICT.</li> <li>To inculcate high governance ethos.</li> <li>To ensure effective and efficient administration and management of the organisation.</li> </ul>	86 186	86 186	<ul> <li>During the year</li> <li>under review was the successful integration of the two entities</li> <li>The MER and its predecessor entities have collected just over R107 million rand in direct revenue during the financial year under review. • This translates to an increase of 8,34% in revenue year on year</li> <li>The industry is providing significant employment opportunities.</li> </ul>

### 5.2. Transfer payments to all organisations other than public entities

The Department has supported three (3) capacity building initiatives targeting young people, through the Mpumalanga Tooling Initiative (MTI), Mpumalanga Stainless Steel Initiative (MSI), and the FurnTech. A combined total amount of R2, 279, 000 was transferred by the Department to fund these initiatives.

The table below reflects the trai	sfer navments made for the	period 1 April 2017 to 31 March 2018
The lable below reflects the trai	ister payments made for the	periou i April 2017 to 51 March 2016

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
FurnTech	Inter-vivos trust	Capacity building	Yes	679	679	None
MSI	Non profit company	Capacity building	Yes	600	600	None
MTI	Non profit company	Capacity building	Yes	1000	1000	None

### 6. CONDITIONAL GRANTS

### 6.1. Conditional grants and earmarked funds paid

The Department of Economic Development and Tourism (DEDT) was identified as an important organisation to implement the Extended Public Works Programme (EPWP) through two (2) of its implementing agencies, that is, Mpumalanga Tourism and Parks Agency (MTPA) and Mpumalanga Economic Growth Agency (MEGA). In this regard, a grant amounting to R3, 505, 000 was allocated to the Department by the National Department of Public Works to assist with poverty alleviation. The grant funding was divided between the two (2) Entities of the Department, that is, MTPA and MEGA. These entities managed to create 33 EPWP funded projects – 27 by the MTPA and Six (6) by MEGA – which collectively created 155 job opportunities.

### Key summary of achievements

- Maintenance and cleaning of industrial areas
- Increased fruits yield because of better spraying and maintenance of farms
- Safe and patrolled environments
- • Saved jobs that were to be lost
- Controlled veld fires
- Alien plants removed
- Clean day visitor centre
- Safe and patrolled environments
- Controlled soil erosion
- • De-bushing

All targets were implemented as planned. Monthly and quarterly evaluation reports were submitted to the National Department of Public Works as required. However, the slow process of getting approval for the employment of EPWP participants had delayed the start of the projects. The table below describes each of the conditional grants and earmarked funds paid by the Department.

### Conditional Grant 1: Expanded Public Works Programme (EPWP)

Department to whom the grant has been transferred	Mpumalanga Economic Growth Agency		
Department to whom the grant has been transferred	Mpumalanga Tourism and Parks Agency		
Purpose of the grant	To create jobs within the Environment and Cultural Centre		
Expected outputs of the grant	Job Creation and Poverty Reduction		
Actual outputs achieved	155 Jobs created		
Amount per amended DORA	R 3,505		
Amount transferred (R'000)	R 3,505		
Reasons if amount as per DORA not transferred	None, amount transferred		
Amount spent by the department (R'000)	R 3,505		
Reasons for the funds unspent by the entity	None , all funds spent		
Monitoring mechanism by the transferring department	Monthly reports		

### 6.2. Conditional grants and earmarked funds received

During the period under review, the Department received an Incentive Grant of R3,505, 000 from the National Department of Public Works, which was earmarked and accordingly spent on EPWP participants only. About 95% of the grant was used to pay stipends to the participants, who had duly signed the EPWP standardised payment register to acknowledge receipt of payments. The balance of the grant (5%) was spent on training – Data Capturing capacity and Personal Protective Equipment (PPE) – in line with the grant framework. The total allocated grant was all spent on EPWP without deviation.

Quarterly reports were submitted to the National Department of Public Works, to provide progress report on the projects that were implemented by the Department, through the MTPA and MEGA. The Department had further submitted quarterly reports to management committees to provide a status on the implementation of the EPWP projects.

### The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2017 to 31 March 2019

### Conditional Grant 1: Expanded Public Works Programme (EPWP)

Department who transferred the grant	National Public Works
Purpose of the grant	To create jobs within the Environment and Cultural Centre
Expected outputs of the grant	Job Creation and Poverty Reduction
Actual outputs achieved	155 Jobs created
Amount per amended DORA	R 3,505
Amount received (R'000)	R 3,505
Reasons if amount as per DORA was not received	None, amount receved
Amount spent by the department (R'000)	R 3,505
Reasons for the funds unspent by the entity	None, all funds spent
Reasons for deviations on performance	None
Measures taken to improve performance	None
Monitoring mechanism by the receiving department	IYM Monthly reports

### 7 CAPITAL INVESTMENT

### 7.1 Capital investment, maintenance and asset management plan

- The only infrastructure project currently in progress is the Mpumalanga International Fresh Produce Market (MIFPM)
- Capital infrastructure payments of R307 million were made towards the development of the MIFPM during the year under review. The site development costs and installation of underground reticulation, which has been underway since the 2016/2017 financial-year, will be completed towards the end of August 2018.
- Scrapped vehicles were disposed during the year under review, and minimal losses due to theft were investigated by the Security Committee.
- · Regular monthly and periodic asset verification spot checks and reconciliation were conducted.
- The bulk of the departmental assets were in fair condition.
- There was no maintenance backlog to report on.

	2017/	2018		2016/2017	
Infrastructure projects	Final Appropriation R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	307 000	-	65 000	65 000	-
Existing infrastructure assets					
- Upgrades and additions					
<ul> <li>Rehabilitation, renovations and refurbishments</li> </ul>					
<ul> <li>Maintenance and repairs</li> </ul>	500	500	500	401	99
Infrastructure transfer					
- Current	12 472	1 826	11 858	10 583	1 275
- Capital					
Total	319 972	2 326	77 358	75 984	1 374

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### 



### 1. INTRODUCTION

The Department is committed to maintain the highest standard of governance which is fundamental to the management of public finances and resources. Governance structures have been established and were functional during the year under review. The Audit Committee provided oversight over the internal audit function and risk management process to promote effective, efficient and economic utilisation of state resources.

### 2. RISK MANAGEMENT

- The Department has an approved Risk Management policy and strategy in place.
- Risk Assessments were conducted regularly to identify new and emerging risks. The risk profile was monitored during the year under review.
- The Department has a functional Risk Management Committee, chaired by an external member as set by the National Treasury Risk Management Framework. The Committee advised the management on systems of risk management and internal control improvements.
- The Risk Management unit has provided reports on risk management processes to the Audit Committee and in discharging its oversight responsibilities relating to risk management, the audit committee has:
  - Added value to the risk management process by making recommendations to improve the process;
  - Reviewed and critiqued the risk appetite and risk tolerance
  - Reviewed the completeness of the risk assessment process implemented by management and ensured that all possible categories of risks, both internal and external to the Department, have been identified during the risk assessment process.
  - · Reviewed the risk profile and management action plans to address the risks quarterly;
  - Reviewed the adequacy of adopted risk responses;
  - Reviewed the progress made with regards to the implementation of the risk management strategy of the Department;
  - Provided regular feedback to the Accounting Authority / Officer on the effectiveness of the risk management process implemented by the Department;
  - Reviewed and ensured that the Internal Audit Plans were aligned to the risk profile of the Department.

### 3. FRAUD AND CORRUPTION

- The Department has an approved Fraud Prevention Strategy in place. A corruption/fraud risk assessment was performed and corruption risks identified were monitored during the year under review.
- The Department has a Whistle blowing policy in place. Awareness workshops of the policy were conducted, employees were urged to report suspected corrupt activities to the Risk Management unit or alternatively to the National Anti-Corruption Hotline (NACH) on 0800 701 701.
- Progress on cases reported to the National Anti-Corruption Hotline was requested from the Office of the Premier's Integrity Management Unit as the investigating arm for all NACH cases in the Province.

### 4. MINIMISING CONFLICT OF INTEREST

The Risk and Fraud Prevention Committee reviewed cases of employee's conflicts of interest, misconduct or fraud, or any other unethical activity by employees or companies. In an endeavour to promote an ethical culture a gift register was in place and employees were educated on the Ethics.

### 5. CODE OF CONDUCT

The Department did not have any cases wherein employees did not conduct themselves in a manner that is outside the Code of Conduct

### 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The OHS representatives that were appointed were trained on First Aid Level 2 and Hazard Identification in order for them to effectively fulfil their responsibilities in terms of the OHS Act. The Department has procured first aid kits and evacuation chairs for emergency purposes.

### 7. PORTFOLIO COMMITTEES

The dates of the Portfolio committee meetings was 12 May 2017.

Matters raised by the Portfolio committee	How the department addressed matters
The Department must ensure that it implements all targets as per its APP and fully utilises its budget for the 2017/18 financial year.	<ul> <li>The Department has not achieved all its planned targets for 2017/2018 financial year. The Department achieved 71% of its targets as per the APP and utilised 98% of its budget for the 2017/18 financial year. The biggest challenge was the approval of service providers late into the financial year and the second challenge was the Environmental Impact Assessment (EIA) on the Forestry Technology Park in Sabie. The land that was earmarked for the project had a 99-year lease agreement on it and the Thaba Chweu local municipality was not aware of it, and as such, the implementation of the project was delayed.</li> <li>In the 2018/2019 financial year the Department will ensure that service providers are appointed early in the financial year so that projects are implemented timeously, having learnt a lesson from the 2017/18 financial year experience.</li> </ul>

Matters raised by the Portfolio committee	How the department addressed matters
he Department must strengthen their versight, monitor, evaluate and provide the ecessary support to the public entities, in nsuring that their strategic objectives and argets are met as planned in the 2017/18 nancial year.	<ul> <li>The Department will ensure that its Public Entities (MEGA, MTPA and MER) submit reports on a monthly basis, and have put in place the following measures:</li> <li>The Shareholder's Compacts and Board Charter for MER have been signed to provide policy direction;</li> </ul>
	<ul> <li>The Department has developed a framework for monitoring of the Public Entities (monitoring and evaluation);</li> </ul>
	• The Department conducts quarterly analysis and produce a report. There is a dedicated team that is assigned the responsibility to perform oversight of Public Entities on a quarterly basis against annual planned targets.
	Conducts quarterly review sessions to provide feedback on outcome of the assessments to the entities.
	Internal Audit, Risk management and the Chief Financial Officer (CFO)     have been assigned to sit in the audit committees of the Entities to     ensure compliance with governance systems.
	The Department maintains a consistent representation at the Board meetings of the Entities.
	• The Department has established a Public Entities Oversight Committee that meets quarterly with the Entities to deliberate on issues pertaining to corporate governance, planning, performance and project implementation.
	The HOD - CEO's forum meetings, chaired by the HOD, are held on a quarterly basis to discuss issues pertinent to the performance of entities with them.

### 8. SCOPA RESOLUTIONS

None

### 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Goods and services with a transaction	2017/18	Training proposed by Provincial
value below R500 000 were procured		Treasury.
without obtaining the required		
price quotations, as required by		
Treasury Regulation 16A6.1, and		
bid documentation for procurement		
of commodities designated for local		
content and production, did not		
stipulate the minimum threshold		
for local production and content as		
required by Preferential Procurement		
Regulation 9(1).		

The financial statements submitted for auditing were not prepared in ac- cordance 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.	2017/18	Arrangements have been made for consultation with AGSA in connection with interim financial statements.
External assesment on the internal audit function was not performed	2015/16	<ul> <li>Provincial Treasury is currently conducting a follow up on the internal assesmentto determine progress made on the implementation of action plans</li> <li>An external quality assesment re- view will be conducted and approval has been granted by the Accounting officer.</li> </ul>

### **10. INTERNAL CONTROL UNIT**

The Department does not have an Internal Control Unit. Management implemented internal control systems that encompassed all the policies and procedures adopted by management to assist the Department to achieve its objectives.

### 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### Key activities and objectives

Internal Audit is an independent appraisal function established by the management of an organisation for the review of the internal control system, as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic and effective use of resources.

### Summary of Internal Audit Work Done

The following risk based audit assignments relating to the Department were performed by the Internal Audit function for the 2017/2018 financial year as per the Annual Internal Audit Plan:

- Asset Management
- Financial Statements Audits (Annual and Interim)
- Performance Information (Annual and Interim)
- Internal Controls
- Fleet Management
- Risk Management
- · Business Regulations and Governance
- Ethics and Culture
- Transfer Payments
- Public Entities Performance Oversight
- MPAT Review
- Financial and Supply Chain Management
- Extended Public Works Programme
- Mpumalanga International Fresh Produce Market (MIFPM)- Adhoc
- Follow Up Reviews: Internal Audit Reports and Auditor General South Africa (AGSA)

### The key activities and objectives of the audit committee are to review the following:

The Audit Committee fulfils a vital role in corporate governance to ensure the integrity of integrated reporting and internal controls and the identification and management of risks. The Audit Committee assists management in carrying out its responsibilities relating to financial management and other reporting practices; internal controls and management of risks as well as compliance with laws, regulations and ethics.

### Attendance of Audit Committee meetings by Audit Committee members

During the current financial year under review, five (5) Audit Committee meetings were held, including special meetings. Meetings between the external auditors and the Internal Audit function were also held as and when a need arose, independent of management.

The Department had two (2) Audit Committees which served during the year under review. The new committee members were appointed due to expiry of members' term of contracts on 31 May 2018. The chairperson was co-opted to the new Committee for continuity reasons. The old committee formed part of the first two meetings held. The old committee consisted of four (4) independent members. Three (3) of the four (4) members were appointed from outside the Public Service and one (1) member was an ex officio employed by Statistics South Africa. The new committee consists of five (5) independent members. Four (4) of the five (5) members were appointed from outside the Public Service and one (1) member is an ex officio employed by the Provincial Office of the Premier. Details of the members and their attendance of scheduled audit committee meetings during the 2017/2018 financial year are as follows:

### **Old Committee**

The table below discloses relevant information on the audit committee members:

### **Old Committee**

Name of member	Qualifications		Internal or external	If internal, position in the department	Date appointed	Expiry of term	No of meetings attended
Ms TI Ranape	•	BTech Public Management	External	External	01/06/2014	31/05/ 2020	2/5
	•	Higher Dipl: Management					
	•	ND: State Finance					
Mr. SP	•	Chartered Accountant	External	External	01/06/2014	31/05/ 2017	2/5
Simelane	•	BCom Honours					
	•	BCom Accounting					
	•	MDP on BBBEE					
Mr. IP Du	•	BCom Honours	External	External	13/05/2013	31/05/ 2017	2/5
Plessis	•	BCom Accounting					
Adv. G Khoza	•	LLB	External	External	01/06/2014	31/05/ 2017	2/5
	•	B Juris					
	•	Dipl in Tax Law					

### **Current serving committee**

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Expiry of term	No. of Meetings attended
Ms Thabsile	BTech Public Management	External	External	01/06/2014	31/05/ 2020	3/5
Idah Ranape	Higher Dipl: Management					
Chairperson	Diploma in State Finance					
Mr Sam	FAP(IAC)SA	External	External	01/09/2017	31/08/2019	3/5
Mthembu	B Com Accounting					
	MBL					
Mr Hangalakani	BSc: Maths Sciences	External	External	01/09/2017	31/08/2019	3/5
Hlomane	Masters: IT					

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Expiry of term	No. of Meetings attended
Ms Nonyaniso	B Proc Degree	External	External	01/09/2017	31/08/2019	3/5
Brenda Mzuzu	Certificate in Business					
	Rescue					
Mr Sibusiso	B Com Accounting	Internal:	Office of the	01/09/2017	31/08/2019	3/5
Khululekani			Premier			
Mavundla			IT Audit Section			

### 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices.

### The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the Department.

The following internal audit work was completed during the year under review:

- Asset Management
- Financial Statements Audits (Annual and Interim)
- Performance Information (Annual and Interim)
- Internal Controls
- Fleet Management
- Risk Management
- Business Regulations and Governance
- Ethics and Culture
- Transfer Payments
- Public Entities Performance Oversight
- MPAT Review
- · Financial and Supply Chain Management
- Extended Public Works Programme
- Mpumalanga International Fresh Produce Market (MIFPM)- Adhoc
- Follow Up Reviews: Internal Audit Reports

The following were areas of concern:

- Slow implementation of Internal Audit and Auditor General recommendations;
- Lack of strategic and coordinated oversight over Public Entities;
- Non achievement of planned targets;
- Unsatisfactory compilation of the portfolio of evidence to support reported Performance Information;
- Inadequate record keeping;
- Slow implementation of the Corporate Governance of Information and Communication Technology Policy Framework (CGICT);
- Poor monitoring of contracts;

- Insufficient and inadequate controls over transfer payments;
- Inadequate review of financial statements which result in misstatements;
- Incomplete and inaccurate contract register;
- · Late submission of information to preparers of financial statements by the relevant stakeholders; and
- Shortage of staff in the Governance Units (Internal Audit and Risk Management), which affects the extent of risk intelligence and audit coverage of risks.

