









## **ANNUAL REPORT: 2019-2020**

**Department of Economic Development and Tourism** 

Vote 6

Province of Mpumalanga



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## 1 GENERAL INFORMATION OF THE DEPARTMENT

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**MBOMBELA** 

1201

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**MBOMBELA** 

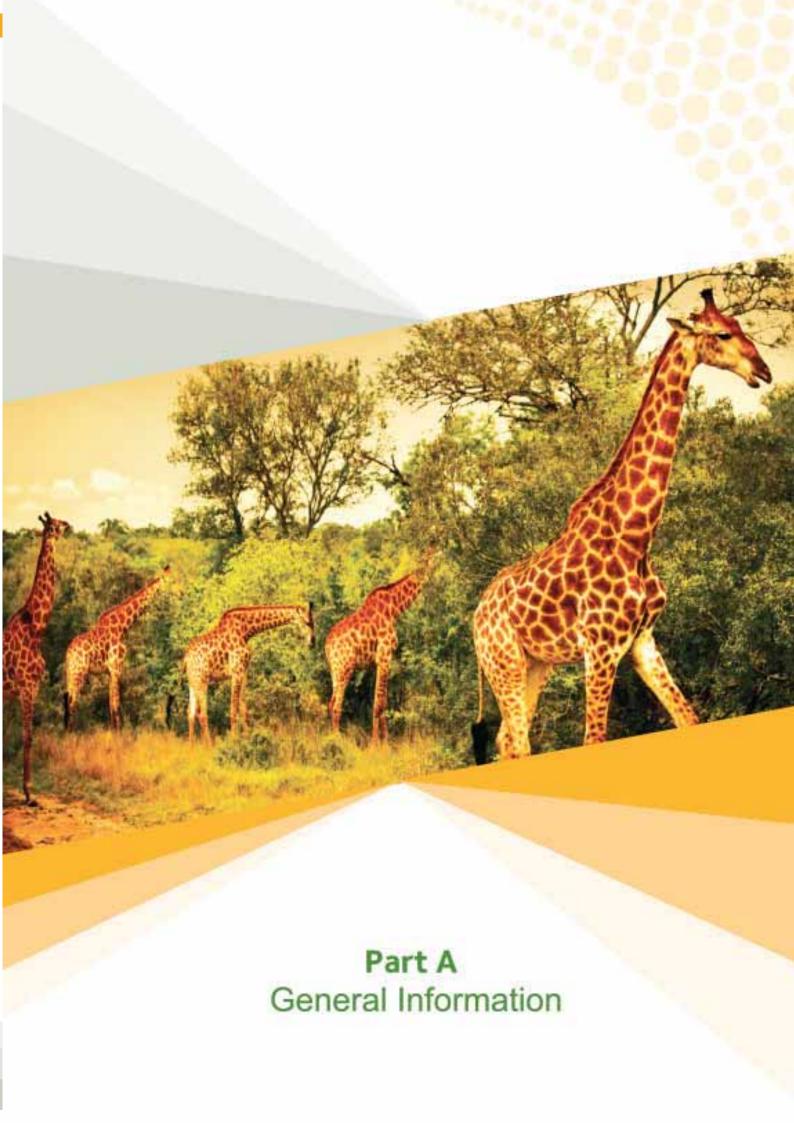
1200

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FACEBOOK: @MpumalangaDEDT



## 2. LIST OF ABBREVIATIONS/ACRONYMS

AC Audit Committee

AMTS Advanced Manufacturing Strategy

AO Accounting Officer

APP Annual Performance Plan

AGSA Auditor General of South Africa

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

DARDLEA Department of Agriculture, Rural Development, Land and Environmental Affairs

DBSA Development Bank of South Africa

DEDT Department of Economic Development and Tourism

DESD Decade of Education for Sustainable Development

DoL Department of Labour

DoEL Department of Employment and 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

EPWP Expanded Public Works Programme

**EU** European Union

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

IA Internal Audit

International Convention Centre

Information Communication and Technology

IDC Industrial Development Corporation
IDP Integrated Development Plan

IGR Intergovernmental Relations

KMIA Kruger Mpumalanga International Airport

LED Local Economic Development
LRF Local Regulatory Framework
LTO Local Tourism Organisation

MIFPM Mpumalanga International Fresh Product Market

MSI Mpumalanga Stainless Steel Initiative

MEBS Mpumalanga Employment and Business Survey

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

MINMEC Minister and Members of the Executive Council

MINTECH Minister's and Technical Team

MISS Minimum Information Security Standards

MLA Mpumalanga Liquor Authority

MTGS Medium Term Expenditure Framework
MTGS Mpumalanga Tourism Growth Strategy
MTPA Mpumalanga Tourism and Parks Agency

MUNMEC Municipalities and Member of the Executive Council

 NCPC
 National Cleaner Production Centre

 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

**PSC** Public Service Commission **PMU** Project Management Unit Regional Tourism Organisations **RTO** RTP Responsible Tourism Planning **RMC** Risk Managment Committee **SABS** South African Bureau of Standards 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



#### FOREWORD BY THE MEC

My mandate as the MEC responsible for Economic Development and Tourism matters in the Province is to oversee the work of the Department (Economic Development and Tourism), in nurturing and growing the economy of the Province, so as to create the much-needed jobs for our people. This is done to realise the reduction of unemployment, poverty and inequality, which are the priority triple challenges our government is addressing. As such, all our efforts were inclined towards growing all sectors and industries of our economy, includes tourism. However, we relied on partnerships with the private sector, given that jobs are actually created by that sector. As government, we had to put in place policies and strategies which will pave the way and accelerate economic growth.

During the period under review, the work of the Department was thus guided by the Five-Year Strategic Plan of the Department and of Government in general, coupled with the Mpumalanga Vision 2030 and the Mpumalanga Economic Growth and Development Path (MEGDP), which sought to address the MTSF commitments made by the governing party, in its 2019 Election Manifesto. This has led to our Department becoming the champion of government's Outcome on Decent Employment through Inclusive Growth. To this end, the Department prioritised Inclusive Rural Economy; Infrastructure Development; and Regional and International Cooperation during the period under review.

Our firm belief is that for us to grow our economy faster, we have to invest more on economic infrastructure. Thus, we have begun constructing the top structure of the Mpumalanga International Fresh Produce Market, and have made significant progress in this regard. Once complete, the Market will be an anchor project for food security and inclusive rural economy. We have also embarked on the environmental impact assessment for the establishment of Industrial Technology Parks, which are meant to stimulate township economy and create massive jobs required to grow our economy. We can further report that another economic infrastructure project, in the form of the Nkomazi Special Economic Zone (SEZ), has now been officially designated. We anticipate that the SEZ will also stimulate rural economy, and strengthen the regional and International cooperation between South Africa and Mozambique.

Another major focus area of my work during the period under review, was the revival of the rural and township economies. In this regard, we had put more emphasis in this area of our work. We have developed strategies and plans which guided us on what do to in order to revive these economies. We had put more funding in community-driven business initiatives which were biased towards supporting the youth, women and people with disabilities. Despite the significant strides we have made in this area, we, however, still believe we can do more to ensure that this mostly informal sector, equally benefits from economic opportunities made available by our government and the private sector.

With regards to tourism, I have always maintained that this sector is our 'gold' in Mpumalanga; hence it must be continuously nurtured, so that it continues to lay the 'golden egg' for us. This is one sector which has always been resilient in the midst of economic meltdown across the globe. Tourism is one of our economic sectors, which is forever growing, and contributes significantly towards economic growth and job creation. It is the sector that showcases and promotes our Province's tourism product offerings, our culture and natural endowments, to the world.

I am further delighted that we now stabilised our three (3) Public Entities; namely, MEGA (Mpumalanga Economic Growth Agency), MTPA (Mpumalanga Tourism and Parks Agency), and MER (Mpumalanga Economic Regulator). These Entities are our implementing agents; hence they have to be stable so that they can effectively carry-out of legislative mandates given to them. Details of their work during the period under review will be provided in their respective Annual Reports.

As the servant of our people, I continue to be grateful to the African National Congress and the Premier of Mpumalanga, Mrs Refilwe Mtshweni-Tsipane, for entrusting me with this mammoth task of leading economic transformation, growth and development activities within our Province.

On the administration side, I would like to thank the former acting Head of Department, Mr Nathaniel Sebitso, for holding the fort during the first eight (8) months of the financial year; the current Head of Department, Mr Sarel Mtsweni, for his great leadership since taking over in December 2019; the Chairpersons and CEOs of our Public Entities, for the sterling work they continue to do in the service of our people, not forgetting their foot soldiers for their commitment and dedication which continue to make my work easier.

I strongly believe that with Team dedt on my side, the work of transforming and growing our Province's economy is much easier.

Let's grow the economy of Mpumalanga together!

Mr PS NGOMANE (MPL)

MEC: FINANCE, ECONOMIC DEVELOPMENT AND TOURISM





#### 4. REPORT OF THE ACCOUNTING OFFICER

## 4.1 Overview of the operations of the Department

The financial year under review was an eventful year for the Department. Amongst many other achievements (which will be later detailed in this Annual Report), we were able to brings about stability by making critical strategic management appointments. The posts of the Head of Department (which had been vacant for quite a while) and that of the Chief Financial Officer were filled.

In our quest to make it easier for our people to do business and inculcate the entrepreneurial spirit, we have developed and finalised the Red Reduction Strategy during the period under review. In addition, we developed and finalised the Rural Tourism Development Plan as a contribution towards reviving township and rural economies. These strategies, and many others, are strategic to the work of the Department, as they are our 'Bible' towards economic transformation, growth and development in the Province. As mandated, we continued to strengthen our support to small businesses and cooperatives, so as to make them ready to take advantage and benefit from economic opportunities available in the Province.

Amongst others, the Department provided training in the areas of furniture manufacturing and steel production by supporting incubation initiatives. These incubation initiatives were meant to develop the youth to be entrepreneurs, so that they could in turn create jobs within their local communities.

On the work of ensuring compliance with the B-BBEE Scorecard, the Department coordinated the activities of the B-BBEE Advisory Council, which were aimed at checking adherence to the B-BBEE Act.

Our three (3) Public Entities; namely, MEGA, MTPA and MER – which are our implementing agents – also continued to carry-out the functions the Department delegated to them with excellence. This related to funding of enterprises; trade and investment promotion; granting of housing loans; promotion of Mpumalanga as the tourist destination of choice; conservation of our fauna and flora; business regulation, including regulating the gambling and liquor industries in the Province, amongst others. Details of their work will be provided in their respective Annual Reports for the period under review.

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

#### • Departmental receipts

	2018/2019			2019/2020		
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	106,997	126,622	(19,625)	113,105	151,251	(38,146)
Casino taxes	88,192	84,485	3,707	93,484	91,235	2,249
Horse racing taxes	10,193	33,332	(23,139)	10,805	52,162	(41,357)
Liquor licenses	8,612	8,805	(193)	8,816	7,854	962
Sales of goods and services other than capital assets	160	114	46	169	117	52
Interest, dividends and rent on land	1,064	2,573	(1,509)	1,128	2,556	(1,428)
Sale of capital assets	-	97	(97)	200	-	200
Financial transactions in assets and liabilities	520	18	502	551	14	537
Total	108,741	129,424	(20,683)	115,153	153,938	(38,785)

Total revenue collected on behalf of the Department was R153, 938, 000 against a target of R115, 153, 000 which represents an over collection of 33.7%. During the reporting period, the main revenue collection sources for the Department were gambling levies, as well as liquor license fees collected through the Mpumalanga Economic Regulator (MER).

COVID-19 pandemic, which is a post balance sheet event, will impact revenue collection negatively in the 2020/2021 financial year.

#### 4.3 Programme Expenditure

	2018/2019			2019/2020		
Programme Name	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R′000	R′000	R′000	R′000	R′000	R′000
Administration	94,085	92,919	1,166	108,582	101,046	7,536
Integrated Economic Development	532,652	532,652	-	390,316	388,004	2,312
Trade and Sector Development	16,731	16,654	77	19,975	18,084	1,891
Business Regulation and Governance	114,479	114,405	74	113,962	113,718	244
Economic Planning	18,857	18,610	247	18,419	18,081	338
Tourism	383,648	383,648	-	395,427	395,063	364
Total	1,160,452	1,158,888	1,564	1,046,681	1,033,996	12,685

#### Virements/roll overs

Post-adjustments were processed by the Department but did not affect the budget allocation. The following virements were processed (the funds were taken from under-expending Programmes) in order to fund minor over-expenditure in Programme 5:

• R115 000 and R456 000 were shifted from Programme 3 (Trade and Sector Development) and Programme 4 (Business Regulation and Governance), respectively, to Programme 5 (Economic Planning).

#### Future plans of the Department

The Department will continue with the industrialisation programme which is aimed at stimulating the economy of the Province, and to create the much-needed jobs post the COVID-19 pandemic. The Department will also finalise the statutory requirements for Industrial Technology Parks, so as to embark on an investment drive. It will further focus on finalising administrative processes for the Nkomazi SEZ and submit the implementation plan to the Minister of Trade, Industry and Competition for approval. This process is going to assist in fast tracking the process of infrastructure development for the SEZ.

#### Public Private Partnerships

During the period under review, the Department did not enter into any Public Private Partnership (PPP) agreement.

#### Discontinued activities/ activities to be discontinued

The following activities/programmes are intended to be discontinued/have been discontinued:

• Future Production Technology Incubator Programme (formerly Mpumalanga Tooling Initiative) has been discontinued. The Programme was aimed at empowering youth to participate within the mining sector. The discontinued Programme will have a dire effect on the development of skills for the youth and their employability within the mining sector.

#### Supply Chain Management

There was irregular expenditure which was incurred during the year under review. These amounts were primarily due to ongoing contracts which were found to be irregular after they had been entered into, or which had become irregular by the passing of time, including property and equipment rental contracts. In addition, irregular expenditure was incurred where rotation of appointed service providers in relation to travel agencies contracted was not frequently done. Irregular expenditure was also incurred where payment of acting allowances continued for over the stipulated period of one year, without seeking the requisite ministerial approval.

In mitigation, the Department has established the Loss Control Committee which will provide guidance in this area. It should further be noted that the Supply Chain Management Unit operates with a skeleton staff compliment owing to a number of vacant posts.

#### Revenue collection

With regards to revenue collection, we anticipate less collection by Departmental Public Entities owing to the COVID-19 pandemic which resulted in the lockdown. Accordingly, trading results of Departmental Schedule 3C Entities will be negatively affected. Performance of the MTPA is dependent on a flourishing of the tourism industry, and the lockdown had brought the industry to a halt. MEGA will also be severely affected as its tenants are unable to pay rent given their businesses were not operating during the lockdown.

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

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

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

No exemptions and deviations were received from the National Treasury.

#### Events after the reporting date

No events happened after the balance sheet date which warranted adjustment of the Financial Statements.

#### Other

None

#### Acknowledgement/s or Appreciation

The Annual Financial Statements set out on pages 155 to 207 have been approved by the Accounting Officer.

Approval and sign off

Mr SM MTSWENI
ACCOUNTING OFFICER

Department of Economic Development and Tourism

Date: 31 July 2020

## 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 2019.

Yours faithfully,

Mr SM MTSWENI
ACCOUNTING OFFICER

Department of Economic Development and Tourism

Date: 31 July 2020

## 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

The following Constitutional, legislative and related mandates regulate the environment within which the Department executes its operations:

#### Constitutional Mandate

The following table highlights the main mandate of the Department:

Constitutional Mandate	Purpose
The Department derives its mandate from the Constitution of the Republic of South Africa, Act 108 of 1996.	<ul> <li>Schedule 4 and 5 of the Constitution make provisions for the following:</li> <li>Trade and industry promotion</li> <li>Consumer protection</li> <li>Casino, racing, gambling, wagering and Liquor Licenses</li> <li>Provincial Public Enterprises</li> <li>Tourism Promotion and</li> <li>Nature Conservation</li> </ul>

#### Legislative and Policy Mandates

Departmental Mandate	Purpose	
To stimulate economic growth and development towards creating sustainable and decent employment, economic transformation and alleviation of poverty	<ul> <li>Influence the development growth patterns in the Province in order to build and accelerate a sustainable, equitable and inclusive economic growth path where people live;</li> <li>Ensure a participatory economy where the youth, women, workers, rural masses, and the people with disabilities benefit from the natural wealth of the Province;</li> <li>Enhance integrated regional growth and development through, among other things, fostering public private partnerships to increase trade and investment in the Province and within the region, and leveraging on Spatial Development Initiatives such as the Maputo Development Corridor;</li> <li>Position infrastructure delivery programme in a manner that enhances the development of SMMEs, creates decent job opportunities and allows participation of the communities through the promotion of co-operatives;</li> <li>Utilise the MOUs with both local and global strategic partners to consolidate existing markets; access new markets; and attract foreign direct investment into the provincial economy</li> </ul>	

## The Departmental mandate is provided in the table below:

The specific legislative and policy mandates that influence and affect operations of the Department are listed in the tables below:

## Relevant legislation to the Department

Legislative Mandate	Purpose
Mpumalanga Economic Regulator Act, 2017 (Act 2 of 2017)	<ul> <li>To regulate the gambling industry in the Province in terms of the Mpumalanga Gambling Act;</li> <li>To regulate the payment of gambling levies in terms of the Mpumalanga Gambling Levies Act;</li> <li>To regulate the liquor industry in the Province in terms of the Mpumalanga Liquor Licensing Act; and</li> <li>To monitor the performance of the MER in terms of executing its mandate (by virtue of being the shareholder representative);</li> </ul>
National Tourism Act, 2014 (Act 3 of 2014)	To provide for the development and promotion of sustainable tourism for the benefit of the Republic, its citizens and visitors.
Mpumalanga Liquor Licensing Act, 2007 (Act 5 of 2007)	To provide for the regulation of the liquor industry in the Province; and for matters connected within;
National Gambling Act, 2004 (Act 59 of 2003)	<ul> <li>To provide for the coordination of concurrent national and provincial legislative competencies over matters relating to casinos, racing, gambling and wagering, and to provide for the continued regulation of these matters; and</li> <li>To ensure that the Mpumalanga Gambling Act is aligned to national norms and standards established in terms of the National Gambling Act</li> </ul>
Mpumalanga Consumer Affairs Act, 1998 (Act 6 of 1998)	<ul> <li>To promote a fair, accessible and sustainable marketplace for consumer products;</li> <li>To establish national norms and standards relating to consumer protection;</li> <li>To establish and manage the Office of Investigation of Unfair Business Practices, whose function is to receive, investigate and resolve complaints of unfair business practices; and</li> <li>To establish the Consumer Court which adjudicates on matters of alleged unfair business practices</li> </ul>
Mpumalanga Business Act, 1996 (Act 2 of 1996)	To consolidate and amend certain laws in force in the Province regarding the licensing and carrying on of business
National Small Business Enabling Act, 1996 (Act 102 of 1996)	<ul> <li>To provide for small businesses to enter the economic frame;</li> <li>To create a conducive environment for the promotion, support and development of small businesses in the Province; and</li> <li>To ensure municipalities comply with prescripts of the Acts</li> </ul>
Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003)	<ul> <li>To provide for the empowerment of the black-owned companies to enter the mainstream economy;</li> <li>To ensure black-owned companies have access to opportunities in the mainstream economy in an effort to transform the economy and reduce inequality; and</li> <li>To ensure that the necessary support is provided to black enterprises, including targeted groups (women, youth and people living with disabilities) to enable them to successfully compete for opportunities in the economy</li> </ul>
National Credit Act, 2005 (Act 34 of 2005)	To promote a fair and non-discriminatory marketplace for access to consumer credit
Public Finance Management Act, 1999 (Act 1 of 1999)	<ul> <li>To promote sound financial management in the public sector;</li> <li>To ensure every employee of the Department is enjoined that no fruitless/irregular expenditure occurs within the area of responsibility</li> </ul>
Public Service Act, 1994 (Act 103 of 1994)	To regulate the public service in the country
Basic Conditions of Employment Act, 1997 (Act 75 of 1997)	To create a framework for employer-employee relations
Labour Relations Act, 1995 (Act 66 of 1995)	To protect the rights of the workers

## Institutional Policies and Strategies

Emanating from the Departmental strategic planning process, the following policies and strategies were identified as critical interventions that would assist the Department to realise the intended impact, in line with identified outcomes over the five-year period:

Outcomes	Identified Institutional Policies/Strategies/Priorities	
Inclusive, diversified and growing economy	<ul> <li>Facilitate and coordinate the following Policies, Strategies and Plans:</li> <li>Mpumalanga Industrial Development Plan</li> <li>Provincial ICT Strategy</li> <li>SMME Provincial Strategy</li> <li>Mpumalanga Trade and Investment Promotion Strategy</li> <li>Mpumalanga Green Economy Development Plan</li> <li>Mpumalanga Forestry Development Plan</li> </ul>	
Inclusive, competitive and sustainable tourism industry	Provincial Tourism Growth Strategy     Mpumalanga Integrated Air Transportation Strategy	
An ethical, well-coordinated, enabling and capable center of business excellence	<ul> <li>PFMA</li> <li>Departmental Human Resource Strategy</li> <li>Communication Plan</li> <li>Risk Management Strategy</li> </ul>	

# 8. ORGANISATIONAL STRUCTURE



MEC Mr PS Ngomane, MPL



HOD Mr SM Mtsweni



Internal Audit Ms RF Masuku



**CFO** *Ms H Thrush* 



Corporate Services



Integrated Economic Development Services Mr LM Mdluli



Trade and Sector Development Mr JM Mnisi



Business Regulation and Governance Ms LB Mabaso



Economic Planning Mr N Sebitso



**Tourism** *Mr JD Mdluli (Acting,* 

Tourism Planning Mr JD Mdluli

Human Resource Management Ms IN Phiri

Legal Services Mr TN Fakude

Communication Dr MA Ramodibe

Strategic Planning Services Mr JM Ndima Enterprise Development Mr PT Khumalo

Local Economic Development Mr PS Mohlala

Economic Empowerment Ms IF Serakalala

Regional Services Gert Sibande (Vacant)

Regional Services Nkangala Mr A Mkhabela

Regional Services Ehlanzeni Mr P Maseko Trade and Investment
Promotion
(Vacant)

Sector Development (Vacant)

Strategic Initiatives Mr A Van Niekerk Business Regulation Mr ADJ Sebastian

Consumer Protection (Vacant)

Economic Policy and Planning Mr N Nkonyane

Research and Development (Vacant)

Knowledge Management Mr MOP Kgaka

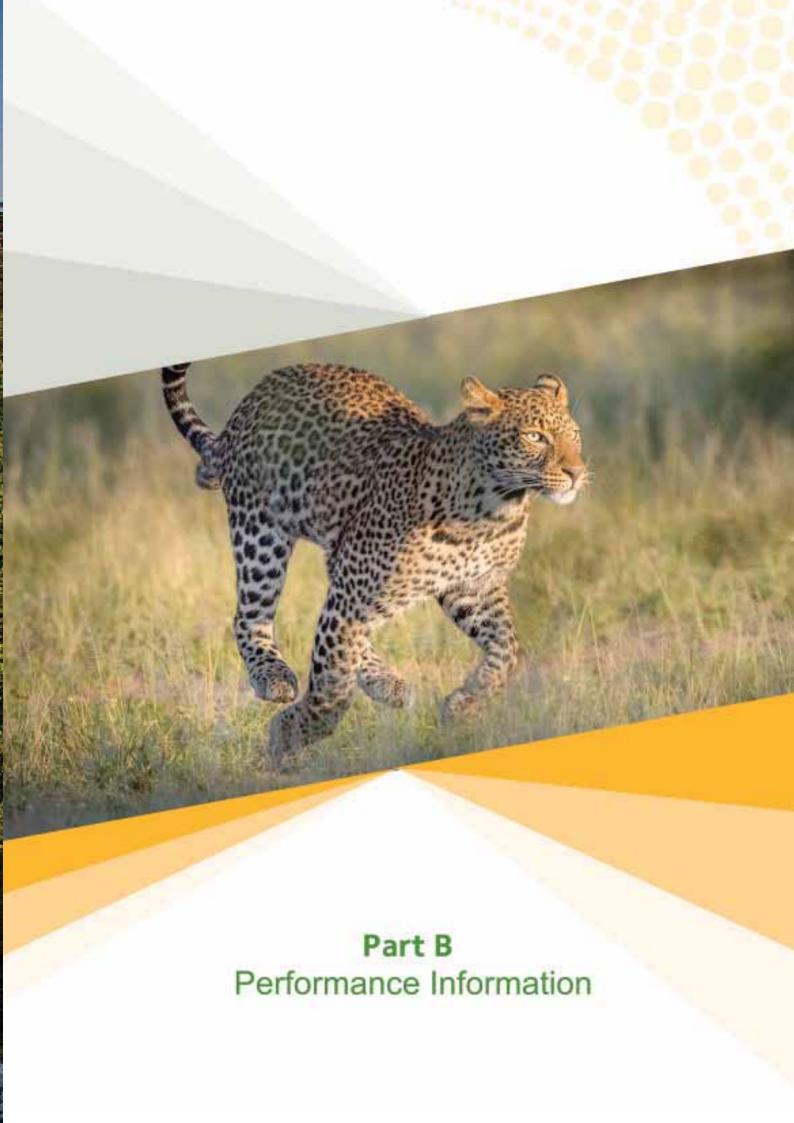
Monitoring and Evaluation (Vacant)

Economic Analysis Mr L Van Vuren

## 9. ENTITIES REPORTING TO THE MEC

Name of Entity	Legislative Mandate	Financial Rela <del>ti</del> onship	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	Provide for effective management and conservation of biodiversity and ecosystems within the Province  Develop and ensure effective management of protected areas  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.
Mpumalanga Economic Regulator	<ul> <li>Continue to regulate the Gambling Industry as per its founding Act;</li> <li>Promote responsible gambling in the Province Provide for the regulation of the micromanufacturing 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>





## 1. AUDITOR GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

The AGSA has performed certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined 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 149 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PREFORMANCE

## 2.1 Service Delivery Environment

The Department contributed to government's commitment and priorities by leading the efforts to stimulate economic growth and development in the Province amidst a volatile environment. A number of policies and strategies were developed in a consultative manner, aimed to influence the development growth patterns in the Province. Amongst these, are the strategies; namely, the Red Tape Reduction; Trade and Investment Promotion; and the review of the Green Energy Plan.

Despite budgetary constraints and external dependencies that hindered the timeliness of our efforts, significant progress was made in facilitating support and the development of SMMEs and Cooperatives, as well as the implementation of economic infrastructure projects in the Province. We also realised maximised outreach for Consumer education, awareness and resolving cases at our disposal. The functionality of the Consumer Court has been satisfactory in comparison to the previous financial year.

The recent outbreak of the COVID-19 pandemic in the last quarter of the period under review has seriously threatened the socio-economic gains, from the above reported progress, for an accelerated, sustainable, equitable and inclusive economic growth path. Mindful of this, the Department needs to carefully study the socio-economic impact of the COVID-19 pandemic, and possibly adjust its plans to be responsive to the new patterns and demands for economic growth and development services.

## 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 Service	Consumers in the Province	600 consumer education and awareness programmes conducted	Investigate and resolve 1400 consumer cases.	Advisory service provided and 1121 consumer cases resolved, in addition to holding 7 Consumer Court hearings.
		Advisory services conducted and 1399 consumer cases were resolved 100%.	To conduct 500 consumer education & awareness programmes.	574 consumer education and awareness programmes conducted.
Enterprise Development Service	Businesses in the Province	9 SMMEs supported to access the Agro-processing incentive 16 SMMEs supported through SABS accreditation, enabling them to participate on the Social Enterprise Programme.	Coordinate the implementation of SMME and Cooperatives Strategies in 4 key initiatives: Strategy Review Business profiling and formalisation Conduct 12 awareness campaigns Provide capacity building to qualifying businesses.	3 awareness and training programmes conducted for SMMEs     3 SMMEs supported to participate in the Social Enterprise Model as suppliers of accredited building materials.      An annual SMME stakeholder summit hosted

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

Current/actual arrangements	Desired arrangements	Actual achievements
Regular engagements were conducted in an endeavour to understand stakeholder needs and expectations from the following structures:  Provincial Batho Pele Forum; National Consumer Regulators; National Consumer Protection Bodies; Provincial Civil Organisations and NGOs; Trade unions; Traditional Authorities; Media Houses; and Members of the public	Conduct regular engagements in an endeavour to understand stakeholder needs and expectations from the following structures:  Provincial Batho Pele Forum; National Consumer Regulators; National Consumer Protection Bodies; Provincial Civil Organisations and NGOs; Trade unions; Traditional Authorities; Media Houses; and Members of the public	Regular engagements in an endeavour to understand stakeholder needs and expectations from the following structures:  Provincial Batho Pele Forum; National Consumer Regulators; National Consumer Protection Bodies; Provincial Civil Organisations and NGOs; Trade unions; Traditional Authorities; Media Houses; and Members of the public

## Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements	
756 workshops/awareness sessions, radio talkshows, road shows and presentations on consumer protection matters were conducted	Conduct 364 workshops, awareness sessions, radio interviews, road talkshows, presentations, publish newspaper adverts and distribute pamphlets on available consumer information	A total of 574 consumer education and awareness programmes were conducted.	
	Conduct 12 workshops/awareness sessions, radio interviews, road talkshows, presentations, publish newspaper adverts and distribute pamphlets on available Enterprise Development support services, especially on the:  Provision of funding and economic infrastructure; Training and development; Targeted preferential procurement opportunities; and Access to markets.	3 awareness and training programmes conducted for SMMEs in addition to hosting an annual SMME stakeholder summit.	

#### Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
To acknowledge receipt of complaints, in a professional manner, within 5 working days, and a full written response provided within 10 working days of receiving the complaint.	We will acknowledge receipt of complaints, in a professional manner, within 5 working days, and a full written response provided within 10 working days of receiving the complaint.	There were no complaints directed at the Department, except for the Consumer cases handled.