In order to address deficiencies noted, the Audit Committee will monitor progress made in implementing action plans developed and implemented by Management.

### In-Year Management and Monthly/Quarterly Report

The Department has submitted monthly and quarterly reports to the Treasury as is required by the PFMA.

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Department as required by the PFMA, however, there is still room for improvement, particularly on timeous preparation and submission of quarterly financial statements.

### **Evaluation of Financial Statements**

The Audit Committee has reviewed the year end financial statements, which were reviewed by Internal Audit. The committee is still concerned about misstatements during compilation of the financial statements, hence the Department needs to improve in that regard.

### Auditor General's Report

The Audit Committee reviewed the Department's implementation plan for audit issues raised in the previous year and is still concerned that not all issues were adequately resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor-General 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.

Ms. TI RANAPE Chairperson of the Audit Committee Department of Economic Development and Tourism Date: 31 July 2018

Part D Human Resource Management





### **1** INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

### 2 OVERVIEW OF HUMAN RESOURCES

### The status of human resources in the Department

The Department has still not yet finalised the process of the organisational structure in line with the turnaround strategy. The process has taken longer than anticipated and this has impacted on the human resources of the Department, as it is expected to operate in line with the approved strategy – being a thought leader in all economic development and tourism related matters in the Province. The Department has also seen the resignation of the Head of Department after only serving eighteen months, and this has impacted on the morale of the employees due to the instability that is brought by the changes in leadership. The post has been advertised but not yet filled. The Chief Financial Officer also resigned and the Department was being serviced by a seconded official from one of the Entities at the time of reporting.

In-house training interventions were arranged in line with the results of the Skills Audit and Competency Assessments that were conducted in the previous financial year. There was also individual training that was in line with the Workplace Skills Plan.

The Transversal Services of the Department have also played an important role in ensuring that support is given to employees whenever there is a need.

Daily the management of employees' conditions of service continues to be performed according to the prescript that govern human resources in the public service.

Fourteen (14) interns were appointed for a twelve month fixed term contract during the financial year under review, in an effort to assist in providing them with an opportunity to gain workplace exposure.

### Workforce planning and key strategies to attract and recruit a skilled and capable workforce

An HR Plan was developed which informed the staffing needs of the Department, however due to the moratorium placed on recruitment in the Province, the Department continued to work with the available workforce. Some employees were given added responsibilities to ensure that service delivery is not negatively affected. There were only three (3) terminations in the Department during the financial year under review.

### **Employee performance management**

The Department has seen an improvement in the implementation of the PMDS system, wherein only employees who have performed above the required standard, as per the PMDS policy, were rewarded for their performance. There was however a challenge, in that the number of grievances received, were mainly due to PMDS. As a result, an effort was made to ensure that at least the performance agreements were analysed to ensure that they meet the requirements of an agreement. In instances where it was found that agreements did not meet the requirements, they were returned and discussions were held with the employees concerned and the supervisors. Significant progress was made in addressing the backlog on the assessments of SMS members, as this had a negative impact on the morale of the SMS members.

### **Employee wellness programmes**

Throughout the year, there were interventions to ensure that health and wellness is promoted. VCT and health screenings were conducted to ensure that employees are aware of their health status and take the necessary precautions in areas of risk. Counselling services was provided in instances where employees were in need.

### **3 HUMAN RESOURCES OVERSIGHT STATISTICS**

### 3.1 Personnel related expenditure

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

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

### Table 3.1.1 Personnel expenditure by Programme for the period 1 April 2017 and 31 March 2018

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)	Number of Employees
Administration	89 014	60 733	704	0	68.20	245	248
Integrated Econ Development	529 001	25 833	175	0	4.90	104	248
Trade and Sector Development	15 424	10 788	51	0	69.90	43	248
Business Regulation & Governance	103 042	14 859	51	0	14.40	60	248
Economic Planning	15 435	13 042	148	0	84.50	53	248
Tourism	358 307	3 181	18	0	0.90	13	248
Total	1 110 224	128 435	1 143	0	11.60	518	248

### Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)	Total Personnel Cost for Department including Goods and Services (R'000)
01 Lower skilled (Levels 1-2)	343	0.20	2	171 500	137 439
02 Skilled (Levels 3-5)	7 889	5.70	35	225 400	137 439
03 Highly skilled production (Levels 6-8)	33 687	24.50	85	396 318	137 439
04 Highly skilled supervision (Levels 9-12)	54 188	39.43	79	685 924	137 439
05 Senior management (Levels 13-16)	28 001	20.40	22	1 272 773	137 439
Contract (Levels 1-2)	386	0.30	14	27 571	137 439
Contract (Levels 9-12)	1 335	1.00	2	667 500	137 439
Contract (Levels 13-16)	2 566	1.90	1	2 566 000	137 439
19 Periodical Remuneration	40	0.00	8	5 000	137 439
TOTAL	128 435	93.45	248	517 883	137 439

### Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period1 April 2017 and 31 March 2018

	Sa	laries	Ove	ertime		e Owners owance	Med	lical Aid	Total Personnel
Programme	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	Cost per Salary Band (R'000)
Administration	50 929	79.20	375.00	0.60	1 254	1.90	2 608	4.10	64 322
Integrated Econ Development	20 541	79.30	0	0	444	1.70	1 059	4.10	25 916
Trade and Sector Development	10 703	77.80	0	0	203	1.50	601	4.40	13 765
Business Regulation & Governance	12 991	91.60	0	0	414	2.90	699	4.90	14 189
Economic Planning	10 624	81	0	0	271	2.10	410	3.10	13 123
Tourism	3 181	52	0	0	281	4.60	148	2.40	6 123
Total	108 969	79.30	375	0.30	2 867	2.10	5 525	4	137 439

### Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period1 April 2017 and 31 March 2018

	Sa	laries	Ove	ertime		Owners wance	Med	ical Aid	Total
Salary band	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	Personnel Cost per Salary Band (R'000)
01 Lower skilled									
(Levels 1-2)	264	77	0	0	19	5.50	30	8.70	343
02 Skilled									
(Levels 3-5)	5 936	74.80	4	0.10	509	6.40	754	9.50	7 940
03 Highly skilled									
production									
(Levels 6-8)	26 868	76.90	232	0.70	1 214	3.50	2 155	6.20	34 951
04 Highly skilled									
supervision									
(Levels 9-12)	47 335	80.10	137	0.20	756	1.30	2 089	3.50	59 103
05 Senior									
management									
(Levels 13-16)	24 746	82.30	0	0	370	1.20	456	1.50	30 051
10 Contract									
(Levels 1-2)	384	99	2	0.50	0	0	0	0	388
13 Contract									
(Levels 9-12)	1 185	66.50	0	0	0	0	42	2.40	1 781
14 Contract									
(Levels 13-16)	2 252	79.30	0	0	0	0	0	0	2 841
19 Periodical									
Remuneration	0	0	0	0	0	0	0	0	41
TOTAL	108 969	79.30	375	0.30	2 867	2.10	5 525	4	137 439

### 3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- Programme
- salary band
- critical occupations (see definition in notes below).

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 3.2.1 Employment and vacancies by Programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	129	126	2	0
Integrated Economic Development				
Services	44	44	0	0
Trade and Sector Development	17	17	0	0
Business Regulations &				
Governance	29	29	0	0
Economic Planning	19	19	0	0
Tourism	5	5	0	0
Total	243	240	1.23	0

### Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower Skilled (Levels 1-2), Permanent	02	2	0	0
Skilled (Levels 3-5), Permanent	35	35	0	0
Highly Skilled Production (Levels 6-8), Permanent	86	85	1.16	0
Highly Skilled Supervision (Levels 9-12), Permanent	81	81	0	0
Senior Management (Levels 13-16), Permanent	26	23	11.54	0
Contract (Levels 1-2),	14	14	0	0
Total	243	240	1.23	0

### Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	38	38	0	0
Cleaners In Offices Workshops Hospitals Etc., Permanent	10	10	0	0
Communication And Information Related, Permanent	11	10	9.09	0
Economists, Permanent	56	56	0	0
Finance And Economics Related, Permanent	17	17	0	0
Financial And Related Professionals, Permanent	7	6	14.29	0
Financial Clerks And Credit Controllers, Permanent	8	8	0	0
Food Services Aids And Waiters, Permanent	0	0	0	0
General Legal Administration & Rel. Professionals, Permanent	1	1	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Head Of Department/Chief	1	0	0	0
Executive Officer, Permanent			-	
Human Resources & Organisational				
Development & Relate Prof,	0	0	0	0
Permanent				
Human Resources Clerks,	0	0	0	0
Permanent				
Human Resources Related, Permanent	16	16	0	0
Information Technology Related,	4		0	
Permanent	1	1	0	0
Legal Related, Permanent	1	1	0	0
Light Vehicle Drivers, Permanent	3	3	0	0
Logistical Support Personnel,				
Permanent	3	3	0	0
Messengers Porters And				
Deliverers, Permanent	2	2	0	0
Other Administrative & Related	0			
Clerks And Organisers, Permanent	0	0	0	0
Other Occupations, Permanent	0	0	0	0
Regulatory Inspectors, Permanent	3	3	0	0
Risk Management And Security				
Services, Permanent	1	1	0	0
Secretaries & Other Keyboard				
Operating Clerks, Permanent	23	23	0	0
Senior Managers, Permanent	23	23	0	0
Statisticians And Related	-		-	_
Professionals, Permanent	2	2	0	0
Trade/Industry Advisers & Other	10	10	0	
Related Profession, Permanent	16	16	0	0
Total	243	240	1.23	0

### 3.3 Filling of SMS Posts

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

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
Director-					
General/ Head of	1	0	0	1	100
Department					
Salary Level 16	1	1	100	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	18	17	94.44	1	5.56
Total	25	23	92.0	02	8.0

### Table 3.3.1 SMS post information as on 31 March 2018

### Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-					
General/ Head of	1	1	100	0	0
Department					
Salary Level 16	1	1	100	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	5	4	80	1	20
Salary Level 13	18	17	94.44	1	5.56
Total	25	23	92.0	02	8.0

### Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018

	Advertising	Filling of Posts			
SMS Level	Number of vacancies per	Number of vacancies per	Number of vacancies per		
SINIS Level	level advertised in 6 months	level filled in 6 months of	level not filled in 6 months		
	of becoming vacant	becoming vacant	but filled in 12 months		
Director-General/	0	0	0		
Head of Department					
Salary Level 16	0	0	0		
Salary Level 15	1	0	1		
Salary Level 14	0	0	0		
Salary Level 13	0	0	0		
Total	1	0	1		

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within6 months and filled within 12 months after becoming vacant for the period 1 April 2017 and 31 March2018

Reasons for vacancies not advertised within six months

There is a moratorium in the filling of vacant positions in the Province; however, the department is yet to be granted approval to fill the positions.

Reasons for vacancies not filled within twelve months

There is a moratorium in the filling of vacant positions in the Province, however the department is yet to be granted approval to fill the positions

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months

There is a moratorium in the filling of vacant positions in the Province, however the Department is yet to be granted approval to fill the positions

Reasons for vacancies not filled within six months

There is a moratorium in the filling of vacant positions in the Province, however the Department is yet to be granted approval to fill the positions

### 3.4 Job Evaluation

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

	Number of	Number	% of posts	Posts U	pgraded	Posts do	wngraded
Salary band	posts on approved	of Jobs Evaluated	evaluated by salary	Number	% of posts	Number	% of posts
	establishment	Lvaluated	bands		evaluated		evaluated
Lower Skilled (Levels1-2)	02	0	0	0	0	0	0
Skilled (Levels 3-5)	35	0	0	0	0	0	0
Highly skilled production	00	0	0	0	0	0	0
(Levels 6-8)	86	0	0	0	0	0	0
Highly skilled supervision	04	4	4.00	0	0.70	0	0
(Levels 9-12)	81	1	1.23	3	3.70	0	0
Senior Management	18	0	0	0	0	0	0
Service Band A	18	0	0 0	0	0	0	0
Senior Management		0	0	0			
Service Band B	5	0	0	0	0	0	0
Senior Management		0		0	0	_	<u> </u>
Service Band D	1	0	0	0	0	0	0
Senior Management		0	0	0	0	0	
Service Band C, Contract	1	1 0	0	0	0	0	0
Contract (Levels 1-2),	14	0	0	0	0	0	0
Total	243	01	0.41	03	1.23	0	0

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 and 31 March 2018

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 be vacant. One position was evaluated during 2017/2018. Three positions were upgraded as a result of 2009/2010 job evaluation results.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for
the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	0	01
Male	2	0	0	0	02
Total	03	0	0	0	03
Employees with a dis	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 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupationfor the period 1 April 2017 and 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None
Total number of employ	0			
Percentage of total emp	0			

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

### Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 and 31 March 2018

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	0	0	0	0	0
Employees with a disability					

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

### 3.5 Employment Changes

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

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract Lower skilled (Levels 1-2)	0	14	0	0
Lower skilled (Levels 1-2)	5	0	0	0
Skilled (Levels3-5)	33	0	0	0
Highly skilled production (Levels 6-8)	88	0	1	1.14
Highly skilled supervision (Levels 9-12)	77	0	0	0
Senior Management Service Bands A	16	0	0	0
Senior Management Service Bands B	5	1	1	20
Senior Management Service Bands C	1	0	1	100
Senior Management Service Bands D	1	0	0	0
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 9-12)	1	1	0	
Contract Band A	1	0	0	0
Total	228	16	3	1,32

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 and 31 March 2018

### Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

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 Permanent	30	1	0	0
Cleaners in offices Workshops hospitals	40	0	0	0
ETC. Permanent	10	0	0	0
Communication and Information related	10	0	4	40
Permanent	10	0	1	10
Economists Permanent	57	0	0	0
Finance and Economics related Permanent	17	0	0	0
Financial and related Professionals	6	0	0	0
Permanent	0	0	0	0
Financial Clerks and Credit Controllers	6	0	0	0
Permanent	0	0	0	0
Food Services aids and waiters Permanent	1	0	0	0
General Legal Administration & REL.	1	0	0	0
Professionals Permanent	Ι	0	0	0
Human Resources & Organisat developm	2	0	0	0
& relate prof Permanent	2	0	0	0
Human Resources Clerks Permanent	1	14	0	0
Human Resources related Permanent	16	0	0	0
Information Technology related Permanent	1	0	0	0
Legal related Permanent	2	0		0
Light vehicle Drivers Permanent	3	0	0	0
Logistical Support Personnel Permanent	3	0	0	0
Messengers Porters and Deliverers	2	0	0	0
Permanent	۷	0	0	0
Natural Sciences related Permanent	0	0	0	0