## 2.3 Organisational environment

During the period under review, the Department had a vacancy of CFO and HOD, and both these critical positions were filled with acting appointments. At the beginning of the period under review. However these two positions were subsequently filled during September and December, respectively, which assisted in ensuring stability and strategic leadership. No other appointments were made, and this had an impact on the Trade and Sector Development Programme, as it continues to operate with two senior managers (Chief Director and Director). This has had a bearing on the ability of the Programme to effectively achieve all its targets, and have the impact it should have in the Province. The position of Director: Sector Development is on the critical posts list but has not been filled as yet. The critical vacant post of the Deputy Director: Supply Chain Management also had an impact on the work of the Department, although an acting appointment was made to alleviate the problem. The organisational structure was revised again, and re-submitted to Office of the Premier for processing, and it is anticipated it will be approved by the end of the 2020-2021 next financial year.

## 2.4 Key policy developments and legislative changes

None

#### 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 3	Increased tourism in the Province		
Goal statement	Flourishing domestic and foreign tourism and increased inclusivity of all stakeholders in the sector		

The 2014/2019 MTSF period presented the Department with an opportunity to significantly contribute to Government's development agenda, especially in advancing measures to address the socio-economic challenges faced by the Province (namely, unemployment, poverty and inequalities). To this end, concerted efforts were made to fast-track growth, support priority sectors, create decent job opportunities, and promote economic participation by all people. In this regard, the Department was responsible for coordinating the implementation of Outcome 4: Decent employment through inclusive growth, and also contributed towards achieving the outputs of Outcomes 6, 7 and 10, which were coordinated by other sector departments in the Province.

Targets for Outcome 4 responded to the Vision 2030, the Mpumalanga Economic Growth and Development Path (MEGDP) which were guided by the National Development Plan (NDP). The NDP acknowledges the distorted economic patterns of ownership and exclusion. In response to this, the Department developed targets, which were aimed at favouring the poor in order to address the skills gap which exist in our society. Consequently, 440 targets were set in the five-year period, and the programme performance assessment thereof demonstrates an average of 81.4% achievement. The performance deviance is mostly attributable to external dependencies by the Department, as well as resource constraints. The areas of success were on Thought Leadership, policy and strategy formulation as well as stakeholder coordination.

With regard to Organisation and Governance, the Department managed to review the Mpumalanga Tourism and Parks Agency Act, 2005 (MTPA) and finalised drafting the Mpumalanga Consumer Protection Bill and Regulations Acts which are in the process of being taken through Exco and Legislature processes. The Mpumalanga Economic Regulator (MER) is now fully functional, resulting from the merger of the then Mpumalanga Gambling Board (MGB) and Mpumalanga Liquor Authority (MLA). The second Consumer Court for the Province was also established.

In giving economic policy and strategy direction, the development of various strategic documents resulted in the finalisation of the following documents: the B-BBEE Strategy; LED Strategy; SMME Strategy; Township and Rural Development Strategy; Mpumalanga Industrial Development Plan; Green Economy Development Plan; Economic Paper (Interventions); Forestry Development Plan. The implementation of these strategies and plans has benefited a majority of the service recipients of the Department, especially the SMMEs and Cooperatives, by rolling out the following initiatives:

Provision of business support (both financial and non-financial) to SMMEs and Cooperatives in the areas of business registration with the Companies and Intellectual Property Commission; in addition to lodging annual returns and other referral services;

- In partnership with development funding institutions, including SEDA and quality assurance bodies like the SABS, SMMEs and Cooperatives were capacitated on Business and Financial Management, as well as technical training on how to produce quality products and therefore enabling them to compete in the market. Fifty (50) cooperatives were assessed through the Gap Programme conducted by the SABS, resulting in Five (5) of them receiving certificates. The Kick-Start Mpumalanga Youth Enterprise Programme benefited 34 youth with business skills, in addition to getting procurement opportunities. Other initiatives include supporting 30 black-owned tyre services business through the Dunlop Tyre Programme, and a R1 million incentive was given to 10 of these businesses (R100 000 each). A total of 120 job opportunities were created by this initiative, in addition to another 500 jobs created through the loans (valued over R108.6 million) provided to both SMMEs and Cooperatives. A total of 77 jobs were created through the six (6) Galito's franchises' funding, valued at R5 million. More funding was made accessible to SMMEs and Cooperatives through the Standard Bank Partnership, enabling these businesses to contract and deliver on provincial and local government contracts. In advancing the objectives of the B-BBEE Strategy, more than 255 local businesses were assisted to access opportunities in the Kusile Power Station, and the partnership with Sumitomo Rubber SA Pty LTD benefitted 20 tyre services businesses through training and equipment given to them. The promotion of the uptake of the Black Industrialist Programme by local businesses was facilitated, in addition to fostering working relations with the mines, to ensure adherence to their Social Labour Plans.
- In support of key sectors of the provincial economy, a number of critical initiatives were kick-started and are now in varying phases, in line with the Mpumalanga Industrial Development Plan. These include the establishment of the Nkomazi SEZ, the Mpumalanga International Fresh Produce Market, the Industrial Technology Parks for petro-chemical, as well as Agriculture and Forestry. The skills development initiatives (through the Incubation Programme) were supported through the Mpumalanga Steel and Tooling Initiative and Furntech.

#### 4. PERFORMANCE INFORMATION BY PROGRAMME

## 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
  - Communication
  - Security Services
  - Transversal Services

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

The following were the strategic objectives which guided the work of the Department:

- 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; and
- To enable the development and implementation of business strategies and solutions for the effective running of the Department.

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

The Programme has spent 100% of the allocated funds and has achieved 8 out of the 9 planned targets (89%), in the provision of administrative support for the implementation of the Departmental mandate in these areas: setting policy and political directives; supporting and implementing priority sectors; overseeing compliant corporate planning and accountability, and strengthening internal control systems. Lagging behind, is the reduction of the accumulated balance of irregular expenditure due to capacity constraints in the Office of the CFO, as at the time no one was available to investigate irregular expenditure.

The Loss Control Committee has since been established; its Terms of Reference have been approved and the work of the Committee has now started in earnest. In this regard, the Committee has referred a number of matters to Internal Audit for investigation. A report back from Internal Audit will be submitted to the Loss Control Committee for consideration prior to referral to the Provincial Treasury.

## Strategic objectives:

Sub programme: MEC						
Strategic objectives Actual Achievement 2018/2019		Planned Target Actual Achievement 2019/2020 2019/2020		Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations	
To Set policy and political directives in order to achieve provincial objectives	Political directives to the Department provided	Provide political directives to the Department	Political directives to the Department provided	None	None	

Provide reasons for all deviations:

None

#### Performance indicators

Sub programme: MEC							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Policy & Budget Speech conducted	1 Policy & Budget Speech conducted	1 Policy & Budget Speech conducted	1 Policy & Budget Speech conducted	1 Policy & Budget Speech conducted	Policy & Budget Speech presented to the Legislature	None	None

Reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

#### Linking performance with budgets

During the period under review, the Office of the MEC was allocated an amount of R13, 723, 000 (final appropriation) which was an increase of R2, 418, 000 or about 18%, compared to the 2018-2019 financial year. In this regard, for the 2019-2020 financial year, the Office has spent R13, 723, 000 which represents 100 % expenditure, compared to about 98% during the previous financial year. In the 2018-2019 financial year, it had spent R11, 075, 000 out of R11, 305, 000 of the final appropriated allocation (adjusted budget). Overall, the Office has achieved all the targets set as per the approved Annual Performance Plan, and this has accordingly recorded in the performance information above; that is, no deviations were recorded. The funds spent by the Office has enabled the MEC to provide political policy directives and guidance, and to perform oversight (as the Executive Authority of the Department) on the work of the Department, including its three (3) Public Entities. As such, the Department and its Entities were able to carry-out their respective legislative mandates, in the main.

#### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Office of the	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
MEC	R′000	R′000	R′000	R′000	R′000	R′000	
Total	11 305	11 075	230	13 723	13 723	-	

Strategic objectives: Office of the HOD

Sub programme: HOD								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
Translate policies and priorities into strategies for effective service delivery	Implementation of 5 priorities sectors supported	Support the implementation of 5 priority sectors	Implementation of 5 priorities sectors supported	None	None			

#### Provide reasons for all deviations

None

#### Performance indicators

	Sub programme: HOD								
Performance Indicator	Actual Achievement 2016/20	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations		
Number of statutory reports submitted	5 performance reports submitted	5 performance reports submitted	4 performance reports submitted	5 statutory reports submitted	5 statutory reports submitted. 4th Quarter report 2018/19 Annual Report 2018/19 1st Quarter report 2nd Quarter report 3rd Quarter report	None	None		
Number of Annual Performance plans produced according to prescribed standards/ frameworks and timelines	1 Annual Performance Plan submitted	1 Annual Performance plan submitted	Submitted 1 annual report	1 Annual Performance Plan produced according to prescribed standards/ frameworks and timelines	3 Departmental Plans produced according to prescribed standards/ frameworks and timelines Strategic Planning document Annual Performance Plan 2020/21 Operational Plan 2020/21	None	None		

Provide reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

# Linking performance with budgets

The Office of the HOD was allocated an amount of R11, 940, 000.00 during the main appropriation which was subsequently adjusted downwards to R10, 757, 000.00. The allocated amount was sufficient to enable the Office of the HOD to achieve its target. This related to the overseas trips and the support provided to both the Premier and the MEC, in line with the objective of the Department. The Office of the HOD was also instrumental in the development of the Strategic Plan 2020-2025 and the Annual Performance Plan for 2020-2021.

Strategic objectives: Internal Audit

Sub-Programme: Internal Audit								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
Provide efficient and effective internal audit services in the department	1 approved Internal audit plan implemented	Implement 1 approved Internal audit plan	1 approved Internal audit plan implemented	None	None			

# Provide reasons for all deviations

None

	Sub-programme: Internal Audit										
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations				
Number of quarterly progress reports submitted on implementation of the audit plan produced	4 quarterly progress reports produced	4 quarterly progress reports on implementation of the annual audit plan produced	None	None							

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

# Linking performance with budgets

The budget was utilised for the execution of the risk based Internal Audit Operational Plan. The budget appropriated was sufficient, hence the sub-programme achieved 100% of its planned targets. Implementation of action plans for control deficiencies by the sub- programme.

#### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Office of the HOD/ Internal Audit	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R′000	R′000	R′000	R'000	R′000	
Total	7 397	7 360	37	10 757	9 127	1 630	

# Strategic objectives: Financial Management

Sub- Programme: Financial Management								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
To provide effective and efficient financial management	Effective and efficient financial management systems to achieve clean audit implemented	Implement effective and efficient financial management systems to achieve clean audit	Effective and efficient financial management systems to achieve clean audit implemented	None	None			

None

		Sub-	Programme: Finar	ncial Manageme	nt		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Audit Opinion from AG	12 IYM reports were submitted to Provincial Treasury	4 financial statements produced with disclosure notes	99.9% expenditure in relation to the allocated budget 12 reports produced	Clean Audit opinion achieved	Unqualified audit report with findings	Clean Audit opinion not achieved	The Department has put all controls in place but couldn't follow all of them; hence the unqualified instead of the clean audit
Percentage of invoices paid within 30 days	New indicator	New indicator	99.8% of invoices paid within 30 days and 12 reports produced	100 % of invoices paid within 30 days	100% of invoices paid within 30 days	None	None
Percentage reduction of the accumulated balance of irregular expenditure	None	None	New indicator	25 % reduction of the accumulated balance of irregular expenditure	The Department has responded to Treasury Instructions 2 and 3 of 2019 2020. Structures have been set up in compliance with the Fruitless and Wasteful Expenditure Framework. The Loss Control Committee that was established has met, and the process to address historical matters is underway.	25 % of the accumulated balance of irregular expenditure was not reduced	The Department was of the opinion that the irregular opinion must be investigated by OTP's Integrity Management Unit, and later to learn that only corruption issues may be referred and this delayed the request for condoning the irregular expenditure

- The Department did not achieve a clean audit opinion due to different interpretation of prescripts as training was not provided, and this led to matters being regarded as irregular.
- Scheduled meetings of the Loss Control Committee were suspended when the lockdown started, including work that was reaching finalisation, before any submissions could be made to the Provincial Treasury.

#### Strategy to overcome areas of under performance

- Training in respect SCM matters
- Tighten oversight of payments to MEGA for MIFPM
- Fast-track the process of reducing 25% of the accumulated balance of irregular expenditure in the next financial year (2020-2021)

#### Changes to planned targets

None

## Linking performance with budgets

The allocated budget has enabled the sub-programme to achieve the planned targets such as procurement of assets.

## Strategic objectives: Risk Management

Sub- Programme: Risk Management								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
Implementing risk management and anti-corruption processes in order to build an ethical organizational culture with a zero tolerance to fraud, corruption and maladministration	Risk and fraud strategies. implemented	Implement Risk and fraud strategies.	Risk and fraud strategies. implemented	None	None			

#### Provide reasons for all deviations

None

	Sub-programme: Risk Management									
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations			
Number of risk monitoring reports produced	4 risk monitoring report produced.	4 risk monitoring reports produced	4 risk monitoring reports produced	4 risk monitoring reports produced	4 risk monitoring report produced	None	None			

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

#### Linking performance with budgets

Risks that can have a potential to negatively impact the achievement of Departmental objectives, goals and plans were identified, categorised and quantified. The Risk Registers were subsequently used as a basis for the Internal Audit Plan, which informed assurance focus and priority. Quarterly monitoring reviews were performed and reports thereof were presented during management and governance meetings. The Unit utilised the budget to execute the following interventions:

Anti-corruption; business continuity; ethics and risk management training initiatives; risk monitoring reviews; risk advisory services; and convening four (4) Risk Management Committee Meetings. 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 and the Accounting Officer. The Unit achieved all planned targets for the period under review and contributed to the Department being recognised for its Integrated Risk Management Approach by the Institute of Risk Management South Africa (IRMSA) during the 2019 IRMSA Awards. The Department scooped the 2019 Industry Specific Risk Initiative Award in the category: Provincial Government and Public Service.

## Sub-programme expenditure

Sub- Programme: Financial Management / Risk Management	2018/2019			2019/2020			
	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	
Total	39 665	39 154	511	45 757	42 995	2 762	

Strategic objectives: Corporate Services

	Sub- Programme: Corporate Services								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	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 report produced	HR oversight report produced	HR oversight report produced	None	None				

#### Reasons for all deviations

None

### Performance indicators

			Sub-programn	ne: Corporate	Services		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
HR oversight report produced	HR oversight report produced	HR oversight report produced	HR oversight report produced	HR oversight report produced	HR Oversight report produced (management of Employee Relations; Skills Development; Transversal Services; HR Planning and PMDS; Provisioning and Conditions of Services)	None	None

## Reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

## Linking performance with budgets

The appointment of the Head of Department and Chief Financial Officer, during the year under review, brought stability within the Department. However, the continued high vacancy rate has a dire strain on the Department's ability to successfully deliver on its mandate. In view of the Skills Development initiatives and participation in the mainstream economy, fourteen (14) interns were appointed on a two (2) year Fixed Term Contract. All identified training needs and/or skills gaps were adequately responded to. The practice of full compliance in so far as Performance Management System and Financial Disclosure are concerned, was maintained during the period under review.

On the other hand, there was a significant reduction in the Department's exposure to contingent liabilities and lawsuits. The allocated budget also enabled the Directorate to: print the Annual Report: 2018-2019; disseminate government information and services during Provincial and Departmental community outreach events; provide support to MEC's and departmental activities; procure official portraits of political office bearers; monitor, analyse the media and respond to issues affecting the Department, amongst others. The budget was also utilised to facilitate Departmental Strategic planning sessions, produce plans and reports of the Departments, prepare presentations for PMC and the Executive Council Lekgotla, attend IDPs and present projects and programmes implemented within municipalities. The Security Management Unit spent most of its budget by providing safety, security and protocol services to the MEC during the Tourism Month Media Launch, Tourism Awareness Day, Tourism Indaba, Launch of the Heritage Routes and Taking Legislature to the People. Assistance was also provided to the HOD in various areas related to security matters in the Department and its Public Entities.

#### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Corporate Services	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R'000		R′000
Total	35 718	35 330	388	38 345	35 201		3 144

#### DECLARATION OF INFORMATION (AR 2019/20 - 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, KW Rambau, Programme Manager, declares that the information provided is true and correct.

Signature:



# 4.2 Programmes 2 – Integrated Economic Development Services

The purpose of the programme is to stimulate economic growth through the promotion of HDI stimulate economic growth in the Province

#### Programme 2: Integrated Economic Development Services

Purpose of the Programme: is to stimulate economic growth in the Province through the promotion of Historically-Disadvantaged Individuals

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

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

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

The following were the strategic objectives which guided the work of the Department:

- 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 Department continued to promote and support an enabling business environment and eco-system that enables small businesses to grow and develop, which is critical for economic growth and job creation. The activities of the Enterprise Development Directorate focused on access to markets, capacity building, inculcating a culture of entrepreneurship with the associated pipeline of potential entrants drawn from various initiatives, business development support and sustainable procurement. These initiatives contributed towards job creation and the expansion of businesses by enabling them to inter alia, move up the value chains within sectors, such as construction. The Directorate was also successful in coordinating and staging the Annual Stakeholders Forum consisting of players in the SMME development sector.

In promoting inclusive and sustainable economic growth that incorporates the local sphere and the business community, the following were achieved:

- Coordinated municipal LED forums that enabled the participation of all key stakeholders at the local level, for inclusive and sustainable economic growth;
- Supported municipalities in identifying and prioritising programmes/projects in the three (3) districts, as a way of creating a conducive environment for SMMEs;
- Rolled-out the local economic development framework that improved alignment of strategies in most of the municipalities, to promote inclusive and sustainable economic growth; and
- Developed the Red Tape Reduction Strategy that will promote the ease of doing business at the local level.

The achievement of the planned targets has contributed in the Department's output of "unlocking the potential of SMMEs, township and rural enterprises" for economic growth as the economy is taking place within a municipal space.



The Sub-Programme Economic Empowerment coordinated the implementation of Broad-Based Black Economic Empowerment through the activities of the Provincial Broad-Based Black Economic Empowerment Council, which assessed the level of B-BBEE compliance and came up with possible interventions in the various sectors. Awareness Seminars on the Black Industrialist Programme were conducted in all the three (3) districts, with the aim of increasing the uptake on the Black Industrialist Programme. The Black Industrialist Steering Committee was established, comprising Development and Funding Institutions, to support entrepreneurs in the Province to apply for the Black Industrialist Programme. The achievement of these targets contributed towards the Department's strategic outcome orientated goals, which will invariably impact on the strategic priorities of government.

### Strategic objectives: Enterprise Development

	Sub- Programme: Enterprise Development										
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations						
To facilitate support and development of business enterprises	Implementation of SMME and Cooperatives strategies coordinated	Coordinate the implementation of SMME and Cooperatives strategies	Implementation of SMME and Cooperatives strategies coordinated	None	None						

#### Reasons for all deviations

None

		Sub	- Programme: Er	nterprise Developn	nent		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of training programmes for SMME's conducted	None	None	None	4 training programmes for SMMEs conducted	3 Training programmes conducted 1 Workshop for relevant stakeholders 2 SMMEs awareness and training in Gert Sibande and Ehlanzeni District Municipality	1 training programme for SMMEs was not achieved	Target was not fully achieved

		Sub	- Programme: En	terprise Developn	nent		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Cooperatives assessed to participate in the Awards of the International Cooperatives Day celebration	1 International Cooperative day celebration and 3 cooperative summits coordinated in all Districts	9 Cooperatives from the 3 Districts were supported to participate in the annual International Cooperatives Day celebrations Awards	9 Cooperatives were selected from the three Districts to participate in the International Cooperative Day Awards	9 Cooperatives assessed to participate in the Annual International Cooperatives Day celebration Awards	9 Cooperatives were selected to participate in the Annual Cooperative Day Celebrations	Cooperatives were not assessed to participate in the Annual International Cooperatives Day celebration Awards	Event has been suspended as the DSBD indicates that the Awards will not be staged in forthcoming years
Number of SMMEs participating in the social enterprise model as suppliers of accredited building materials to government programmes	None	None	16 SMMEs were supported towards accreditation for the SABS to enable them to participate on the social enterprise Programme	16 SMMEs participating in the Social Enterprise model as suppliers of accredited building materials to government programmes	3 SMMEs participating in the Social Enterprise model as suppliers of accredited building materials to government programmes were supported: Mbusi Women and Plant Hire in Ehlanzeni Shamila Bricks in Bushbuckridge and Mr Bricks in Govan Mbeki.	The target was not achieved by 13 SMMEs	The Department will engage both SABS and MEGA to assess the progress on their discussions regarding resolution of the challenges.
Annual SMME Stakeholder Summit Hosted	None	None	None	Annual SMME Stakeholder Summit hosted	The Annual Stakeholders Summit was hosted successfully.	None	None

#### Reasons for all deviations

- The Department had planned to conduct a workshop in the Municipality but the Industrial action at the municipality led to the scheduled awareness and training to be cancelled.
- The Department annually coordinates and prepares cooperatives from the three (3) District Municipalities to participate at the International Cooporatives Day Celebrations, which is hosted by the Department of Small Business Development (DSBD). The National event was cancelled by the DSBD after the Department had already selected the cooperatives from the three (3) Districts.
- The impasse on the agreement between SABS and MEGA caused the stalling of the project to assist SMMEs to
  participate on the Social Enterprise Programme. The results of the product audits from four (4) SMMEs, which
  were expected in the second quarter from the SABS, were withheld thus stalling the accreditation process, and as
  such, no new SMMEs were accredited.
- Reliance on external partners and limited resources also had a bearing on the Programme's performance.

#### Strategy to overcome areas of under performance

- The Department will engage both SABS and MEGA to assess the progress on their discussions regarding resolution of the challenges.
- The Department organised financial management training seminars in partnership with the FNB for cooperatives in Nkangala and Ehlanzeni Districts.

#### Changes to planned targets

None

## Linking performance with budgets

The total amount of R10, 849, 000 paid for Compensation of Employees; whereas an amount of R1, 756, 000 funded projects in the sub-Programme. R1, 000, 000 was earmarked to support Cooperatives during their participation at the Annual International Cooperatives Day event. An amount of R432 000 and R256 000 funded the Annual Stakeholders Forum and the training of SMMEs, respectively. An amount of R170 0000 was transferred to Programme 5 to fund research and development of the Informal Sector Plan. As indicated above, the International Cooperatives Day celebration was cancelled, and a deviation was made for the cooperatives to be trained in partnership with FNB. The training costs were borne by the FNB. As such, a saving was realised from the training budget allocation and the cancelled Cooperatives Day event. In addition, the sub-Programme collaborated with the Department of Telecommunications and Postal Services (DTPS) to train the unemployed youth in fixing and repairing of cell phones at the cost of the DTPS.

# Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Enterprise Development	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R′000	R'000	
Total	487 184	487 184	-	341 484	341 091	393	

Sub-Programme: Economic Empowerment

Strategic objectives:

	Sub-Programme: Economic Empowerment									
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations					
To promote economic transformation	The implementation of the B-BBEE Plan coordinated	Coordinate the implementation of the B-BBEE plan	The implementation of the B-BBEE Plan coordinated	None	None					

## Provide reasons for all deviations

None

		Sub-prog	ramme: Economic	Empowerment			
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Provincial B-BBEE advisory Council held to assess the B-BBEE score card	Provincial Compliance monitoring report on B-BBEE and PPPFA legislation produced	Provincial B-BBEE Advisory Council established	Activities of the Provincial B-BBEE Council supported	4 Provincial B-BBEE Advisory Council held to assess the B-BBEE score card	4 Provincial B-BBEE Advisory Council held to assess the B-BBEE score card	None	None
Steering Committee for the Black Industrialist programme established and operationalised	20 Black Owned Tyre businesses supported in the three District municipalities as per the Provincial B-BBEE Strategy	Access to Black Industrialist Programme for potential beneficiaries facilitated (Facilitation as follows:  Identification of existing SMMEs and Cooperatives and support to be provided  Development of MOU	The implementation of warehousing and township retail shops initiatives monitored and report produced	Steering committee to support implementation of the Black Industrialist Programme established	Steering committee to support implementation of the Black Industrialist Programme established	None	None
Awareness seminars for the Black Industrialist Programme held	None	None	Access to support offered under the Black Industrialist Programme to potential beneficiaries facilitated and a report produced	Awareness Seminars for the Black Industrialist Programme held	3 Awareness Seminar for the Black Industrialist Programme held and report was produced Workshops of the Black Industrialist were organised with the dtic for Ehlanzeni, Gert Sibande and Nkangala Districts.	None	None

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

#### Linking performance with budgets

A total amount of R5, 571, 000 was allocated to the sub-programme Economic Empowerment, and the sub-programme have spent R4, 433, 000 of that amount. The funds have enabled the sub-programme to host four (4) B-BBEE Advisory Council sittings which rotated in all the District Municipalities, to assess the B-BBEE Compliance in the Province. This further contributed to the establishment of a Steering Committee, comprising different development and funding institutions, to support the implementation of the Black Industrialist Programme. Awareness seminars were also conducted in the three (3) Districts, with the aim of disseminating information, so as to increase the uptake for the Black Industrialist funding in the Province. The underspending by R1, 138, 000 is attributed to a target, which could not be implemented, due to an unresponsive Bid on Commissioning of a Baseline Study on B-BBEE for the Province.

## Sub-programme expenditure

	2018/2019			2019/2020			
Sub-programme: Economic Empowerment	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R′000	R′000	
Total	6 166	6 166	-	5 571	4 433	1 138	

Sub-Programme: Regional Local Development

Strategic objectives:

	Sub- Programme: Regional and Local Economic Development										
Strategic objec <del>ti</del> ves	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations						
To provide strategic economic development support to municipalities	LED to drive the economic growth and development in municipalities strengthened	Strengthen LED to drive the economic growth and development in municipalities	LED to drive the economic growth and development in municipalities strengthened	None	None						

None

		Sub-prograr	nme: Regional ar	d Local Economic [	Development		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of programmes assessed for implementation	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 technoparks.	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	Coordinated and facilitated the review of LED strategies for 3 District municipalities	6 programmes from LED strategies of the Districts assessed for implementation.	6 Programmes/ projects (2 per district) prioritised, business plans developed to secure funding.	None	None
Number of LED forums supported	None	LED forums supported in 17 municipalities	LED Forums supported in 17 municipalities and are functional.	Supported LED forums in 17 municipalities to be functional.	LED forums supported to hold quarterly meetings and capacity programmes coordinated in 17 municipalities.	None	None
Red Tape Reduction Strategy developed.	None	Departmental and national economic support programmes coordinated and presented in the 3 districts to support LED	Provincial LED strategy framework developed	Provincial Red Tape Reduction Strategy developed	Draft Red Tape Reduction Strategy developed	None	None

	Sub-programme: Regional and Local Economic Development										
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations				
Number of advocacy campaigns conducted in Municipalities	None	None	None	Conduct campaigns advocacy in 17 municipalities on LED framework	Advocacy campaign (rollout) of provincial LED strategy framework conducted in 17 municipalities, monitoring tool developed and 9 municipalities monitored for compliance to the framework.  Pixley Ka-Isaka Seme LM;  Msukaligwa LM;  City of Mbombela LM;  Bushbuckridge LM  Chief Albert Luthuli LM  Victor Khanye LM  eMalahleni LM  Gert Sibande DM  Thembisile Hani LM	None	None				

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

#### Linking performance with budgets

The allocated funds has assisted the sub-Programme to achieve all its targets, which included the development of the Red Tape Reduction Strategy, and strengthening of all the LED forums, and this ensured that most of the municipalities were able to operate. The LED Strategy Framework was also finalised and is currently being implemented by municipalities.

## Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Regional and Local Economic Development	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Total	30 653	30 653	-	8 253	7 873	380	

#### DECLARATION OF INFORMATION (AR 2019/20 - 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, L Mdluli, Programme Manager, declares that the information provided is true and correct.

Signature:

# 4.3. Programme 3: Trade and Sector Development

The purpose of the programme is to support the development of industries 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

The following were the strategic objectives, which guided the work of the Department:

- 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 economic policies, strategies and programmes of the Mpumalanga Provincial Government, have been, and continue to be geared towards the reduction of the high level of unemployment; the scourge of poverty and inequality pervasive in the Province since the inception of the new democratic dispensation. Mpumalanga Vision 2030 (MP V2030): The Implementation Framework and the 'Mpumalanga Economic Growth and Development Path (MEGDP)' are frameworks that are guiding the comprehensive response of the Provincial Government to the triple challenges of poverty, unemployment and inequality.

During the 2009-2014 Medium Term Strategic Framework (MTSF), government adopted the 'Outcome-based Approach' to drive the delivery of its policy imperatives. The Department was then charged with the responsibility of facilitating and coordinating the implementation of Outcome 4 whose primary focus is on the creation of 'Decent Employment through Inclusive Economic Growth'. There are specific Outputs that need to be achieved in order to realise Outcome 4.

For this programme, the following outputs are applicable:

Output 1: The productive sectors account for a growing share of production and employment, exports are diversified, African regional development is accelerated, the carbon intensity of growth is reduced, knowledge and technology support increasingly inclusive and dynamic growth, and the organs of the state improve their alignment in support of employment-creating growth.

Output 2: Productive investment is effectively crowded in through the infrastructure build programme.

#### Output 3: Workers' education and skills increasingly meet economic needs.

Similarly, the 2014-2019 MTSF period continues to roll out the implementation of Outcome 4 and, as a Programme, the focus continues to be on the selected outputs reflected above. In 2015, the Provincial Government adopted the Mpumalanga Industrial Development Plan (MIDP) as a framework aimed at stimulating robust economic growth and job creation opportunities through the expansion of the industrial base of the Province. Since the



purpose of Programme is to support the development of industry within the key economic sectors of the Province, and to create a conducive environment for trade and investment, undoubtedly, the facilitation and coordination of the implementation of the industrialisation programme became its core responsibility.

In the 2019-2020 financial year, this Programme prioritised seven (7) Annual targets in order to drive the rollout of the MIDP Implementation Roadmap. These Annual Targets continued to be informed by the Outputs of Outcome 4. The following part of this section provides the performance overview of the Programme, as far as the annual targets are concerned:

Firstly, with regard to the facilitation and coordination of the roll-out of the Implementation Road Map of Trade and Investment Promotion Strategy, the Programme managed to initiate the approval process, but such approval was not concluded due to a few administrative glitches. Approval of the strategy will be concluded in the next financial year.

Secondly, the progress report regarding the roll-out of the MoU with Maputo Province in Mozambique was also delayed due to the fact that 2019 was the national elections year in Mozambique, and therefore all attention was dedicated to those elections. Post the Mozambican national elections, MEC Ngomane embarked on a process to resuscitate implementation of the Mpumalanga/Maputo MOU Programme of Action. Subsequently MEC Ngomane engaged the Maputo Port Authority and DP World at Maputo Harbour with a view of opening up transportation opportunities for goods destined for international markets – especially goods anticipated to be produced by the Nkomazi Special Economic Zone (SEZ) and the Mpumalanga International Fresh Produce Market (MIFPM).

Thirdly, the performance assessment concerning the implementation of the statutory compliance phases of the two Industrial Technology Parks, shows that the projects are lagging behind. The delays in the conclusion of the statutory processes, as planned, are due to unforeseen circumstances. Among others, this includes the objection lodged against the application for the establishment of the Forestry Industrial Technology Park by the ratepayer's association, and the dispute between the municipality and the private owner about the surface rights of the dedicated site for the Park. The Programme is, however, working with the relevant stakeholders to find an amicable solution that would allow the process to be completed as expected.

Fourthly, the report also shows that the Nkomazi SEZ is currently in the Interim Phase, since it had been designated and gazetted in March 2019. The Department has already entered into a Service Level Agreement (SLA) with MEGA which, in the main, covers the establishment of the SEZ Entity and the appointment of its Board members, and the establishment of a Project Management Unit (PMU) to develop the Nkomazi SEZ Strategy, as guided by the SEZ Act.

Fifthly, the Programme managed to develop the Integrated Air-Transportation Strategy that would guide the Province, in terms of increasing freight volumes, and the number of passengers travelling in and out of the Province. The Programme also had various interactions with different strategic partners with a view of establishing Partnership Agreements on areas of mutual interest. Through this sub-Programme, the following partnership Agreements were coordinated and facilitated:

 A Partnership Agreement with Mining Water Coordinating Body on the reclamation of mining water, focusing on Upper Olifants Catchment;

- The Bio-Energy Cluster which is looking at the implementation of the Provincial Green Economy Development Plan; and
- An Agreement was also concluded with the South African Institute of Welding (SAIW).
- Finally, the Programme provided financial support to skills development of small scale enterprises in areas of steel fabrication and wood manufacturing. In essence, the Programme was also involved in the coordination and facilitation of the incubation programmes in two (2) different industries, that is; stainless steel industry (through the Mpumalanga Stainless Steel Initiative (MSI); and the small scale furniture manufacturing (through the Furniture Technology Incubator (Furntech).

Sub-Programme: Trade and Investment Promotion

### Strategic objectives:

Strategic objec <del>ti</del> ves	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations						
To ensure growth in exports and direct investment in the Province	Trade and Investment Promotion Strategy implementation Road Map facilitated and coordinated	Trade and Investment Promotion Strategy implementation Road Map facilitated and coordinated	Trade and Investment Promotion Strategy implementation Road Map facilitated and coordinated	None	None						

#### Reasons for all deviations

None

		Sub-	programme: Trade	and Investment Pro	motion		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Approved Trade and Investment Promotion Strategy and Road Map Implemented	Provincial Trade and Investment Promotion Strategy and Plan have been finalised	Provincial Trade and Investment Promotion Strategy and Plan have been finalised	The Trade and Investment Promotion Strategy Implemented Roadmap not implemented since the roll out of the Roadmap is dependent on its approval.	Trade and Investment Promotion Strategy approved and Road Map implemented	Approval of Strategy: The approval of the strategy was initiated but not finalised as yet Roadmap Implementation: Progress Report on implementation compiled.	The Trade and Investment Promotion Strategy and Implemented Roadmap not approved	The final approval will be obtained in the next financial year.

		Sub-	programme: Trade	and Investment Pro	omotion		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
			M&E Report produced.  The report indicates that the implementation process of the Oman Export Initiative is moving very slow due to the complex nature of issues that have to be navigated	Coordinate the implementation of the Maputo Province MOU	Maputo MOU Progress Report:  As part of the MOU Programme of Action: MEGA has already initiated negotiations with the Maputo Harbour Authority and DP World with a view of establishing formal partnerships  DP World is already piloting a dry port initiative at Komatipoort. The Department is currently assisting the company in its quest to acquire 4 hectares of land for the establishment of the full project around Komatipoort	None	None

Reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

Linking performance with budgets

Due to the fact that the programme, in terms of the Memorandum of Understanding (MOU), was delayed owing to the general elections in Mozambique, the sub-Programme has underspent its allocated budget.

# Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Trade and Investment Promotion	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R′000		R′000
Total	3 493	3 493	-	4 348	3 651		697

Sub-Programme: Strategic Initiatives

Strategic objectives:

Sub- Programme: Strategic Initiatives									
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations				
To facilitate the implementation of economic infrastructure projects in the Province	The Strategic Infrastructure Projects implemented	Implement the Strategic Infrastructure Projects	The Strategic Infrastructure Projects implemented	None	None				

Reasons for all deviations

None

			Sub-program	mme: Strategic In	itiatives		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Finalised Statutory compliance processes towards the establishment of two (2) Industrial Technology Parks and reports produced	Feasibility studies of 3 technology parks conducted	Feasibility studies of 3 technology parks conducted	M&E Report produce 3 of the six (6) phases of the Statutory Compliance Project Plan achieved	Finalised Statutory compliance processes towards the establishment of two (2) Industrial Technology Parks and reports produced Petrochemical Industrial Technology Park:	Petro-chemical Industrial Technology Park: Planning approval was obtained from the Municipal Planning Tribunal on the 6th of June 2019 Approval of General Plan by Surveyor General was obtained The process of Pre Proclamation Conditions was initiated but not finalised as planned	Not finalised due to a number of dependencies that delayed the project (Land transfer to the Govan Mbeki Municipality)	The process of finalising the Pre Proclamation Conditions will be concluded in the next financial year
				Forestry Industrial Park	Municipal Tribunal hearing conducted, however final approval not yet obtained	The project is not finalised due to the dependency on the Municipal Planning Tribunal Approval.	Project will be fast tracked in the next financial year

			Sub-prograr	nme: Strategic In	itiatives		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of the interim phase on the Nkomazi SEZ coordinated	1 prioritised growth sector supported on beneficiation	1 prioritised growth sector supported on beneficiation	M&E Report produced Nkomazi SEZ is now designated through government gazette Implementation of the interim phase already initiated, that is, the establishment of the SEZ Entity and the appointment of the SEZ Board	Coordinate the Interim Phase of the Nkomazi SEZ	<ul> <li>The Interim Phase of the Nkomazi SEZ coordinated as follows:</li> <li>SLA with MEGA on Interim Phase in place to act as interim implementation agent until such time a new SEZ Entity is registered.</li> <li>Already commenced with the registration of the SEZ Entity</li> <li>The process of appointing the Board members has already been initiated. Potential candidates have been short-listed and submitted for appointment.</li> <li>3 Professionals to the PMU (Project Management Unit) appointed thus far and the rest</li> <li>would be phased in as the project unfolds.</li> </ul>	None	None

#### Reasons for all deviations

- Approval of General Plan took longer than expected;
- There were a number of dependencies that delayed the project (Land transfer, Land availability agreement and Service level agreement).

### Strategy to overcome areas of under performance

- The Department will fast-track the Petrochemical Industrial Technology Park project the next financial year.
- It will also fast-track the opening of the Township Register; and
- Address the objection to application by way of an additional hearing through the Municipal Planning Tribunal.

### Changes to planned targets

None

## Linking performance with budgets

Due to the delays in the finalisation of the Statutory Obligations Requirements for the Petro-chemical and Forestry Industrial Technology Parks, underspending was experienced.

### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Strategic Initiatives	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	
Total	1 783	1 783	-	2 5 1 6	2 309		207

## Sub-Programme: Sector Development

Strategic objectives:

	Sub- Programme: Sector Development									
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations					
To ensure the development of growth sectors (Key job drivers)  (Business Development)	3 prioritised growth sectors supported on beneficiation through Industrial Technology Parks	Support prioritised growth sectors on beneficiation through the Industrial Technology Parks	Prioritised growth sectors on beneficiation through the Industrial Technology Parks supported	None	None					

#### Provide reasons for all deviations

None

		Sub	-programme: Sect	or Development			
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Implementation Programme to link Centre of Competence with Rural Industrial Development Nodes developed	Soya bean and Maize Production for Oilseed Crunching Plant supported: Government has facilitated a process where Noble Resources will finalise Offtake contract with identified farmers  2035 ha of Land Reform Farms in Gert Sibande District Municipality have been identified to produce Soya and maize for Noble Resources Crushing Plant.	3 prioritised growth sectors supported on beneficiation	Integrated Airlift Strategy developed but not finalised	Finalise the development of the Integrated Airlift Strategy	Integrated Airlift Strategy developed	None	None

		Sub	-programme: Sect	or Development			
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of capacity building programmes facilitated and coordinated	3 capacity building programmes conducted in prioritised growth sectors:	3 capacity building programmes conducted in prioritised growth sectors:	Monitoring and Evaluation Report on the implementation of the Memorandum of Agreement (MOA) with MTI produced. MTI training programme was phased out during Second Ouarter and replaced with a new training programme called "Future Production Technologies Incubator Programme Mpumalanga Stainless Steel Initiative (MSI): 20 learners received training and 10 new SMMEs created. Furntech: 16 learners received training on Furniture Making and Upholstery.	Coordinate the implementation of the MIDP Incubation Support and a Report produced prioritising: Infrastructure development Post Incubation support Institutional Arrangement for MSI and Furntech	Coordinated the implementation of the MIDP Incubation Support and a Report produced: Mpumalanga Stainless Steel Initiative coordinated and supported 39 SMMEs Furntech: Training programme for 15 youths on wood and wood products completed	None	None

Reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

## Linking performance with budgets

Although all the planned targets were achieved, there was underspending in the Programme which could be ascribed to the fact that this sub-Programme: Sector Development is also responsible for the coordination of various other strategic projects, like the Mpumalanga International Fresh Produce Market (MIFPM), which had some severe delays due to industrial action by the workers and contractual issues with the main and subcontractors.

### Sub-programme expenditure

Sub- Programme: Sector Development	2018/2019			2019/2020			
	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R'000	R	2′000
Total	9 717	9 640	77	10 887	10 214		673

#### DECLARATION OF INFORMATION (AR 2019/20 - 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.

Signature:

#### 4.4. Programme 4: Business Regulation and Governance

**The 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

The following were the strategic objectives, which guided the work of the Department:

- 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

#### Sub-Programme: Consumer Protection

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

Programme was able to implement the Mpumalanga Consumer Affairs Act, (Act no 6 of 1998), and the Consumer Protection Act (Act no 68 of 2008), during the period under review. These legislations, in the main, seek to protect the consumers by outlining and advocating for their rights. They also outline the process that one should follow in registering or lodging a consumer complaint case/complaint. The Consumer Education and Awareness Programmes become key in this instance, as they empower and capacitate consumers about their rights.

To this end, the Programme managed to resolve 90% of consumer cases received, and provided advisory services, thereby exceeding the target of 80% by 10%. Consumer disputes with suppliers of goods and services were resolved through mediation or alternative dispute resolution mechanisms, in terms of section 70 of the Consumer Protection Act, (Act 68 of 2008). As a result, the planned 13 consumer court hearings were not necessary/ required. Subsequently, the Programme managed to recover R823, 071 on behalf of consumers through the investigation and mediation process.

In terms of empowering and capacitating consumers, 504 consumer education and awareness programmes were planned and 574 were conducted. This means the annual target was exceeded by 70. This also means more consumers were reached and capacitated, and this should translate into high levels of awareness among consumers. Informed consumers will take the right decision and make correct choices. The Consumer Cases Management ICT system for the section was evaluated, and it was resolved that the national SITA system should be utilised. The testing and launching of the ICT system has been reprioritised and will be conducted after the lockdown has been lifted.

With regards to Business Regulation, the sub-Programme had planned to review three (3) sets of legislations; namely, the Mpumalanga Liquor Licensing Act; the Mpumalanga Gambling Act; and the Mpumalanga Business Licensing Act, and these targets were achieved. The annual plan included seventeen (17) municipal visits and four (4) Business Licensing Workshops for the year under review. To this end, fifteen (15) municipal visits and six (6) workshops were conducted. The target for workshops were exceeded by two (2).

# Strategic objectives:

Sub- Programme: Consumer Protection								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
To implement Consumer protection and awareness programmes that creates an environment conducive to fair trade	The Mpumalanga Consumer Protection Act implemented	Implement the Mpumalanga Consumer Protection Act	The Mpumalanga Consumer Protection Act implemented	None	None			

# Reasons for all deviations

None

		Su	b-programme: C	onsumer Protec	tion		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	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	98 % resolved consumer cases received and advisory services provided (1419 Consumer Cases opened and 1401 closed includes the carried over cases)	100% resolved consumer cases received and advisory services provided (1379 received cases) (1399 resolved cases)	80% resolved consumer cases of 1824 received and advisory services provided	90% resolved consumer cases received and advisory services provided  Received cases:1130 Resolved cases: 1121	Target was over achieved by 10%	Demand driven target
Number of education awareness campaigns conducted	515 consumer education and awareness programmes conducted	756 consumer education and awareness programmes conducted.	600 consumer education and awareness programmes conducted.	504 consumer education and awareness programmes conducted	574 consumer education and awareness programmes conducted.	Target was over achieved by 70 education and awareness programmes	More requests from stakeholders

		Su	b-programme: C	onsumer Protec	tion		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Consumer hearings conducted in terms of the Mpumalanga Consumer Affairs Act	33 Consumer court hearings conducted	12 consumer court hearings conducted in terms of the Mpumalanga Consumer Affairs Act	2 Consumer court hearing conducted in terms of the Mpumalanga Consumer Affairs Act	20 Consumer Court hearings conducted in terms of the Mpumalanga Consumer Affairs Act	7 consumer court hearings conducted in terms of the Mpumalanga Consumer Affairs Act	Consumer disputes with suppliers of goods and services were resolved through mediation or alternative dispute resolution mechanism, in terms of section 70 of the Consumer Protection Act, Act 68 of 2008 and as a result, the 13 consumer court hearings were no longer necessary/ required	All court hearings were resolved
Consumer Cases Management ICT System attained	None	None	None	Consumer Case Management ICT system attained	Benchmarking exercise with other stakeholders, including other Provinces conducted	Target was not achieved	The testing and launch of the ICT system has been reprioritised and will be conducted after the lockdown has been lifted

#### Reasons for all deviations

None

## Strategy to overcome areas of under performance

It was resolved that SITA will be responsible for the manufacturing and programming of the Consumer Case Management System, and the implementation thereof will be fast-tracked.

#### Changes to planned targets

None

## Linking performance with budgets

The budget allocated was adequate to fund all planned activities within the Sub-Programme. Funding for the Consumer Case Management ICT system needs to be prioritised in the next budget cycle. The sub-Programme has underspent, in terms of consumer services owing to the lockdown.

### Sub-programme expenditure

	Sub- Programme: Consumer Protection	2018/2019			2019/2020			
	Consumer	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
		R′000	R′000	R′000	R′000	R′000		R'000
Ī	Total	12 031	11 875	156	12 668	12 593		75

Sub- Programme: Business Regulations

## Strategic objectives:

	Sub- Programme: Business Regulations								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations				
To promote and maintain an effective and efficient regulatory system for the liquor, gambling and betting industry	The Mpumalanga Liquor and Gambling Act and Business Act reviewed	Review the Mpumalanga Liquor and Gambling Act Review the Mpumalanga Business Act	The Mpumalanga Liquor and Gambling Act and Business Act reviewed	None	None				

None

			Sub-programm	e: Business Regu	llations		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Review the Mpumalanga Business, Liquor and Gambling Acts	None	Mpumalanga Liquor and Gambling Acts reviewed	Mpumalanga Liquor and Gambling Acts amended in terms of National and Provincial Policies Mpumalanga Business Act. reviewed	The Liquor, Gambling and the Mpumalanga Business Acts reviewed in terms of the policy and operations.	The draft amended legislations on liquor, gambling and business acts developed.  Public participation will be conducted in the 2nd quarter of the 2020/21 financial year and they will be introduced to the Legislature	None	None
Number of capacity building workshops conducted to capacitate municipalities	5 Capacity Building Workshops conducted	7 Capacity Building Workshops conducted to capacitate Local municipalities to review and implement business regulatory legislation	4 Capacity Building Workshops conducted in Govan Mbeki, Lekwa, Chief Albert Luthuli and Thembisile Hani Local Municipality	4 Capacity Building Workshops conducted to capacitate Local municipalities to review and implement business regulatory legislation.	6 Capacity Building Workshops were conducted to capacitate Local municipalities to review and implement business regulatory legislation.  Bushbuckridge eMalahleni Thaba Chweu Elukwatini Mkhondo Local Municipalities Nkomazi Local Municipality	Target was exceeded by 2	More requests for capacity building were requested by stakeholders

			Sub-programm	e: Business Regu	lations		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment or deviations
Number of Municipalities assisted in developing street trading By-Laws	18 Municipalities and 3 District municipalities assisted in finalising street trading by-laws in respect of the Mpumalanga Business Act	17 Municipalities and 3 District municipalities assisted in finalising street trading by-laws in respect of the Mpumalanga Business Act	17 Municipal Visits conducted with various Local Municipalities	17 Municipalities and 3 District municipalities assisted in finalising street trading by-laws in respect of the Mpumalanga Business Act	15 Local Municipalities assisted with developing street trading by-laws. viz  Mkhondo  Mbombela x2  Thaba Chweu  Dipaleseng  Msukaligwa  Msukaligwa  Msukaligwa  Msukaligwa  Msukaligwa  Misukaligwa  Mi	Target was not achieved by 2	The remainin 2 visits could not be conducted due to the unavailability of the municipalities
				4 quarterly reports produced on Street Trading by-laws	3 Quarterly Report on Street Trading By-Laws produced.      1 Draft report on street trading by- laws finalised	Target was not achieved by 1	The 4th quarter report on street trading by-laws will be produced and submitte in the first quarter of the new financial year

#### Reasons for all deviations

Two (2) Municipal visits could not be concluded to capacitate the Municipality on Street Trading By-laws due to the lockdown.

## Strategy to overcome areas of under performance

All municipalities will be assisted through virtual communication platforms. Once all the necessary PPE is in place, physical engagements with municipalities will be conducted.

#### Changes to planned targets

None

#### Linking performance with budgets

The funds allocated to the sub-Programme were adequate. However, due to the lockdown, under-expenditure was recorded under Goods and Services, as officials could not travel to meet our clients.

#### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Business Regulations	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Total	100 870	100 826	44	98 820	98 651		169

#### DECLARATION OF INFORMATION (AR 2019/20- 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

YES	NO

I, LB Mabaso, Programme Manager, declares that the information provided is true and correct.

	(D) -
Signature: _	1
Sidilatule: _	

#### 4.5. Programme 5: Economic Planning

The 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 & Planning
- · Research and Development
- Knowledge Management
- Monitoring and Evaluation
- Economic Analysis

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

The following were the strategic objectives which guided the work of the Department:

- 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

As the hub of coal fired electricity generation in South Africa, Mpumalanga is faced with socio-economic and environmental challenges, arising from resource-intensive economic activities. Mining, power generation and petro-chemicals production are the leading contributors of carbon emissions in the country. The majority of these activities occur within the Province. Furthermore, coal mining activities associated with power generation have contributed to soil quality degradation, erosion and contamination through land clearing practices. During the period under review, Economic Planning continued to implement programmes that are targeted to deal with the above situation, under the banner of Green Economy Initiatives.

The Programme participated in a study tour on "Just Transition" to Belgium, Germany and Poland to learn about these countries' experiences in mitigating climate change through Green Economy initiatives. Experiences with all European Member states were shared in organised sessions at the European Commission Head Quarters in Belgium and site visits were undertaken in Belgium, Germany and Poland. This provided useful lessons that can benefit South Africa, and most importantly, Mpumalanga, in undertaking high impact green economy initiatives that can contribute to job creation and the reduction of poverty with a significant reduction on carbon footprint.

The National Cleaner Production Centre continued to partner with the Department, under the Partnership Agreement for the implementation of the Mpumalanga Industrial Symbiosis Programme (MISP), which forges networks of businesses aimed at identifying mutually profitable links or synergies between businesses, so that under-utilised and under-valued resources from one business (materials, energy and water) are recovered and re-used elsewhere by another business. Business to business synergies benefitted SMMEs in the Province by providing them with detailed reports from the National Capital Planning Commission (NCPC). The Programme:

Economic Analysis is key in mitigating the impact of climate change, and promoting green economy entrepreneurs in the Province. Discussions were undertaken with Green Cape to help the Province to establish a special purpose vehicle (SPV) that will implement high impact green initiatives, similar to those benchmarked in Europe during the study tour. In this regard, an MOU was signed between Green Cape and the Province during the period under review, and covers the following areas of cooperation: 'Just Transition'; water; Agriculture, renewable energy; SMME development; re-skilling; and ICT.

As part of implementing the MOU, the Department and Green Cape has initiated a process of drafting a funding proposal that will be used to secure funding from local and international development funding agencies. An assessment was conducted on the three (3) bio-gas pilot projects which were implemented in the previous financial year, in collaboration with USAID-SALED Programme. Only one out of the three (3) projects was found to be still functioning well, whilst others had problems stemming from incorrect feeding of digesters on the system by the operators. The service provider was engaged to give a refresher training on how to operate the digesters, and they have acceded to doing so and at no extra cost.

The informal economic sector plays a significant role in the broader economic structure of the country as it provides livelihoods and income for millions of workers and business owners. However, it has largely been missing from economic analysis and policy discourse, not only in South Africa, but internationally as well. The informal economic sector forms an integral part of the South African economy, and as such, economic policy must contribute to the efforts of alleviating poverty and inequality with an emphasis of the sector's potential of creating employment, as well as providing more secure livelihoods. In pursuing inclusive growth, the policy framework must support the participation of informal and township economic activities in the mainstream economy, by enabling and stimulating such economic activities into the formal sector of the economy. To this end, a detailed Informal economy plan was developed during the period under review. It focuses on finding ways and means to support the sector and to position it to thrive, as it contributes significantly in the economy of the country.

The Research and Development Sub-Programme, with its limited capacity, has achieved all its targets during the period under review. It produced three (3) research reports which assisted to inform economic policy analysis and strategy development in the Department, and contributed to the achievement of the Department's targets in general, in line with its mandate and priorities. The utilisation of an e-based business survey is a new and creative way of collecting relevant data and information about the Mpumalanga business sector, in order to determine the business confidence in the Province. The research report on the state of mining in Mpumalanga, as well as the development of an economic research agenda for the Department, are also highlighted as achievements by the Programme.

Data on key projects for economic development infrastructure continued to be updated. It was noted, however, that the pace of implementing these projects was hampered mostly by administrative and statutory compliance dependencies, as well as lack of adequate financial pipeline flow due to weak project finance preparations. A survey on businesses and employment in the municipality of Steve Tshwete was completed, except for the mines in the area. Reports on employment, based on public sector employment, EPWP as well the Quarterly Labour Force Survey were compiled on a quarterly basis.

The Department has established the Public Entity Oversight Committee to oversee the performance of public entities reporting to the Department. The sub-Programme was directed to assist with the analysis of the performance of the Public Entities and their role in implementing the Industrial Plan and the Tourism Growth Strategy of the Province. The performance reports for MEGA, MER and MTPA were produced and presented at the Risk and Audit Committees. The sub-Programme also performed monitoring of strategic projects in the Province, such as the state of Nature Reserves, in an endeavour to oversee the performance of MTPA insofar as the maintenance of the reserves and other projects is concerned. In addition, the sub-Programme monitored and evaluated the implementation of the Expanded Public Works Programme (EPWP) by MEGA and the MTPA.

The Economic Analysis Sub-Programme continued to conduct socio-economic research to inform the Departmental, municipal and Provincial planning, policy and budget processes. The sub-Programme continues to be the central point of reference in Mpumalanga for credible, accurate and quality socio-economic data to assist in decision-making purposes. Economic research reports on the economy and water, employment quality index for Mpumalanga, as well as youth and the provincial economy, can be highlighted as some of sub-Programme's achievements. The sub-Programme was instrumental in the socio-economic data/information at significant decision-making forums, such as Makgotla. It has thus achieved all its targets set for the period under review in line with the Department's mandate and priorities.

Sub-Programme: Policy and Planning

Strategic objectives:

Sub- Programme: Policy and Planning								
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
To provide economic policy direction and strategies	Economic 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			

Provide reasons for all deviations

## Performance indicators

		Su	b-programme: Pol	icy and Planning	J		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Assessment on the Biogas pilot projects conducted	Coordinate implementation of Industrial Development Plan projects	3 project plans on Green economy initiatives developed coordinated. Implementation of biogas pilot projects implemented	The implementation plan of Industrial Symbiosis Programme in the Province was coordinated and report produced Mpumalanga Industrial Symbiosis Program concept developed Report on the Implementation of the of Mpumalanga Industrial Symbiosis Programme	Assessment on the 3 Biogas pilot projects conducted	Assessment of the 3     Biogas pilot projects conducted:     MOU signed with Green Cape to deal with all forms of renewables.     A closing out event hosted and an assessment report done in collaboration with USAID-LED     3     Mpumalanga Industrial Symbiosis events hosted and reports produced in collaboration with NCPC	None	None
Number of sector strategies developed	4 provincial integrated sector plans/ strategies developed	State of Tourism report produced as input towards developing the provincial integrated sector strategy (Tourism)	1 provincial integrated sector strategy and plan developed: (Forestry Sector development strategy)	1 provincial integrated sector strategy developed	1 provincial integrated sector strategy developed	None	None

Provide reasons for all deviations

None

Strategy to overcome areas of under performance

# Changes to planned targets

None

# Linking performance with budgets

The sub-programme Economic Policy and Planning has spent almost all its allocated budget during the period under review, albeit recording an insignificant under-expenditure.

## Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Policy & Planning	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R'000	R'000	R'000	
Total	3 410	3 401	9	3,029	3,020	9	

Sub-Programme: Research and Development

# Strategic objectives:

Sub- Programme: Research and Development											
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations						
To conduct/commission research on the provincial economy to inform economic policy analysis process and strategy development	2 research reports produced to inform economic policy analysis process and strategy development	Produce 3 research reports to inform economic policy analysis process and strategy development	3 research reports to inform economic policy analysis process and strategy development produced	None	None						

#### Provide reasons for all deviations

#### Performance indicators

		Su	ıb-programme: Res	earch and Devel	opment		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of research reports produced	2 research reports conducted	Data on the informal economy collected Literature review and case studies on the informal economy completed by the service provider	2 research reports produced to inform economic policy analysis process and strategy development: 1 final research report compiled on the informal economy of Mpumalanga An e-based business red tape survey for Mpumalanga conducted and a report compiled	Produce 3 research reports to inform economic policy analysis process and strategy development	Produced 3 research reports to inform economic policy analysis process and strategy development: A final economic research agenda of the Department produced Final report on the state of mining in Mpumalanga produced An e-based business confidence survey for Mpumalanga conducted and a research report compiled	None	None

Reasons for all deviations

None

Strateg y to overcome areas of under performance

None

Changes to planned targets

None

# Linking performance with budgets

There was under expenditure of the relevant Sub-Programme, mainly on Goods and Services owing to the lockdown, and this affected some of the activities during the last quarter of the financial year. The budget has assisted the sub-Programme to achieve all the targets for the 2019/2020 financial year, in line with the Department's mandate and priorities despite the shortage of personnel.

# Sub-Programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Research and Development	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Total	1 220	1 220	-	1 279	1 137	142	

Sub-programme: Knowledge Management

Strategic objectives:

	Sub- Programme: Knowledge Management										
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations						
To provide data, information and intelligence on the economy for effective decision making	A reliable system for economic information through the databases, GIS and statistics developed and maintained	Develop and maintain a reliable system for economic information through the databases, GIS and statistics.	A reliable system for economic information through the databases, GIS and statistics developed and maintained	None	None						

Provide reasons for all deviations

## Performance indicators

	Sub-programme: Knowledge Management										
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations				
Number of updated shared statistical database and GIS information on MEGDP priority initiatives produced	Shared statistical database and GIS information on 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	Statistical database and GIS information for MEGDP priority initiatives produced and updated	Updated statistical database and GIS information for MEGDP priority initiatives produced	Updated statistical database and GIS information for MEGDP priority initiatives produced	None	None				
Number of Employment and business surveys conducted	None	Project plan was amended to source data directly from the Dept. Employment and Labour as similar database is available to avoid duplication of effort	Mpumalanga Employment and Business Survey (MEBS) data for 1 local municipality (Steve Tshwete)	Employment and business surveys for 2 Local Municipalities finalised: plans developed for 6 municipalities	95% data captured for Steve Tshwete and 35% data captured for eMalahleni	Target was not 100% achieved and plans were not developed	Outstanding data on mines as only data from 7 mines has been received so far				
Number of series labour reports produced based on QLFS, Public sector, EPWP	1 economic intelligence reports based on OLFS, Public sector, EPWP and Vuka Sisebente produced	1 series labour report produced based on QLFS, Public sector, EPWP	Labour report produced on QLFS, Public Sector, EPWP	1 series labour report produced based on QLFS, Public sector, EPWP	1 series Labour Report produced based on QLFS, Public Sector and EPWP	None	None				

## Provide reasons for all deviations

The outstanding data was only for seven (7) mines, despite numerous correspondence being sent to the Minerals Council Office.