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	
Administrat & related Clerks and organisers	2	0	0	0	
Permanent	2	0	0	0	
Regulatory Inspectors Permanent	3	0	0	0	
Risk Management and Security Services	4	0	0	0	
Permanent	I	0	0	0	
Secretaries & other keyboard Operating	20	0	0	0	
Clerks Permanent	20	0	0	0	
Senior Managers Permanent	14	1	1	7	
Head of Department/Chief Executive	1	0	4	400	
Officer Permanent	I	0	I	100	
Statisticians and related Professionals	0	0	0	0	
Permanent	2	0	0	0	
Trade/Industry Advisers & other related	10	0	0	0	
Profession Permanent	16	0	0	0	
TOTAL	228	16	3	1.32	

### Table 3.5.3 Reasons why staff left the Department for the period 1 April 2017 and 31 March 2018

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	3	100
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service Departments	0	0
Other	0	0
Total	0	0
Total number of employees who left as a % of total employment	3	100

### Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

			Salary level		Notch
Occupation	Employees 1 April 2017	Promotions to another salary level	promotions as a % of employees by occupation	Progressions to another notch within a salary level	progression as a % of employees by occupation
Administrative related Permanent	30	0	0	24	80
Cleaners in offices Workshops					
hospitals ETC. Permanent	10	1	10	10	100
Communication and Information related					
Permanent	10	0	0	9	90
Economists Permanent	57	0	0	47	82
Finance and Economics related			-		
Permanent	17	0	0	15	88
Financial and related Professionals					
Permanent	6	5	83.3	2	33
Financial Clerks and Credit Controllers					
	6	0	0	5	83
Permanent Food Services aids and waiters					
	1	0	0	0	0
Permanent					
General Legal Administration & REL.	1	0	0	0	0
Professionals Permanent					
Human Resources & Organisational	2	2	100	0	0
development & relate prof Permanent		_			-
Human Resources Clerks Permanent	1			1	100
Human Resources related Permanent	16	1	6.25	13	81
Information Technology related	1	0	0	1	100
Permanent		Ŭ	Ŭ		100
Legal related Permanent	2	0	0	2	100
Light vehicle Drivers Permanent	3	0	0	2	67
Logistical Support Personnel	3	0	0	3	100
Permanent	5	0	Ŭ	5	100
Messengers Porters and Deliverers	2	0	0	2	100
Permanent	2	0	0	2	100
Natural Sciences related Permanent	0	0	0	0	0
Administrative & related Clerks and	2	0	0	0	0
organisers Permanent	2	0	0	0	0
Other Occupations	1	0	0	0	0
Regulatory Inspectors Permanent	3	2	67	3	100
Risk Management and Security	4	0		4	100
Services Permanent	1	0		1	100
Secretaries & other keyboard Operating	00	0		40	05
Clerks Permanent	20	0	0	19	95
Senior Managers Permanent	14	0	0		57
Head of Department/Chief Executive				<u> </u>	_
Officer	1	0	0	0	0
Statisticians and related Professionals					
Permanent	2	0	0	2	10
Trade/Industry Advisers & other	L				
Related Profession	16	1	8.3	16	100
TOTAL	228	12	5.3	177	78

Salary Band	Employees 1 April 2017	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)	5	0	0	2	40
Skilled (Levels 3-5)	33	1	3	33	100
Highly skilled production (Levels 6-8)	88	1	1.13	72	81
Highly skilled supervision (Levels 9-12)	77	10	13	65	87
Senior Management Service Bands A	22	0	0	0	59
Senior Management Service Bands B	0	0	0	0	0
Senior Management Service Bands C	0	0	0	0	0
Senior Management Service Bands D	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0
Contract (Levels 9-12)	1	0	0	0	0
Contract Band A	2	0	0	1	50
Total	228	12	5.3	177	78

### 3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational		Ма	le	Female				Total	
category	African	Coloured	Indian	White	African	Coloured	Indian	White	TOtal
Legislators, senior									
officials and	11	0	0	1	3	0	0	0	15
managers									
Labourers And	2	0	0	0	11	0	0	0	13
Related Workers	Z	0	0	0		0	0	0	13
Professionals	55	2	0	2	65	0	1	2	127
Technicians									
and associate	14	0	0	0	20	0	0	1	35
professionals									
Clerks	10	0	0	0	31	1	0	1	42
Service and sales	1	0	0	0	3	0	0	0	4
workers	I	0	0	0	3	0	0	0	4
Semi-Skilled and									
discretionary decision	0	0	0	0	0	0	0	0	0
making									
Craft and related	0	0	0	0	0	0	0	0	0
trades workers	0	0	0	0	0	0	0	0	0
Plant and machine									
operators and	3	0	0	0	0	0	0	0	3
assemblers									
Elementary	0	0	0	0	0	0	0	0	0
occupations	U	U	U	U	U	U	U	U	U
Total	96	2	0	3	133	1	1	4	240
Employees with disabilities	3	0	0	0	0	0	0	0	3

### Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band		Ма	le		Female				Total
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	1	0	2	4	0	0	0	21
Professionally qualified and experienced specialists and mid- management	43	1	0	1	31	0	1	2	79
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	25	0	0	0	59	0	0	1	85
Semi-skilled and discretionary decision making	3	0	0	0	30	1	0	1	35
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
Contract (Top Management),	1	0	0	0	0	0	0	0	1
Contract (Senior Management),	1	0	0	0	0	0	0	0	1
Contract (Professionally Qualified),	2	0	0	0	0	0	0	0	2
Total	96	2	0	3	133	1	1	4	240

### Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band		Ма	le			Fem	ale		Total
Occupational ballu	African	Coloured	Indian	White	African	Coloured	Indian	White	TOLAI
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally									
qualified and									
experienced	1	0	0	0	0	0	0	0	0
specialists and mid-									
management									
Skilled technical									
and academically									
qualified workers,	0	0	0	0	0	0	0	0	0
junior management,	0	0	0	0	0	Ŭ	0	0	0
supervisors, foreman									
and superintendents									
Semi-skilled and									
discretionary decision	6	0	0	0	8	0	0	0	14
making									
Unskilled and defined	0	0	0	0	0	0	0	0	0
decision making	0	0	0	0	0	0	0	0	0
Total	7	0	0	0	9	0	0	0	16
Employees with		0	0	0	0	0	0	0	0
disabilities	0	U	U	0	0	U	U	U	U

Occupational band		Ма	le			Fem	ale		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	TOLAI
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	2	0	0	0	1	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2	0	0	0	1	0	0	0	3
Employees with disabilities	0	0	0	0	0	0	0	0	0

## Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band		Ma	le			Fem	ale		Total
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid- management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	3	0	0	0	0	0	0	0	3
Employees with Disabilities	0	0	0	0	0	0	0	0	0

## Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

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

Occupational category		Ма	le			Fem	ale		Total
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	12	0	0	1	2	0	0	1	16
Professionals	60	1	0	1	59	0	0	2	123
Technicians and associate professionals	17	0	0	0	14	0	0	0	31
Clerks	10	0	0	0	51	1	0	7	69
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	1	0	0	0	0	0	0	0	1
Employees with disabilities	2	0	0	0	0	0	0	0	2
Total	102	1	0	2	126	1	0	10	242

### Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

## 3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

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
Director-General/ Head of Department	1	0	1	100
Salary Level 16	0	0	0	0.00
Salary Level 15	0	0	0	0.00
Salary Level 14	5	5	4	80.00
Salary Level 13	17	17	16	94.12
Total	24	23	21	91.30

## Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31March 2018

#### Reasons

One official was seconded to the Departmental Entity (Mpumalanga Growth Development Agency) and one officials was on suspension, she was re-instated towards the end of the performance cycle, in February 2018.

#### Notes

• The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

## Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018

None

## 3.8 Performance Rewards

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

## Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March2018

	E	<b>Beneficiary Profile</b>	e	Co	st
Race and Gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	25	93	26,90	838,91	33557,00
Female	39	133	29,30	598,62	15349,00
Asian					
Male	0	0	0,00	0,00	0,00
Female	0	1	0,00	0,00	0,00
Coloured					
Male	1	2	50,00	42,89	42886,00
Female	0	1	0,00	0,00	0,00
White					
Male	2	3	66,70	246,74	123368,00
Female	2	4	50,00	58,68	29340,00
Total	70	240	29,20	1810,75	25868,00

## Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service forthe period 1 April 2017 to 31 March 2018

	Ber	neficiary Profi	le	Co	ost	Total cost
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	as a % of the total personnel expenditure
Lower Skilled (Levels 1-2)	0	2	0,00	0,00	0,00	
Skilled (level 3-5)	16	35	45,70	131,18	8199,00	
Highly skilled production (level 6-8)	34	85	40,00	628,27	18479,00	
Highly skilled supervision (level 9-12)	17	79	21,50	829,23	48778,00	
13 Contract (Levels 9-12)	1	2	50,00	46,48	46482,00	
Total	68	217	31,30	1635,16	24046,00	

## Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

	Ber	neficiary Profi	le	Cc	st
Critical occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	7	32	21,90	193,80	27685,00
Cleaners in Offices Workshops Hospitals ETC., Permanent	6	10	60,00	43,82	7303,00
Communication and Information related, Permanent	1	9	11,10	22,15	22145,00
Economists, Permanent		56	16,10	245,99	27333,00
Finance and Economics related, Permanent	1	17	58,80	415,41	41541,00
Financial and related Professionals, Permanent	3	6	50,00	160,62	53540,00
Financial Clerks and Credit Controllers, Permanent	3	6	50,00	45,71	15236,00
Food Services aids and Waiters, Permanent	1	1	100,00	6,43	6435,00
General Legal Administration & rel. Professionals, Permanent	0	1	0,00	0,00	0,00
Head of Department/Chief Executive Officer, Permanent	0	0	0,00	0,00	0,00
Human Resources & Organisational Development & relate prof, Permanent	0	1	0,00	0,00	0,00
Human Resources Clerks, Permanent	1	1	6,70	15,23	15226,00
Human Resources related, Permanent	3	16	18,80	96,29	32097,00
Information Technology related, Permanent	0	1	0,00	0,00	0,00
Legal Related, Permanent	1	2	50,00	19,19	19193,00
Light Vehicle Drivers, Permanent	3	3	100,00	34,49	11495,00
Logistical Support Personnel, Permanent	2	3	66,70	61,17	30584,00
Messengers Porters and Deliverers, Permanent	0	2	0,00	0,00	0,00
Other Administrative & related Clerks and Organisers, Permanent	1	2	50,00	13,93	13925,00
Other Occupations, Permanent	0	1	0,00	0,00	0,00
Regulatory Inspectors, Permanent	0	3	0,00	0,00	0,00
Risk Management and Security Services, Permanent	0	1	0,00	0,00	0,00
Secretaries & other keyboard Operating Clerks, Permanent	7	20	35,00	64,52	9218,00
Senior Managers, Permanent	1	14	7,10	88,45	88446,00
Statisticians and related Professionals, Permanent		2	0,00	0,00	0,00
Trade/Industry Advisers & Other related Profession, Permanent	11	16	68,80	283,56	25778,00
Total	70	240	29,20	1810,75	25868,00

## Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Servicefor the period 1 April 2017 to 31 March 2018

	Be	neficiary Profil	е	(	Cost	Total cost as a
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	% of the total personnel expenditure
Band A	2	17	11	175,59	87792,80	0,90
Band B	0	5	0	0,00	0,00	0,00
Band C	0	0	0	0,00	0,00	0,00
Band D	0	17	0	0,00	0,00	0,00
Total	2	23	8	175,59	87792,80	0,50

### 3.9. Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

## Table 3.9.1 Foreign workers by salary band for the period 1 April 2017 and 31 March 2018

Salary band	01 Apr	01 April 2016		ch 2018	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	0	0	0	0	0	0	
(Lev. 9-12)	0	0	0	0	0	0	
Contract (level 9-12)	0	0	0	0	0	0	
Contract (level 13-16)	0	0	0	0	0	0	
Total	0	0	0	0	0	0	

### Table 3.9.2 foreign workers by major occupation for the period 1 April 2017 and 31 March 2018

Major occupation	01 Apr	01 April 2017		ch 2018	Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0	0	0	0	0
	0	0	0	0	0	0

## 3.10. Leave utilisation

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

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)	13	100.00	2	1.70	7.00	7.00
Skilled (levels 3-5)	186	86.00	23	19.30	8.00	146.00
Highly skilled production (levels 6-8)	309	78.00	41	34.50	8.00	450.00
Highly skilled supervision (levels 9 -12)	243	76.50	37	31.10	7.00	594.00
Top and Senior management (levels 13-16)	74	91.90	14	11.80	5.00	283.00
Contract (Levels 13-16)	5	100.00	2	1.70	3.00	21.00
Total	830	81,10	119	100,00	7,00	1 500,00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December
2017

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

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.

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	62	21	3
Skilled Levels 3-5)	815	35	23
Highly skilled production (Levels 6-8)	2140	85	25
Highly skilled supervision(Levels 9-12)	2134	81	26
Senior management (Levels 13-16)	507	24	21
Contract (Levels 1-2)	3	3	1
Contract (Levels 13-16)	27	14	2
Contract (Level 9-12)	9	9	1
Total	5697	272	21



### Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days of capped leave available as on 31 March 2018	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2018
Lower skilled (Levels 1-2)	0,00	0,00	0,00	0,00
Skilled Levels 3-5)	1 076,07	0,00	0,00	108,00
Highly skilled production (Levels 6-8)	1 353,12	2,00	3,00	52,00
Highly skilled supervision(Levels 9-12)	1 890,66	2,00	47,00	59,00
Senior management (Levels 13-16)	644,07	0,00	0,00	50,00
Total	4 963,92	4,00	25,00	61,00

## Table 3.10.5 Leave playouts for the period 1 April 2017 and 31 March 2018

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

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)	
Leave pay out for 2016/17 due to non-utilisation of leave for	190.00	Л	47500.00	
the previous cycle	190,00	-	47000,00	
Capped leave pay outs on termination of service for	190.00	7	53429.00	
2016/17	190,00	1	55429,00	
Current leave pay-outs on termination of service for 2016/17	0,00	0	0,00	
Total	564,00	11	51273,00	

## 3.11. HIV/AIDS & Health Promotion Programmes

### Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV &	Key steps taken to
related diseases (if any)	reduce the risk
General Workers ( Cleaners )	Provision of PPE's e.g.
	gloves, mouth covers

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

provide			required		mormation)
QUESTION		YES	NO	DETAILS, IF YES	
implement the provis	ent designated a member of the SMS to sions contained in Part VI E of Chapter 1 Regulations, 2001? If so, provide her/his	Yes		Ms N.I Mashele Director: Huma Management	an Resource
designated specific well-being of your er	nent have a dedicated unit or has it staff members to promote the health and nployees? If so, indicate the number of involved in this task and the annual budget his purpose.	Yes		The total number of staff was f the budget allocated was two r hundred and sixty four thousar for compensation and goods a	nillion, seven nd (2,764.000)
or Health Promotion	ent introduced an Employee Assistance Programme for your employees? If so, nents/services of this Programme.	Yes		Pro-active and re-active Emplo and Wellness Programmes Workplace HIV/AIDS Program Occupational Health and Safet	me

QUESTION	YES	NO	DETAILS, IF YES
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.	Yes		Occupational Health & Safety Committee (Ms BG Molahlegi, Ms VP Mbatha, Ms S Malaza, Ms L Phoku, Ms G Makhaya, Ms M Mabilu Ms Y Thabethe, Ms A Tshifularo, Mr. MD Mashaba, Mr J Moile, Mr S Mahlangu, Mr C Ngobe , Mr L Mapheto, Mr M Mthethwa. Employment Equity Committee: Mr S Nkambule, Ms SJ Phahlamohlaka, Ms VP Mbatha, Ms H Mokotedi, Mr DJ Sibiya, Mr JS Mashiane, Mr JA Mthabini,Mr MS Mahlangu, Ms A Johnson, Mr V Makamu Representing employees in the department
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.	No		No, however the Department has the approved Recruitment, HIV/AIDS,STI&TB Management, Occupational Health & Safety and Labour Relations Act & Regulations policies to ensure that employees are not discriminated on the basis of their HIV status
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.	Yes		The Department has an approved HIV/ AIDS and TB management and the Occupational Health & Safety and EHWP, Disability Management and Gender Equality and Empowerment policies and also the implementation of Education and awareness Programmes to address stigma and discrimination in the workplace.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		The Department arranged 02 onsite Health Screening sessions including HIV Counselling and testing for the employees and the response was positive. Employees are also encouraged to do medical screenings on regular basis.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		The Department has a monitoring and evaluation component that monitors the impact of the HIV/AIDS programmes

## Labour Relations

## Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018

Subject matter	Date
None	N/A
Total number of Collective agreements	None

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

## Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	2	100%
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	2	100%

#### Notes

• If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	None
---	------

## Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31March 2018

Type of misconduct	Number	% of total
	0	0
Total	0	0

## Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	10	77%
Number of grievances not resolved	3	23%
Total number of grievances lodged	13	100%

## Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	01	50%
Number of disputes dismissed	01	50%
Total number of disputes lodged	02	100%

## Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

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

## Table 3.12.7 Precautionary suspensions for the period 1 April 2017 and 31 March 2018

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

## 3.13 Skills development

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

## Table 3.13.1 Training needs identified for the period 1 April 2017 and 31 March 2018

			Training needs identified at start of the reporting				
		Number of	period				
Occupational category	Gender	employees as at 1 April 2017	Learnerships	Skills Programmes & other short courses	Other forms of training	Total	
Legislators, senior officials and	Female	3	0	3	0	3	
managers	Male	21	0	14	0	14	
Professionals	Female	19	0	32	10	42	
FIDIESSIDITAIS	Male	21	0	39	10	49	
Technicians and associate	Female	18	0	22	0	22	
professionals	Male	23	0	13	6	19	
Clerks	Female	79	0	47	26	73	
	Male	29	0	5	0	5	
Service and sales workers	Female	0	0	0	0	0	
Service and sales workers	Male	0	0	0	0	0	
Skilled agriculture and fishery workers	Female	0	0	0	0	0	
	Male	0	0	0	0	0	
Craft and related trades workers	Female	0	0	0	0	0	
	Male	0	0	0	0	0	
Plant and machine operators and	Female	0	0	0	0	0	
assemblers	Male	0	0	0	0	0	
Elementary occupations	Female	15	6	0	0	6	
	Male	0	0	1	0	1	
Interns	Female	0	0	0	8	8	
	Male	0	0	0	6	6	
Sub Total	Female	134	6	104	44	145	
	Male	94	0	72	22	92	
Total		228	6	176	66	237	

### Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

			Training pro	vided within th	ne reporting	period
Occupational category	Gender	Number of employees as at 1 April 2017	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and	Female	3	0	3	0	3
managers	Male	21	0	12	0	12
Professionals	Female	19	0	41	10	51
	Male	21	0	44	10	54
Technicians and associate	Female	18	0	14	0	14
professionals	Male	23	0	11	6	17
Clerks	Female	79	0	51	8	59
CIEIKS	Male	29	0	11	0	11
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Clair and related rades workers	Male	0	0	0	0	0

			Training provided within the reporting period			
Occupational category	Gender	Number of employees as at 1 April 2017	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Plant and machine operators and	Female	0	0	0	0	0
assemblers	Male	0	0	0	0	0
	Female	15	6	0	0	6
Elementary occupations	Male	0	0	1	0	1
Interns	Female	0	0	0	8	8
	Male	0	0	0	6	6
Sub Total	Female	134	6	109	26	141
	Male	94	0	79	22	101
Total		228	6	188	48	242

## 3.14. Injury on duty

The following tables provide basic information on injury on duty.

### Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

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

## 3.15. Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the Department. In terms of the Public Service Regulations "consultant' means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

## Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017and 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Conduct statutory compliance requirements for establishment of petro chemical industrial technology park within Govan Mbeki Local Municipality	1	12 months	R1 800 000.00
Conduct statutory compliance requirements for establishment of forestry industrial technology park within Thaba Chweu Local Municipality	1	12 months	R1 900 000.00
Research study on the role and impact of the informal economy in Mpumalanga	1	6 months	R643 530.00
Development of the state of tourism report, tourism policy & strategic frameworks and a new provincial tourism legislation for the Mpumalanga Province	1	6 months	R791 066.00
Total	4		5,134,596

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand	
5	5	42 months	R5 584 668	

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of HistoricallyDisadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Conduct statutory compliance requirements for establishment of petro chemical industrial technology park within Govan Mbeki Local Municipality	0%	0%	0
Conduct statutory compliance requirements for establishment of forestry industrial technology park within Thaba Chweu Local Municipality	0%	0%	0
Research study on the role and impact of the informal economy in Mpumalanga	25%	25%	1
Development of the state of tourism report, tourism policy & strategic frameworks and a new provincial tourism legislation for the Mpumalanga Province	25%	25%	1
Implementation of bio-gas pilot project in the province	0%	0%	0

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2017 and 31
March 2018

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None	None	None	None

Total number of projects	Total individual	Total duration	Total contract value in
	consultants	Work days	Rand
None	None	None	None

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of HistoricallyDisadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	None	None	None

## 3.16. Severance Packages

## Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 and 31March 2018

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

## 



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## REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON VOTE NO. 6: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### Opinion

- 1. I have audited the financial statements of the Department of Economic Development and Tourism set out on pages 128 to 179, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development and Tourism as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) 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, 2017 (Act No. 3 of 2017) (Dora).

#### **Basis for opinion**

- 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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matters**

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

#### **Restatement of corresponding figures**

7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2018.

#### Irregular as well as fruitless and wasteful expenditure

- 8. As disclosed in note 21 to the financial statements, the department incurred irregular expenditure of R8 080 000, as it did not follow a proper tender process.
- 9. As disclosed in note 21 to the financial statements, irregular expenditure of R9 317 000 incurred in previous years was still under investigation.
- 10. As disclosed in note 22 to the financial statements, fruitless and wasteful expenditure of R3 936 000 incurred in previous years was still under investigation.

#### Responsibilities of the accounting officer for the financial statements

11. 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.

12. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer 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

- 13. 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.
- 14. 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

- 15. 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.
- 16. 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.
- 17. 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 program

Programmes	Pages in the annual performance report
Programme 2 – integrated economic development services	40 – 47
Programme 3 – trade and sector development	48 – 56
Programme 6 – tourism	73 – 76

- 18. 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.
- 19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 integrated economic development services
- Programme 3 trade and sector development
- Programme 6 tourism

#### • Other matters

20. I draw attention to the matters below.

#### Achievement of planned targets

21. Refer to the annual performance report on pages 29 to 76 for information on the achievement of planned targets for the year and explanations provided for the underachievement of a number of targets.

#### Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the integrated economic development services and the tourism programmes. 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

- 23. 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.
- 24. The material findings on compliance with specific matters in key legislation are as follows:

#### Financial statements, performance report and annual report

25. 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 disclosure items 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.

#### Procurement and contract management

- 26. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.
- 27. Bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 9(1).

#### **OTHER INFORMATION**

- 28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

32. I have nothing to report in this regard.

#### Internal control deficiencies

33. 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.

#### Financial and performance management

- 34. Management did not adequately review monthly and quarterly reports, which eventually would support the correctness of the annual financial statements.
- 35. Management did not regularly review non-compliance with laws and regulations.
- 36. Management did not fully understand the requirements of the financial reporting framework.



Auditing to build public confidence

Mbombela

31 July 2018

#### 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's 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, related safeguards.

Appropriation per programme									
			2017	/18				2016	/17
	Adjusted Appropriation	Shifting of Funds		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. Administration	89,306	-	2,489	91,795	88,915	2,880	96.9	77,073	76,122
2. Integrated Economic Development	538,222	-	(1,210)	537,012	528,725	8,287	98.5	444,236	442,802
3. Trade and Sector Development	18,225	-	(838)	17,387	15,423	1,964	88.7	23,565	22,759
4. Business Regulation and Governance	104,030	-	(441)	103,589	103,041	548	99.5	93,119	92,951
5. Economic Planning	16,987	-	-	16,987	15,435	1,552	90.9	13,794	13,704
6. Tourism	358,722	-	-	358,722	358,308	414	99.9	350,355	350,231
Subtotal	1,125,492	-	-	1,125,492	1,109,847	15,645	98.6	1,002,142	998,569
Statutory Appropriation	-	-	-	-	-	-	-	-	-
TOTAL	1,125,492	-	-	1,125,492	1,109,847	15,645	98.6	1,002,142	998,569
TOTAL (brought forwa Reconciliation with st	-	ial performa	nce						
Departmental receipts				123,114				105,387	
Actual amounts per st (total revenue) ADD	tatement of financ	cial performa	ince	1,248,606				1,107,529	
Prior year unauthorised Actual amounts per st			ē	xpenditure)	1,109,847				998,569

For the year ended 31 March 2018

Appropriation per economic classification 2017/18 2016/17										
			201	//18				2016	b/1/	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Economic	10000	11 000	11 000	10000	10000	11 000	70		1000	
classification										
Current payments	202,081	-	(204)	201,877	186,498	15,379	92.4	183,848	180,270	
Compensation of	202,001		(201)	201,077	100,170	10,077	72.1	100,010	100,270	
employees	129,412	-	-	129,412	128,335	1,077	99.2	121,627	118,100	
Salaries and wages	109,525	-	1,345	110,878	111,474	(604)	100.5	101,439	102,130	
Social contributions	19,887	-	(1,345)	18,542	16,861	1,681	90.9	20,188	15,970	
Goods and services	72,669	-	(204)	72,465	58,163	14,302	80.3	62,221	62,170	
Administrative fees	900	-	138	1,038	831	207	80.1	724	861	
Advertising	545	-	1,057	1,602	1,455	147	90.8	781	486	
Minor assets Audit costs:	500	-	(77)	423	356	67	84.2	11	41	
External	4,500	-	(565)	3,935	3,935	-	100	4,247	3,851	
Catering:	4,500		(000)	5,755	5,755		100	7,277	5,051	
Departmental										
activities	1,772	-	31	1,803	477	1,326	26.5	319	337	
Communication	4,049	-	(876)	3,173	3,173	-	100	3,863	3,690	
Computer services	619	-	35	654	614	40	93.9	641	658	
Consultants:										
Business and	2.052		(7 / 1)	2 200	FF1	1 7 7 7	24.1	010	747	
advisory services Legal services	3,052 1,910	-	(764) 517	2,288 2,427	551 2,427	1,737	24.1 100	810 200	747 923	
Contractors	619	-	62	681	505	176	74.2	511	923	
Agency and	017	-	02	001	505	170	74.2	J11	/4	
support /										
outsourced services	9,830	-	(302)	9,528	2,695	6,833	28.3	11,621	11,293	
Fleet services	1,200	-	-	1,200	1,112	88	92.7	1,001	934	
Inventory: Food and										
food supplies	200	-	(134)	66	-	66	-	205		
Inventory: Fuel, oil	1/0		(1 ( 0)							
and gas Consumable	168	-	(168)	-	-	-	-	-	-	
supplies	588	-	202	790	856	(66)	108.4	250	815	
Consumable:	500	_	202	//0	0.00	(00)	100.4	250	015	
Stationery, printing										
and office supplies	1,700	-	(201)	1,499	1,508	(9)	100.6	1,640	1,282	
Operating leases	20,562	-	-	20,562	20,101	461	97.8	17,933	19,932	
Property payments	3,858	-	20	3,878	2,948	930	76	4,562	4,066	
Travel and	11.054		1 / 22	12.407	10.000	1 1 4 7	01 5	0.020	10.0/7	
subsistence Training and	11,854	-	1,632	13,486	12,339	1,147	91.5	9,929	10,967	
development	2,057	-	(466)	1,591	1,534	57	96.4	1,200	428	
Operating payments	880	-	(289)	591	333	258	56.3	1,163	244	
Venues and			()					.,		
facilities	1,306	-	(56)	1,250	413	837	33	610	541	
Transfers and										
subsidies	613,040	-	-	613,040	612,774	266	100	751,093	751,098	
Provinces and										
municipalities	-	-	-	-	-	-		2,465	2,470	
Departmental										
agencies and accounts	440,331	_	_	440,331	440,331		100	422,191	422,191	
Public corporations	440,551	-	-	440,551	440,551		100	422,171	422,17	
and private										
enterprises	172,259	-	-	172,259	172,259	-	100	326,060	326,060	
Public corporations	169,980	-	-	169,980	169,980	-	100	319,910	319,910	
Private enterprises	2,279	-	-	2,279	2,279	-	100	6,150	6,150	
Households	450	-	-	450	184	266	40.9	377	37	
Payments for capital	210 271		204	210 575	210 575		100	(7.101	(7.10)	
assets Buildings and other	310,371	-	204	310,575	310,575	-	100	67,181	67,181	
fixed structures	307,000	-		307,000	307,000		100	65,000	65,000	
Machinery and	307,000	-	-	307,000	307,000	-	100	00,000	00,000	
equipment	3,371	-	204	3,575	3,575	-	100	2,181	2,181	
Transport	5,571		201	0,0.0	5,5.5			2,	2,.0	
equipment	1,259	-	71	1,330	1,330	-	100	1,000	506	
Other machinery										
and equipment	2,112	-	133	2,245	2,245	-	100	1,181	1,675	
Payments for								200		
financial assets	-	-	-	-	-	-	-	20	20	
Total	1,125,492	-	-	1,125,492	1,109,847	15,645	98.6	1,002,142	998,569	

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For the year ended 31 March 2018

PROGRAMME 1: ADM			2017	/18		2016/17				
			LUTT				Expenditure			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	as % of final appropriation	Final Appropriation	Actual expenditure	
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Sub programme										
<ol> <li>Office of the MEC</li> <li>Senior</li> </ol>	9,112	-	(708)	8,404	8,141	263	96.9	6,487	7,120	
Management (HOD)	9,317	-	1,147	10,464	8,251	2,213	78.9	7,409	7,594	
<ol> <li>Financial Management</li> <li>Corporate Services</li> </ol>	37,783 33,094	-	(883) 2,933	36,900 36,027	36,762 35,761	138 266	99.6 99.3	33,728 29,449	33,426 27,982	
Total for sub	00,071		2,700	00,021	00,701	200	//.0	27,117	21,702	
programmes	89,306	-	2,489	91,795	88,915	2,880	96.9	77,073	76,122	
Economic										
classification Current payments Compensation of	85,485	-	2,285	87,770	85,156	2,614	97	74,953	73,828	
employees Salaries and	58,146	-	2,489	60,635	60,635	-	100	53,951	52,826	
wages Social contributions	50,181 7,965	-	2,963 (474)	53,144 7,491	52,851 7,784	293 (293)	99.4 103.9	45,457 8,494	45,431 7,395	
Goods and services	27,339	-	(204)	27,135	24,521	2,614	90.4	21,002	21,002	
Administrative fees	504	-	135	639	599	40	93.7	302	574	
Advertising	456	-	357	813	666	147	81.9	520	184	
Minor assets	455	-	(55)	400	356	44	89	11	11	
Audit costs:			(= . = )							
External Catering: Departmental	4,500	-	(565)	3,935	3,935	-	100	4,247	3,851	
activities	102	-	46	148	148	-	100	234	175	
Communication	4,049	-	(884)	3,165	3,165	-	100	3,816	3,689	
Computer services Consultants:	286	-	(134)	152	147	5	96.7	200	238	
Business and advisory services	2,130		(171)	1,959	222	1,737	11.3	150	163	
Legal fees	1,910	-	517	2,427	2,427	1,/3/	11.3	200	923	
Contractors Agency and	388	-	201	589	505	84	85.7	218	16	
support / outsourced										
services	282	_	52	334	134	200	40.1	1,349	1,024	
Fleet services	1,200	-	- 52	1,200	1,112	88	92.7	1,001	934	
Inventory: Food and food supplies	200	-	(134)	66	-	66	-	205	-	
Inventory: Fuel, oil and gas	168	-	(168)	-	-	-	-	-	-	
Consumable supplies	588	-	197	785	851	(66)	108.4	250	813	
Consumable: Stationery, printing										
and office supplies	1,512	-	(43)	1,469	1,469	-	100	1,523	1,274	
Property payments Travel and	-	-	20	20	20	-	100	-	207	
subsistence Training and	5,692	-	1,054	6,746	6,600	146	97.8	4,927	6,002	
development Operating	2,000	-	(466)	1,534	1,534	-	100	1,145	420	
payments Venues and	394	-	(131)	263	253	10	96.2	554	152	
facilities	523	-	(32)	491	378	113	77	150	351	
Transfers and	020		(02)	171	5,0	110	,,,		001	
subsidies Provinces and	450	-	-	450	184	266	40.9	337	343	
municipalities Households	- 450	-	-	- 450	- 184	- 266	40.9	- 337	6 337	
Payments for capital assets	3,371	-	204	3,575	3,575	-	100	1,763	1,931	
Machinery and equipment	3,371	-	204	3,575	3,575	-	100	1,763	1,931	
Payments for financial assets	-	-	-	-	-	-	-	20	20	
	89,306	-	2,489	91,795	88,915	2,880	96.9	77,073	76,122	