## Strategy to overcome areas of under performance

Compile report for MEBS to cover Steve Tshwete Local Municipality, excluding mines data

## Changes to planned targets

None

#### Linking performance with budgets

The sub-Programme spent 95% of its Goods and Services budget, registering under-expenditure of R25 000 mainly due to the lockdown which affected most of the activities planned for the last quarter of the financial year. The allocated funds have assisted the sub-Programme to achieve all the targets for the 2019/2020 financial year, in line with the Department's mandate and priorities.

#### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Knowledge Management	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R′000	R′000	
Total	4 706	4 706	-	3 835	3 810	25	

Sub-programme: Monitoring and Evaluation

Strategic objectives:

	Sub- Programme: Monitoring and Evaluation							
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
To determine the effectiveness and impact of provincial policy, programmes, objectives and strategies	Performance monitoring & evaluation on implementation of priority projects and public entity oversight produced	Performance monitoring & evaluation on implementation of priority projects and public entity oversight	Performance monitoring & evaluation on implementation of priority projects and public entity oversight produced	None	None			

#### Reasons for all deviations

The implementation of the Government Nutrition Programme (GNP) could not be monitored because the responsibility was transferred from MEGA to DARDLEA. The sub-Programme could also not evaluate the progress made by the MTPA on implementing the recommendations on the findings of the status of nature reserves.

#### Performance indicators

		Sub	-programme: Mon	itoring and Evaluatio	on		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of monitoring and evaluation reports produced	4 performance monitoring reports produced	4 performance monitoring and 1 evaluation reports produced on implementation of priority projects	4 performance monitoring reports of public entities and 1 evaluation report on the implementation of a priority project (Furniture Technology) were produced	4 performance monitoring and 1 evaluation reports produced on implementation of priority projects	4 performance monitoring and 1 evaluation reports produced	None	None
Number of public entity oversight reports produced	16 analysis reports on public entity performance produced	4 oversight reports on public entities produced in line with their strategic plans (MEGA, MTPA, MLA, and MGB)	4 analysis reports on public entity (MEGA, MTPA, and MER) performance were produced	4 oversight reports on public entities produced in line with their strategic plans (MEGA, MTPA, and MER)	4 analysis reports on public entity performance produced (MEGA, MTPA and MER)	None	None

Provide reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

Linking performance with budgets

The sub-Programme did not implement any project that required funding during the reporting period, as such, the expenditure incurred under Goods and Services was mainly to cater for travel and subsistence. The underspending of R38 000 recorded under Goods and Services has offset the over-expenditure under Compensation of Employees.

# Sub-programme expenditure

	2018/2019			2019/2020		
Sub- Programme: Monitoring and Evaluation	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	2 803	2 803	-	3 266	3 228	38

Sub-programme: Economic Analysis

Strategic objectives:

	Sub- Programme: Economic Analysis							
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	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 (28)	Improved provincial planning, policy and budgeting through provision of quality and accurate socioeconomic documents (28)	Improved provincial planning and budgeting through provision of quality and accurate socio-economic documents (28)	None	None			

Provide reasons for all deviations

# Performance indicators

		Si	ub-programme: Ec	onomic Analysis			
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Provincial Economic Review and Outlook (PERO) reports compiled and published	1 report	1 Provincial Economic Review and Outlook (PERO) report compiled and published	1 Provincial Economic Review and Outlook (PERO) compiled and published	Compile and publish 1 PERO report	1 PERO report compiled and published	None	None
Number of updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	2 reports	2 updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	2 updated Socio-Economic Review and Outlook (SERO) reports completed and communicated	Complete and communicate 2 updated SERO reports	2 updated SERO report completed and communicated	None	None
Number of updated Provincial Inflation/ Labour Bulletins completed	16 Bulletins	16 updated Provincial Inflation/ Labour Bulletins completed	16 Provincial inflation/ Labour Bulletins completed	Complete 16 updated Provincial Inflation and Labour Bulletins	16 updated Provincial Inflation and Labour Bulletins completed	None	None
Number of Socio-Economic Outlook reports for Estimates of Provincial Revenue and Expenditure (EPRE) document compiled and tabled	1 report	1 Socio- Economic Outlook reports for Estimates of Provincial Revenue and Expenditure (EPRE) document compiled and tabled	1 Socio- Economic Outlook report for Estimates of Provincial Revenue and Expenditure (EPRE) document compiled and tabled	Compile and table 1 Socio- Economic Outlook report for the EPRE document	1 Socio- Economic Outlook report for the EPRE document compiled and tabled	None	None
Number of economic research reports completed (in line with Government priorities)	4 reports	7 economic research reports completed (in line with Government priorities)	7 economic research reports completed (in line with Government priorities)	Complete 7 economic research reports	7 economic research reports completed	None	None
Number of updated Socio-Economic Profiles of Municipalities completed	42 Profiles	20 updated Socio-Economic Profiles of Municipalities completed	20 updated Socio-Economic Profiles of Municipalities completed	Complete 20 updated Socio- Economic Profiles of Municipalities	20 updated Socio-Economic Profiles of Municipalities completed	None	None

Provide reasons for all deviations

None

Strategy to overcome areas of under performance

None

Changes to planned targets

None

#### Linking performance with budgets

Slight under-expenditure by the Sub-Programme was due to the impact of COVID-19 on the activities of the Sub-Programme in the last quarter of the financial year. In general, the funds allocated has assisted the sub-Programme to achieve all the Directorate's targets in line with the Department's mandate and priorities. During the period under review, the sub-Programme purchased the Regional Explorer (ReX) Socio-Economic Database of IHS Markit in order to provide credible data for research purposes, complimentary to the data of Statistics SA.

#### Sub-programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Economic Analysis	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R′000	R′000	
Total	4 906	4 668	238	4 819	4 759	60	

#### DECLARATION OF INFORMATION (AR 2019/20 - 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, compliance, and promotion of sector transformation in the Province.

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

• Tourism Planning and Transformation

#### Strategic objective/s for the financial year under review

The following strategic objective guided the work of the Programme in line with the overall mandate of the Department:

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

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

The Programme has achieved almost all of its targets for the year 2019/2020 financial year, which include the development of the Tourism Economic Impact Assessment Study; development of a Draft Rural Tourism Development Plan; as well as establishing and convening the Provincial Tourism Stakeholders Forum, known as the Tourism Think Tank, whose aim is to discuss the growth of the tourism sector in the Province. In our quest to reposition Mpumalanga as the world-class destination (as per Provincial Tourism Sector Strategy), a strategic partnership and investment-driven initiative has been identified for the tourism growth and development agenda.

Taking advantage of the Province's cultural, heritage and linguistic diversity as a destination, Mpumalanga has adopted the private sector Tourism Train Project proposal, whose main objective is to establish the new and diversified heritage and railway tourism product, capable of being an attraction in its own. This new game-changer in the tourism logistics value chain is thus aimed at facilitating the mass movement of tourists, connecting them to various tourism hotspots, whilst investing in the development of new routes, products, and services. To take this very project forward, a full Commercial Feasibility Study will be conducted during the 2020/2021 financial year. This will hopefully improve the performance on the tourist numbers to Destination Mpumalanga.

Overall, during the period under review, the Mpumalanga Tourism and Parks Agency (MTPA) continued to promote Mpumalanga as the preferred tourism destination, and as such, the Province's marketing efforts resulted in an increased number of international arrivals.

- The total number of international tourists increased from 1,5 million in 2017 to 1.6 million in 2018. The increase was from all source markets with the exception of Mozambique. Mozambique recorded 724 129 visitors which is a decrease of 3,2% compared to 2018. Visitors from Eswatini were 303 119 (1.5%); USA 84 544 (9.9%); Germany 78 346 (5.9%) and United Kingdom 58 958 (4.5%).
- There were 17.7 million domestic trips recorded in 2018, representing an increase of 2,9% compared to 2017. Gauteng, Limpopo and Mpumalanga were the key source provinces.
- Mpumalanga was the second fastest growing province at 64.1% (2.2 million) as more domestic trips originated from the Province.
- Mpumalanga recorded an increased number of domestic tourism trips of 2.9 million in 2018 when compared to 2.2 million in 2017. This translated to R15 billion tourism spent, representing approximately 7% contribution to the

GDP of the Province.

- The second quarter of 2019 (April to June) showed a positive growth in the international tourist arrivals to Mpumalanga, when compared to the same period in 2018. The Province received an increase of 11% in international arrivals from 350 000 in 2018 to 389 000 in 2019. This translated to a contribution of R2, 5 billion to the provincial economy.
- However, the domestic market continues to decline at the national level causing the provinces to also register
  a declining number of domestic trips. As such, Mpumalanga recorded a decline of 32% of domestic trips, when
  compared to the same period in 2018. This was attributed to a decline of 69% by Mpumalanga residents who did
  not take domestic trips during that period.

Strategic objectives:

	Sub- Programme: Tourism Planning							
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations			
To create an enabling environment through policy and strategy development and improve intergovernmental coordination	Tourism Policy framework developed	Monitor and evaluate the implementation of Tourism Policy framework	The implementation of Tourism Policy framework monitored and evaluated	None	None			

#### Provide reasons for all deviations

#### Performance indicators

			Sub-Progran	nme: Tourism Plan	ning		
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of monitoring and evaluation reports on strategic tourism projects developed	None	State of Tourism report produced	2 monitoring and evaluation reports on strategic tourism projects produced, namely: Gert Sibande Heritage Route BBR Marula Route	Monitor and evaluate the implementation of 2 Strategic Tourism priorities/focus areas: Establishment of Management Authority for the Barberton Makhonjwa Mountain WHS Implementation of quick wins for Pilgrims Rest concept plan	Monitoring and Evaluating reports produced for the 2 strategic tourism projects, namely:     Establishment of Management Authority for the Barberton Makhonjwa Mountain WHS     Implementation of quick wins for Pilgrims Rest concept plan	None Implementation of the BMM WHS depends solely on the declaration and appointment of Mpumalanga as a Management Authority by the National Department of Environment, Forestry and Fisheries	
Number of Tourism Plans developed	None	Tourism Policy Frameworks developed/ reviewed (Tourism Strategy reviewed, Policy Framework and New Tourism Bill developed)	Tourism Policy, Bill and review of the MTGS was developed	Development of Rural Tourism Development Plan (RTDP)	Draft RTTDP developed.	None	None
Number of Tourism Impact Assessment reports produced	None	None	Draft Economic Impact Assessment of the tourism sector produced	Tourism Economic Impact Assessment Study report produced	Tourism Economic Impact Assessment Study report produced	None	None
Number of Tourism forums conducted	None	None	None	One (1) Tourism Stakeholder Forum hosted: Provincial Tourism Stakeholder Forum	Two (2) Provincial Tourism Stakeholder Think Tank Forums convened	Target exceeded by 1	There was a demand from tourism private sector to convene the meeting

#### Reasons for all deviations

 The implementation of Barberton Makhonjwa Mountain World Heritage depends on the official gazetting by the National Department Environment, Forestry and Fisheries (DEFF). Therefore, this and the appointment of the MEC of DEDT as a BMM WHS Management Authority (MA) has not been finalised as yet. The DEFF plays an Advisory role on all the World Heritage Sites in the country, as well as representing the country at UNESCO level. It is for this reason that the establishment of the Management Authority for BMM WHS has delayed.

• The second deviation relates to the additional Provincial Tourism Stakeholder Forum meeting convened. This was done as a result of the tourism private stakeholder request for a meeting to be convened.

## Strategy to overcome areas of under performance

The Department will strengthen institutional arrangement both with private sector as well as amongst public sector stakeholders at all spheres of government, in order to allow seamless and continuous deliberations on the growth of the tourism sector in the Province.

## Changes to planned targets

None

## Linking performance with budgets

The allocated budget contributed in the Programme achieving its targets for the year. The expenditure under Goods and Services was fairly excellent. The Programme's budget was however, adjusted to allow for additional funding of the travel and subsistence item which was originally underfunded. It is also important to note that the budget for the Programme includes transfer amount to the MTPA, whose performance was adequately monitored to account for the implementation of the set priorities.

#### Sub-Programme expenditure

	2018/2019			2019/2020			
Sub- Programme: Tourism Planning	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	Final Appropria <del>ti</del> on	Actual Expenditure	(Over)/Under Expenditure	
	R′000	R′000	R′000	R′000	R'000	ı	R′000
Total	383 648	383 648	-	395 427	395 063		364

#### DECLARATION OF INFORMATION (AR 2019/20 - 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:

# **5. TRANSFER PAYMENTS**

# 1. Transfer payments to public entities

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

of tuese Futi	ties was monitored	on a c	uarterry	basis, based on the shareholder con
Name of Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	
Mpumalanga Economic Growth Agency	Promote and facilitate Trade and Investment in the Province Provide financial and non-financial support to SMMEs in the Province Provide financial support to emerging farmers in the Province Grant housing loans to the needy and previously advantaged	201,923m	201,923m	<ul> <li>Trade &amp; Investment:</li> <li>Foreign/domestic investment valued at R165, 000, 000 attracted into the Province</li> <li>MIFPM Project:</li> <li>Bulk water supply infrastructure, sewer infrastructure, internal water reticulation, internal roads and upgrading of R37 entrance completed</li> <li>Construction of the main market building structure, sub-stations and gate houses as well as workshops is currently at 17%.</li> <li>Construction of the Agro-processing building started in June 2019.</li> <li>Based on the latest revised programme, the construction was set for completion on 31 March 2021. Due to budget cuts, power, water and some finishes would still be outstanding.</li> <li>It is estimated that the construction of the facility will cost approximately R30 million (including equipment).</li> <li>During the first phase, the building can be used to accommodate other uses such as a pack-house, storage or fresh produce trading facility.</li> <li>Preliminary discussions with interested parties who can lease the building have stalled due to the departure of the GM earlier in the year &amp; uncertainty around the pending transfer of the project.</li> <li>Nkomazi SEZ Project:</li> <li>Appointment of the Nkomazi SEZ Board pending finalisation by the shareholder</li> <li>Four (4) employees appointed in the Nkomazi SEZ PMU</li> <li>Township establishment approved by the Nkomazi Municipality Planning Tribunal.</li> <li>Property Portfolio:</li> <li>Rental revenue valued at R 36, 900, 000 generated from the property portfolio.</li> <li>Funding:</li> <li>Nine (9) loans approved valued at R 27, 600, 000 while the value of loans disbursed amounted to R18, 400, 000</li> </ul>

Name of 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 Tourism and Parks Agency	Provide for effective management and conservation of biodiversity and ecosystems within the Province  Develop and ensure effective management of protected areas  Promote and create socio-economic growth and transformation within the tourism and conservation industry, thereby creating economic and employment opportunities for the previously disadvantaged individuals and local communities in the Province	389,874m	389,874m	<ul> <li>During the year under review, the entity promoted the Mpumalanga province as a preferred tourism destination through twenty-two (22) marketing activities. These marketing activities included platforms such as digital and print media, trade shows, business events and workshops. As a result of participating at these platforms, the destination became a top of mind holiday destination for the inbound tour operators and leisure tourists.</li> <li>The agency continued to provide effective and sustainable management of the protected areas network and the ecosystem. The entity worked tirelessly to reduce the levels of wildlife crime through enforcement, compliance and investigations. Wildlife crime continues to be a challenge within the Province. The dehorning programme of rhino was undertaken in Manyeleti and other nature reserves during the financial year and this action deterred poachers from attempting to poach rhino.</li> </ul>

Name of 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	Regulate the gambling and liquor industries in the Province in line applicable laws Promote responsible gambling within the Province Improve organisational licensing; expand and standardise industry compliance and enforcement Provide an enabling environment in human capital, finance and ICT Engender high governance ethos Ensure effective and efficient administration and management of the Organisation	93,855m	93,855m	<ul> <li>In this fiscal year, we continued the licensing process for the fourth casino, a licence which is expected to unlock further economic growth and development in the Province through the creation of tourism infrastructure, generation of additional revenue and the creation of the much-needed employment opportunities.</li> <li>We have completed the licensing of twenty-three (23) additional Bookmakers, in a bid to further stimulate economic growth and development, as well as the creation of job opportunities, and the generation of additional revenue for the Province.</li> <li>We have heightened enforcement on liquor outlets in terms of compliance to liquor licence conditions, to promote responsible trading within the liquor retail sector and to reflect on societal expectations of consumer safety and protection.</li> <li>In collaboration with Aware.Org, we have completed the implementation of the Retail Trade Facilitation ("RTF") programme, a community formalisation initiative, that has been developed to ensure that liquor outlets trade in a safer and more compliant manner in the communities in which they operate, in order to reduce alcohol-related harm. The programme was successfully rolled out to three hundred and sixty (360) liquor outlets in the Province (Kwamhlanga and Bushbuckridge).</li> <li>All participating outlets received training, support, mentorship and other incentives including, structural and security upgrades, health and safety, to ensure a safer and alcohol harm-free environment.</li> <li>A Socio-Economic Impact Study on Liquor Use in Mpumalanga was concluded. The study provides crucial evidence on perceptions, trends and patterns of alcohol consumption in the Province; and going forward, will serve as a reference for future policy development.</li> <li>In keeping with the objective of promoting responsible gambling, liquor trade and consumption in the Province, the MER continued to roll out responsible gambling awareness campaigns to ensure that local communitie</li></ul>

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

The table below reflects the transfer payments made for the period 1 April 2019 to 31 March 2020:

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
Mpumalanga Stainless Steel Initiative	Incubator in Stainless Steel Industry		N/A	1,901	1,901	N/A

#### 6. CONDITIONAL GRANTS

# 6.1 Conditional grants and earmarked funds paid

The Department of Economic Development and Tourism was identified as an important organisation to implement the Expanded Public Works Programme (EPWP) through its agencies; namely, the Mpumalanga Tourism and Parks Agency (MTPA) and the Mpumalanga Economic Growth Agency (MEGA). To this end, a grant amount of R3, 467, 000 was allocated by National Department of Public Works and Infrastructure (DPWI) to assist with alleviation of poverty. The allocated incentive grant was divided between the MTPA and MEGA. Collectively, the two (2) Entities managed to create 26 EPWP funded projects - 19 by the MTPA and Seven (7) by MEGA - which subsequently created a total of 113 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 DPWI. However, the slow process of getting approval for employment of EPWP participants had delayed the start of the projects. Supply Chain Management process for the purchase of protective clothing had also delayed the procurement. The number of entrants to EPWP could not be increased due to the limited resources.



The table below describes each of the conditional grants and earmarked funds paid by the Department:

#### Conditional Grant 1:

Department whom the grant has been transferred	Mpumalanga Economic Growth Agency     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	113 job were created for 2019/2020 financial year
Amount per amended DORA	3,467
Amount transferred (R'000)	3,467
Reasons if amount as per DORA not transferred	None
Amount spent by the department/ municipality (R'000)	3,467
Reasons for the funds unspent by the entity	None. All funds spent
Monitoring mechanism by the transferring Department	Monthly reports, Quarterly reports

# 2. Conditional grants and earmarked funds received

The Expanded Public Work Programme (EPWP) conditional Grant received for the annual year 2019/2020 was R3, 467, 000

- The total amount of R3, 467, 000 was used for the EPWP as per the allocation.
- All transfers were deposited into the accredited bank account of the Provincial Treasury and to the Entities.
- Performance targets are measured in Full time Equivalents. The Target for the DEDT was 427 and 422 was achieved. The reason for the target shortfall was due to strikes and Participants absenteeism due to illness.
- Measures taken were to strengthen the projects monitoring of attendance register and sick leave register. An overall assessment of compliance with the Act was conducted and there was no non-compliance.

The table/s below details the conditional grants and earmarked funds received during for the period 1 April 2019 to 31 March 2020:

# Conditional Grant: Expanded Public Works Programme (EPWP)

Department who transferred the grant	National Department of Public Works and Infrastructure
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	Jobs were created within the Environmental and Culture Sector
Amount per amended DORA	3,467
Amount received (R'000)	3,467
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	3,467
Reasons for the funds unspent by the entity	None. All funds spent
Reasons for deviations on performance	None
Measures taken to improve performance	Attendance Register, Salary Register, Physical head count were conducted
Monitoring mechanism by the receiving Department	IYM Monthly Reports, Monthly Report and Quarterly Reports

# 7. DONOR FUNDS

# 7.1 Donor Funds Received

# 8. CAPITAL INVESTMENT

# 8.1. Capital investment, maintenance and asset management plan

The only infrastructure project currently in progress is the Mpumalanga International Fresh Produce Market (MIFPM)

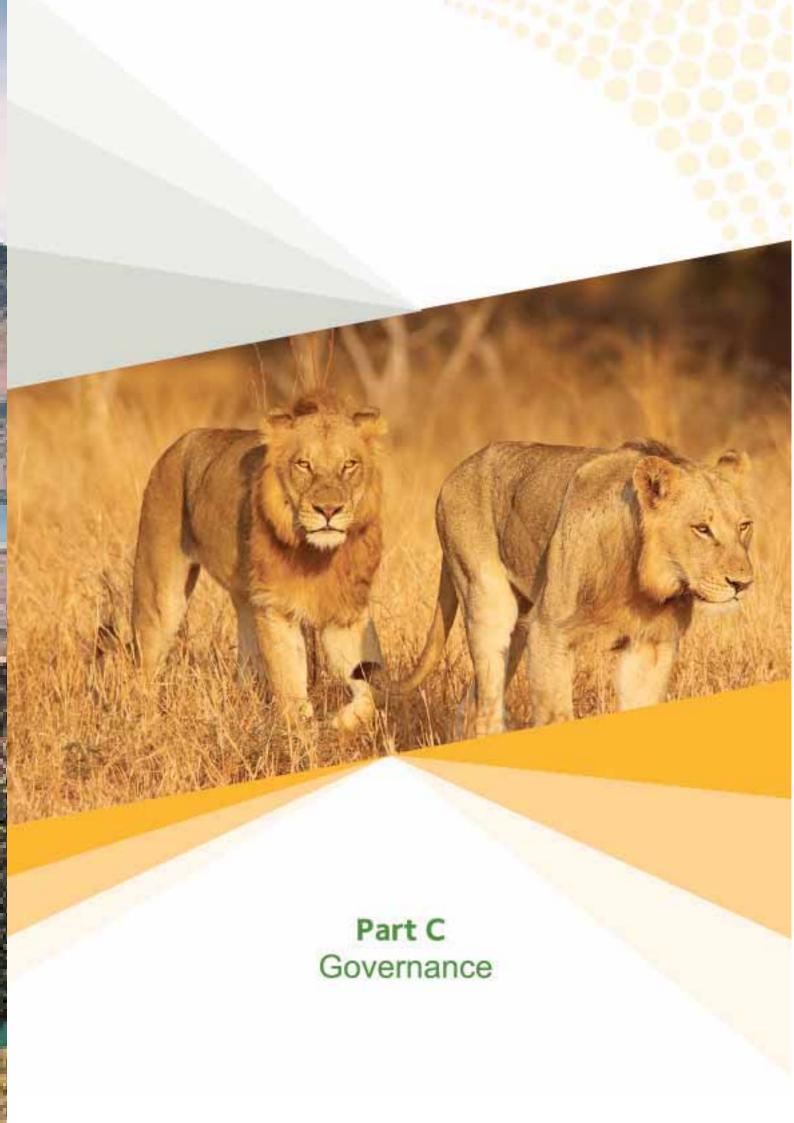
Capital infrastructure payments of R 179, 432, 000 were made towards the development of the MIFPM during the year under review. The site development costs and installation of underground reticulation was completed, and the development of the top structures is currently under way.

Losses due to theft, including the theft of a vehicle which had been marked for disposal were investigated by the Security Committee.

The bulk of the Department's assets are in a reasonable condition, with no backlog on maintenance to report on.

Infrastructure projects	2019/2020			20XX/20YY			
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	
New and replacement assets	125,367	125,362	5	271,488	271,488	-	
Existing infrastructure assets	525	85	440	525	18	507	
Upgrades and additions							
Rehabilitation, renovations and refurbishments							
Maintenance and repairs							
Infrastructure transfer							
Current							
Capital	14,893	10,760	4,133	14,413	11,158	3,255	
Total	140,787	136,207	4,578	286,426	282,664	3,762	





#### 1. INTRODUCTION

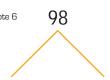
The Department is committed to maintain the highest standard of governance which is fundamental to the management of public finances and resources. The pervasiveness of risk in the public sector means that management considers risk management as an integral part of our strategy. The Accounting Officer, through the Risk Management Committee, governs risks using the risk strategy and policy to reduce risk exposures. The risk strategy focuses on the new era of risk and the opportunities and threats in a radically changing landscape. Getting into the culture of looking out for the value in risk has evolved the Department to the point where opportunities are sighted and pursued. Consequently, the risk universe covered by the Department has matured exponentially and now includes cyber, behavioural, culture as well as assurance risk, in addition to the ever-important traditional risks. A risk assessment process was facilitated and emerging risks identified throughout the period. As a widely accepted means to embed cultures, the risk management training and development programme raised extensive awareness amongst staff. The programme was engineered to familiarize and capacitate all staff to the value incurred by implementing effective risk management and how this relates to their area of work. As an enhancer for risk ownership, the management of risks has been included as a performance indicator for all senior managers in the Department.

# 2. RISK MANAGEMENT

Governance structures which include the Risk Management Committee have been established and were functional during the year under review. Existing and emerging risks were discussed during quarterly Risk Management Committee meetings where various Programme managers and Heads of section were required to provide feedback on progress with implementation of action plans to reduce the likelihood of risks materialising and/or the impact should they materialise. The committee also referred risks of high consequence and probability to risk owners and recommended additional mitigations to manage such risks to acceptable levels. Risk Management Committee escalation reports were submitted to the Accounting Officer and Audit Committee for intervention. The Audit Committee provided oversight over the risk management process to promote effective, efficient and economic utilisation of state resources.

The comprehensive reduction of high ranking risks has been impeded by two central causes, namely, unavailability of staff to implemented desired controls and budget restrictions. The inability to fill vacant positions and budget cuts have impacted negatively on the effective discharging of the risk management function and in the implementation of risk mitigations for the period. Filling of critical vacant positions and adequate resourcing will enhance the department's ability to manage risks within the risk profile to acceptable levels. The following key Strategic Risks for the Department that were considered during the year:

- Inability to create a conducive environment for economic growth.
- Inadequate human capital (skills, warm bodies) to achieve the mandate of the Department.
- Inadequate financial management, internal controls processes, review and monitoring of financial information.
- Weak governance over public entities.
- Non achievement of planned targets.



- Limited participation of SMMES and cooperatives in the local economy.
- Inability to attract investment.
- Unregulated business environment.
- Inability to monitor and evaluate the impact of economic interventions.
- Decline in Tourism growth.

#### 3. FRAUD AND CORRUPTION

The Mpumalanga Provincial Government adopted an Anti-Corruption Strategy which confirms the Province's zero-tolerance stance towards fraud, theft and corruption. In line with this strategy the Department is committed to zero-tolerance with regard to corrupt, fraudulent or any other criminal activities, whether internal or external. Any parties who engage in such practices or attempts to do so are vigorously pursued by all legal means available. The Department has adopted a Fraud Prevention Implementation Plan and Whistleblowing Policy which gives effect to the Prevention Strategy.

Fraud and corruption represent significant potential risks to the Department's assets and can negatively impact on service delivery efficiency. The Accounting Officer and management have set the tone at the top by leading the Department ethically, effectively, and responsibly within acceptable risk parameters as aligned to the King IV Report. The Department's efforts were calibrated to prevent fraud and corruption through the roll-out of a Fraud Awareness Initiative during the period. The intent of the initiative was to challenge employees to think differently about fraud and corruption. This included looking at their individual conduct and performance in the workplace which may allow acts of dishonesty impacting negatively on service delivery. The approach used to implement the intervention covered areas which include prescriptions by The Public Services Regulations, 2016 in relation to employee disclosures, ethics and gift management as well as remunerative work. The approach included zooming into a number of recent case studies of fraudulent and unethical behaviour both in the public and private sectors.

Various channels for reporting allegations of fraud, theft and corruption exist and these are described in detail in the Provincial Anti-Fraud and Corruption Strategy and the Departmental Fraud Prevention Strategy. Each allegation is received by the Integrity Management Unit within the Office of the Premier and recorded in a Case Management System. The system is used as a management tool to give feedback on progress in relation to reported cases as well as to generate statistics for the Province and Department.

Anyone who blows the whistle on suspicions of fraud, corruption and theft are protected if the disclosure is a protected disclosure (i.e. meets statutory requirements e.g. was made in good faith). The opportunity to remain anonymous is afforded to any person who would like to report acts of fraud, theft and corruption and should they do so in person, their identities are kept confidential by the person to whom they are reporting.

## 4. MINIMISING CONFLICT OF INTEREST

In the interest of sound administration and responsible decision-making the officials of the Supply Chain Management, and the Departmental Bid Committee shall keep records of all communication, decision and give reasons when required.

Each member of the Departmental Bid Committees must complete a conflict of interest declaration and confidentiality agreement before the start of any adjudication process. No official who has an interest (or whose relative has an interest) in a particular offer will be allowed to participate in the evaluation, consideration and adjudication of the relevant bid.

Purchase of goods or services from suppliers who are staff members is not allowed, in addition, suppliers are required to declare any interest when bidding or offering goods and services to the Department, and staff members must declare their interest in the event that suppliers are relatives, where and official has a direct or indirect interest, and where officials are involved in the Departmental Bid Committee.

An assessment will be performed by the Department when a supplier fails to declare an interest and may not be prejudiced as a result of a declaration of interest.

#### CODE OF CONDUCT

The Department held awareness sessions for all officials where the Code of Conduct was presented to ensure that all officials are aware of what is expected of them as public servants. The workshops also covered remunerative work outside the public service, reminding officials that no one is allowed to perform remunerative work outside the public service without approval from the Executing Authority. During the period under review there were no officials who breached the code of conduct.