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For the year ended 31 March 2018

1.1 Office of the MEC										
			2017	/18				2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Current payments	9,112	-	(708)	8,404	8,141	263	96.9	6,487	7,120	
Compensation of employees	6,023	-	(708)	5,315	5,315	-	100	4,585	4,594	
Salaries and wages	4,762	-	(68)	4,694	4,694	-	100	2,470	4,031	
Social contributions	1,261	-	(640)	621	621	-	100	2,115	563	
Goods and services	3,089	-	-	3,089	2,826	263	91.5	1,902	2,526	
Total	9,112	-	(708)	8,404	8,141	263	96.9	6,487	7,120	

## 1.2 Senior Management (HOD)

			2017	/18				2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Current payments	9,317	-	1,035	10,352	8,139	2,213	78.6	7,409	7,594	
Compensation of employees	5,415	-	1,242	6,657	6,657	-	100	6,000	6,162	
Goods and services	3,902	-	(207)	3,695	1,482	2,213	40.1	1,409	1,432	
Transfers and subsidies	-	-	112	112	112	-	100	-	-	
Households	-	-	112	112	112	-	-	-	-	
Total	9,317	-	1,147	10,464	8,251	2,213	78.9	7,409	7,594	

1.3 Financial Managen	nent`								
			2017	/18				2016	/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	34,412	-	(1,145)	33,267	33,129	138	99.6	31,808	31,142
Compensation of employees	20,650	-	(941)	19,709	19,709	-	100	19,690	19,024
Goods and services	13,762	-	(204)	13,558	13,420	138	99	12,118	12,118
Transfers and subsidies	-	-	58	58	58	-	100	137	333
Provinces and municipalities	-	-	-	-	-	-	-	-	6
Households	-	-	58	58	58	-	100	137	327
Payments for capital assets	3,371	-	204	3,575	3,575	-	100	1,763	1,931
Machinery and equipment	3,371	-	204	3,575	3,575	-	100	1,763	1,931
Payments for financial assets	-	-	-	-	-	-	-	20	20
Total	37,783	-	(883)	36,900	36,762	138	99.6	33,728	33,427

1.4 Corporate Services									
			2017	/18				2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	32,644	-	3,103	35,747	35,747	-	100	29,249	27,972
Compensation of employees	26,058	-	2,896	28,954	28,954	-	100	23,676	23,046
Goods and services	6,586	-	207	6,793	6,793	-	100	5,573	4,926
Transfers and subsidies	450	-	(170)	280	14	286	5	200	10
Households	450	-	(170)	280	14	436	3.1	200	10
Total	33,094	-	2,933	36,027	35,761	266	99.3	29,449	27,982

PROGRAMME 2: INTEG	GRATED ECONO	MIC DEVEL	OPMENT							
			2017	/18				2016	2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Sub programme										
1. CD: Office Support	1,620	-	2	1,622	1,622	-	100	1,489	1,518	
2. Enterprise Development	492,429	-	(344)	492,085	487,841	4,244	99.1	400,169	399,406	
3. Local Econ. Empowerment	5,728	-	218	5,946	5,928	18	99.7	5,424	5,314	
4. Economic Empowerment	5,354	-	(112)	5,242	3,955	1,287	75.4	4,268	3,718	
5. Regional Director	33,091	-	(974)	32,117	29,379	2,738	91.5	32,886	32,846	
Total for sub	500.000		(1.01.0)	507.040	500 705	0.007	00.5	444.007		
programmes	538,222	-	(1,210)	537,012	528,725	8,287	98.5	444,236	442,802	
Economic classification										
Current payments Compensation of	61,242	-	(1,210)	60,032	51,745	8,287	86.2	55,286	53,852	
employees Salaries and	27,042	-	(1,210)	25,832	25,832	-	100	26,397	24,963	
Wages	23,320	-	(1,090)	22,230	22,374	(144)	100.6	23,379	21,689	
Social contributions	3,722	-	(120)	3,602	3,458	144	96	3,018	3,274	
Goods and services	34,200	-		34,200	25,913	8,287	75.8	28,889	28,889	
Administrative fees	64	-	(6)	58	58		100	156	37	
Minor assets	30	-	(22)	8	-	8	-	-	-	
Catering: Dept. activities	1,620	-	7	1,627	310	1,317	19.1	-	48	
Communication (G&S)	-	-	3	3	3	-	100	-	-	
Agency and support / outsourced	4 (00			4 ( 0 2	244	4.424	5.0	2 710	2.270	
services	4,682	-	-	4,682	246	4,436	5.3	3,710	3,260	
Operating leases	20,562	-	-	20,562	20,101	461	97.8 75.0	17,933	19,932	
Property payments Travel and	3,858	-	-	3,858	2,928	930	75.9	4,562	3,859	
subsistence Operating	2,420	-	194	2,614	2,196	418	84	1,694	1,672	
payments Venues and	486	-	(176)	310	62	248	20	534	57	
facilities	478	-	-	478	9	469	1.9	300	24	
Transfers and	4/0.000			1/0.000	1/0.000		400		202.052	
subsidies	169,980	-	-	169,980	169,980	-	100	323,950	323,950	
Public corp. priv .enterprises	169,980	-	-	169,980	169,980	-	100	323,910	323,910	
Public corporations	169,980	-	-	169,980	169,980	-	100	319,910	319,910	
Private enterprises	-	-	-	-	-	-	-	4,000	4,000	
Households	-	-	-	-	-	-	-	40	40	
Payments for capital assets	307,000	-	-	307,000	307,000	-	100	65,000	65,000	
Buildings and other fixed structures	307,000	-	-	307,000	307,000	-	100	65,000	65,000	
Total	538,222	-	(1,210)	537,012	528,725	8,287	98.5	444,236	442,802	

2.1 CD: Office Support									
			2017	/18				2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	1,620	-	2	1,622	1,622	-	100	1,489	1,518
Compensation of Employees	1,506	-	(8)	1,498	1,498	-	100	1,446	1,436
Goods and services	114	-	10	124	124	-	100	43	82
Total	1,620	-	2	1,622	1,622	-	100	1,489	1,518

2.2 Enterprise Develop	2.2 Enterprise Development											
			2017	/18				2016	/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	15,449	-	(344)	15,105	10,861	4,244	71.9	11,259	10,496			
Compensation of Employees	9,837	-	(344)	9,503	9,503	-	100	9,955	8,916			
Goods and services	5,612	-	(10)	5,602	1,358	4,244	24.2	1,304	1,580			
Transfers and subsidies	169,980	-	-	169,980	169,980	-	100	323,910	323,910			
Public corporations and private enterprises	169,980			169,980	169,980		100	323,910	323,910			
Public corporations	169,980	-	-	169,980	169,980	-	100	323,910	323,910			
Private enterprises	107,700			107,700	107,700		100	4,000	4,000			
Payments for capital assets	307,000	-	-	307,000	307,000	-	100	65,000	65,000			
Buildings and other fixed structures	307,000	-	-	307,000	307,000	-	100	65,000	65,000			
Total	492,429	-	(344)	492,085	487,841	4,244	99.1	400,169	399,406			

2.3 Local Economic De	evelopment								
			2017	/18				2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	5,728	-	218	5,946	5,928	18	99.7	5,424	5,314
Compensation of employees	5,362	-	218	5,580	5,580	-	100	4,951	5,076
Goods and services	366	-	-	366	348	18	95.1	473	238
Total	5,728	-	218	5,946	5,928	18	99.7	5,424	5,314

2.4 Economic Empowe	.4 Economic Empowerment												
			2017	/18				2016/17					
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure				
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000				
Current payments	5,354	-	(112)	5,242	3,955	1,287	75.4	4,268	3,718				
Compensation of employees	3,628	-	(112)	3,516	3,516	-	100	3,350	3,343				
Goods and services	1,726	-	-	1,726	439	1,287	25.4	918	376				
Total	5,354	-	(112)	5,242	3,955	1,287	75.4	4,268	3,718				

2.5 Regional Directors									
			2017/18					2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R′000	R′000	R'000	R'000	R′000	%	R'000	R′000
Current payments	33,091	-	(974)	32,117	29,379	2,738	91.5	32,846	32,806
Compensation of employees	6,709	-	(974)	5,735	5,735	-	100	6,695	6,192
Goods and services	26,382	-	-	26,382	23,644	2,738	89.6	26,151	26,614
Transfers and subsidies Households	- -	-	-	-	-	-	-	<b>40</b> 40	<b>40</b> 40
Total	33,091	-	(974)	32,117	29,379	2,738	91.5	32,886	32,846

## NOTES TO THE APPROPRIATION STATEMENT

PROGRAMME 3: TRAE	DE AND SECTOR	DEVELOP	IENT						
			2017	/18				2016	/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Sub programme									
1. CD: Office Support	2,098	-	(171)	1,927	1,595	332	82.8	1,982	1,679
2. Trade and Investment Promotion	3.474	-	(122)	3,352	2,999	353	89.5	4,410	3,397
3. Sector Development	9,403	-	(457)	8,946	8,560	386	95.7	11,991	11,982
4. Strategic Initiatives	3,250	-	(88)	3,162	2,269	893	71.8	5,182	5,701
Total for sub	0,200		(00)	0,102		0,0		0,102	
programmes	18,225	-	(838)	17,387	15,423	1,964	88.7	23,565	22,759
Economic classification									
Current payments	15,946	-	(838)	15,108	13,144	1,964	87	18,950	18,145
Compensation of employees	11,626	-	(838)	10,788	10,788	-	100	11,378	10,573
Salaries and									
wages	10,142	-	(602)	9,540	9,316	224	97.7	9,350	9,154
Social contributions	1,484	-	(236)	1,248	1,472	(224)	117.9	2,028	1,419
Goods and services	4,320	-	-	4,320	2,356	1,964	54.5	7,572	7,572
Administrative fees	76	-	1	77	38	39	49.4	100	94
Minor assets	5	-	-	5	-	5	-	-	-
Catering: Departmental activities	-	-	13	13	13	-	100	-	29
Agency and support / outsourced									
services	2,522	-	(164)	2,358	1,019	1,339	43.2	6,295	6,316
Travel and subsistence	1,642	-	153	1,795	1,264	531	70.4	1,127	1,111
Venues and facilities	75	-	(3)	72	22	50	30.6	50	22
Transfers and subsidies	2,279			2,279	2,279	-	100	4,615	4,614
Municipalities	-	-	-	-	-	-	-	2,465	2,464
Public corporations and private									
enterprises	2,279	-	-	2,279	2,279	-	100	2,150	2,150
Total	18,225	-	(838)	17,387	15,423	1,964	88.7	23,565	22,759

3.1 CD: Office Support										
			2017	/18				2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Current payments	2,098	-	(171)	1,927	1,595	332	82.8	1,982	1,679	
Compensation of employees	1,519	-	(171)	1,348	1,348	-	100	1,475	1,285	
Salaries and wages	1,121	-	-	1,121	1,235	(114)	110.2	781	1,176	
Social Contributions	398	-	(171)	227	113	114	28.4	694	109	
Goods and services	579	-	-	579	247	332	42.7	507	394	
Total	2,098	-	(171)	1,927	1,595	332	82.8	1,982	1,679	

3.2 Trade and Investme	3.2 Trade and Investment Promotion											
			2017	/18				2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
Economic classification	R'000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	3,474	-	(122)	3,352	2,999	353	89.5	4,410	3,397			
Compensation of employees	2,872	-	(122)	2,750	2,750	-	100	3,138	2,708			
Goods and services	602	-	-	602	249	353	41.4	1,272	689			
Total	3,474	-	(122)	3,352	2,999	353	89.5	4,410	3,397			

3.3 Sector Developmen	3.3 Sector Development												
			2017	/18				2016	/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure				
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000				
Current payments	7,124	-	(457)	6,667	6,281	386	94.2	9,841	9,832				
Compensation of employees Goods and services	6,063 1,061	-	(457)	5,606 1,061	5,606 675	- 386	100 63.6	5,683 4,158	5,543 4,289				
Transfers and subsidies	2,279	-	-	2,279	2,279	-	100	2,150	2,150				
Public corporations and private enterprises	2,279	-	-	2,279	2,279	-	100	2,150	2,150				
Private enterprises	2,279	-	-	2,279	2,279	-	100	2,150	2,150				
Total	9,403	-	(457)	8,946	8,560	386	95.7	11,991	11,982				

3.4 Strategic Initiatives	.4 Strategic Initiatives											
			2017	/18				2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
Economic classification	R′000	R′000	R′000	R'000	R′000	R′000	%	R′000	R′000			
Current payments	3,250	-	(88)	3,162	2,269	893	71.8	2,717	3,237			
Compensation of employees	1,172	-	(88)	1,084	1,084	-	100	1,082	1,037			
Goods and services	2,078	-	-	2,078	1,185	893	57	1,635	2,200			
Transfers and subsidies	-	-	-	-	-	-	-	2,465	2,464			
Provinces and municipalities	-	-	-	-	-	-	-	2,465	2,464			
Total	3,250	-	(88)	3,162	2,269	893	71.8	5,182	5,701			

PROGRAMME 4: BUSI	NESS REGULAT	ION AND GO						001/	14 7
			2017	/18			E	2016	/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Sub programme									
1. CD: Office Support	1,527	-	74	1,601	1,528	73	95.4	1,781	1,613
2. Consumer Protection	11,920	-	(527)	11,393	11,287	106	99.1	12,122	12,122
<ol> <li>Regulation Services</li> </ol>	90,583	-	12	90,595	90,226	369	99.6	79,216	79,216
Total for sub programmes	104,030	-	(441)	103,589	103,041	548	99.5	93,119	92,951
Economic classification									
Current payments	17,844	-	(441)	17,403	16,855	548	96.9	17,318	17,318
Compensation of	,		(,	,	10,000	0.0		,010	
employees Salaries and	15,668	-	(441)	15,227	14,858	369	97.6	15,395	15,395
wages	11,796	-	185	11,981	12,768	(787)	106.6	11,737	13,338
Social contributions	3,872	-	(626)	3,246	2,090	1,156	64.4	3,658	2,057
Goods and services	2,176	-	-	2,176	1,997	179	91.8	1,923	1,923
Administrative fees	52	-	15	67	62	5	92.5	65	64
Advertising	89	-	700	789	789	-	100	180	221
Minor assets	-	-	-	-	-	-	-	-	30
Catering: Departmental activities	32	-	(32)	-	-	-	-	10	30
Consultants: Business and advisory services	858	-	(529)	329	329	-	100	660	584
Contractors		-	(			-	-	-	41
Agency and support / outsourced services	-	-	-	-	-	-	-	-	36
Consumable supplies	-	-	5	5	5	-	100	-	2
Travel and subsistence	1,004	-	(156)	848	794	54	93.6	908	854
Operating payments	-	-	18	18	18	-	100	-	35
Venues and facilities	141	-	-	141	-	141	-	100	26
Transfers and subsidies	86,186	-	-	86,186	86,186	-	100	75,383	75,383
Departmental agencies and accounts	86,186			86,186	86,186	-	100	75,383	75,383
Payments for capital assets	-	-	-	-	-	-		418	250
Machinery and equipment	-	-	-	-	-	-	-	418	250
Total	104,030	-	(441)	103,589	103,041	548	99.5	93,119	92,951

For the year ended 31 March 2018

4.1 CD: Office Support										
			2017	/18				2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Current payments	1,527	-	74	1,601	1,528	73	95.4	1,363	1,363	
Compensation of employees Goods and services	1,290 237	-	74	1,364 237	1,364 164	- 73	100 69.2	1,263 100	1,263 100	
	237	-	-	237	104	/3	09.2	100	100	
Payments for capital assets	-	-	-	-	-	-	-	418	250	
Machinery and equipment	-	-	-	-	-	-	-	418	250	
Total	1,527	-	74	1,601	1,528	73	95.4	1,781	1,613	

## 4.2 Consumer Protection

	2017/18											
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016 Final Appropriation	Actual expenditure			
Economic classification	R'000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	11,920	-	(527)	11,393	11,287	106	99.1	12,122	12,122			
Compensation of employees	10,241	-	(492)	9,749	9,749	-	100	10,625	10,625			
Goods and services	1,679	-	(35)	1,644	1,538	106	93.6	1,497	1,497			
Total	11,920	-	(527)	11,393	11,287	106	99.1	12,122	12,122			

I.3 Regulation Services												
			2017	/18				2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	4,397	-	12	4,409	4,040	369	91.6	3,833	3,833			
Compensation of employees Goods and services	4,137 260	-	(23) 35	4,114 295	3,745 295	369	91 100	3,507 326	3,507 326			
Transfers and subsidies	86,186	-	-	86,186	86,186	-	100	75,383	75,383			
Departmental agencies and accounts	86,186	-	-	86,186	86,186	-	100	75,383	75,383			
Total	90,583	-	12	90,595	90,226	369	99.6	79,216	79,216			

PROGRAMME 5: ECON	IOMIC PLANNING	3							
			2017	/18				2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Sub programme									
1. CD: Office Support	1,692	-	-	1,692	1,562	130	92.3	1,539	1,445
2. Economic Policy and Planning	3,552	-	(40)	3,512	2,901	611	82.6	2,559	2,620
3. Research & Development	1,311	-	40	1,351	1,041	310	77.1	674	683
4. Knowledge Management	3,856	-	(115)	3,741	3,421	320	91.4	3,017	2,980
5. Monitoring and Evaluation	2,170	-	114	2,284	2,229	55	97.6	1,815	1,546
6. Economic Analysis	4,406	-	1	4,407	4,281	126	97.1	4,190	4,430
Total for sub programmes	16,987	-		16,987	15,435	1,552	90.9	13,794	13,704
Economic classification						.,			
Current payments	16,987	-	-	16,987	15,435	1,552	90.9	13,794	13,704
Compensation of employees	13,613	-	-	13,613	13,041	572	95.8	11,484	11,445
Salaries and			(111)	44.450		(0.5.0)	100.0		
wages	11,261	-	(111)	11,150	11,400	(250)	102.2	8,964	9,998
Social contributions	2,352	-	111	2,463	1,641	822	66.6 71	2,520	1,447
Goods and services Administrative fees	3,374 204	-	- (7)	3,374 197	2,394 52	980 145	26.4	2,310 97	2,259 70
Minor assets	204 10	-	(7)	197	52	145	20.4	97	70
Catering: Departmental	10			10		10			
activities	18	-	(3)	15	6	9	40	75	51
Communication	-	-	5	5	5	-	100	47	1
Computer services	333	-	169	502	467	35	93	441	420
Consultants : Business and advisory services	64		(64)						
Contractors	231		(139)	92		92		293	7
Agency and support / outsourced services	1,344	_	(190)	1,154	710	444	61.5	267	657
Consumables; Stationery, printing	1,34		(170)	1,134	710		01.0	207	037
and office supplies Travel and	188	-	(158)	30	39	(9)	130	117	8
subsistence	836	-	387	1,223	1,111	112	90.8	833	919
Training and development	57	-	-	57	-	57	-	55	8
Operating payments	-	-	-	-	-	-	-	75	-
Venues and facilities	89	-	-	89	4	85	4.5	10	118
Total	16,987	-	-	16,987	15,435	1,552	90.9	13,794	13,704

For the year ended 31 March 2018

5.1 CD: Office Support									
			2017	/18				2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	1,692	-	-	1,692	1,562	130	92.3	1,539	1,445
Compensation of employees	1,511	-	-	1,511	1,418	93	93.8	1,395	1,303
Goods and services	181	-	-	181	144	37	79.6	144	142
Total	1,692	-	-	1,692	1,562	130	92.3	1,539	1,445

## 5.2 Economic Policy and Planning

			2017	/18				2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	3,552	-	(40)	3,512	2,901	611	82.6	2,559	2,620
Compensation of employees	2,437	-	(40)	2,397	2,191	206	91.4	2,066	2,004
Goods and services	1,115	-	-	1,115	710	405	63.7	493	616
Total	3,552	-	(40)	3,512	2,901	611	82.6	2,559	2,620

5.3 Research and Deve	.3 Research and Development											
			2017	/18				2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	1,311	-	40	1,351	1,041	310	77.1	674	683			
Compensation of employees	687	-	40	727	727	-	100	634	670			
Goods and services	624	-	-	624	314	310	50.3	40	13			
Total	1,311	-	40	1,351	1,041	310	77.1	674	683			

#### 5.4 Knowledge Management 2017/18 2016/17 Expenditure Adjusted Shifting Final Actual as % of final Final Actual Appropriation of Funds Virement Appropriation Expenditure Variance appropriation Appropriation expenditure Economic classification R′000 R′000 R′000 R′000 R′000 R′000 % R′000 R′000 Current payments 3,856 (115) 3,741 3,421 320 91.4 3,017 2,980 Compensation of 2,848 91.3 2,598 employees 3,236 (115) 3,121 273 2,666 Goods and services 92.4 620 620 573 47 351 382 3,017 3,856 (115) 3,741 3,421 320 91.4 2,980 Total

5.5 Monitoring and Eva	5.5 Monitoring and Evaluation											
			2017	/18				2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	2,170	-	114	2,284	2,229	55	97.6	1,815	1,546			
Compensation of employees	1,895	-	114	2,009	2,009	-	100	1,671	1,440			
Goods and services	275	-	-	275	220	55	80	144	106			
Total	2,170	-	114	2,284	2,229	55	97.6	1,815	1,546			

5.6 Economic Analysis										
2017/18									2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000	
Current payments	4,406	-	1	4,407	4,281	126	97.1	4,190	4,430	
Compensation of employees	3,847	-	1	3,848	3,848	-	100	3,052	3,430	
Goods and services	559	-	-	559	433	126	77.5	1,138	1,000	
Total	4,406	-	1	4,407	4,281	126	97.1	4,190	4,430	

PROGRAMME 6: TOURISM									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Sub programme									
1. Tourism	358,722	-	-	358,722	358,308	414	99.9	350,355	350,231
Total for sub programmes	358,722	-		358,722	358,308	414	99.9	350,355	350,231
Economic classification									
Current payments	4,577	-	-	4,577	4,163	414	91	3,547	3,423
Compensation of employees	3,317	-	-	3,317	3,181	136	95.9	3,022	2,898
Salaries and wages	2,825	-	-	2,825	2,765	60	97.9	2,552	2,520
Social contributions	492	-	-	492	416	76	84.6	470	378
Goods and services	1,260	-	-	1,260	982	278	77.9	525	525
Administrative fees	-	-	-	-	22	(22)	-	4	22
Advertising	-	-	-	-	-	-	-	81	81
Catering; Departmental activities	-	-	-	-	-	-	-	-	3
Contractors	-	-	-	-	-	-	-	-	10
Agency and support / outsourced services	1,000	-	-	1,000	586	414	58.6	-	-
Travel and subsistence	260	-	-	260	374	(114)	143.8	440	409
Transfers and subsidies	354,145	-	-	354,145	354,145	-	100	346,808	346,808
Departmental agencies and accounts	354,145	-	-	354,145	354,145	-	100	346,808	346,808
TOTAL	358,722	-	-	358,722	358,308	414	99.9	350,355	350,231

6.1 Tourism									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	4,577	-	-	4,577	4,163	414	91	3,547	3,423
Compensation of employees	3,317	-	-	3,317	3,181	136	95.9	3,022	2,898
Goods and services	1,260	-	-	1,260	982	278	77.9	525	525
Transfers and subsidies	354,145	-	-	354,145	354,145	-	100	346,808	346,808
Departmental agencies and accounts	354,145	-		354,145	354,145	-	100	346,808	346,808
Total	358,722	-	-	358,722	358,308	414	99.9	350,355	350,231

## NOTES TO THE APPROPRIATION STATEMENT

For the year ended 31 March 2018

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 - 4 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 on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	91,795	88,915	2,880	3.1
Integrated Economic Development	537,012	528,725	8,287	1.5
Trade and Sector Development	17,387	15,423	1,964	11.3
Business Regulation and Governance	103,589	103,041	548	0.5
Economic Planning	16,987	15,435	1,552	9.1
Tourism	358,722	358,308	414	0.1

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	129,412	128,335	1,077	0.8
Goods and services	72,465	58,163	14,302	19.7
Transfers and subsidies				
Departmental agencies and accounts	440,331	440,331	-	-
Public corporations and private enterprises	172,259	172,259	-	-
Households	450	184	266	59.1
Payments for capital assets				
Buildings and other fixed structures	307,000	307,000	-	-
Machinery and equipment	3,575	3,575	-	-
4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Extended Public Works Programme (EPWP)	3,505	3,505	-	-

### NOTES TO THE APPROPRIATION STATEMENT

For the year ended 31 March 2018

### **COMPENSATION OF EMPLOYEES**

- The underspending is a result of vacancies in critical funded posts such as HOD and the CFO who left the Department during the year under review
- Non-payment of performance incentives and related pay progression for senior managers also resulted to underspending on Compensation of employees.

### **GOODS AND SERVICES**

• The underspending is a result of projects not being fully implemented by the end of the year. There were delays in the initiation of project procurement, for example non-responsive bids that had to be cancelled.

### TRANSFERS AND SUBSIDIES

• The underspending under transfers and subsidies is a result of unspent budgeted funds on leave gratuity. These funds are spent if an official leaves the service either through resignation or death.

### STATEMENT OF FINANCIAL PERFORMANCE

	Note	2017/18	2016/17
		R'000	R'000
REVENUE			
Annual appropriation	1	1,125,492	1,002,142
Departmental revenue	2	123,114	105,387
TOTAL REVENUE		1,248,606	1,107,529
EXPENDITURE			
Current expenditure			
-	3	100 005	118,100
Compensation of employees Goods and services	3	128,335 58,163	62,170
	4	186,498	180,270
Total current expenditure		100,490	100,270
Transfers and subsidies			
Transfers and subsidies	6	612,774	751,098
Total transfers and subsidies		612,774	751,098
Expenditure for capital assets			
Tangible assets	7	310,575	67,181
Total expenditure for capital assets		310,575	67,181
Payments for financial assets	5	-	20
	Ŭ		
TOTAL EXPENDITURE		1,109,847	998,569
SURPLUS/(DEFICIT) FOR THE YEAR		138,759	108,960
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		15,645	3,573
Annual appropriation		15,645	3,573
Departmental revenue and NRF Receipts	11	123,114	105,387
SURPLUS/(DEFICIT) FOR THE YEAR		138,759	108,960
		,	

### **STATEMENT OF FINANCIAL POSITION**

	Note	2017/18	2016/17
		R'000	R'000
ASSETS			
Current assets		24,667	3,789
Cash and cash equivalents	8	24,652	3,391
Receivables	9	15	398
Non- Current assets		143	44
Receivables	9	143	44
TOTAL ASSETS		24,810	3,833
LIABILITIES			
Current liabilities		24,790	3,812
Voted funds to be surrendered to the Revenue Fund	10	15,645	3,573
Departmental revenue and NRF Receipts to be surrendered to the			
Revenue Fund	11	7,637	238
Payables	12	1,508	1
TOTAL LIABILITIES		24,790	3,812
NET ASSETS		20	21
Represented by:			
Recoverable revenue		20	21
TOTAL		20	21
-			

### **STATEMENT OF CHANGES IN NET ASSETS**

Note	2017/18	2016/17
	R'000	R'000
Recoverable revenue		
Opening balance	21	38
Transfers:	(1)	(17)
Irrecoverable amounts written off	-	(20)
Debts recovered (included in departmental receipts)	(15)	(20)
Debts raised	14	23
Closing balance	20	21
TOTAL	20	21

### **CASH FLOW STATEMENT**

	Note	2017/18	2016/17
CASH FLOWS FROM OPERATING ACTIVITIES		R'000	R'000
Receipts		1,248,432	1,107,460
Annual appropriated funds received	1.1	1,125,492	1,002,142
Departmental revenue received	2	120,733	103,908
Interest received	2.2	2,207	1,410
Net (increase)/decrease in working capital		1,791	(213)
Surrendered to Revenue Fund		(119,288)	(109,514)
Current payments		(186,498)	(180,270)
Payments for financial assets		-	(20)
Transfers and subsidies paid		(612,774)	(751,098)
Net cash flow available from operating activities	13	331,663	66,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(310,575)	(67,181)
Proceeds from sale of capital assets	2.3	174	69
Net cash flows from investing activities		(310,401)	(67,112)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(1)	(17)
Net cash flows from financing activities		(1)	(17)
Net increase/(decrease) in cash and cash equivalents		21,261	(784)
Cash and cash equivalents at beginning of period		3,391	4,175
Cash and cash equivalents at end of period	14	24,652	3,391

For the year ended 31 March 2018

### PART A: ACCOUNTING POLICIES

### 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. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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	Basis of preparation
	The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern
	The financial statements have been prepared on a going concern basis.
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.
4	Rounding
	Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation
	Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the
	date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information
	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.
6.2	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
7	appropriation statement.
7.1	Revenue Appropriated funds
/.1	
	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.
7.2	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.
	Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3	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.
	Write-offs are made according to the department's debt write-off policy
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages
	Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	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.
8.2	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.
8.3	Accruals and payables not recognised
	Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	Leases
8.4.1	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.
8.4.2	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.
9	Aid Assistance
9.1	Aid assistance received
	Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.
	Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

0.0	
9.2	Aid assistance paid
	Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10	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 as a current liability.
	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.
11	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.
	<indicate and="" are="" circumstances.="" expensed="" prepayments="" under="" what="" when=""></indicate>
12	Loans and receivables
	Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
13	Investments
	Investments are recognised in the statement of financial position at cost.
14	Financial assets
14.1	Financial assets (not covered elsewhere)
	A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.
	At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2	
14.2	Impairment of financial assets
14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
14.2	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial
	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements. Payables
15	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements. Payables Payables recognised in the statement of financial position are recognised at cost.
15 16	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements. Payables Payables recognised in the statement of financial position are recognised at cost. Capital Assets
15 16	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements. Payables Payables recognised in the statement of financial position are recognised at cost. Capital Assets Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or

16.2	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 reliably, 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.
	Biological assets are subsequently carried at fair value.
	Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	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 reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.
	All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.
	Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.
	Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4	Project Costs: Work-in-progress
	Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.
	Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.
	Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
17	Provisions and Contingents
17.1	Provisions
	Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2	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.
17.3	Contingent assets
	Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4	Commitments
	Commitments (other than for transfers and subsidies) 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.
18	Unauthorised expenditure
	Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:
	approved by the Provincial Legislature with funding and the related funds are received; or
	approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
	transferred to receivables for recovery.
	Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
19	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.
20	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.
21	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.
22	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.