# 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department has an Occupational Health and Safety Committee in place and the OHS reps were used in each of the departmental offices to ensure that the Act is complied with. Quarterly meetings were held with the Committee to assess progress on the occupational hazards that were identified in the previous financial year working together with Department of Employment and Labour. Inspections prior to taking occupying new offices that were procured for the Department were conducted together with the Department of Employment and Labour to ensure that the buildings meet safety standards.

# **PORTFOLIO COMMITTEES**

The dates of the Portfolio Committee meeting was 21 June 2019

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 2019/20 financial year.	The Department has implemented the 2019/20 APP in that it was able to achieve 84% of its planned targets and could not achieve the 16% owing to external dependencies.
The Department must have an implementation plan with clear timelines concerning the Nkomazi SEZ and keep the Committee abreast with the developments concerning the formation of the separate entity.	The Department has kept the Committee informed around the Development of the SEZ. So far, 4 official have been appointed to serve in the Project Management Unit and the appointment of the SEZ board will unfold soon. The Department through MEGA is in the process of appointing the Project Manager for the SEZ.
The Department must provide an update on developments taking place at the Mpumalanga International Fresh Produce Market, the Furntech project and Mpumalanga Stainless Steel Initiatives on a quarterly basis.	The Department has provided an update report to the committee on the projects such as Mpumalanga International Fresh Produce Market, Furntech and Mpumalanga Stainless Steel Initiatives on a quarterly basis through its quarterly reports.
The Department must strengthen their oversight, monitor, evaluate and provide the necessary support to the Mpumalanga Economic Growth Agency (MEGA), in ensuring that their strategic objectives and targets are met as planned in the 2019/20 financial year.	The Department has strengthened its oversight over MEGA and provided the necessary support. So far, the Department has developed schedule of meetings with MEGA and other entities reporting to the Department. As such, the first meeting meant to provide oversight over strategic projects implemented by MEGA was scheduled and sat on 15 August 2019.
1st Quarter (29 August 2019)	
The Department must expedite the process of filling the vacant position of the HOD and update the Committee, as this process is long over-due. The Department must submit a progress report in this regard by 30 October 2019.	The Office of the Premier held interviews on 4 October 2019 and the recommendation were made to the Executive Council for the appointment of the HOD.
The Department must encourage MEGA to regularly submit the required expenditure reports on the Mpumalanga International Fresh Produce Market (MIFPM), to ensure that the Department can release the funds necessary for the construction of the Market	The Department has encouraged MEGA to submit the necessary information to enable MIFPM funds to be transferred.
The Department must submit a progress report on the establishment of the Nkomazi SEZ as an entity as well as the appointment of the SEZ Board members by 21 October 2019	The Department submitted a progress report to the portfolio committee on the establishment of the SEZ as an entity as well as the appointment of the SEZ Board members.
The Department must make a follow-up with the Minister of Environmental, Forestry and Fisheries in an effort to expedite the process of proclaiming the MEC (DEDT) as the Management Authority of the site, to allow the launch to materialise.	The Department has followed up with the Department of Environmental Affairs and the matter is still in the office of the Minister. Once the matter is finalised the Department will report to the Portfolio Committee.

Matters raised by the Portfolio Committee	How the department addressed matters
2nd Quarter (14 August 2019)	
The Department must expedite the process of filling the vacant position of the HOD and update the Committee, as this process is long over-due. The Department must submit a progress report in this regard by 13 December 2019.	The post of the HOD was filled with effect from 01 December 2019.
The Department must encourage that the outstanding cooperatives seminars are held in Nkangala and Ehlanzeni before the end of the 3rd quarter of the current financial year and submit a progress report in this regard; as the seminars are initiated to address the high failure rate of cooperatives, lack of markets and financial skills within cooperative members.	The seminars were organised with FNB and were coordinated in selecting and inviting the cooperatives to the seminars. The seminars took place according to the following schedule:  Nkangala  15 October 2019 – Thembisile Hani  17 October 2019 - Dr JS Moroka Ehlanzeni  22 October 2019 – Bushbuckridge  24 October 2019 - Nkomazi
3rd Quarter ( 27 February 2020)	
The Department must ensure that the programme achieves all its targets in the remaining fourth (4th) quarter of the current financial year	The Department managed to achieve all the planned targets, which were within its control in line with the approved Annual Performance Plan for 2019/2020 financial year.
The Department must submit a progress report on the stakeholder's consultations held in March 2020 for the Rural and Township Development Plan, as these are part of the areas that can stimulate economic growth in the province.	The Department submitted a progress report on the stakeholder's consultation for the Rural and Township Development Plan to the Legislature.
The Department must keep the Committee abreast on the compiled report of irregular expenditure that will be presented to the newly established Loss Control Committee (LCC) has concluded its work.	The Department has submitted the report on irregular expenditure to the portfolio committee.
The Department, as per its commitment made to the Portfolio Committee, must strive to pay all invoices within thirty (30) days, continue to implement the invoice tracking system, and verify the information supplied by service providers within the stipulated time frame to avoid late payments	The Department has paid all its invoices within 30 days.

# **SCOPA RESOLUTIONS**

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
Report 1 of 2019	Irregular, as well as fruitless and wasteful expenditure	A progress report on all ongoing cases, including those of 2018/19 financial year must be submitted to the Committee once the Loss and Control Committee has concluded its work, including those that have already been handed to the SAPS	Prior period investigation reports are being located for inclusion in a submission still to be made to Provincial Treasury.	No
Report 1 of 2019	Irregular, as well as fruitless and wasteful expenditure	The Accounting office must ensure that once investigations are concluded, the Loss Control Committee must where necessary and possible, implement disciplinary actions against officials who caused the Department to incur irregular, fruitless and wasteful expenditure amounting to R49 545 000.00 and R3 936 000.00 respectively in prior years and R4 0668 000.00 in the 2018/19 financial year.	Prior period investigation reports are being located for inclusion in a submission still to be made to Provincial Treasury. No submission has been made to PT during the year under review due to delays in the establishment of the loss control committee.	No
Report 1 of 2019	Irregular, as well as fruitless and wasteful expenditure	The Accounting Officer must indicate the total amount that has been set aside for condonation to the Provincial Treasury.	The review of determination by Internal Audit (as per the Terms of Reference of the LCC) is still in progress	No
Report 1 of 2019	Irregular, as well as fruitless and wasteful expenditure	The Accounting Officer must strengthen measures on consequence management since there is a trend of only issuing warning letters or verbal warnings to officials who contravene or do not comply with serious SCM guidelines and PFMA regulations.	The establishment of a Loss Control Committee capacitated by senior officials of the department is considered to be a significant step forward to dealing with the matter going forward	Yes
Report 1 of 2019	Irregular, as well as fruitless and wasteful expenditure	The Accounting Officers must consider thoroughly seeking further legal opinion on the cases to recover expenditure, instead of hastily resolving to write off debt as recommended by the State Attorney or Loss Control Committee each time.	This input is noted and will be actioned on an item by item basis. This is captured within the terms of reference of the LCC	Yes
Report 1 of 2019	Procurement and Contract Management	The Accounting Officer must ensure that, once investigations are conducted, the Loss Control Committee must, where necessary and possible, implement disciplinary actions against official(s) who caused the department to incur the irregular expenditure amounting to R40 668 000.00	This is embedded in the terms of reference of the LCC, captured by the requirement that Internal Audit is required to formally investigate each case, and where it is found that Financial Misconduct did occur the LCC is required to refer the matter to Disciplinary procedures.	Yes
Report 1 of 2019	Procurement and Contract Management	The Accounting Officer must ensure that corrective measures are put in place to avoid recurrence of this finding wherein officials are not trained on the requirement of the preferential procurement legislation.	Training has been provided in each of the following two years	Yes

# 10. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department has put in place measures such as the verification of contracts, rotation of service providers for all accommodations and travel purposes and the establishment of the Loss Control Committee to deal with legacy irregular expenditures..

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Procurement and contract management  Bid documents 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 the preferential regulation 8(2) of 2017	2017/18	Various officials have attended training presented by Provincial Treasury and other service providers.
Expenditure management  Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in the financial statements	2018/2019	A Loss Control Committee has been established in terms of the new framework, a determination has been performed on prior period irregular expenditure, and this information is currently with internal audit for review.

## INTERNAL CONTROL UNIT

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

## INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit.

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

Summary of audit work done.

The following risk based audit assignments relating to the Department were performed by the Internal Audit function for the 2019/2020 financial year as per the Annual Internal Audit Plan.

- Asset Management
- Annual Performance Information
- Annual Financial Statement
- Public Entities Oversight
- · Follow up AG and Internal Audit
- Internal control
- Interim Financial Statements
- Midterm Performance
- Risk Management
- · Financial and Supply Chain Management
- ICT Governance
- · Litigations, Claims and Contingencies
- Compliance Management and Investigations
- Transfer Payments
- Follow-up reviews : Auditor General South Africa (AGSA) & Internal Audit reports

#### 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 of and management of risks. The Audit Committee performs oversight role and advises Management in their duties to carryout out its responsibilities relating to financial management and other reporting practises, internal controls and management of risks as well as compliance with laws, regulations and oversight of entities reporting to the Department.

#### 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.

The Department had two Audit Committees which served during the year under review. This is because the term of office of the initial Committee expired at the end of October 2019. The old Committee consisted of four (4) independent members, three (3) of which were re-appointed in the new Committee, for continuity purposes. The new Committee consists of five (5) members, one (1) of which is an ex-officio member employed by the Mpumalanga Office of the Premier. Details of the members and their attendance of scheduled audit committee meetings during the 2019/2020 financial year were as follows:

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

#### Former Committee

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Ms. Thabsile Idah Ranape (Chairperson)	B.Tech Management Accounting Higher Dipl: Management Diploma in State Finance	External	External	01/06/2014	31/10//2020	2/5
Mr. Sam Mthembu	Master of Business Leadership (UNISA), BCom (Accounting), Commercial Banking Licentiate Diploma (IOB)SA, FAP(IAC)SA	External	External	01/09/2017	31/08/2019	2/5
Ms. Nonyaniso Brenda Mzuzu	B. Proc Degree Certificate in Business Rescue	External	External	01/09/207	31/08/2019	2/5
Mr. Sibusiso Khululekani Mavundla	B. Com. Accounting	Internal	Office of the Premier IT Audit Section	01/09/2017	31/08/2019	2/5

## Current serving committee members

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr. Sam Mthembu Chairperson	Master of Business Leadership (UNISA), BCom (Accounting), Commercial Banking Licentiate Diploma (IOB)SA, FAP(IAC)SA	External	External	01/09/2019	5/5	2/5
Ms. Nonyaniso Brenda Mzuzu	B. Proc Degree Certificate in Business Rescue	External	External	01/09/2019	5/5	2/5
Mr. Sibusiso Khululekani Mavundla	B. Com. Accounting	Internal	Office of the Premier IT Audit Section	01/09/2019	5/5	2/5
Hopewell Bhekumuzi Mkhono Hlatshwayo	Mcom, CA (SA) RA	External	External	01/09/2019	3/5	
Gaylene Anne Deiner	Proffessional Accountant (SA) Batchelor of Accounting Science Accounting Science (B.Compt) Batchelor (BA), Higher Education Diploma (Post Grad.) (HED (PG)	External	External	01/09/2019	3/5	

### **AUDIT COMMITTEE REPORT**

We are pleased to present our report for the financial year ended 31 March 2020.

### 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 we have 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 to implement corrective actions

The following Internal Audit work was completed during the year under review:

- Asset Management
- Annual Performance Information
- Annual Financial Statement
- Public Entities Oversight
- Follow-up AG and Internal Audit
- Internal Control
- Interim Financial Statements
- Midterm Performance

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
- Some quarterly targets not achieved
- Unsatisfactory keeping of portfolio of evidence to support reliability of reported information.
- · Lack of commitment to risk management related issues by Management.
- Entity operating without approved APP
- Poor controls over travelling allowance claims by management
- · Poor controls over annual leave management

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

The Department is required to report monthly and quarterly to the Treasury as is required by the PFMA.

The Audit Committee is satisfied with the content and quality of 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 and submission of portfolio of evidence supporting reported achievements.

### **Evaluation of Financial Statements**

The Audit Committee reviewed the Annual financial statements and performance information documents prepared by the Department and recommended their submission to AGSA for audit

# **AUDITOR GENERAL'S REPORT**

The Audit Committee has reviewed the Department's implementation plan for audit issues raised in the 2019/20 we are satisfied that the Department has developed a combined plan to address matters raised by both internal and external auditors. During the course of our follow up reviews on the implementation plan for audit issues, we discovered that out of 77 action plans, 11 (14%) have been fully implemented and 66 (88%) were not implemented which remain an area of great concern.

The Audit Committee is satisfied that the Internal Audit function is operating effectively and that it has moderately addressed the risks pertinent to the Department in its audits. There is need to address the in adequate capacity in Internal Audit unit, the committee believes this will strengthen the unit to improve from its current performance.

MR. SAM MTHEMBU

Chairperson of the Audit Committee

Department of Economic Development and Tourism

Date: 19/10/2020

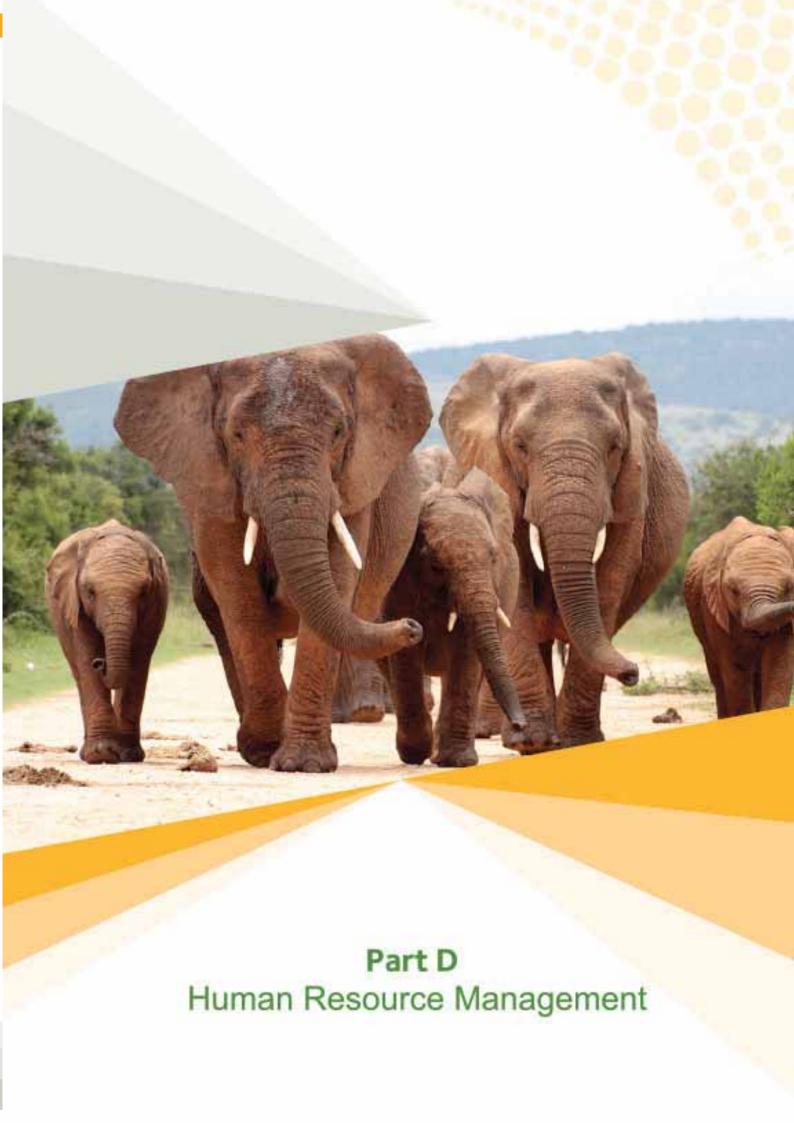


# **B-BBEE COMPLIANCE PERFORMANCE INFORMATION**

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:							
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)					
Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law?	Not applicable	The Department does not issue licenses or concessions or other authorisation Programme 4: 4th Casino License/ MER: Liquor Licenses					
Developing and implementing a preferential procurement policy?	Yes	In terms of clause 3.6 of the Procurement Policy of the Department, Department of Economic Development and Tourism support the principle of supporting local manufactured products and historically disadvantaged individuals, including woman to contribute to the achievement of national objectives. It is therefore an objective of the Department to give such preferences where practical and in compliance with the Broad-Based Black Economic Empowerment (B-BBEE) policy objectives. Although purchases costing less than R30 000 are awarded purely on the basis of price, preference is shown to wholly black owned, locally (Provincial) based suppliers, selected from the Central Supplier Database (CSD).  Purchases from R 30 000.01 must be made based on the highest points scored in terms of the PPPFA as amended.  In the event of the transfer of a contract, if a contract was awarded as a result of the application of the principles of B-BBEE status, the transferee should also qualify similarly under the same principles.					
Determining qualification criteria for the sale of state-owned enterprises?	Not applicable	No such transactions are envisaged  MTPA: Commercialisation of nature reserves					
Developing criteria for entering into partnerships with the private sector?	Not applicable	No such transactions are envisaged					
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	The Department has identified incubation as an important element to support SMME's in the Province. The Department has established, together with other developmental partners like the municipalities and SEDA, Incubators that train support and develop SMME's in prioritised economic sectors. They are the Furniture Technology Incubator (Furntech) and the Mpumalanga Stainless Steel Initiative (MSI). Formal training and development programmes by the Incubators are submitted to the Department for funding and once approved such training and development programmes are closely monitored by the Department until their completion and the person or company graduates to the post incubation phase.					





### 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

During the period under review, the vacant posts of Head of Department/Accounting Officer and Chief Financial Officer (CFO) were duly filled. The position of CFO was filled by a female, and this has made a positive contribution to the employment equity statistics of the Department. The Department has experienced a turnover rate of 8.29% which is worrying considering the current moratorium that is in place in the Province. The proposed organisational structure of the Department was re-submitted to the Office of the Premier, and it is anticipated that the process will be finalised during the current financial year.

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

In an effort to ensure that the Department contributes in building skilled and capable workforce, fourteen(14) interns were recruited into the Department for a period of two years. The youngsters will be developed during their contract period so that when an opportunity presents itself, they would be able to compete with a better understanding of the Department. Training and development interventions were implemented to ensure that officials of the Department have the necessary skills, in order to assist the Department to achieve its objectives. The Department anticipates 4.8% terminations due to retirement in the next 3 years, and a plan will be put in place to ensure that those terminations do not negatively affect the Department, despite the moratorium that is in place.

# Employee performance management

The Department continues to manage the performance of employees; to that end, there was an increase in compliance with the performance management system. No backlogs were experienced as all levels were assessed for performance and those qualifying were accordingly rewarded.

# Employee wellness programmes

The Department has adopted an integrated approach to employee health and wellness wherein the importance of linking individual health, safety and wellness, organisational wellness, environmental sustainability, quality management to productivity and improved service delivery outcomes was recognised. During the period under review, focus was placed on the following critical strategic priority areas: HIV and AIDS, STI and TB Management, Health and Productivity Management, Safety, Health, Environment, Risk and Quality Management (SHERQ), Wellness Management. During the last month of the financial year, the Department started focusing on COVID-19 in order to protect its workforce, as it was declared as a national disaster.

# 3. HUMAN RESOURCES OVERSIGHT STATISTICS

# 3.1 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and 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 2019 and 31 March 2020

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	101 040	66 236	780 724	0,00	65,60	557
Integrated Econ Development	387 996	29 571	171 969	0,00	7,60	721
Trade and Sector Development	18 084	12 828	121 484	0,00	70,90	755
Business Regulation & Governance	113 716	17 158	65 005	0,00	15,10	592
Economic Planning	18 075	15 765	197 571	0,00	87,20	876
Tourism	395 062	3 656	50 599	0,00	0,90	914
Total	1 033 973	145 214	1 387 352	0,00	14	637

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 and 31 March 2020

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
01 Lower skilled (Levels 1-2)	364	0,20	2	182 000
02 Skilled (Levels 3-5)	9 072	5,80	28	324 000
03 Highly skilled production (Levels 6-8)	38 104	24,30	78	488 513
04 Highly skilled supervision (Levels 9-12)	61 784	39,40	73	846 356
05 Senior management (Levels 13)	30 274	19,30	23	1 316 261
11 Contract (Levels 3-5)	299	0,20	2	149 500
12 Contract (Levels 6-8)	1 339	0,90	16	83 688

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2019 and 31 March 2020

Salaries			Overtime		Home Owners Allowance		Medical Aid		Total
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	Personnel Cost per Programme (R'000)
Administration	53 679	75,00	771	1,10	1 344	1,90	3 006	4,20	71 554
Integrated Economic Development	23 475	78,80	0	0	459	1,50	1 190	4,00	29 783
Trade and Sector Development	12 735	77,40	0	0	214	1,30	734	4,50	16 456
Business Regulation & Governance	12 862	80,10	6	0	448	2,80	783	4,90	16 060
Economic Planning	11 971	80,90	4	0	276	1,90	515	3,50	14 800
Tourism	5 896	71,50	6	0,10	286	3,50	191	2,30	8 251
Total	120 618	76,90	786	0,50	3 026	1,90	6 419,00	4,10	156 905

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 and 31 March 2020

	Salaries		Overtime		Home Owr Allowance		Medical 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)	267,00	73,20	0	0	33	9	32	8,80	365
02 Skilled (Levels 3-5)	6 564	71,90	74	0,80	518	5,70	894	9,80	9 124
03 Highly skilled production (Levels 6-8)	29 759	74,10	461	1,10	1 300	3,20	2 532	6,30	40 178
04 Highly skilled supervision (Levels 9-12)	52 165	79,10	221	0,30	727,00	1,10	2 395	3,60	65 938
05 Senior management (Levels 13)	25 861	78,70	0	0	400	1,20	517	1,60	32 867
11 Contract (Levels 3-5)	245	81,70	8	2,70	20	6,70	0	0	300
12 Contract (Levels 6-8)	1 225	90,50	22	1,60	28	2,10	0	0	1 353
13 Contract (Levels 9-12)	2 673	65,50	0	0	0	0	49	1,20	4 079
14 Contract (Levels 13)	1 858	68,80	0	0	0,00	0	0	0	2 702
Total	120 618	76,90	786,00	0,50	3 026	1,90	6 419	4,10	156 905

### 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).

Department 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 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	141	121	14.18	15
Integrated Economic Development	41	39	4.87	0
Trade and Sector Development	21	17	19.04	0
Business Regulation & Governance	28	28	0	0
Economic Planning	18	18	0	0
Tourism	05	05	0	0
Total	254	228	10.23	15

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2020

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	2	2	0	0
Skilled (Levels 3-5), Permanent	38	28	26,30	0
Highly Skilled Production (Levels 6-8), Permanent	84	78	7,10	0
Highly Skilled Supervision (Levels 9-12), Permanent	83	73	12	0
Senior Management (Levels 13), Permanent	23	23	0	0
Contract (Levels 3-5)	2	2	0	0
Contract (Levels 6-8)	16	16	0	14
Contract (Levels 9-12),	3	3	0	0
Contract (Levels 13-16)	3	3	0	1
Total	254	228	10,23	15

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, permanent	37	31	16,20	0
Cleaners in offices workshops hospitals etc., permanent	12	9	25	0
Communication and information related, permanent	9	8	11,10	0
Economists, permanent	56	52	7,10	0
Finance and economics related, permanent	18	15	16,70	0
Financial and related professionals, permanent	3	3	0	0
Financial clerks and credit controllers, permanent	8	6	25	0
General legal administration & rel. Professionals, permanent	1	1	0	0
Head of department/chief executive officer, permanent	1	1	0	0
Human resources & organisational development & relate prof, permanent	1	1	0	0
Human resources clerks, permanent	11	11	0	10
Human resources related, permanent	22	20	9,10	4
Information technology related, permanent	1	1	0	0
Legal related, permanent	2	2	0	0
Light vehicle drivers, permanent	4	3	25	0
Logistical support personnel, permanent	3	3	0	0
Messengers porters and deliverers, permanent	2	1	50	0
Other administration & related clerks and organisers, permanent	4	3	25	0
Regulatory inspectors, permanent	3	3	0	0
Risk management and security services, permanent	1	1	0	0
Secretaries & other keyboard operating clerks, permanent	21	19	9,50	0
Senior managers, permanent	16	16	0	1
Statisticians and related professionals, permanent	2	2	0	0
Trade/industry advisers & other related profession, permanent	16	16	0	0
Total	254	228	10,23	15

### 3.3 Filling of SMS Posts

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

Table 3.3.1 SMS post information as on 31 March 2020

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 Department	01	01	100	0	0
Salary Level 16	01	01	100	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	06	06	100	0	0
Salary Level 13	19	18	95	1	5.2
Total	27	26	96	01	3.7

Table 3.3.2 SMS post information as on 30 September 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	01	0	0	01	100
Salary Level 16	01	01	100	0	0
Salary Level 15	0	0	0	0	0
Salary Level 14	06	06	100	0	0
Salary Level 13	19	18	95	01	5.2
Total	27	25	93	02	7.4

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 and 31 March 2020

	Advertising	Filling of Posts	
SMS Level	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	01	0	01
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	01	0	01
Salary Level 13	0	0	0
Total	02	0	02

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2019 and 31 March 2020

#### Reasons for vacancies not advertised within six months

Since 2015, a moratorium was placed on the filling of vacant posts, and as such, the Department did not go on a recruitment drive during the period under review

### Reasons for vacancies not filled within twelve months

Since 2015, a moratorium was placed on the filling of vacant posts, and as such, the Department did not go on a recruitment drive during the period under review

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 2019 and 31 March 2020

### Reasons for vacancies not advertised within six months

None (There is a provincial moratorium on filling vacant posts)

#### Reasons for vacancies not filled within six months

None (There is a provincial moratorium on filling vacant posts)

### 3.4. Job Evaluation

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

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2019 and 31 March 2020

	Ni wahan af maata	Nissasis au	% of posts	Posts Upgra	nded	Posts down	graded
Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	evaluated by salary bands	Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	40	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	100	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	86	07	8.13	04	57.14	0	0
Senior Management Service Band A (Levels 13)	18	0	0	0	0	0	0
Senior Management Service Band B (Levels 14)	06	0	0	0	0	0	0
Senior Management Service Band C (Levels 15)	01	0	0	0	0	0	0
Senior Management Service Band D (Levels 16)	01	0	0	0	0	0	0
Total	254	07	2.75	04	57.14	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 and 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	02	0	0	0	02
Male	0	0	0	0	0
Total	02	0	0	0	02

None
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 and 31 March 2020

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	None
	0	0	0	None
	0	0	0	None
Total number of employees whose salaries exceede	None			
Percentage of total employed	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 2019 and 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

### **Notes**

If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determine by job evaluation N	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):

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2019 and 31 March 2020

Salary band	Number of employees at beginning of period-1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	2	0	0	0
Skilled (Levels3-5)	33	2	5	15.15
Highly skilled production (Levels 6-8)	82	2	4	4.87
Highly skilled supervision (Levels 9-12)	76	3	6	7.89
Senior Management Service Bands A	16	2	1	6.25
Senior Management Service Bands B	5	1	1	20
Senior Management Service Bands C	0	1	0	0
Senior Management Service Bands D	1	1	1	100
Contracts	2	14	0	0
Total	217	26	18	8.29

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 and 31 March 2020

Critical occupation	Number of employees at beginning of period-April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related permanent	30	4	2	6,70
Cleaners in offices workshops hospitals etc. Permanent	10	1	2	20
Communication and information related permanent	8	0	0	0
Economists permanent	54	0	2	3,70
Finance and economics related permanent	16	0	1	6,30
Financial and related professionals permanent	6	0	3	50
Financial clerks and credit controllers permanent	6	0	1	16.66
Food services aids and waiters permanent	1	0	1	100
General legal administration & rel. Professionals permanent	1	0	0	0
Human resources & organisational development & relate prof permanent	1	0	0	0
Human resources clerks permanent	1	10	0	0
Human resources related permanent	16	4	1	6,30
Information technology related permanent	1	0	0	0
Legal related permanent	2	0	0	0
Light vehicle drivers permanent	2	1	0	0
Logistical support personnel permanent	3	0	0	0
Messengers porters and deliverers permanent	2	0	1	50
Other administration & related clerks and organisers permanent	2	0	1	50
Other occupations permanent	1	0	1	100
Regulatory inspectors permanent	3	0	0	0
Risk management and security services permanent	1	0	0	0
Secretaries & other keyboard operating clerks permanent	19	1	1	5.26
Senior managers permanent	13	4	1	7.69
Statisticians and related professionals permanent	2	0	0	0
Trade/industry advisers & other related profession permanent	16	0	0	0
Total	217	26	18	8.29

#### **Notes**

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation –

in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria:

for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;

where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and

in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2019 and 31 March 2020

Termination Type	Number	% of Total Resignations
Death	2	11.11
Resignation	5	27.77
Expiry of contract	3	16.66
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	6	33.33
Transfer to other Public Service Departments	2	11.11
Other	0	0
Total	18	8.29
Total number of employees who left as a % of total employment	18	8.29