23	Principal-Agent arrangements
	The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
24	Departures from the MCS requirements
	Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.]
25	Capitalisation reserve
	The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.
26	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.
27	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 within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.
	Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.
28	Inventories
	At the date of acquisition, inventories are recognised at cost in the statement of financial performance.
	Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.
	Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.
	The cost of inventories is assigned by using the weighted average cost basis.
29	Public-Private Partnerships
	Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.
	A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
30	Employee benefits
	The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

For the year ended 31 March 2018

### PART B: EXPLANATORY NOTES

### 1. Annual Appropriation

### 1.1 Annual Appropriation

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

	2017/18		2016/17		
	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	91,795	91,795	-	77,073	77,073
Integrated Economic Development	537,012	537,012	-	444,236	444,236
Trade and Sector Development	17,387	17,387	-	23,565	23,565
<b>Business Regulation</b>	103,589	103,589	-	93,119	93,119
Economic Planning	16,987	16,987	-	13,794	13,794
Tourism	358,722	358,722	-	350,355	350,355
Total	1,125,492	1,125,492	-	1,002,142	1,002,142

### 1.2 Conditional grants

Note	2017/18	2016/17
	R'000	R'000
Total grants received29	3,505	3,911

The amount of R3 505 000 relates to Extended Public Works Programme (EPWP) of which R900 000 was appropriated under MEGA and R2 605 000 under MTPA respectively. These funds were subsequently transferred to the entities.

### 2. Departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Tax revenue		111,564	94,632
Sales of goods and services other than capital assets	2.1	108	108
Interest, dividends and rent on land	2.2	2,207	1,410
Sales of capital assets	2.3	174	69
Transactions in financial assets and liabilities	2.4	9,061	9,168
Total revenue collected		123,114	105,387
Departmental revenue collected		123,114	105,387

For the year ended 31 March 2018

	Note	2017/18	2016/17
	2	R'000	R'000
Sales of goods and services produced by the department		108	108
Sales by market establishment		108	108
Fotal		108	108
2.2 Interest, dividends and rent on land			
	Note	2017/18	2016/17
	2	R'000	R'000
nterest (PMG Account)		2,207	1,410
otal	_	2,207	1,410
2.3 Sale of capital assets			
	Note	2017/18	2016/17
	2	R'000	R'000
Fangible assets		174	69
Proceeds from sale of machinery and equipment		174	69
Total		174	69
2.4 Transactions in financial assets and liabilities			
	Note	2017/18	2016/17
	2	R'000	R'000
Other receipts including recoverable revenue	_	9,061	9,168
Fotal		9,061	9,168

### R9 000 000 which was meant for the development of Agrihubs. These funds were subsequently paid back to Provincial Revenue Fund. Other receipts are amounts related to previous financial year expenditure.

For the year ended 31 March 2018

### 3. **Compensation of employees**

### 3.1 Salaries and Wages

	Note	2017/18	2016/17
		R'000	R'000
Basic salary		88,837	81,616
Performance award		1,002	1,192
Service Based		117	6,499
Compensative/circumstantial		1,992	91
Other non-pensionable allowances		19,524	12,732
Total		111,472	102,130

Prior year amount of R91 000 under Compensative/circumstantial was understated by R475 000 which was incorrectly mapped under other non-pensionable allowances.

### 3.2 **Social contributions**

	Note	2017/18	2016/17
Employer contributions		R'000	R'000
Pension		11,317	10,763
Medical		5,527	5,190
Bargaining council		19	17
Total		16,863	15,970
Total compensation of employees		128,335	118,100
Average number of employees		240	252

### 4. Goods and services

	Note	2017/18	2016/17
		R'000	R'000
Administrative fees		832	879
Advertising		1,455	486
Minor assets	4.1	356	33
Catering		479	338
Communication		3,173	3,690
Computer services	4.2	615	658
Legal services		2,427	923
Contractors		505	70
Consultants, and agency/outsourced services		2,695	11,294
Audit cost – external	4.3	3,935	3,851
Fleet services		1,113	933
Consumables	4.4	2,363	2,107
Operating leases		20,101	19,931
Property payments	4.5	2,947	4,052
Travel and subsistence	4.6	12,336	10,952
Venues and facilities		413	541
Training and development		1,534	427
Other operating expenditure	4.7	884	1,005
Total		58,163	62,170

For the year ended 31 March 2018

### 4.1 Minor assets

Note	2017/18	2016/17
4	R'000	R'000
	356	33
	356	33
	356	33
		4 <b>R'000</b> 356 356

### 4.2 **Computer services**

	Note	2017/18	2016/17
	4	R'000	R'000
SITA computer services		148	208
External computer service providers		467	450
Total		615	658

### 4.3 Audit cost – External

	Note	2017/18	2016/17
	4	R'000	R'000
Regularity audits		3,935	3,851
Total		3,935	3,851

### 4.4 Consumables

Note	2017/18	2016/17
4	R'000	R'000
Consumable supplies	856	824
Uniform and clothing	161	90
Household supplies	678	717
IT consumables	17	17
Stationery, printing and office supplies	1,507	1,283
Total	2,363	2,107

### 4.5 **Property payments**

	Note	2017/18	2016/17
	4	R'000	R'000
Municipal services		2,457	3,154
Property management fees		20	-
Other		470	898
Total		2,947	4,052

For the year ended 31 March 2018

### Other property payments above relates to cleaning services in buildings utilized by the Department for the Regional offices.

### 4.6 Travel and subsistence

Vote	2017/18	2016/17
4	R'000	R'000
	12,297	10,867
	39	85
_	12,336	10,952
	Vote 4	4 <b>R'000</b> 12,297 39

### 4.7 Other operating expenditure

	Note	2017/18	2016/17
	4	R'000	R'000
Professional bodies, membership and subscription fees		553	787
Other		331	218
Total		884	1,005

Other operating expenditure includes insurance payment for subsidized motor vehicles as well as Executive motor vehicle.

### 5. Payments for financial assets

		R'000	R'000
Debts written off	5.1	-	20
Total		-	20

2017/18

Note

2016/17

### 5.1 Debts written off

	Note	2017/18	2016/17
	5	R'000	R'000
Nature of debts written off			
Tax debt		-	8
Salary overpayment	_	-	12
Total		-	20
Total debt written off	_	-	20

### 6. Transfers and subsidies

	Note	2017/18	2016/17
	4	R'000	R'000
Provinces and municipalities	Annex 1	-	2,470
Departmental agencies and accounts	Annex 2	440,331	422,191
Public corporations and private enterprises	Annex 3	172,259	326,060
Households	Annex 4	184	377
Total		612,774	751,098

For the year ended 31 March 2018

Unspent funds transferred to the above beneficiaries		
Provinces and municipalities	-	613
Departmental agencies and accounts	-	-
Total	-	613

### 7. Expenditure for capital assets

	Note	2017/18	2016/17
		R'000	R'000
Tangible assets		310,575	67,181
Buildings and other fixed structures	27	307,000	65,000
Machinery and equipment	25	3,575	2,181
Total	_	310,575	67,181

### 7.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	310,575	-	310,575
Buildings and other fixed structures	307,000	-	307,000
Machinery and equipment	3,575	-	3,575
Total	310,575	-	310,575

### 7.2 Analysis of funds utilised to acquire capital assets – 2016/17

Voted funds	Aid assistance	Total
R'000	R'000	R'000
67,181	-	67,181
65,000	-	65,000
2,181	-	2,181
67,181	-	67,181
	<b>R'000</b> 67,181 65,000 2,181	R'000         R'000           67,181         -           65,000         -           2,181         -

For the year ended 31 March 2018

### 8. Cash and cash equivalents

Note	2017/18	2016/17
	R'000	R'000
Consolidated Paymaster General Account	24,652	3,572
Disbursements	-	(181)
Total	24,652	3,391

### 9. Receivables

		2017/18				2016/17	
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims							
recoverable	9.1	-	-	-	206	-	206
Staff debt	9.2	15	143	158	123	44	167
Other debtors	9.3	-	-	-	69	-	69
Total		15	143	158	398	44	442

### 9.1 Claims recoverable

	Note	2017/18	2016/17
	9 and Annex 7	R'000	R'000
Dublic optition			206
Public entities Total		<u> </u>	206 206
			200
9.2 Staff debt			
	Note	2017/18	2016/17
	9	R'000	R'000
Staff debt		158	167
Total		158	167
9.3 Other debtors			
	Note	2017/18	2016/17
	9	R'000	R'000
Salary: Income Tax: CL			69
Total			69

For the year ended 31 March 2018

### 10. Voted funds to be surrendered to the Revenue Fund

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		3,573	4,254
As restated		3,573	4,254
Transfer from statement of financial performance (as restated)		15,645	3,573
Paid during the year		(3,573)	(4,254)
Closing balance		15,645	3,573

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

Note	2017/18	2016/17
	R'000	R'000
Opening balance	238	111
As restated	238	111
Transfer from Statement of Financial Performance (as restated)	123,114	105,387
Paid during the year	(115,715)	(105,260)
Closing balance	7,637	238

### 12. Payables – current

Note	2017/18	2016/17
	R'000	R'000
12.1	1,508	1
	1,508	1
		<b>R'000</b> <i>12.1</i> 1,508

### 12.1 Other payables

Note	2017/18	2016/17
12	R'000	R'000
Sal: Income Tax : CL	1,343	1
Sal: Pension Fund : CL	165	-
Total	1,508	1
וטנמו	1,508	1

The above are as a result of timing difference on outstanding payments deductions on PERSAL which were later disbursed in April 2018 in new financial year (2018/19).

For the year ended 31 March 2018

### 13. Net cash flow available from operating activities

Note	2017/18	2016/17
	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	138,759	108,960
Add back non cash/cash movements not deemed operating activities	192,904	(42,615)
(Increase)/decrease in receivables - current	284	(184)
Increase/(decrease) in payables – current	1,507	(29)
Proceeds from sale of capital assets	(174)	(69)
Expenditure on capital assets	310,575	67,181
Surrenders to Revenue Fund	(119,288)	(109,514)
Net cash flow generated by operating activities	331,663	66,345

### 14. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General account		24,652	3,572
Disbursements		-	(181)
Total		24,652	3,391

### 15. Contingent liabilities and contingent assets

### **15.1 Contingent liabilities**

		Note	2017/18	2016/17
			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 6	84	-
Claims against the department		Annex 5	3,446	4,236
Intergovernmental payables (unconfirmed balances	)	Annex 7	112	-
Total			3,642	4,236

The amount and timing of any payments on housing loan guarantees depends on specific circumstances related to the employee, while the timing and the extent of payments in respect of Claims against the department are dependent on legal processes currently underway, and beyond the control of the department.

### 16. Commitments

	Note	2017/18	2016/17
		R'000	R'000
Current expenditure			
Approved and contracted		4,501	710
		4,501	710
Total Commitments		4,501	710
None of the commitments are for longer than a	/ear		

For the year ended 31 March 2018

### 17. Accruals and payables not recognised

### 17.1 Accruals

17.2 Payables not recognized

			2017/18 R'000	2016/17 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services Other	1,290	-	1,290	1,086 2,938
Total	1,290	-	1,290	4,024

Λ	Vote	2017/18	2016/17
Listed by programme level		R'000	R'000
Programme 1: Administration		1,039	865
Programme 2: Integrated Economic Development		59	3,159
Programme 3: Trade and Sector Development		114	-
Programme 4: Business Regulation		26	-
Programme 5: Economic Planning		35	-
Programme 6: Tourism		17	-
Total	-	1,290	4,024

			2017/18	2016/17
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total

	-	-		
Goods and services	324	-	324	2,375
Total	324	-	324	2,375

Note	<b>2017/18</b>	2016/17
	R'000	R'000
Listed by programme level		
Programme 1: Administration	324	2,085
Programme 2: Integrated Economic Development	-	175
Programme 3: Trade and Sector Development	-	71
Programme 4: Business Regulation	-	34
Programme 5: Economic Planning	-	10
Total	324	2,375
Total	324	2,375

For the year ended 31 March 2018

The balance of R 21 175 000 in respect of Capital Assets previously disclosed on modified cash basis has been restated to R 31 420 000 in accordance with accrual basis. The restatement amounted to R10 245 000.

	Note	2017/18	2016/17
Included in the above totals are the following:		R'000	R'000
Confirmed balances with other departments	Annex 6	218	2,906
Confirmed balances with other government entities	Annex 6	-	2,938
Total	_	218	5,844

### 18. Employee benefits

Accruals

<b>R'000</b> 6,325	<b>R'000</b> 6,977
,	6,977
3,608	3,625
1,941	1,957
7,292	7,536
208	117
19,374	20,212
	7,292 208

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

### **19.** Lease commitments

### 19.1 Operating leases expenditure

2017/18	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	1,879	3,082	4,961
Later than 1 year and not later than 5 years	-	1,965	1,965
Later than five years	-	-	-
Total lease commitments	1,879	5,047	6,926

2016/17	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	7,262	5,095	12,357
Later than 1 year and not later than 5 years	1,874	2,543	4,417
Total lease commitments	9,136	7,638	16,774

For the year ended 31 March 2018

### 20. Accrued departmental revenue

	R'000	R'000
Tax revenue	8,460	14,106
Total	8,460	14,106
	,	

### Analysis of accrued departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Opening balance	-	14,106	8,973
Less: amounts received		(14,106)	(8,973)
Add: amounts recognised		8,460	14,106
Closing balance		8,460	14,106

The closing balance of R 8 460 000 relates to:

• Gambling levies, horse racing taxes and liquor license fees amounting to R 8 460 000 for March 2018 from MGB which was paid in April 2018 after financial year end.

### 21. Irregular expenditure

### 21.1 Reconciliation of irregular expenditure

No	ote	2017/18	2016/17
		R'000	R'000
Opening balance		37,492	37,492
Prior period error			-
As restated		37,492	37,492
Add: Irregular expenditure – relating to prior year		817	-
Add: Irregular expenditure – relating to current year		11,433	-
Less: Current year amounts condoned		(197)	-
Closing balance	_	49,545	37,492

### Analysis of awaiting condonation per age classification

Current year	12,053	-
Prior years	37,492	37,492
Total	49,545	37,492

Investigations have been concluded in respect of R28 175 000 of the Irregular Expenditure brought forward from prior periods. Where applicable, cases have been handed over to the relevant law enforcement agencies for action, and to civil courts for recovery. Investigations in respect of the rest of the Irregular Expenditure brought forward from prior periods are still underway, along with the investigations into Irregular Expenditure that has been recognized during the current year.

For the year ended 31 March 2018

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

Incident	Disciplinary steps taken/criminal proceedings	2017/18
		R'000
Identified prior to the audit		4,170
Property leases concluded by PWRT for the DEDT allowed to continue on month to month basis without advertising.	None	3,432
Non-compliance with cost containment regulations in terms of meal costs.	None	493
Non-compliance with SCM procedures such as BEE certificate not provided by suppliers, incorrect SCM procedure followed for the total value of the procurement.	None	245
Identified during the audit		8,080
Property leases concluded by PWRT for the DEDT allowed to continue on month to month basis without advertising.	None	2,301
Non-compliance with SCM procedures such as BEE certificate not provided by suppliers, incorrect SCM procedure followed for the total value of the procurement, noncompliance with local content requirements.	None	5,779
Total		12,250

### 21.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2017/18
		R'000
Non- compliance with cost containment measures	Accounting Officer	197
Total		197

### 22. Fruitless and wasteful expenditure

### Reconciliation of fruitless and wasteful expenditure

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		3,936	3,936
Prior period error			-
As restated		3,936	3,936
Closing balance		3,936	3,936
Closing balance		3,936	3,936

For the year ended 31 March 2018

### 22.1 Analysis of awaiting resolution per economic classification

	2017/18	2016/17
	R'000	R'000
Current	3,936	3,936
Total	3,936	3,936

### 23. Related party transactions

### 23.1 Department of Public Works, Roads and Transport

During the year the Department received service from the Department of Public Works, Road and Transport that are related to the Department. The Department of Economic Development and Tourism occupies Government Building in the Province provided by the Department of Public Works, Roads and Transport free of charge.