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 and 31 March 2020  $\,$ 

Occupa <del>ti</del> on	Employees 1 April 2019	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	30	0	0	24	80
Cleaners in offices workshops hospitals etc.	10	0	0	4	40
Communication and information related	8	0	0	5	62,50
Economists	54	0	0	46	85,20
Finance and economics related	16	0	0	11	68,80
Financial and related professionals	6	0	0	2	33,30
Financial clerks and credit controllers	6	0	0	2	33,30
Food services aids and waiters	1	0	0	0	0
General legal administration & rel. Professionals	1	0	0	1	100
Human resources & organisational development & relate prof	1	0	0	1	100
Human resources clerks	1	0	0	1	100
Human resources related	16	0	0	13	81,30
Information technology related	1	0	0	0	0
Legal related	2	0	0	1	50
Light vehicle drivers	2	0	0	1	50
Logistical support personnel	3	0	0	2	66,70
Messengers porters and deliverers	2	0	0	2	100
Other administrational & related clerks and organisers	2	0	0	2	100
Other occupations	1	0	0	0	0
Regulatory inspectors	3	0	0	3	100
Risk management and security services	1	0	0	1	100
Secretaries & other keyboard operating clerks	19	0	0	18	94,70
Senior managers	13	0	0	8	61,50
Statisticians and related professionals	2	0	0	2	100
Trade/industry advisers & other related profession	16	0	0	14	87,50
Total	217	0	0	164	75,60

Table 3.5.5 Promotions by salary band for the period 1 April 2019 and 31 March 2020

Salary Band	Employees 1 April 2019	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)	2	0	0	0	0
Skilled (Levels3-5)	33	0	0	27	81,80
Highly skilled production (Levels 6-8)	82	0	0	64	78
Highly skilled supervision (Levels 9-12)	78	0	0	59	75.64
Senior Management (Level 13-16)	22	0	0	14	63,60
Total	217	0	0	164	75,60

# 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 2020

	Male				Female				
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	13	0	0	1	3	0	0	1	18
Professionals	51	2	0	2	63	0	1	2	121
Technicians and associate professionals	15	0	0	0	18	0	0	1	34
Clerks	10	0	0	0	26	1	0	1	38
Service and sales workers	1	0	0	0	3	0	0	0	04
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	3	0	0	0	0	0	0	0	03
Elementary occupations	1	0	0	0	9	0	0		10
Total	94	2	0	3	122	1	1	5	228
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 2020

Occupational band	Male				Female				Total	
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total	
Top Management	2	0	0	0	0	0	0	0	2	
Senior Management	16	1	0	2	4	0	0	1	24	
Professionally qualified and experienced specialists and mid- management	43	1	0	1	28	0	1	2	76	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	31	0	0	0	62	0	0	1	94	
Semi-skilled and discretionary decision making	2	0	0	0	26	1	0	1	30	
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2	
Total	94	2	0	3	122	1	1	5	228	

Table 3.6.3 Recruitment for the period 1 April 2019 and 31 March 2020

Occupational hand	Male				Female				Total	
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	iotai	
Top Management	1	0	0	0	0	0	0	0	1	
Senior Management	3	0	0	0	0	0	0	1	4	
Professionally qualified and experienced specialists and mid-management	3	0	0	0	0	0	0	0	3	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	0	0	0	8	0	0	0	16	
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2	
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	
Total	16	0	0	0	9	0	0	1	26	
Employees with disabilities	0	0	0	0	0	0	0	0	0	

Table 3.6.4 Promotions for the period 1 April 2019 and 31 March 2020

	Male				Female				
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	9	1	0	0	4	0	0	0	14
Professionally qualified and experienced specialists and mid-management	32	1	0	0	25	0	1	0	59
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	17	0	0	0	46	0	0	1	64
Semi-skilled and discretionary decision making	2	0	0	0	23	1	0	1	27
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	60	2	0	0	98	1	1	1	164
Employees with disabilities	3	0	0	0	0	0	0	0	3

Table 3.6.5 Terminations for the period 1 April 2019 and 31 March 2020

	Male				Female				
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	1	0	0	0	2
Professionally qualified and experienced specialists and mid- management	4	0	0	0	2	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	3	0	0	0	6
Semi-skilled and discretionary decision making	0	0	0	0	3	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	9	0	0	0	9	0	0	0	18
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2019 and 31 March 2020

Disciplinary action	Male				Female				Total	
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total	
	1	0	0	0	0	0	0	0	1	
Total	01	0	0	0	0	0	0	0	01	

Table 3.6.7 Skills development for the period 1 April 2019 and 31 March 2020

Occumentarial estacement	Male				Female				Total
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	11	0	1	2	4	0	0	1	19
Professionals	18	1	0	1	25	0	1	3	49
Technicians and associate professionals	8	0	0	0	13	0	0	0	21
Clerks	10	0	0	0	30	0	0	1	41
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	47	1	1	3	72	0	1	5	130
Employees with disabilities	2	0	0	0	0	0	0	0	2

# 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.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2019

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	0	0
Salary Level 16	0	0	0	0
Salary Level 15	0	0	0	0
Salary Level 14	6	5	5	100%
Salary Level 13	19	16	15	93.75%
Total	26	21	20	95.24%

#### **Notes**

In the event of a National or Provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading on the table above should change to 31 July 2019.

NB: Due to National elections, signing and submission of Performance Agreements by SMS was extended to 31 August 2019.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2020

Reasons	
Non-compliance to PMD&S Policy	

### **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 2020

Reasons
Disciplinary measures were evoked to address non-compliance, subsequent to that the employee signed and submitted after the due date.

#### Notes

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

### 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 2019 and 31 March 2020

	Beneficiary Profile			Cost		
Race and Gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee	
African						
Male	43	91	47,30	835,05	19 420	
Female	71	122	58,20	833,13	11 734	
Asian						
Male	0	0	0	0	0	
Female	1	1	100	28,48	28 477	
Coloured						
Male	2	2	100	73,06	36 529	
Female	1	1	100	8,68	8 680	
White						
Male	3	3	100	186,96	62 320	
Female	4	5	80	67,84	16 959	
Employees with a disability	1	3	33,30	12,83	12 828	
Total	126	228	55,30	2 046,02	16 238	

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 and 31 March 2020

	Beneficiary Profile	е		Cost			
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure	
Lower Skilled (Levels 1-2)	1	2	50	5,69	5 687	1.56%	
Skilled (level 3-5)	24	28	85,70	177,28	7 387	1.95%	
Highly skilled production (level 6-8)	41	78	52,60	468,09	11 417	1.29%	
Highly skilled supervision (level 9-12)	53	73	72,60	1 066,17	20 116	3.52%	
11 Contract (Levels 3-5)	1	2	50	3,46	3 463	1.16%	
12 Contract (Levels 6-8)	0	16	0	0	0	0%	
13 Contract (Levels 9-12)	2	3	66,70	55,35	27 673	1.80%	
Total	122	202	60,40	1 776,04	14 558	1.21%	

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2019 and 31 March 2020

	Beneficiary Profile	е		Cost		
Critical occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee	
Financial clerks and credit controllers	5	6	83,30	52,90	10 580	
Human resources clerks	1	11	9,10	10,13	10 130	
Human resources & organisational development & related prof	1	1	100	29,70	29 696	
Messengers porters and deliverers	0	1	0	0	0	
Risk management and security services	1	1	100	24,39	24 389	
Logistical support personnel	2	3	66,70	18,25	9 127	
Finance and economics related	13	15	86,70	250,20	19 246	
Other administration & related clerks and organisers	2	2	100	21,60	10 801	
Other occupations	0	1	0	0	0	
Legal related	0	2	0	0	0	
Financial and related professionals	4	3	133,30	62,15	15 537	
Administrative related	14	31	45,20	206,51	14 751	
Communication and information related	4	8	50	61,82	15 456	
Secretaries & other keyboard operating clerks	16	19	84,20	126,04	7 877	
Cleaners in offices workshops hospitals etc.	8	9	88,90	49,74	6 218	
Human resources related	7	20	35	154,94	22 134	
Trade/industry advisers & other related profession	7	16	43,80	130,65	18 664	
Head of department/chief executive officer	0	1	0	0	0	
General legal administration & rel. Professionals	0	1	0	0	0	
Regulatory inspectors	3	3	100	40,76	13 587	
Statisticians and related professionals	2	2	100	30,15	15 076	
Senior managers	2	16	12,50	169,77	84 887	
Economists	30	52	57,70	571,76	19 059	
Light vehicle drivers	2	3	66,70	16,06	8 030	
Information technology related	1	1	100	12,64	12 638	
Total	126	228	55,30	2 046,02	16 238	

#### **Notes**

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation
  - a. in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
  - b. for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - c. where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - d. in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 and 31 March 2020

	Beneficiary Profi	le		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	Personnel Cost SMS (R'000)	
Band A	4	18	22,20	269,98	67 496,20	1,20	23 440,06	
Band B	0	6	0	0	0	0	9 429,90	
Band C	0	1	0	0	0	0	608,09	
Band D	0	1	0	0	0	0	2 091,16	
Total	4	26	15,40	269,98	67 496,20	0,80	35 569,21	

It must be noted that two of the beneficiaries were rewarded in the current financial year for the performance period of 2017/18. For the period 2018/19, there were two beneficiaries for incentive rewards.

### 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 2019 and 31 March 2020

Colony hand	01 April 2019		31 March 2020		Change	
Salary band	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 and 31 March 2020

Major occupation		01 April 2019		31 March 2020		Change		
	Major occupation	Number	% of total	Number	% of total	Number	% Change	
	0	0	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.

Table 3.10.1 Sick leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	5	100	2	1,70	3	3
Skilled (levels 3-5)	287	92,30	23	19,80	12	275
Highly skilled production (levels 6-8)	356	74,20	40	34,50	9	600
Contract (Levels 6-8)	5	80	3	2,60	2	2
Highly skilled supervision (levels 9 -12)	334	82,90	39	33,60	9	1 040
Top and Senior management (levels 13-16)	53	86,80	9	7,80	6	243
Total	1 040	82,80	116	100	9	2 163

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	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)	12	100	1	100	12	39
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	12	100	1	100	12	39

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

Table 3.10.3 Annual Leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	46	2	23
Skilled Levels 3-5)	721	32	23
Highly skilled production (Levels 6-8)	1 983	82	24
Contract (Levels 6-8)	62	11	6
Highly skilled supervision(Levels 9-12)	1 851	76	24
Contract (Levels 9-12)	3	3	1
Senior management (Levels 13-16)	503	24	21
Contract (Levels 13-16)	3	3	1
Total	5 172	226	23

Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2020	Total Number of Capped Leave Available at End of Period
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled Levels 3-5)	0	0	0	116	1 045,50
Contract (Levels 3-5)	0	0	0	0	
Highly skilled production (Levels 6-8)	0	0	0	46	1 020,12
Highly skilled supervision(Levels 9-12)	0	0	0	60	1 799,67
Senior management (Levels 13-16)	0	0	0	54	643,71
Total	0	0	0	62	4 509

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

Table 3.10.5 Leave payouts for the period 1 April 2019 and 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - discounting with resignation (work days)	249	4	62 250
Annual - discounting: unused vacation credits (work days)	864	32	27 000
Annual - gratuity: death/retirement/medical retirement(work	388	10	38 800
Annual - Head of Departments (gratuity) (work days)	158	2	79 000
Capped - gratuity: death/retirement/medical retirement(work	1 503	8	187 875
TOTAL	3 162	56	56 464

## 3.11 HIV/AIDS & Health Promotion Programmes

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

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms NI Phiri Director: Human Resource Management
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		The total number of staff is three (3) and the budget allocated is R3,088,000.00 for compensation; and goods and services.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.	Yes		Implementation of the integrated pro- active and re-active Employee Health and Wellness Programmes

Ms IN Phiri Mr SJ Nkambule, Ms SJ Phahlamohlaka, Ms HT Mokotedi, Mr DJ Sibiya, Mr LE Monate, Mr MS Mahlangu, Ms AM Johnson, Ms FH Hlathi, Mr SV Hlatshwayo.  Union Representatives (Ms BP Nkalanga NEHAWU and Ms GT Makhaya PSA).  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.  Yes  Yes  Yes, the Employment Equity the Ski Development Policies were reviewed still waiting approval; the Health and Productivity Management policy was reviewed and approved. These policies ensure that the designated	Question	Yes	No	Details, if yes
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.  Development Policies were reviewed still waiting approval; the Health and Productivity Management policy was reviewed and approved. These policies ensure that the designated	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)	Yes		Committee Ms IN Phiri Ms BG Molahlegi, Ms S Malaza, Ms L Phoku, Ms GT Makhaya, Ms M Mabilu Ms YN Thabethe, Mr AF Tshifularo, Mr. MD Mashaba, Mr KJ Moile, Mr S Mahlangu, Mr CD Ngobe , Mr LP Mapheto, Mr MG Mthethwa.  EHWP and Sports Committee Members  Ms ZR Mabuza, Ms CM Mdawe, Ms SJ Phahlamohlaka, Ms J Nkosi, Ms YN Thabethe, Mr MG Mthethwa, Mr S Mhlaba, Ms GT Makhaya, Ms SB Ingle  Employment Equity and Skills Development Committee Members Ms IN Phiri Mr SJ Nkambule, Ms SJ Phahlamohlaka, Ms HT Mokotedi, Mr DJ Sibiya, Mr LE Monate, Mr MS Mahlangu, Ms AM Johnson, Ms FH Hlathi, Mr SV Hlatshwayo.  Union Representatives (Ms BP Nkalanga NEHAWU and Ms GT
groups including employees infecte with HIV are not discriminated.	ensure that these do not unfairly discriminate against employees on the basis	Yes		was reviewed and approved. These policies ensure that the designated groups including employees infected

Question	Yes	No	Details, if yes
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; the Occupational Health & Safety and EHWP; Disability Management and Gender Equality; and Empowerment policies. The Department also regularly conducts the 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 three (3) comprehensive onsite Health Screening sessions, including HIV Counselling and Testing, for the employees and the response was positive. Employees were 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 analysed the EHWP individual financial wellness cases and the PERSAL garnishee report to establish the rate of employees with financial challenges.  The Department also analysed GEMS and SOMA disease management reports to monitor the impact of the health promotion programmes and assessed the types of chronic illnesses affecting employees.

# 3.12 Labour Relations

## Table 3.12.1 Collective agreements for the period 1 April 2019 and 31 March 2020

Subject matter	Date
Total number of collective agreements	None

### Notes

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

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 2019 and 31 March 2020

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	01	100
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	01	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 2019 and 31 March 2020

Type of misconduct	Number	% of total
Failure to carry out reasonable instruction/insubordination	01	100
Total	01	100

### Table 3.12.4 Grievances logged for the period 1 April 2019 and 31 March 2020

Grievances	Number	% of Total
Number of grievances resolved	10	83.3
Number of grievances not resolved	02	16.7
Total number of grievances lodged	12	100

### Table 3.12.5 Disputes logged with Councils for the period 1 April 2019 and 31 March 2020

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	03	100

### Table 3.12.6 Strike actions for the period 1 April 2019 and 31 March 2020

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 2019 and 31 March 2020

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 2019 and 31 March 2020

	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
Occupational category			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	2	3	5
Legislators, serilor officials and frial layers	Male	18	0	2	13	15
Professionals	Female	16	0	26	6	32
Professionals	Male	24	1	8	12	20
Tachnicians and associate professionals	Female	16	0	7	10	17
Technicians and associate professionals	Male	22	0	4	8	12
Clarks	Female	75	0	4	14	18
Clerks	Male	27	0	3	3	6
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Chilled egriculture and follow under	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
	Female	0	0	0	0	0
Craft and related trades workers	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	0	0	0	0
	Male	0	0	0	0	0
C. h. T. I. I	Female	126	0	39	33	72
Sub Total	Male	91	1	17	36	54
Total		217	1	56	69	126

Table 3.13.2 Training provided for the period 1 April 2019 and 31 March 2020

		Niverban of	Training provided within the reporting period				
Occupational category	Gender	Number of employees as at 1 April 2019	Learnerships	Skills Programmes & other short courses	Other forms of training	Total	
Legislators, senior officials and	Female	4	0	3	2	5	
managers	Male	18	0	4	10	14	
Professionals	Female	16	0	20	9	29	
	Male	24	1	7	12	19	
Technicians and associate	Female	16	0	3	10	13	
professionals	Male	22	0	4	4	8	
Clerks	Female	75	0	9	22	31	
	Male	27	0	4	6	10	
Service and sales workers	Female	0	0	0	0	0	
	Male	0	0	0	0	0	
Skilled agriculture and fishery	Female	0	0	0	0	0	
workers	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	Female	0	0	0	0	0	
and assemblers	Male	0	0	0	0	0	
Elementary occupations	Female	15	0	0	0	0	
	Male	0	0	0	0	0	
Sub Total	Female	126	0	35	43	78	
	Male	91	1	19	32	52	
Total		217	1	54	75	130	

### 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 2019 and 31 March 2020

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 relate 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:

The rendering of expert advice;

The drafting of proposals for the execution of specific tasks; and

The execution of a specific task which is are 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 2019 and 31 March 2020

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Development of Mpumalanga Rural Tourism Development Plan	1	6 months	R488 750.00
Development of Mpumalanga Red Tape Reduction Strategy	1	3 months	R345 920.00
Development of the Informal Economy Plan	1	6 months	R485 371.00
Development of a Five Year Strategic Plan for the Department	1	3 weeks	R499 134.50
Development of Annual Performance and Operational Plans for the Department	1	3 weeks	R488 888.77

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
3	3	15 months	R 1 320 041.00
2	2	6 weeks	R 988 023.27

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Development of Mpumalanga Rural Tourism Development Plan	100%	100%	1
Development of Mpumalanga Red Tape Reduction Strategy	27.36%	27.36%	1
Development of the Informal Economy Plan	100%	100%	1
Development of a Five Year Strategic Plan for the Department	51%	51%	1
Development of Annual Performance and Operational Plans for the Department	51%	51%	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2019 and 31 March 2020

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

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

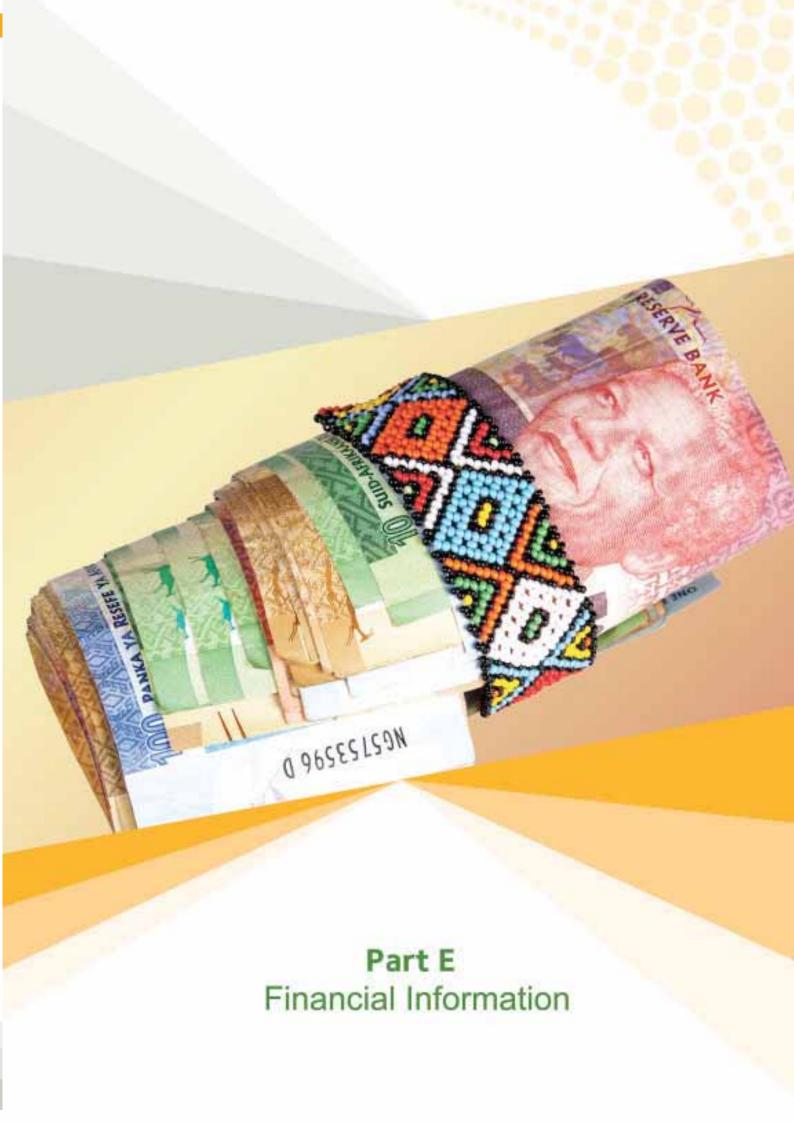
Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

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

### 3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2019 and 31 March 2020

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



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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 155 to 207, which comprise the appropriation statement, statement of financial position as at 31 March 2020, 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 2020, 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, 2019 (Act No. 16 of 2019) (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 sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International code of ethics for professional accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matters**

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

#### Irregular expenditure

7. As disclosed in note 21 to the financial statements, irregular expenditure of R90 213 000 incurred in previous years was still under investigation.

#### Non-adjusting events after the reporting date

8. I draw attention to note 25 to the financial statements which deals with subsequent events and especially the possible effects of the future implications of Covid-19 on the department's future prospects, performance and cash flows. Management also describes how they plan to deal with these events and circumstances. My opinion is not modified in respect of this matter.

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

- 9. 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 PMFA 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.
- 10. 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 appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

- 11. 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.
- 12. 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

- 13. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 14. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the department enabled service delivery. My procedures also do 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.
- 15. 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 programme presented in the annual performance report of the department for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3: Trade and Sector Development	54 – 64

- 16. 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.
- 17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
  - Programme 3: Trade and Sector Development

#### Other matter

18. I draw attention to the matter below.

#### **Achievement of planned targets**

19. Refer to the annual performance report on pages 33 to 83 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

#### Report on the audit of compliance with legislation

#### Introduction and scope

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

#### **Annual financial statements**

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material

misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

#### **Procurement and contract management**

23. 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 the 2017 preferential procurement regulation 8(2).

#### **Expenditure management**

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R18 782 000, as disclosed in note 21 to the financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. Most of the irregular expenditure was caused by non-compliance with supply chain management prescripts. Similar non-compliance also occurred in the prior year.

#### **Consequence management**

25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records not being maintained as evidence to support the investigations into fruitless and wasteful expenditure.

### **Other information**

- 26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 29. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
- 30. I have nothing to report in this regard.

#### Internal control deficiencies

31. 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.

- 32. Management did not prepare regular, accurate and complete financial reports that were supported and evidenced by reliable information.
- 33. Management did not regularly review non-compliance with laws and regulations.

AUDITOR - GENERAL

Mbombela

02 October 2020



Auditing to build public confidence

### Annexure – Auditor-general's responsibility for the audit

 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 relating to events or conditions that may cast significant doubt on the ability of the department 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 my 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 operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, actions taken to eliminate threats or safeguards applied.

				Appropriation p	oer programme				
			201	9/20				2018	/19
	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
Programme									
1. Administration	108,582	-	-	108,582	101,046	7,536	93.1	94,085	92,919
2. Integrated Economic Development	390,316	-	-	390,316	388,004	2,312	99.4	532,652	532,652
3. Trade and Sector Development	20,091	-	(116)	19,975	18,084	1,891	90.5	16,731	16,654
4. Business Regulation and Governance	114,422	-	(460)	113,962	113,718	244	99.8	114,479	114,405
5. Economic Planning	17,843	-	576	18,419	18,081	338	98.2	18,857	18,610
6. Tourism	395,427	-	-	395,427	395,063	364	99.9	383,648	383,648
Subtotal	1,046,681	-	-	1,046,681	1,033,996	12,685	98.8	1,160,452	1,158,888
Statutory Appropriation		-	-					-	-
TOTAL	1,046,681	-	-	1,046,681	1,033,996	12,685	98.8	1,160,452	1,158,888
TOTAL (brought for Reconciliation with ADD	h statement of fin	ancial perfo	rmance						
Departmental rece	eipts			153,938				129,424	-
Actual amounts p (total revenue) ADD	er statement of fir	nancial perfo	ormance	1,200,619				1,289,876	
Prior year unauthor funding Actual amounts p (total expenditure	er statement of fir				1,033,996				1,158,888

			Ар	propriation per ed	conomic classific	a <del>ti</del> on			
			20	19/20				2018	/19
	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
Economic classifi	ca <del>ti</del> on								
Current payments	228,909	-	(2,215)	226,694	215,082	11,612	94.9		215,277
Compensation of employees	150,281	-	(1)	150,280	145,237	5,043	96.6		137,269
Salaries and wages	128,766	-	1,584	130,350	126,018	4,332	96.7		118,865
Social contributions	21,515	-	(1,585)	19,930	19,219	711	96.4		18,404
Goods and services	78,628	-	(2,214)	76,414	69,845	6,569	91.4		78,008
Administrative fees	1,334	-	(403)	931	806	125	86.6		1,065
Advertising	1,277	-	10	1,287	1,287	-	100		1,234
Minor assets	1,255	-	(761)	494	482	12	97.6		152
Audit costs: External	5,503	-	447	5,950	5,950	-	100		4,406
Catering: Departmental activities	602	-	243	845	730	115	86.4		1,948
Communication	4,011	-	(557)	3,454	3,454	-	100		2,761
Computer services	889	-	(118)	771	725	46	94		488
Consultants: Business and advisory services	1,953	-	243	2,196	2,196	-	100		2,412
Legal services	1,500	1	-	1,500	362	1,138	24.1		390
Contractors	713	-	(183)	530	401	129	75.7		19
Agency and support / outsourced services	6,081	-	(2,071)	4,010	3,015	995	75.2		14,734
Fleet services	1,603	-	(512)	1,091	1,091	-	100		1,002
Inventory: Food and food supplies	159	-	(159)	-	-	-	-		
Consumable supplies	881	-	1,255	2,136	1,991	145	93.2		1,422

	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
Consumable: Stationery, printing and office supplies	2,225	-	(113)	2,112	1,570	542	74.3	1,587	1,521
Operating leases	21,308	-	246	21,554	21,554	-	100	20,759	20,759
Property payments	4,965	-	(242)	4,723	4,353	370	92.2	3,509	3,509
Travel and subsistence	17,783	-	785	18,568	16,177	2,391	87.1	17,008	16,986
Training and development	2,759	-	(313)	2,446	2,296	150	93.9	2,213	2,161
Operating payments	792	-	(10)	782	411	371	52.6	335	297
Venues and facilities	1,035	-	(1)	1,034	994	40	96.1	774	742
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	688,056	-	2,168	690,224	690,224	-	100	669,028	668,684
Provinces and municipalities	-	-	194	194	194	-	100	7	7
Departmental agencies and accounts	-	-	-	483,729	483,729	-	100	475,243	475,243
Public corporations and private enterprises	203,824	-	-	203,824	203,824	-	100	193,309	193,232
Public corporations	201,923	-	-	201,923	201,923	-	100	191,457	191,457
Private enterprises	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Households	503	-	1,974	2,477	2,477	-	100	469	202
Payments for capital assets	129,716	-	(65)	129,651	128,578	1,073	99.2	275,336	274,923
Buildings and other fixed structures	125,367	-	-	125,367	125,362	5	100	271,488	271,488
Machinery and equipment	4,349	-	(65)	4,284	3,216	1,068	75.1	3,848	3,435
Transport equipment	1,524	-	(510)	1,014	38	976	3.7	1,054	653
Other machinery and equipment	2,825	-	445	3,270	3,178	92	97.2	2,794	2,782
Payment for financial assets	-	-	112	112	112	-	100	4	4
Total	1,046,681	-	-	1,046,681	1,033,996	12,685	98.8	1,160,452	1,158,888

			2019	/20				2018	/19
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure
	R′000	R′000	R′000	R'000	R′000	R'000	%	R′000	R′000
Sub programme									
Office of the MEC	10,711	-	3,012	13,723	13,723	-	100	11,305	11,075
Senior Management (HOD)	10,940	-	(183)	10,757	9,127	1,630	84.8	7,397	7,360
Financial Management	45,740	-	17	45,757	42,995	2,762	94	39,665	39,154
Corporate Services	41,191	-	(2,846)	38,345	35,201	3,144	91.8	35,718	35,330
Total for sub programmes	108,582	-	-	108,582	101,046	7,536	93.1	94,085	92,919
Economic classification	R′000	R′000	R′000	R′000	R′000	R'000	%	R′000	R′000
Current payments	103,730	-	(1,041)	102,689	96,221	6,468	93.7	89,828	89,342
Compensation of employees	70,305	-	(1)	70,304	66,242	4,062	94.2	63,347	63,347
Salaries and wages	62,331	-	(1,051)	61,280	57,497	3,783	93.8	54,731	54,731
Social contributions	7,974	-	1,050	9,024	8,745	279	96.9	8,616	8,616
Goods and services	33,425	-	(1,040)	32,385	29,979	2,406	92.6	26,481	25,995
Administrative fees	525	-	31	556	531	25	95.5	769	769
Advertising	1,066	-	(391)	675	675	-	100	678	607
Minor assets	1,204	-	(722)	482	374	108	77.6	279	152
Audit costs: External	5,503	-	447	5,950	5,950	-	100	4,406	4,406
Catering: Departmental activities	322	-	179	501	386	115	77	307	233
Communication	4,011	_	(557)	3,454	3,454	_	100	2,759	2,759

	Adjusted	Shifting	Virement	Final	Actual	Variance	Expenditure as % of final	Final	Actual
	Appropriation	of Funds	virement	Appropriation	Expenditure	variance	as % of final appropriation	Appropriation	expenditure
	R′000	R′000	R′000	R'000	R′000	R'000	%	R'000	R'000
Computer services	434	-	(127)	307	307	-	100	144	133
Consultants: Business and advisory services	1,018	-	529	1,547	1,547	-	100	241	241
Legal fees	1,500	-	-	1,500	362	1,138	24.1	390	390
Contractors	455	-	(324)	131	11	120	8.4	41	19
Agency and support / outsourced services	979	-	(846)	133	133	-	100	149	139
Fleet services	1,603	-	(512)	1,091	1,091	-	100	1,006	1,002
Inventory: Food and food supplies	159	-	(159)	-	-	-	-	-	-
Consumable supplies	881	-	1,244	2,125	2,088	37	98.3	1,391	1,420
Consumable: Stationery, printing and office supplies	2,225	-	(158)	2,067	1,525	542	73.8	1,557	1,494
Property payments	-	-	9	9	9	-	100	37	37
Travel and subsistence	8,562	-	645	9,207	9,085	122	98.7	9,911	9,889
Training and development	2,109	-	(313)	1,796	1,646	150	91.6	1,563	1,511
Operating payments	379	-	(109)	270	221	49	81.9	285	247
Venues and facilities	490	-	94	584	584	-	100	568	547
Transfers and subsidies	503	-	1,096	1,599	1,599	-	100	409	142
Provinces and municipalities	-	-	194	194	194	-	100	7	7
Households	503	-	902	1,405	1,405	-	100	402	135
Payments for capital assets	4,349	-	(65)	4,284	3,216	1,068	75.1	3,848	3,435
Machinery and equipment	4,349	-	(65)	4,284	3,216	1,068	75.1	3,848	3,435
Payment for financial assets	-	-	10	10	10	-	100	-	-
Total	108,582	-	_	108,582	101,046	7,536	93.1	94,085	92,919

1.1 Office of the	FIVIEC							I	
			20	19/20				2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	10,711	-	2,468	13,179	13,179	-	100	11,305	11,075
Compensation of employees	6,275	-	1,813	8,088	8,088	-	100	6,274	6,274
Salaries and wages	4,754	-	2,493	7,247	7,247	-	100	5,569	5,569
Social contributions	1,521	-	(680)	841	841	-	100	705	705
Goods and services	4,436	-	655	5,091	5,091	-	100	5,031	4,801
Transfers and subsidies	-	-	544	544	544	-	100	-	-
Provinces and municipalities	-	-	183	183	183	-	100	-	-
Households	-	-	361	361	361	-	100	-	-
Total	10,711	_	3,012	13,723	13,723	-	100	11,305	11,075

1.2 Senior Mana	agement (HOD)									
			20	19/20				2018/19		
	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	10,940	-	(370)	10,570	8,940	1,630	84.6	7,340	7,303	
Compensation of employees	7,600	-	-	7,600	6,232	1,368	82	5,656	5,656	
Goods and services	3,340	-	(370)	2,970	2,708	262	91.2	1,684	1,647	
Transfers and subsidies	-	-	187	187	187	-	100	57	57	
Households	-	-	187	187	187	-	100	57	57	
Total	10,940	-	(183)	10,757	9,127	1,630	84.8	7,397	7,360	

1.3 Financial Ma	anagement								
2019/20								2018/19	
	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	41,391	-	(661)	40,370	39,036	1,694	95.8	35,732	35,634
Compensation of employees	24,792	-	-	24,792	23,243	1,549	93.8	22,118	22,118
Goods and services	16,599	-	(661)	15,938	15,793	145	99.1	13,614	13,516
Transfers and subsidies	-	-	743	743	743	-	100	85	85
Provinces and municipalities	-	-	11	11	11	-	100	7	7
Households	-	-	732	732	732	-	100	78	78
Payments for capital assets	4,349	-	(65)	4,284	3,216	1,068	75.1	3,848	3,435
Machinery and equipment	4,349	-	(65)	4,284	3,216	1,068	75.1	3,848	3,435
Total	45,740	-	17	45,757	42,995	2,762	94	39,665	39,154

1.4 Corporate S	ervices								
2019/20								2018/19	
	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	40,688	-	(2,478)	38,210	35,066	3,144	91.8	35,451	35,330
Compensation of employees	31,638	-	(1,814)	29,824	28,679	1,145	96.2	29,299	29,299
Goods and services	9,050	-	(664)	8,386	6,387	1,999	76.2	6,152	6,031
Transfers and subsidies	503	-	(378)	125	125	-	100	267	-
Households	503	-	(378)	125	125	-	100	267	-
Payment for financial assets	-	-	10	10	10	-	100	-	-
Total	41,191	-	(2,846)	38,345	35,201	3,144	91.8	35,718	35,330

PROGRAMME 2:	INTEGRATED ECO	NOMIC DEV	/ELOPMENT						
2019/20								2018/19	
	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									
CD: Office Support	1,792	-	315	2,107	2,107	-	100	1,825	1,825
Enterprise Development	341,484	-	-	341,484	341,091	393	99.9	487,184	487,184
Local Econ. Empowerment	8,135	-	118	8,253	7,873	380	95.4	6,824	6,824
Economic Empowerment	5,571	-	-	5,571	4,433	1,138	79.6	6,166	6,166
Regional Directors	33,334	-	(433)	32,901	32,500	401	98.8	30,653	30,653
Total for sub programmes	390,316	-	-	390,316	388,004	2,312	99.4	532,652	532,652
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Current payments	63,026	-	(383)	62,643	60,336	2,307	96.3	69,636	69,636
Compensation of employees	29,911	-	-	29,911	29,579	332	98.9	27,895	27,895
Salaries and wages	25,801	-	(25)	25,776	25,649	127	99.5	24,211	24,211
Social contributions	4,110	-	25	4,135	3,930	205	95	3,684	3,684
Goods and services	33,115	-	(383)	32,732	30,757	1,975	94	41,741	41,741
Administrative fees	217	-	(110)	107	59	48	55.1	88	88
Advertising	-	-	-	-	-	-	-	44	44
Minor assets	34	-	(34)	-	-	-	-	-	-
Catering: Dept. activities	244	-	77	321	321	-	100	1,671	1,671
Consultants, Business and advisory services	-	-	183	183	183	-	100	175	175
Contractors	-	-	390	390	390	-	100	-	-

	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	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
Agency and support / outsourced services	2,996	-	(1,214)	1,782	1,139	643	63.9	12,933	12,933
Operating leases	21,308	-	246	21,554	21,554	-	100	20,759	20,759
Property payments	4,965	-	(251)	4,714	4,344	370	92.2	3,472	3,472
Travel and subsistence	2,704	-	224	2,928	2,377	551	81.2	2,486	2,485
Operating payments	413	-	(55)	358	36	322	10.1	38	38
Venues and facilities	234	-	161	395	354	41	89.6	75	75
Transfers and subsidies	201,923	-	332	202,255	202,255	-	100	191,524	191,524
Public corp. private enterprises	201,923	-	-	202,255	202,255	-	100	191,457	191,457
Public corporations	201,923	-	-	202,255	202,255	-	100	191,457	191,457
Households	-	-	332	332	332	-	100	67	67
Payments for capital assets	125,367	-	-	125,367	125,362	5	100	271,488	271,488
Buildings and other fixed structures	125,367	-	-	125,367	125,362	5	100	271,488	271,488
Payments for financial assets	-	-	51	51	51	-	100	4	4
Total	390,316	-	-	390,316	388,004	2,312	99.4	532,652	532,652

2.1 CD: Office S	Support									
2019/20								2018/19		
	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	1,792	-	264	2,056	2,056	-	100	1,825	1,825	
Compensation of Employees	1,664	-	196	1,860	1,860	-	100	1,647	1,647	
Goods and services	128	-	68	196	196	-	100	178	178	
Payments for financial assets	-	-	51	51	51	-	100	-	-	
Total	1,792	-	315	2,107	2,107	-	100	1,825	1,825	

2.2 Enterprise I	Development								
2019/20								2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	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	14,194	-	(55)	14,139	13,751	388	97.3	24,225	24,225
Compensation of Employees	10,849	-	-	10,849	10,751	98	99.1	10,072	10,072
Goods and services	3,345	-	(55)	3,290	3,000	290	91.2	14,153	14,153
Transfers and subsidies	201,923	-	55	201,978	201,978	-	100	191,471	191,471
Public corporations and private enterprises	201,923	-	-	201,923	201,923	-	100	191,457	191,457
Public corporations	201,923	-	-	201,923	201,923	-	100	191,457	191,457
Households	-	-	55	55	55	-	100	14	14
Payments for capital assets	125,367	-	-	125,367	125,362	5	100	271,488	271,488
Buildings and other fixed structures	125,367	-	-	125,367	125,362	5	100	271,488	271,488
Total	341,484	-	-	341,484	341,091	393	99.9	487,184	487,184

2.3 Local Economic D	2.3 Local Economic Development											
2019/20								2018/19				
	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	8,135	-	(159)	7,976	7,596	380	95.2	6,771	6,771			
Compensation of employees	6,681	-	118	6,799	6,799	-	100	6,371	6,371			
Goods and services	1,454	-	(277)	1,177	797	380	67.7	400	400			
Transfers and subsidies	-	-	277	277	277	-	100	53	53			
Households		-	277	277	277	-	100	53	53			
Total	8,135	-	118	8,253	7,873	380	95.4	6,824	6,824			

2.4 Economic Empow	verment											
2019/20								2018/19				
	Adjusted Appropriation Shifting of Funds Virement Final Appropriation Actual Expenditure as % of final appropriation											
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000			
Current payments	5,571	-	-	5,571	4,443	1,138	79.6	6,166	6,166			
Compensation of employees	4,225	-	-	4,225	4,022	203	95.2	3,847	3,847			
Goods and services	1,346	-	-	1,346	411	935	30.5	2,319	2,319			
Total	5 571		_	5 571	4 433	1 138	79.6	6 166	6 166			

2.5 Regional Director	S									
2019/20								2018/19		
	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	33,334	-	(433)	32,901	32,500	401	98.8	30,649	30,649	
Compensation of employees	6,492	-	(314)	6,178	6,147	31	99.5	5,958	5,958	
Goods and services	26,842	-	(119)	26,723	26,353	370	98.6	24,691	24,691	
Payment for financial assets	-	-	-	-	-	-	-	4	4	
Total	33,334	_	(433)	32,901	32,500	401	98.8	30,653	30,653	

2019/20								2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure
	R'000	R'000	R'000	R′000	R′000	R'000	%	R′000	R′000
Sub programme									
1. CD: Office Support	2,224	-	-	2,224	1,910	314	85.9	1,738	1,738
2. Trade and Investment Promotion	4,464	-	(116)	4,348	3,651	697	84	3,493	3,493
3. Sector Development	10,940	-	(53)	10,887	10,214	673	93.8	9,717	9,640
4. Strategic Initiatives	2,463	-	53	2,516	2,309	207	91.8	1,783	1,783
Total for sub programmes	20,091	-	(116)	19,975	18,084	1,891	90.5	16,731	16,654
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18,190	-	(167)	18,023	16,132	1,891	89.5	14,879	14,879
Compensation of employees	13,183	-	-	13,183	12,830	353	97.3	11,560	11,560
Salaries and wages	11,608	-	(46)	11,562	11,140	422	96.4	9,983	9,983
Social contributions	1,575	-	46	1,621	1,690	(69)	104.3	1,577	1,577
Goods and services	5,007	-	(167)	4,840	3,302	1,538	68.2	3,319	3,319
Administrative fees	174	-	(81)	93	51	42	54.8	53	53
Advertising	-	-	-	-	-	-	-	2	2
Minor assets	5	-	(5)	-	-	-	-	-	-
Catering: Departmental activities	-	-	4	4	4	-	100	5	5
Agency and support / outsourced services	963	-	(11)	952	889	63	93.4	961	961
Travel and subsistence	3,132	-	(119)	3,013	1,579	1,434	52.4	1,595	1,595
Training and development	650	-	-	650	650	-	100	650	650
Operating payments	-	-	92	92	92	-	100	12	12
	R′000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Venues and facilities	83	-	(47)	36	37	(1)	102.8	41	41
Transfers and subsidies	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Public corporations and private enterprises	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Private enterprises	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Other transfers to private enterprises	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Payment for financial assets	-	-	51	51	51	-	100	-	-
Total	20,091	-	(116)	19,975	18,084	1,891	90.5	16,731	16,654

3.1 CD: Office Suppo	3.1 CD: Office Support												
2019/20								2018/19					
	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	2,224	-	(51)	2,173	1,859	314	85.5	1,738	1,738				
Compensation of employees	1,501	-	-	1,501	1,496	5	99.7	1,433	1,433				
Goods and services	723	-	51	672	363	309	54	305	305				
Payment for financial assets	-	-	51	51	51	-	100	-	-				
Total	2,224	-	-	2,224	1,910	314	85.9	1,738	1,738				

3.2 Trade and Investi	ment Promotion								
2019/20								2018/19	
	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	4,464	-	(116)	4,348	3,651	697	84	3,493	3,493
Compensation of employees	3,352	-	-	3,352	3,267	85	97.5	2,965	2,965
Goods and services	1,112	-	(116)	996	384	612	38.6	528	528
Total	4,464	-	(116)	4,348	3,651	697	84	3,493	3,493
3.3 Sector Developm	ent								
2019/20									2018/19
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure
Economic classification	R′000	R′000	R'000	R′000	R′000	R′000	%	R′000	R′000
Current payments	9,039	-	(53)	8,986	8,313	673	92.5	7,865	7,865
Compensation of employees	7,026	-	(53)	6,973	6,710	263	96.2	5,962	5,962
Goods and services	2,013	-	-	2,013	1,603	410	79.6	1,903	1,903
Transfers and subsidies	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Public corporations and private enterprises	1,901	-	-	1,901	1,901	-	100	-	-
Private enterprises	1,901	-	-	1,901	1,901	-	100	1,852	1,775
Total	10,940	_	(53)	10,887	10,214	673	93.8	9,717	9,640

3.4 Strategic Initiative	3.4 Strategic Initiatives												
2019/20								2018/19					
	Adjusted Appropria <del>ti</del> on	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure				
Economic classification	R'000	R′000	R′000	R′000	R′000	R′000	%	R′000	R'000				
Current payments	2,463	-	53	2,516	2,309	207	91.8	1,783	1,783				
Compensation of employees	1,304	-	53	1,357	1,357	-	100	1,200	1,200				
Goods and services	1,159	-	-	1,159	952	207	82.1	583	583				
Total	2,463	-	53	2,516	2,309	207	91.8	1,783	1,783				

PROGRAMME 4: BUS	INESS REGULATIO	N AND GOV	/ERNANCE						
2019/20								2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure
	R'000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000
Sub programme									
CD: Office Support	1,776	-	698	2,474	2,474	-	100	1,578	1,704
Consumer Protection	13,862	-	(1,194)	12,668	12,593	75	99.4	12,031	11,875
Regulation Services	98,784	-	36	98,820	98,651	169	99.8	100,870	100,826
Total for sub programmes	114,422	-	(460)	113,962	113,718	244	99.8	114,479	114,405
Economic classification	R'000	R′000	R'000	R'000	R′000	R′000	%	R′000	R′000
Current payments	20,587	-	(1,161)	19,406	19,162	244	98.7	18,169	18,095
Compensation of employees	17,981	-	(576)	17,405	17,161	244	98.6	16,513	16,439
Salaries and wages	12,867	-	1,885	14,752	14,752	-	100	11,626	14,176
Social contributions	5,114	-	(2,461)	2,653	2,409	244	90.8	4,887	2,263
Goods and services	2,586	-	(585)	2,001	2,001	-	100	1,656	1,656
Administrative fees	158	-	(81)	77	77	-	100	65	65
Advertising	211	-	401	612	612	-	100	581	581
Catering: Departmental activities	36	-	(32)	4	4	-	100	2	2
Consultants: Business and advisory services	935	-	(787)	148	148	-	100	63	63
Consumable supplies	-	-	1	1	1	-	100	2	2
Travel and Subsistence	1,121	-	23	1,144	1,144	-	100	916	916
Operating payments	-	-	6	6	6	-	100	-	-
Venues and facilities	125	-	(116)	9	9	-	100	27	27
Transfers and subsidies	93,855	-	701	94,556	94,556	-	100	96,310	96,310
Departmental agencies &accounts	93,855	-	-	94,556	94,556	-	100	96,310	96,310
Households	-	-	701	701	701		100	-	-
Total	114,422	-	(460)	113,962	113,718	244	99.8	114,479	114,405

4.1 CD: Office Suppo	rt								
2019/20								2018/19	
	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	1,776	-	(3)	1,773	1,773	-	100	1,578	1,704
Compensation of employees	1,551	-	92	1,603	1,603	-	100	1,385	1,511
Goods and services	265	-	(95)	170	170	-	100	193	193
Transfers and subsidies	-	-	701	701	701	-	100	-	-
Households	-	-	701	701	701	-	100	-	-
Total	1,776	-	698	2,474	2,474	-	100	1,578	1,704

4.2 Consumer Protect	4.2 Consumer Protection												
2019/20								2018/19					
	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	13,862	-	(1,194)	12,668	12,593	75	99.4	12,031	11,875				
Compensation of employees	11,875	-	(668)	11,207	11,132	75	99.3	10,916	10,760				
Goods and services	1,987	-	(526)	1,461	1,461	-	100	1,115	1,115				
Total	13,862	-	(1,194)	12,668	12,593	75	99.4	12,031	11,875				

4.3 Regulation Service	ces								
2019/20								2018/19	
	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	4,929	-	36	4,965	4,796	169	96.6	4,560	4,516
Compensation of employees	4,595	-	-	4,595	4,426	169	96.3	4,212	4,168
Goods and services	334	-	36	370	370	-	100	348	348
Transfers and subsidies	93,855	-	-	93,855	93,855	-	100	96,310	96,310
Departmental agencies accounts	93,855	-	-	93,855	93,855	-	100	96,310	96,310
Total	98,784	-	36	98,820	98,651	169	99.8	100,870	100,826

2019/20								2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	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									
CD: Office Support	1,898	-	293	2,191	2,127	64	97.1	1,812	1,812
Economic Policy and Planning	3,200	-	(171)	3,029	3,020	9	99.7	3,410	3,401
Research & Development	1,146	-	133	1,279	1,137	142	88.9	1,220	1,220
Knowledge Management	3,566	-	269	3,835	3,810	25	99.3	4,706	4,706
Monitoring and Evaluation	2,817	-	449	3,266	3,228	38	98.8	2,803	2,803
Economic Analysis	5,216	-	(397)	4,819	4,759	60	98.8	4,906	4,668
Total for sub programmes	17,843	-	576	18,419	18,081	338	98.2	18,857	18,610
Economic classification	R′000	R'000	R′000	R'000	R′000	R'000	%	R′000	R′000
Current payments	17,843	-	537	18,380	18,042	338	98.2	18,857	18,610
Compensation of employees	15,192	-	576	15,768	15,768	-	100	14,699	14,486
Salaries and wages	13,206	-	614	13,820	13,820	-	100	12,736	12,678
Social contributions	1,986	-	(38)	1,948	1,948	-	100	1,963	1,808
Goods and services	2,651	-	(39)	2,612	2,274	338	87.1	4,158	4,124
Administrative fees	260	-	(193)	67	57	10	85.1	67	53
Minor assets	12	-	-	12	-	12	-	-	-
Catering: Departmental activities	-	-	2	2	2	-	100	17	17
Communication	-	-	-	-	-	-	-	2	2
Computer services	455	-	9	464	418	46	90.1	355	355
Consultants : Business and advisory services	-	-	318	318	318	-	100	1,886	1,877
Contractors	258		(249)	9		9	_		

	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
Agency and support / outsourced services	-	-	-	-	-	-	-	354	354
Consumable supplies	-	-	10	10	10	-	100	-	-
Consumables; Stationery, printing and office supplies	-	-	45	45	45	-	100	27	27
Travel and subsistence	1,634	-	18	1,652	1,391	261	84.2	1,387	1,387
Training and development	-	-	23	23	23	-	100	-	-
Venues and facilities	32	-	(22)	10	10	-	100	63	52
Transfers and subsidies	-	-	39	39	39	-	100	-	-
Households	-	-	39	39	39	-	100	-	-
Total	17,843	-	576	18,419	18,081	338	98.2	18,857	18,610

5.1 CD: Office Support											
2019/20	2019/20										
	Adjusted Appropriation Shifting of Funds Virement Appropriation Final Appropriation Actual 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	1,898	-	293	2,191	2,127	64	97.1	1,812	1,812		
Compensation of employees	1,605	-	293	1,898	1,898	-	100	1,553	1,553		
Goods and services	293	-	-	293	229	64	78.2	259	259		
Total	1,898	-	293	2,191	2,127	64	97.1	1,812	1,812		

5.2 Economic Policy a	5.2 Economic Policy and Planning										
2019/20	2019/20										
Adjusted Appropriation Shifting of Funds Virement Appropriation Final Appropriation Actual Expenditure as % of final appropriation									Actual expenditure		
Economic classification	R′000	R′000	R'000	R′000	R′000	R′000	%	R′000	R′000		
Current payments	3,200	-	(171)	3,029	3,020	9	99.7	3,410	3,401		
Compensation of employees	2,625	-	(171)	2,454	2,454	-	100	2,307	2,307		
Goods and services	575	-	-	575	566	9	98.4	1,103	1,094		
Total	3,200	-	(171)	3,029	3,020	9	99.7	3,410	3,401		

5.3 Research and Dev	5.3 Research and Development										
2019/20	2019/20										
Adjusted Appropriation Shifting of Funds Virement Appropriation Final Appropriation Actual Expenditure as % of final appropriation									Actual expenditure		
Economic classification	R'000	R′000	R′000	R′000	R′000	R′000	%	R′000	R′000		
Current payments	1,146	-	133	1,279	1,137	142	88.9	1,220	1,220		
Compensation of employees	766	-	133	899	899	-	100	782	782		
Goods and services	380	-	-	380	238	142	62.6	438	438		
Total	1,146	-	133	1,279	1,137	142	88.9	1,220	1,220		

5.4 Knowledge Mana	5.4 Knowledge Management										
2019/20	2019/20										
	Adjusted Appropriation Shifting of Funds Virement Appropriation Final Appropriation Actual Expenditure as % of final appropriation										
Economic classification	R′000	R′000	R′000	R′000	R′000	R′000	%	R'000	R′000		
Current payments	3,566	-	269	3,835	3,810	25	99.3	4,706	4,706		
Compensation of employees	3,108	-	269	3,377	3,377	-	100	3,168	3,168		
Goods and services	458	-	-	458	433	25	94.5	1,538	1,538		
Total	3,566	-	269	3,835	3,810	25	99.3	4,706	4,706		

5.5 Monitoring and Evaluation										
2019/20	2018/19									
Adjusted Appropriation Shifting of Funds Virement Final Appropriation Appropriation Appropriation Actual 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	2,817	-	449	3,266	3,228	38	98.8	2,803	2,803	
Compensation of employees	2,399	-	449	2,848	2,848	-	100	2,442	2,442	
Goods and services	418	-	-	418	380	38	90.9	361	361	
Total	2,817	-	449	3,266	3,228	38	98.8	2,803	2,803	

5.6 Economic Analys	5.6 Economic Analysis										
2019/20	2019/20										
Adjusted Appropriation Shifting of Funds Virement Final Appropriation Actual Expenditure as % of final appropriation									Actual expenditure		
Economic classification	R'000	R′000	R'000	R′000	R'000	R′000	%	R'000	R'000		
Current payments	5,216	-	(436)	4,780	4,720	60	98.7	4,906	4,668		
Compensation of employees	4,689	-	(397)	4,292	4,292	-	100	4,447	4,234		
Goods and services	527	-	(39)	488	428	60	87.7	459	434		
Transfers and subsidies	-	-	39	39	39	-	100	-	-		
Households	-	-	39	39	39	-	100	-	-		
Total	5,216	-	(397)	4,819	4,759	60	98.8	4,906	4,668		

PROGRAMME 6: TOURISM											
2019/20								2018/19			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropria <del>ti</del> on	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure		
	R′000	R′000	R′000	R'000	R′000	R′000	%	R′000	R′000		
Sub programme											
1. Tourism	395,427	-	-	395,427	395,063	364	99.9	383,648	383,648		
Total for sub programmes	395,427	-	-	395,427	395,063	364	99.9	383,648	383,648		
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	5,553	•	•	5,553	5,189	364	93.4	4,715	4,715		
Compensation of employees	3,709	-	-	3,709	3,657	52	98.6	3,542	3,542		
Salaries and wages	2,953	-	207	3,160	3,160	-	100	3,086	3,086		
Social contributions	756	1	(207)	549	497	52	90.5	456	456		
Goods and services	1,844	-	-	1,844	1,532	312	83.1	1,173	1,173		
Administrative fees	-	-	31	31	31	-	100	37	37		
Catering: Departmental activities	-	-	13	13	13	-	100	20	20		
Consultants: Business and advisory services	-	-	-	-	-	-	-	56	56		
Agency and support / outsourced services	1,143	-	-	1,143	854	289	74.7	347	347		
Travel and subsistence	630	-	(6)	624	601	23	96.3	713	713		
Operating payments	-	-	33	33	33	-	100	-	-		
Venues and facilities	71	-	(71)	-	-	-	-	-	-		
Transfers and subsidies	389,874	-	-	389,874	389,874	-	100	378,933	378,933		
Departmental agencies and accounts	389,874	-	-	389,874	389,874	-	100	378,933	378,933		
Total	395,427	-	-	395,427	395,063	364	99.9	383,648	383,648		

6.1 Tourism	5.1 Tourism										
2019/20	2019/20										
	Expenditure as % of final appropriation	Final Appropria <del>ti</del> on	Actual expenditure								
Economic classification	R'000	R′000	R′000	R′000	R′000	R′000	%	R'000	R′000		
Current payments	5,553	-	-	5,553	5,189	364	93.4	4,715	4,715		
Compensation of employees	3,709	-	-	3,709	3,657	52	98.6	3,542	3,542		
Goods and services	1,844	-	-	1,844	1,532	312	83.1	1,173	1,173		
Transfers and subsidies	389,874	-	-	389,874	389,874	-	100	378,933	378,933		
Departmental agencies and accounts	389,874	-	-	389,874	389,874	-	100	378,933	378,933		
Total	395,427	-	-	395,427	395,063	364	99.9	383,648	383,648		

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 R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	108,582	101,046	7,536	6.9
Integrated Economic Development	390,316	388,004	2,312	0.6
Trade and Sector Development	19,975	18,084	1,891	9.5
Business Regulation and Governance	113,962	113,718	244	0.2
Economic Planning	18,419	18,081	338	1.8
Tourism	395,427	395,063	364	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	150,280	145,237	5,043	3.3
Goods and services	76,414	69,845	6,569	8.6
Transfers and subsidies				
Provincial and municipalities	194	194	-	-
Departmental agencies and accounts	483,729	483,729	-	-
Public corporations and private enterprises	203,824	203,824	-	-
Households	2,477	2,477	-	-
Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R′000	R'000	R′000	%
Payments for capital assets				
Buildings and other fixed structures	125,367	125,362	5	-
Machinery and equipment	4,284	3,216	1,068	24.9
Payment for financial assets	112	112	-	-

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)	3,467	3,467	-	-

### NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2020

#### COMPENSATION OF EMPLOYEES

• The underspending on compensation of employees is a result of budgeted funds linked to Programme 1 for filling of vacant posts of which approval thereof was never granted. The late filling of HOD and CFO posts also contributed to the underspending in this regard.

#### **GOODS AND SERVICES**

- Under Programme 2 the underspending on goods and services is a result of unspent funds for participation in the International Cooperative Day Celebration hosted by the Department of Small Business which was cancelled.
- Under Programme 1 the underspending on goods and services is a result of budgeted travel and accommodation costs for International travel planned for the last quarter of the financial year but were eventually cancelled due to the outbreak of COVID-19 in Europe.
- Due to the delays in the finalisation of the Statutory Obligations Requirements for the Petrochemical and Forestry Industrial Technology Parks there was a underspending under this programme due to the fact that there was an objection lodged against the application with Municipal Planning Tribunal for the Forestry Industrial Technology Park in Sabie (Thaba Chweu Local Municipality) and in addition the approval of the General Plan took longer than expected for the Petrochemical Industrial Technology Park in Secunda (Govan Mbeki Municipality)

#### PAYMENTS FOR CAPITAL ASSETS

• The underspending under capital assets, also in Programme 1 is as a result of delay in the finalization of RT contract by Department of Transport which led to non-purchase of GG vehicles by the Department. Moreover the late delivery of some laptops resulted in payment thereof not finalized by the cutoff date of 31 March 2020.

# STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2020

	Note	2019/20	2018/19
		R′000	R′000
REVENUE			
Annual appropriation	1	1,046,681	1,160,452
Departmental revenue	2	153,938	129,424
TOTAL REVENUE		1,200,619	1,289,876
EXPENDITURE			
EN ENDITORE			
Current expenditure			
Compensation of employees	3	145,237	137,269
Goods and services	4	69,845	78,008
Table and a second		045 000	045.077
Total current expenditure		215,082	215,277
Transfers and subsidies			
Transfers and subsidies	6	690,224	668,684
Total transfers and subsidies		690,224	668,684
E continue for continue to			
Expenditure for capital assets	٦	120 570	274.022
Tangible assets	7	128,578	274,923
Total expenditure for capital assets		128,578	274,923
Payments for financial assets	5	112	4
TOTAL EXPENDITURE		1,033,996	1,158,888
		, ,	
SURPLUS/(DEFICIT) FOR THE YEAR		166,623	130,988
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		10.705	4 5 / 4
Voted funds		12,685	1,564
Annual appropriation  Departmental revenue and NRF Receipts	11	<b>12,685</b> 153,938	1,564
SURPLUS/(DEFICIT) FOR THE YEAR	11		129,424
SURFLUS/ (DEFICIT) FOR THE TEAR		166,623	130,988

# STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2020

	Note	2019/20	2018/19
		R′000	R′000
ASSETS			
		0, 707	0.700
Current assets	_	26,787	2,732
Cash and cash equivalents	8	26,779	2,721
Receivables	9	8	11
Non- Current assets		4	122
Receivables	9	4	122
TOTAL ASSETS		26,791	2,854
LIABILITIES			
Current liabilities		26,791	2,849
Voted funds to be surrendered to the Revenue Fund	10	12,685	1,564
Departmental revenue and NRF Receipts to be surrendered to the Revenue	11	12,818	1,201
Fund			
Payables	12	1,288	84
TOTAL LIABILITIES		26,791	2,849
NET ASSETS		-	5
Represented by:			
Recoverable revenue		-	5
TOTAL			5
IOIAL		•	5

## STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2020

	Note	2019/20	2018/19
		R'000	R'000
Recoverable revenue			
Opening balance		5	20
Transfers:		(5)	(15)
Irrecoverable amounts written off			
Debts recovered (included in departmental receipts)		(5)	(15)
Debts raised			-
Closing balance		-	5
TOTAL		-	5

## CASH FLOW STATEMENT for the year ended 31 March 2020

	Note	2019/20	2018/19
		R′000	R′000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,200,619	1,289,779
Annual appropriated funds received	1.1	1,046,681	1,160,452
Departmental revenue received	2	151,382	126,754
Interest received	2.2	2,556	2,573
Net decrease/(increase) in working capital		1,203	(1,399)
Surrendered to Revenue Fund		(143,885)	(151,505)
Current payments		(215,082)	(215,277)
Payments for financial assets		(112)	(4)
Transfers and subsidies paid		(690,224)	(668,684)
Net cash flow available from operating activities	13	152,519	252,910
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(128,578)	(274,923)
Proceeds from sale of capital assets	2.3	-	97
Increase in non-current receivables		122	
Net cash flows from investing activities		(128,456)	(274,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		(5)	(15)
Net cash flows from financing activities		(5)	(15)
Net increase/(decrease) in cash and cash equivalents		24,058	(21,931)
Cash and cash equivalents at beginning of period		2,721	24,652
Cash and cash equivalents at end of period	14	26,779	2,721

#### 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.

Regulati	ons issued in terms of the PFIVIA 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 appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.  The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
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.
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	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.
8 8.1	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
	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  Expenditure

8.1.2	Social contributions					
0.1.2	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.					
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.					
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	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.
15	Payables
	Payables recognised in the statement of financial position are recognised at cost.
16	Capital Assets
16.1	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 impairment.  Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.  Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
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	Capital commitments
	Capital commitments are recorded at cost in the notes to the financial statements.