### 23.2 Department of Finance

During the year the Department received service from the Department of Finance that are related to the Department. The Department has entered into a memorandum of understanding for the rendering of information technology communication services (ICT) with Mpumalanga Provincial Treasury. These services are provided by the Department of Finance free of charge.

Furthermore this department and the Department of Finance are related in that they share the same Member of the Executive Council. However they remain separate votes within the Mpumalanga Provincial Administration.

### 23.3 Departmental Agencies

The Department has four Public Entities reporting to it and these entities assist the department in carrying out its legislative mandate. The Department enters into a shareholders compact with the Boards of these agencies. The public entities are as listed below;

Mpumalanga Gambling Board - MGB

Mpumalanga Economic Growth Agency – MEGA

Mpumalanga Tourism and Parks Agency - MTPA

Mpumalanga Liquor Authority - MLA

### 23.4 Key Management Personnel - refer to note 24

Revenue received	Note	2017/18	2016/17
		R'000	R'000
Tax revenue		111,564	94,633
Total	_	111,564	94,633

The above relates to revenue collected by the Mpumalanga Gambling Board through its regulation of the gambling industry. This includes casinos and gambling in the Province that is related to horse racing and other sports betting. Also included are liquor license fees revenue collected during the year under review by the Mpumalanga Liquor Authority. The two entities have subsequently been merged during the year under review to form a new entity, namely Mpumalanga Economic Regulator (MER).

Payments made	Note	2017/18	2016/17
		R'000	R'000
Transfers		612,744	807,101
Total		612,744	807,101

For the year ended 31 March 2018

Note	2017/18	2016/17
	R'000	R'000
Year end balances arising from revenue/payments		
Receivables from related parties	31,763	14,313
Payables to related parties	45,395	31,305
Total	77,158	45,618

The receivable amount of R31 763 000 above relates to revenue amounting to R8 460 000 collected by the Mpumalanga Gambling Board for March 2018 which gets paid to the Department only in April after reporting date (31 March 2018), and an unspent amount of R23 303 000 transferred to MEGA for the development of MIFPM.

The payable amount of R45 395 000 relates to costs incurred by MEGA in respect of the MIFPM

### 24. Key management personnel

	No. of Individuals	2017/18	2016/17
		R'000	R'000
Member of the Executive Council	1	1,979	1,901
Officials:			
Deputy Director-General (HOD)	1	1,330	1,017
Chief Directors (incl. CFO)	5	6,253	5,480
Total		9,562	8,398

The above does not include remuneration for the CFO since she has been seconded from MTPA in an Acting capacity since 04 July 2017. The MTPA operational grant was however increased by an amount of R1 058 000 and Departmental Compensation of Employees was reduced with the same amount during the adjustment appropriation. In addition an amount of R9 000 is reflected as a payable to MTPA under annexure 7 for amounts not covered by the adjustment.

For the year ended 31 March 2018

### 25. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	17,127	-	3,575	(728)	19,974
Transport assets	4,701	-	1,330	(710)	5,321
Computer equipment	4,627	-	1,064	(18)	5,673
Furniture and office equipment	7,216	-	1,181	-	8,397
Other machinery and equipment	583	-	-	-	583
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17,127	-	3,575	-	19,974

### 25.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	3,575	-	-	-	3,575
Transport assets	1,330	-	-	-	1,330
Computer equipment	1,064	-	-	-	1,064
Furniture and office equipment	1,181	-	-	-	1,181
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3,575	-	-	-	3,575

For the year ended 31 March 2018

### 25.2 Disposals

# DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	710	18	728	174
Transport assets	710	-	710	174
Computer equipment	-	18	18	
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	710	18	728	174

Six vehicles were sold for cash through an auction conducted by the Department of Public Works, Roads and Transport. Computer equipment which was stolen has been removed from the Asset register.

### 25.2 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND				(0.000)	
EQUIPMENT	18,599	-	2,181	(3,653)	17,127
Transport assets	5,034	-	506	(839)	4,701
Computer equipment	5,652	-	505	(1,530)	4,627
Furniture and office equipment	7,511	-	891	(1,186)	7,216
Other machinery and equipment	402	-	279	(98)	583
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	18,599		2,181	(3,653)	17,127

For the year ended 31 March 2018

### 25.3 Minor assets

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

	Machinery and equipment	Total
	R'000	R'000
ning balance	3,648	3,648
justments		
	356	356
	(1)	(1)
SSETS	4,003	4,003

	Machinery and equipment	Total
Number of R1 minor assets	27	27
Number of minor assets at cost	2,096	2,096
TOTAL NUMBER OF MINOR ASSETS	2,123	2,123

Minor assets

### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Machinery and equipment	Total
	R'000	R'000
Opening balance	4,357	4,357
Additions	33	33
Disposals	(742)	(742)
TOTAL MINOR ASSETS	3,648	3,648

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets				27		27
Number of minor assets at cost				2,002		2,002
TOTAL NUMBER OF MINOR ASSETS				2,029		2,029

### 25.3.1 Prior period error

Not	te	2016/17
		R'000
Nature of prior period error		
Relating to 2016/17		(2)
Chair disposed but was on hold in the system due to a technical error		(2)
Total prior period errors		(2)

For the year ended 31 March 2018

### 25.4 Movable assets written off

### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off				18		18
TOTAL MOVABLE ASSETS WRITTEN OFF				18		18

### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off				91		91
TOTAL MOVABLE ASSETS WRITTEN OFF				91		91

### 26. Intangible Capital Assets

### 26.1 Movement for 2016/17

### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	115			115	-
TOTAL INTANGIBLE CAPITAL ASSETS	115	-	-	115	

### 27. Immovable Tangible Capital Assets

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

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	27	-	-	-	27
Other fixed structures	27	-	-	-	27
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	27		-	-	27

For the year ended 31 March 2018

### 27.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	307,000	60,461	(312,913)	(54,548)	-
Other fixed structures	307,000	60,461	(312,913)	(54,548)	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	307,000	60,461	(312,913)	(54,548)	-

Movement for 2016/17

27.2

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	117	-	-	90	27
Other fixed structures	117	-	-	90	27
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	117	-		90	27

For the year ended 31 March 2018

### 27.3 Capital Work-in-progress

### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Note	Opening balance 1 April 2017	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
	Annexure 7	R'000	R'000	R'000	R'000
Buildings and other fixed					
structures		102,245	312,913	-	415,158
TOTAL		102,245	312,913	-	415,158

Accruals and payables not recognized relating to Capital WIP	Note	2017/18	2016/17
		R'000	R'000
Retentions		1,335	
Total		1,335	-

### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

	Note	Opening balance 1 April 2016	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2017
	Annexure 7	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed				100.045		400.045
structures		-	-	102,245	-	102,245
TOTAL		-	-	102,245	-	102,245

Prior year adjustment of R37 245 000 to the previously recorded balance of R65 000 000 serves to restate the valuation of the asset from modified cash basis to the accrual basis. The restated closing balance for the prior year is R102 245 000 as stated above under current year WIP.

	Number of	Number of projects		
Age analysis on ongoing projects	Planned, Construction not started	Planned, Construction started	Total R'000	
0 to 1 Year	-	-	-	
1 to 3 Years	-	1	415,158	
3 to 5 Years	-	-	-	
Longer than 5 Years	-	-	-	
Total	-	1	415,158	

For the year ended 31 March 2018

### 28. Prior period errors

### 28.1 Correction of prior period errors

No	Amount bef error <i>Note</i> correction	Prior period error	Restated Amount
	2016/17	2016/17	2017/18
	R'000	R'000	R'000
Expenditure:			
Expenditure on Fresh Produce Market	65,000	37,245	102,245
Net effect	65,000	37,245	102,245

Prior year adjustment of R37 245 000 to the previously recorded balance of R65 000 000 serves to restate the valuation of the asset from modified cash basis to the accrual basis. The restated closing balance for the prior year is R102 245 000 as stated above under current year WIP.

	Note	Amount bef error correction	Prior period error	Restated Amount
		2016/17	2016/17	2017/18
		R'000	R'000	R'000
Other:	25.3			
Minor assets		3,650	(2)	3,648
Net effect		38,202	-	38,202

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For the year ended 31 March 2018

# 29. STATEMENT OF CONDITIONAL GRANTS RECEIVED

		GR	<b>GRANT ALLOCATION</b>	lion				SPENT		2016/17	5/17
NAME OF	Division of Revenue Act/ Provincial Grants	Roll Overs	Roll     DORA     Other       Overs     Adjustments     Adjustments	Other Adjustments	Total Available	Total Armount by Arailable department	Amount spent by department	Under / (Overs- pending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
GRANT	R'000	R '000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Extended Public Works Programme –(EPWP)	3,505				3,505	3,505	3,505		100	3,911	3,911
	3,505				3,505	3,505	3,505		100	3,911	3,911

UNAUDITED SUPPLEMENTARY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS For the year ended 31 March 2018

**ANNEXURE 1** 

# STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

		<b>GRANT A</b>	<b>GRANT ALLOCATION</b>			TRANSFER			SPENT		2016/17
NAME OF MUNICIPALITY	Division of Revenue Act	Roll Overs	Roll Dvers Adjustments	Total Available	Actual Transfer	Funds Withheld	Re- allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R '000
Govan Mbeki Local Municipality	T	I	I	ı	I	I	T	T	I		2,464
Mbombela Local Municipality		ı			ı	·					9
	·	I	I		·	I	I	I	•	I	2,470

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#### **ANNEXURE 2**

# STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

		TRANSFER ALLOCATION	LLOCATION		TRANSFER	FER	2016/17
AGENCY	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R '000	%	R'000
Mpumalanga Gambling Board - MGB	64,507			64,507	64,507	100	62,382
Mpumalanga Tourism and Parks Agency - MTPA	354,145			354,145	354,145	100	346,808
Mpumalanga Liquor Authority	21,679			21,679	21,679	100	13,001
	440,331			440,331	440,331	100	422,191

**ANNEXURE 3** 

# STATEMENT OF TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

	TR	ANSFER A	TRANSFER ALLOCATION			EXPENDITURE	URE		2016/17
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R '000
Public Corporations									
Transfers	169,980			169,980	169,980	100			319,910
Mpumalanga Economic Growth Agency (MEGA)	169,980			169,980	169,980	100			319,910
Sub Total: Public corporations	169,980			169,980	169,980	100	•		319,910
Private Enterprises									
Transfers									
Mpumalanga Steel Initiative	600			600		100			650
Mpumalanga Tooling Initiative	1,000			1,000		100			1,000
Furntech	679			679		100			500
SABS Initiative				ı		·			1,000
SAB Kick Start Programme	ı					ı			3,000
Sub Total: Private Enterprises	2,279			2,279	2,279	100	•	•	6,150
TOTAL	172,259	•	•	172,259	172,259	100	•	'	326,060

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#### **ANNEXURE 4**

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

		TRANSFER ALLOCATION	LOCATION		EXPENDITURE	ITURE	2015/16
HOUSEHOLDS	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Actual Available funds ransfer	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R '000
<b>Transfers</b> Leave Gratuity	450			450	184	41	377
Sub Total	450			450	184	41	377
Total	450			450	184	41	377

#### **ANNEXURE 5**

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

			Liabilities paid/		
NATURE OF LIABILITY	Opening Ralance	Liabilities incurred during the	cancelled/ reduced	cancelled/ Liabilities reduced recoverable during the (Provide details	Closing Balance
	1 April 2017	year	year	hereunder)	31 Ma
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Makgamatha v/s DEDET	1,217	ı	I	I	1,217
Macbeth Attorneys / MEC DEDET	380	ı	I	ı	380
BP Mnisi v/s MEC & MTPA	500	ı	ı	ı	500
DEDT vs W Rambau	1,139		(1,139)	I	ı
Faranani / DEDT	1,000	ı	ı		1,000
Msiza / DEDT	ı	349	I	I	349
Subtotal	4,236				
TOTAL	4,236	349	(1,139)		3,446

#### **ANNEXURE 6**

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 – LOCAL

GUARANTOR INSTITUTION	GUARANTEE IN RESPECT OF	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ released during the year	Revaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	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
	Housing		č				č		
ABSA Bank			84				84		
	Subtotal		84				84		
	TOTAL		84				84		

UNAUDITED SUPPLEMENTARY ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2018

#### **ANNEXURE 7**

### INTER-GOVERNMENT PAYABLES

	Confirmed balance outstanding	med tstanding	Unconfirmed balance outstanding	rmed standing	TOTAL	AL	Cash in transit at year end 2017/18	t at year end /18
GOVERNMENT ENTITY	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R '000

#### DEPARTMENTS Current

Current								
Department of Justice and Constitutional Development		2,665				2,665		
Office of the Premier	94	181	ı	ı	94	181	ı	·
Department of Public Works, Roads and Transport	124	60	·	ı	124	60	ı	
Subtotal	218	2,906			218	2,906		.
Total Departments	218	2,906	ı		218	2,906		
OTHER GOVERNMENT ENTITY								
Current MPU. Economic. Growth								
Agency- MEGA	I	2,938				2,938	·	
MPU. Tourism and Parks Agency- MTPA			112		112			
Total Other Government Entities		2,938	112	·	112	2,938		
TOTAL INTERGOVERNMENTAL	218	5,844	112		330	5,844		

#### **ANNEXURE 8**

## **MOVEMENT IN CAPITAL WORK IN PROGRESS**

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

Closing balance	R'000	415,158	415,158	
Ready for use (Asset register) / Contract terminated	R'000			
Current Year Capital WIP	R'000	312,913	312,913	
<b>Opening</b> balance	R '000	102,245	102,245	

415,158

312,913

102,245

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Other fixed structures

#### TOTAL

The above amount of R312,913 million relates to the ongoing development of the MIFPM (Mpumalanga International Fresh Produce Market) as undertaken by the the transfer of the cost of work in progress that was originally funded by DARDLEA in 2015/2016, and which had been reflected in the DARDLEA financial statements of the 2015/2016 and 2016/2017 financial periods. implementing agent MEGA. It comprises R297,847 million that has been capitalized directly towards the development from amounts paid to MEGA by the Department, and

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### **ANNEXURE 8 (continued)**

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

Ready for use

et // ct Closing d balance	0 R'000	- 102,245	- 102,245	- 102,245
(Asset register) / Contract terminated	R'000			
Current Year Capital WIP	R'000	102,245	102,245	102,245
Prior period error	R'000	I	I	
Opening balance	R'000	I	I	
		TURES		
		<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	Other fixed structures	TOTAL

The above amount of R102 million relates to the ongoing development of the MIFPM (Mpumalanga International Fresh Produce Market) as undertaken by the implementing agent MEGA. It comprises R65 million that has been paid by the Department towards the development, and additional funds contributed by MEGA, or owing at year end to the suppliers to MEGA as the implementing agent for the project.

#### **ANNEXURE 9**

### **CLAIMS RECOVERABLE**

	Confirmed balance outstandin	ce outstanding	Unconfirmed balance outstanding	d balance ding	TOTAL	AL	Cash in transit at year end 2016/17	at year end I7
GOVERNMENT ENTITY	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R '000	R'000		R '000
DEPARTMENTS								

#### DEPARTMENTS

Current

#### OTHER GOVERNMENT ENTITIES

Mpumalanga Liquor Authority - MLA

206	206	206
ı	•	•
206	206	206
·		•
·	ı	•
	ı	•
Authority - MLA	Subtotal	Total

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