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 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.			

### 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:

	2019/20			2018/19	
	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	108,582	108,582	-	94,085	94,085
Integrated Economic Development	390,316	390,316	-	532,652	532,652
Trade and Sector Development	19,975	19,975	-	16,731	16,731
Business Regulation	113,962	113,962	-	114,479	114,479
Economic Planning	18,419	18,419	-	18,857	18,857
Tourism	395,427	395,427	-	383,648	383,648
Total	1,046,681	1,046,681	-	1,160,452	1,160,452

#### 1.2 Conditional grants

	Note		
		2019/20	2018/19
		R′000	R′000
Total grants received	29	3,467	3,259

The amount of R3 467 000 relates to Extended Public Works Programme (EPWP) of which R1 070 000 was appropriated under MEGA and R2 397 000 under MTPA respectively. An amount of R1 070 000 has been transferred to MEGA and R2 397 000 to MTPA respectively during the year under review.

## 2. Departmental revenue

	Note	2019/20	2018/19
		R′000	R′000
Tax revenue		151,251	126,622
Sales of goods and services other than capital assets	2.1	117	114
Interest, dividends and rent on land	2.2	2,556	2,573
Sales of capital assets	2.3	-	97
Transactions in financial assets and liabilities	2.4	14	18
Total revenue collected		153,938	129,424
Departmental revenue collected		153,938	129,424

#### 2.1 Sales of goods and services other than capital assets

	Note 2	2019/20 R'000	2018/19 R'000
Sales of goods and services produced by the department		117	114
Sales by market establishment		117	114
Total	_	117	114

### 2.2 Interest, dividends and rent on land

	Note	2019/20	2018/19
	2	R′000	R'000
Interest (PMG Account)		2,556	2,573
Total		2,556	2,573

### NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2020

#### 2.3 Sale of capital assets

	Note	2019/20	2018/19
	2	R′000	R′000
Tangible assets		-	97
Proceed from Sale of Machinery and equipment		-	97
Total			97

#### 2.4 Transactions in financial assets and liabilities

	Note	2019/20	2018/19
	2	R′000	R′000
Receivables		5	-
Other Receipts including Recoverable Revenue		8	18
Total		13	18

Other receipts are amounts related to previous financial year expenditure as well as debt amounts recovered through Persal deductions from employees.

#### 3. Compensation of employees

#### 3.1 Salaries and Wages

	Note	2019/20	2018/19
		R′000	R′000
Basic salary		99,409	93,007
Performance award		2,038	2,429
Service Based		985	217
Compensative/circumstantial		2,074	3,022
Other non-pensionable allowances		21,506	20,189
Total		126,012	118,864

Other non-pensionable allowances include subsidized vehicles, service bonuses and housing allowances.

#### 3.2 Social contributions

Note	2019/20	2018/19
Employer contributions	R′000	R'000
Pension	12,758	12,391
Medical	6,421	5,994
Bargaining council	21	20
Insurance	23	
Total	19,223	18,405
Total compensation of employees	145,237	137,269
Average number of employees	228	219

Included in the number of employees above are 14 Interns on a 24 month Internship contract which started on 01 August 2019.

#### 4. Goods and services

	Note	2019/20	2018/19
		R′000	R′000
Administrative fees		808	1,065
Advertising		1,287	1,233
Minor assets	4.1	374	152
Catering		729	1,947
Communication		3,454	2,761
Computer services	4.2	725	488
Consultants: Business and advisory services		2,196	2,413
Legal services		362	390
Contractors		401	18
Agency and support / outsourced services		3,015	14,735
Audit cost – external	4.3	5,950	4,406
Fleet services		1,092	1,002
Consumables	4.4	3,670	2,943
Operating leases		21,554	20,760
Property payments	4.5	4,353	3,509
Travel and subsistence	4.6	16,175	16,987
Venues and facilities		1,028	741
Training and development		2,295	2,161
Other operating expenditure	4.7	377	297
Total		69,845	78,008

Other operating expenditure include professional membership subscription, insurance for subsidized vehicles, printing and publication services.

#### 4.1 Minor assets

	Note	2019/20	2018/19
	4	R′000	R′000
Tangible assets			
		374	152
Machinery and equipment		374	152
Total		374	152

The difference between total minor assets above and the total additions under note 25.4 is because of minor assets amounting to R104 000 which were received at year end of 2018/19 but the payment was made during the year under review (2019/20)

#### 4.2 Computer services

	Note	2019/20	2018/19
	4	R′000	R'000
SITA computer services		307	133
External computer service providers		418	355
Total		725	488

#### 4.3 Audit cost - External

	Note	2019/20	2018/19
	4	R′000	R′000
Regularity audits		5,950	4,406
Total		5,950	4,406

#### 4.4 Consumables

	Note	2019/20	2018/19
	4	R′000	R′000
Consumable supplies		2,183	1,503
Uniform and clothing		149	183
Household supplies		1,803	1,144
IT consumables		111	95
Other consumables		120	81
Stationery, printing and office supplies		1,487	1,440
Total		3,670	2,943

 $Other consumables \ relate \ to \ the \ supply \ of \ Newspapers, \ Magazines \ and \ Journals \ for \ the \ Department$ 

#### 4.5 Property payments

	Note	2019/20	2018/19
	4	R′000	R′000
Municipal services		3,081	2,316
Property management fees		9	19
Property maintenance and repairs		85	-
Other		1,178	1,174
Total		4,353	3,509

Other property payments relate to cleaning services at the Department Regional offices.

#### 4.6 Travel and subsistence

	Note	2019/20	2018/19
	4	R'000	R′000
Local		16,133	16,707
Foreign		42	280
Total		16,175	16,987

#### 4.7 Other operating expenditure

	Note	2019/20	2018/19
	4	R′000	R′000
Professional bodies, membership and subscription fees		15	2
Other		362	295
Total		377	297

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

### 5. Payments for financial assets

	Note	2019/20	2018/19
		R′000	R′000
Debts written off	5.1	112	4
Total		112	4

#### 5.1 Debts written off

Nature of debts written off	Note	2019/20	2018/19
	5	R′000	R'000
Recoverable revenue written off			
Staff debt		112	4
Total		112	4
Total debt written off		112	4

#### 6. Transfers and subsidies

	2019/20	2018/19
	R′000	R'000
Note		
Annex 1	194	7
Annex 2	483,729	475,243
Annex 3	203,824	193,232
Annex 4	2,477	202
	690,224	668,684
	Annex 1 Annex 2 Annex 3	Note         Annex 1       194         Annex 2       483,729         Annex 3       203,824         Annex 4       2,477

## 7. Expenditure for capital assets

	Note	2019/20	2018/19
		R′000	R′000
Tangible assets		128,578	274,923
Buildings and other fixed structures	26	125,362	271,488
Machinery and equipment	25	3,216	3,435
Total		128,578	274,923

#### 7.1 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted funds	Aid assistance	Total
	R'000	R′000	R′000
Tangible assets	128,578	-	128,578
Buildings and other fixed structures	125,362	-	125,362
Machinery and equipment	3,216		3,216
Total	128,578	-	128,578

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

	Voted funds Aid assistance		Total
	R′000	R′000	R′000
Tangible assets	274,923		274,923
Buildings and other fixed structures	271,488	-	271,488
Machinery and equipment	3,435	-	3,435
Total	274,923		274,923

### 8. Cash and cash equivalents

	Note	2019/20	2018/19
		R′000	R′000
Consolidated Paymaster General Account		27,007	2,721
Disbursements		(228)	-
Total	_	26,779	2,721

### 9. Receivables

		2019/20		2018/19			
		Current	Non-current	Total	Current	Non-current	Total
		R′000	R′000	R′000	R′000	R′000	R′000
	Note						
Staff debt	9.1	6	4	10	11	122	133
Other receivables	9.2	2	-	2	-	-	-
Total		8	4	12	11	122	133



#### 9.1 Staff debt

	Note	2019/20	2018/19
	9	R′000	R′000
Water and Rent		-	16
Salary reversal control		-	9
Sal deduction acc.		-	1
Scopa Resolution		-	51
Salary reversal		-	51
Salary overpayment		10	5
Total	_	10	133

#### 9.2 Other receivables

	Note	2019/20	2018/19
	9	R′000	R′000
Sal: Income Tax		2	-
Total		2	-

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

	Note	2019/20	2018/19
		R′000	R′000
Opening balance		1,564	15,645
Prior period error			
As restated		1,564	15,645
Transfer from statement of financial performance (as restated)		12,685	1,564
Voted Funds not requested/received		-	-
Paid during the year	_	(1,564)	(15,645)
Closing balance		12,685	1,564

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

	Note	2019/20	2018/19
		R′000	R′000
Opening balance		1,201	7,637
Prior period error			
As restated		1,201	7,637
Transfer from Statement of Financial Performance (as restated)		153,938	129,424
Paid during the year		(142,321)	(135,860)
Closing balance	_	12,818	1,201

### 12. Payables - current

	Note	2019/20	2018/19
		R′000	R′000
Other payables	12.1	1,288	84
Total		1,288	84

Included above are payments for leave gratuity as well as pension and tax deductions thereto, paid over in April 2020

#### 12.1 Other payables

	Note	2019/20	2018/19
	12	R′000	R′000
Sal: Persal EBT Control Acc: Dom		701	-
Sal: Income Tax : Cl		551	84
Sal: Pension Fund : Cl		36	-
Total		1,288	84

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

	Note	2019/20	2018/19
		R′000	R′000
Net surplus/(deficit) as per Statement of Financial Performance		166,623	130,988
Add back non cash/cash movements not deemed operating activities		(14,104)	121,922
(Increase)/decrease in receivables – current		(1)	25
Increase/(decrease) in payables – current		1,204	(1,424)
Proceeds from sale of capital assets		-	(97)
Expenditure on capital assets		128,578	274,923
Surrenders to Revenue Fund		(143,885)	(151,505)
Net cash flow generated by operating activities		152,519	252,910

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

	Note	2019/20	2018/19
		R′000	R′000
Consolidated Paymaster General account		27,007	2,721
Disbursements		(228)	-
Total		26,779	2,721

#### Contingent liabilities and contingent assets

#### 15.1 Contingent liabilities

		Note	2019/20	2018/19
			R′000	R′000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 6	84	84
Claims against the department		Annex 5	3,097	3,066
Intergovernmental payables (unconfirmed balances)		Annex 7	-	107
Total			3,181	3,257

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.

#### 15.2 Contingent assets

	Note	2019/20 R′000	2018/19 R'000
Nature of contingent asset			
Paid to a service provider in respect of a contract entered into in a previous year, the outputs of which are in dispute.		400	-
This amount is net of projected cost of recovery as the supplier maintains the view that value has been delivered.			
Total		400	

#### 16. Capital Commitments

	Note	2019/20 R′000	2018/19 R'000
Computer equipment		113	-
Total Commitments		113	

Due to the changes on Modified Cash Standard (MCS), Departments are no longer reporting on current commitments. Included above are computer equipment and laptops which were partly delivered at year end, resulting in a part payment and the rest delivered and paid in the next financial year. (2020/21)

## Accruals and payables not recognised

#### 17.1 Accruals

			2019/20	2018/19
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	569	292	861	4,561
Total	569	292	861	4,561

	Note	2019/20	2018/19
Listed by programme level		R′000	R′000
Programme 1: Administration		861	1,860
Programme 2: Integrated Economic Development		-	2,575
Programme 3: Trade and Sector Development		-	39
Programme 4: Business Regulation		-	48
Programme 5: Economic Planning		-	30
Programme 6: Tourism		-	9
Total		861	4,561

#### 17.2 Payables not recognized

			2019/20	2018/19
			R′000	R′000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	-	619	619	12,185
Capital assets	-	-	-	346
Total		619	619	12,531

Note	2019/20	2018/19
	R′000	R′000
Listed by programme level		
Programme 1: Administration	330	12,531
Programme 4: Business Regulation	289	-
Total	619	12,531

	Note	2019/20	2018/19
Included in the above totals are the following:		R′000	R′000
Confirmed balances with other departments	Annex 7	29	116
Confirmed balances with other government entities	Annex 7	-	103
2018/19	_	29	219
	<del>-</del>		

### 18. Employee benefits

#### Accruals

No	ote 2019/20	2018/19
	R′000	R'000
Leave entitlement	7,693	7,071
Service bonus (Thirteenth cheque)	4,007	3,813
Provisions		
Performance awards	1,188	2,284
Capped leave commitments	6,570	7,692
Long service awards	87	115
Total	19,545	20,975

The leave entitlement amount disclosed above include negative leave.

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

2019/20	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	7,088	347	7,435
Later than 1 year and not later than 5 years	13,477	-	13,477
Total lease commitments	20,565	347	20,912
2018/19	Buildings and other fixed structures	Machinery and equipment	Total
2018/19	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2018/19  Not later than 1 year	<u> </u>	3 11	
	R'000	R'000	R′000

#### 20. Accrued departmental revenue

	Note	2019/20	2018/19
		R′000	R′000
Tax revenue		11,074	11,313
Total		11,074	11,313

#### Analysis of accrued departmental revenue

	Note	2019/20	2018/19
		R′000	R'000
Opening balance		11,313	8,460
Less: amounts received		(11,313)	(8,460)
Add: amounts recognised		11,074	11,313
Closing balance		11,074	11,313

The closing balance of R 11 074 000 relates to Gambling levies, Gambling applications, penalties and license fees as well as Liquor applications, penalties and license fees which was paid in April 2020 after the reporting date.

### NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2020

#### 21. Irregular expenditure

#### 21.1 Reconciliation of irregular expenditure

Note	2019/20	2018/19
	R′000	R′000
Opening balance	90,213	49,545
Prior period error		
As restated	90,213	49,545
Add: Irregular expenditure – relating to prior year	715	330
Add: Irregular expenditure – relating to current year	18,067	40,338
Less: Current year amounts condoned		
Closing balance	108,995	90,213
Analysis per age classification		
Current year	18,067	40,338
Prior years	90,928	49,875
Total	108,995	90,213

Irregular Expenditure to the amount of R90 213 000 incurred in previous years is still under investigation. 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 Irregular Expenditure to the amount R18 782 000 recognized in the current year had not commenced by the end of the year under review.

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

Incident	Disciplinary steps taken/criminal proceedings	2019/20 R'000
Property leases concluded by PWRT allowed to continue on a month to month basis without advertising	None	6,938
Payment of Acting allowances in contravention with Public Service Act and Regulations	None	161
Uneven use of travel agents on transversal contract	None	1,559
Incorrect SCM procedure followed for the total value of the procurement	None	9,486
Non-compliance with SCM procedures	None	638
Total		18,782

#### 22. Fruitless and wasteful expenditure

#### 22.1 Reconciliation of fruitless and wasteful expenditure

	Note	2019/20	2018/19
		R′000	R′000
Opening balance		7,777	3,936
Prior period error		-	<u>-</u>
As restated		7,777	3,936
Fruitless and wasteful expenditure – relating to current year		-	3,841
Closing balance		7,777	

Fruitless and Wasteful Expenditure to the amount of R3 936 000 incurred in previous years is still under investigation. Investigations in respect of the Fruitless and Wasteful Expenditure of R3 841 000 recognized in the 2018/2019 year had not commenced by the end of the year under review.

#### 22.2 Analysis of awaiting resolution per economic classification

	2019/20	2018/19
	R'000	R′000
Current	3,936	3,936
Capital	3,841	3,841
Total	7,777	7,777

#### 23. Related party transactions

Revenue received	Note	2019/20	2018/19
		R′000	R′000
Tax revenue		151,251	126,622
Total	_	151,251	126,622

The above relates to revenue collected by the Mpumalanga Economic Regulator (MER) through its regulation of the gambling and liquor industries. This includes casinos taxes, gambling in the Province that is related to horse racing and other sports betting. Also included are liquor license application fees, annual renewals collected during the year under review.

Payments made Note	2019/20	2018/19
	R′000	R′000
Transfers	690,224	668,684
Total	690,224	668,684
Note	2019/20	2018/19
	R′000	R′000
Year end balances arising from revenue/payments		
Receivables from related parties	76,966	140,225
Payables to related parties	(52,547)	(39,471)
Total	24,419	100,754

The receivable amount of R76 966 000 includes an amount of R65 892 000 in respect of MIFPM and R 11 074 000 due to the Department from MER for revenue collected for March 2020 which gets transferred to the Department in April 2020 after the financial year end. The payable amount of R52 547 000 relates to costs incurred by MEGA in respect of MIFPM.

#### NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2020

	Note	2019/20	2018/19
		R'000	R'000
In kind goods and services provided/received			
Occupation and utilization of Government Building at Riverside Government Complex under the control and ownership by the Department of Public Works, Roads and Transport.		-	-
Information Technology (ICT) services provided for by Provincial Treasury		-	-
Total		-	-

#### 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. The Department is only liable for Municipal services.

#### 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 three 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 Economic Regulator – MER

Mpumalanga Economic Growth Agency – MEGA

Mpumalanga Tourism and Parks Agency – MTPA

#### 24. Key management personnel

	No. of Individuals	2019/20	2018/19
		R′000	R′000
Member of the Executive Council	2	2,091	1,978
Officials:			
Deputy Director-General (HOD)	2	1,878	1,816
Chief Directors (incl. CFO) and Planner	8	11,777	7,580
Total		15,746	11,374

#### 25. Non-adjusting events after reporting date

	2019/20
Nature of event	R'000
Management has assessed the impact of the COVID 19 Pandemic on the financial statements as at 31 March 2020. No changes to balances as at the end of the period are considered necessary. However it is brought to the attention of the users of the financial statements that the effect of the lock down and the ongoing crisis means that the economy will experience a significant downturn, which will have a material negative impact on Departmental Revenue Receipts in the following year. While the department will continue to function within the constraints of the appropriated budget, allocations between specific expenditure items may change in response to shifting priorities and adjusted service delivery mechanisms.	-
Total	

### 26. Movable Tangible Capital Assets

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R′000	R'000	R′000	R′000	R′000
MACHINERY AND EQUIPMENT	22,186	-	2,870	(1,219)	23,837
Transport assets	5,623	-	38	(91)	5,570
Computer equipment	6,115	-	1,082	(727)	6,470
Furniture and office equipment	9,850	-	1,060	(387)	10,523
Other machinery and equipment	598	-	690	(14)	1,274
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	22,186		2,870	(1,219)	23,837

## 26.1 Additions ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

ADDITIONS TO MOVABLE INVOIDE ON THE ASSETS! EX ASSET REGISTER FOR THE TEAK ENDED ST WARRINGT 2020								
	Cash			Received current, not paid (Paid current year, received prior year)	Total			
	R'000	R'000	R′000	R'000	R′000			
MACHINERY AND EQUIPMENT	3,216	-	-	(346)	2,870			
Transport assets	38	-	-	-	38			
Computer equipment	1,082	-	-	-	1,082			
Furniture and office equipment	1,406	-	-	(346)	1,060			
Other machinery and equipment	690	-	-	-	690			
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3,216	-	-	(346)	2,870			

The difference in cash additions under note 7 and the amount above is that R346 000 worth of capital assets was received in 2018/19 but paid during the year under review (2019/20).

## NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2020

26.2 Disposals

#### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R′000	R′000	R′000	R′000
MACHINERY AND EQUIPMENT		1,219	1,219	
Transport assets	-	91	91	-
Computer equipment	-	727	727	-
Furniture and office equipment	-	387	387	-
Other machinery and equipment	-	14	14	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1,219	1,219	

Three stolen laptops and a GG vehicle were written off. Furniture and computers were donated to Cooperatives

#### 26.3 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R′000	R′000	R′000	R′000	R′000
MACHINERY AND EQUIPMENT	19,974	-	3,781	(1,569)	22,186
Transport assets	5,321	-	653	(351)	5,623
Computer equipment	5,673	-	1,292	(850)	6,115
Furniture and office equipment	8,397	-	1,784	(331)	9,850
Other machinery and equipment	583	-	52	(37)	598
					<u> </u>
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	19,974	-	3,781	(1,569)	22,186

#### 26.4 Minor assets

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Machinery and equipment		Total
	R'000		R′000
Opening balance	3,853	-	3,853
Value adjustments	-		-
Additions	270	-	270
Disposals	(247)	-	(247)
TOTAL MINOR ASSETS	3,876	-	3,876

	Machinery and equipment	Total
Number of R1 minor assets	23	23
Number of minor assets at cost	1,865	1,865
TOTAL NUMBER OF MINOR ASSETS	1,888	1,888

#### Minor assets

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

	Machinery and equipment	Total
	R′000	R′000
Opening Balance	4,003	4,003
Additions	256	256
Disposals	(406)	(406)
Total Minor Assets	3,853	3,853
	Machinery and equipment	Total
Number of R1 minor assets	24	24
Number of minor assets at cost	1,963	1,963
TOTAL NUMBER OF MINOR ASSETS	1,987	1,987

#### 26.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020

	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		-	-	182	-	
TOTAL MOVABLE ASSETS WRITTEN OFF		-	-	182	-	-

Three stolen laptops and a GG vehicle were written off

## NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2020

### 27. Immovable Tangible Capital Assets

#### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

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

#### 27.1 Additions

#### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	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	125,362	128,912	188,382	(65,892)	-
Other fixed structures	125,362	128,912	(188,382)	(65,892)	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	125,362	128,912	(188,382)	(65,892)	-

The cash above comprises of an addition of R125 362 000 transferred during the year under review and R128 912 000 brought forward from previous financial year.

#### 27.2 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R′000	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)	-

## 28. Capital Work-in-progress

#### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2020

	Note	Opening balance 1 April 2019	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2020
	Annexure 7	R′000	R′000	R′000	R′000
Buildings and other fixed structures		566,887	188,382	-	755,269
TOTAL		566,887	188,382	-	755,269

	Number of projects		2019/20
Age analysis on ongoing projects	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year		-	-
1 to 3 Years		-	-
3 to 5 Years		1	755,269
Longer than 5 Years		-	-
Total		1	755,269

Note	2019/20	2018/19	
	R′000	R′000	
	656	1,335	
	656	1,335	
	Note	<b>R'000</b> 656	<b>R'000 R'000</b> 656 1,335

#### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Note	Opening balance 01 April 2018	Prior period error	Current Year WIP	Ready for use (Assets to the AR) ) / Contracts terminated	Closing balance 31 March 2019
	Annexure 8	R′000	R′000	R′000	R′000	R′000
Buildings and other fixed structures		401,008	-	165,879	-	566,887
TOTAL		401,008	-	165,879	-	566,887

	Number of projects	5	2018/19
Age analysis on ongoing projects	Planned, Construc <del>ti</del> on not started	Planned, Construction started	Total R'000
0 to 1 Year	-	-	-
1 to 3 Years	-	-	-
3 to 5 Years	-	1	566,887
Longer than 5 Years	-	-	-
Total	-	1	566,887

## NOTES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2020

29. Statement of Conditional Grants Received

<b>GRANT ALLOCATION</b>	ATION						SPENT			2018/19	
NAME OF GRANT	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Extended Public Works Programme –(EPWP)	3,467	,	,	,	3,467	3,467	3,467	'	100	3,259	3,259
Total	3,467				3,467	3,467	3,467	•	100	3,259	3,259

for the year ended 31 March 2020

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES **ANNEXURE 1** 

GRANT ALLOCATION					TRANSFER			SPENT			2018/19
NAME OF MUNICIPALITY	Division of Revenue Act	Roll	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Amount National Treasury received or National by Department municipa	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	R'000	%	R'000
Mbombela Local Municipality		'	11	11		'	1	,	,	,	7
South African Police	•	1	183	183	183	1	1	1	•	1	1
Service			194	194	194			1	•		7

### **UNAUDITED SUPPLEMENTARY ANNEXURES** for the year ended 31 March 2020

STATEMENT OF TRANSFERS TO DEPARTIMENTAL AGENCIES AND ACCOUNTS **ANNEXURE 2** 

TRANSFER ALLOCATION					TRANSFER		2018/19
AGENCY	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	00 R'000	R'000	R'000	%	R'000
Mpumalanga Tourism and Parks Agency - MTPA	389,874			389,874	389,874	'	378,933
Mpumalanga Economic Regulator - MER	93,855			93,855	93,855	,	96,310
	483,729			483,729	483,729	•	475,243

for the year ended 31 March 2020

STATEMENT OF TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES **ANNEXURE 3** 

TRANSFER ALLOCATION					EXPENDITURE				2018/19
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Capital Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers									193,232
Mpumalanga Economic Growth Agency (MEGA)	201,923	•	•	201,923	201,923	100	ı	1	191,457
Sub Total: Public corporations	201,923	•	-	201,923	201,923	100		•	191,457
Private Enterprises									
Transfers									
Mpumalanga Steel Initiative	1,901	•	•	1,901	1,901	100			1,775
									1
Sub Total: Private Enterprises	1,901	•	•	1,901	1,901	100	1	•	1,775
TOTAL	203.824	•	•	203.824	203.824	100	•	•	193,232

STATEMENT OF TRANSFERS TO HOUSEHOLDS **ANNEXURE 4** 

TRANSFER ALLOCATION					EXF	EXPENDITURE		2018/19	
НОИЗЕНОГОЅ	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Act	Actual Transfer	% of Available funds Transferred	Appropriation Act	
	R'000	R'000	00 R'000		R'000	R'000	%		R'000
Transfers									
Leave Gratuity	2,221		1		2,221	2,221	100		202
Post Retirement Benefit	256		1		256	256	100		•
Sub Total	2,477				2,477	2,477	100		202
Total	2,477				2,477	2,477	100		202

for the year ended 31 March 2020

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020 **ANNEXURE** 5

	Opening Balance 1 April 2019	Liabilities incurred during the year	Liabilities incurred during Liabilities paid/cancelled/ the year reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing 31 March 2020
Nature of Liability	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Makgamatha v/s DEDET	1,217	•	1	•	1,217
BP Mnisi v/s MEC & MTPA	200	•	1	•	200
Msiza / DEDT	349		349	1	•
Faranani / DEDT	1,000	•	1	•	1,000
Macbeth Attorneys / MEC dedet		380	1	•	380
Subtotal	3,066			•	3,097
TOTAL	3,066	•	-	•	3,097

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 - LOCAL **ANNEXURE 6** 

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R7000	Opening balance 1 April 2019 R'000	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/released during the year	Revaluations R'000	Closing balance 31 March 2020 R'000	Guaranteed interest for year ended 31 March 2020	Realised losses not recoverable i.e. claims paid out R'000
ABSA Bank	Housing		84	,	,	,	84		
	Subtotal		84			•	84		
	TOTAL		84	1		•	84		

for the year ended 31 March 2020

R'000 Amount Cash in transit at year end 2019/20 Payment date up to six (6) working days before year end 103 107 75 4 223 223 103 326 31/03/2019 TOTAL 29 29 53 29 31/03/2020 R'000 107 107 107 107 31/03/2019 Unconfirmed balance outstanding R'000 . 31/03/2020 219 116 116 R'000 75 103 103 31/03/2019 4 Confirmed balance outstanding 29 29 29 R'000 29 31/03/2020 Department of Agricultural Development, Land and Environmental Affairs Department of Public Works, Roads and MPU. Tourism and Parks Agency - MTPA Total Other Government Entities OTHER GOVERNMENT ENTITY TOTAL INTERGOVERNMENTAL South African Police Services **GOVERNMENT ENTITY** Total Departments DEPARTIMENTS Transport Current Subtotal Current

ANNEXURE 8 MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	) R'000
BUILDINGS AND OTHER FIXED STRUCTURES	299,887	188,382		- 755,269
Other fixed structures	266,887	188,382	•	
TOTAL	296,887	188,382		- 755,269

The above amount of R188 382 000 relates to the ongoing development of the MIFPM (Mpumalanga International Fresh Produce Market) as undertaken by the implementing agent MEGA.

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	0 R'000
BUILDINGS AND OTHER FIXED STRUCTURES	401,008	•	165,879		- 566,887
Other fixed structures	401,008	'	165,879		- 566,887
TOTAL	401,008		165,879		- 566,887

The above amount of R165 879 000 relates to the ongoing development of the MIFPM (Mpumalanga International Fresh Produce Market) as undertaken by the implementing agent MEGA.



## Physical Address:

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#### **Contact Details:**

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